

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 22-34 Audit Report

**DOD'S Salary Payments to the Afghan Ministry of
Defense: DOD Did Not Use APPS as Intended and
Internal Control Weaknesses Raise Questions About
the Accuracy of \$232 Million in Salary Payments**



**JULY
2022**

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WHAT SIGAR REVIEWED

The United States provided more than \$3 billion annually to support the Afghanistan National Defense and Security Forces (ANDSF) through the Afghanistan Security Forces Fund (ASFF) from fiscal year (FY) 2019 to FY 2020. Of this \$3 billion, more than \$750 million paid the salaries of personnel at the Ministries of Defense (MOD) and Interior Affairs, respectively.

To address issues in the ANDSF payroll process, in January 2016, the Department of Defense's (DOD) Combined Security Transition Command–Afghanistan (CSTC-A) started to develop requirements for a software system that would integrate ANDSF payroll, time and attendance data, and human resources information. DOD awarded a contract to Netlinks Ltd. in March 2016 to create a software system that would automatically generate payroll calculations and other data required to process ANDSF salary payments. This software system, the Afghan Personnel and Pay System (APPS), was intended to reduce the opportunities for corruption and improve the transparency, accountability, and auditability of the ANDSF payroll process. DOD reported spending \$64.8 million on the APPS contract.

The objective of this audit was to determine the extent to which DOD, from FY 2019 through May 2021, provided accountability and oversight of the funds that DOD provided to the Afghan government to pay the salaries of MOD personnel. SIGAR chose this scope because previous oversight undertaken by the DOD Office of Inspector General concluded in July 2018, before APPS was declared fully operational for the MOD in October 2019.

July 2022

DOD's Salary Payments to the Afghan Ministry of Defense: DOD Did Not Use APPS as Intended and Internal Control Weaknesses Raise Questions About the Accuracy of \$232 Million in Salary Payments

SIGAR 22-34-AR AUDIT REPORT

The United States ceased providing support to the ANDSF following the Taliban's takeover of Afghanistan in August 2021. However, this audit provides information about the difficulties of providing salary assistance in a contingency environment, information that may prove especially useful in future efforts to reconstruct foreign security services.

WHAT SIGAR FOUND

SIGAR found that DOD made \$232 million in questionable salary payments to the Government of Afghanistan for MOD personnel that were calculated outside of APPS for suspicious units and non-existent object codes, or that were never delivered to the bank accounts of MOD personnel. Specifically, SIGAR found that CSTC-A disbursed at least \$191.9 million in funds for salaries calculated outside of APPS, in addition to disbursing over \$40.1 million more for salaries than what was supported by the APPS documentation. This occurred because DOD did not use APPS to manage all aspects of the MOD payroll process, did not implement internal controls, and did not use all of the authorities granted to it to oversee the distribution of salary funds.

CSTC-A's internal procedures and its disbursement letters to the MOD called for CSTC-A to use APPS to calculate the salaries of MOD personnel in an effective, auditable, and transparent way. However, SIGAR found that CSTC-A did not use APPS to calculate all MOD salaries, calculated some salary expenses outside APPS, manually adjusted salary expenses, and paid salaries to personnel not enrolled in APPS. For example, 16 of CSTC-A's 28 disbursement letters for the period covered in SIGAR's report contained instances of CSTC-A calculating salary expenses outside of APPS and including these costs in its disbursement letters to the MOD. In total, SIGAR found that CSTC-A paid more than \$191.9 million in salary expenses that were calculated outside of APPS.

The Consolidated Appropriations Act of 2020 stated that ASFF funds made available for ANDSF salary payments could only be used for personnel enrolled in APPS. Nevertheless, SIGAR found that in 2020 that DOD used some ASFF funds to pay the salaries of Afghan personnel who were not enrolled APPS. A June 2020 DOD report stated, "The small percentage of MOD forces who are not enrolled due to lags in data entry or other glitches are being paid using prior year [i.e., FY 2019] funds." However, DOD did not provide documentation to substantiate the claim that it used FY 2019 funding for these payments. If such payments were made using ASFF funds appropriated for FY 2020, they would have violated the restriction on the use of ASFF FY 2020 appropriations and, absent a lawful alternative funding source, would have violated the Antideficiency Act. In its technical comments to this report, DOD officials said these payments were made to MOD personnel who were eligible for pay under Afghan law, and expressed some uncertainty as to whether

Afghan or U.S. law should have taken precedence in this situation given that the Afghans were scheduled to take over the system in 2024. However, regardless of what Afghan Law may have allowed, DOD was only permitted to spend ASFF funds in accordance with the conditions set by congressional appropriations.

In addition, SIGAR found that CSTC-A paid salaries for suspicious units and non-existent object codes, and that the monthly payroll reports that CSTC-A used to estimate salary expenses were unreliable and in conflict with the Tashkil (MOD's official list of personnel and equipment requirements for each unit), the Afghanistan Financial Management Information System (AFMIS) chart of accounts, and other APPS-generated documents. For example, from July 2019 to September 2019, 220 of the 2,157 units listed on the monthly payroll reports were not listed on the Tashkil, resulting in \$1,722,578 paid to unauthorized units. Similarly, the monthly payroll reports contained unauthorized expenses and descriptions inconsistent with the AFMIS chart of accounts, such as listing an object code twice or with two different descriptions, or omitting a code altogether. For example, the monthly payroll reports from March 2019 through November 2020 included approximately \$4.1 million for expenses with erroneous object code descriptions for "Education Pay," a category without an object code in the AFMIS chart of accounts. In total, between March 2019 through November 2020, CSTC-A disbursed more than \$40.1 million more than what could be supported as the total salary expenses on the monthly payroll reports. In its June 2022 technical comments to this report, DOD officials said that "Education Pay" was an authorized incentive within APPS to assist in the recruitment and retention of women. However, this does not explain why the monthly payroll reports and the AFMIS chart of accounts were inconsistent with each other, or why payments were allowed for expenses that apparently lacked support.

Second, SIGAR found that CSTC-A did not implement effective internal controls within the MOD salary payment process and did not enforce the requirements of the APPS contract. For example, the APPS contract requirements mandated that APPS interface with various MOD payroll systems, including Afghanistan Automated Biometric Identification System (AABIS) and AFMIS. The contract also required the contractor provide accurate and timely maintenance of detailed data, including 20 critical fields required to generate payroll. However, SIGAR found that APPS did not interface electronically with AABIS, and that APPS data included multiple instances of duplicate and clearly inaccurate information in the "unique" identification fields. For example, the national identification number is a unique personal identifier that can be used to identify duplicate records within APPS. SIGAR found 7,100 duplicate national identification numbers and 1,009 invalid national identification numbers in the 175,195 APPS records reviewed. In its June 2022 technical comments to this report, DOD officials said that they took action to address discrepancies in the APPS data and to sanction the MOD when it failed to meet deadlines for fixing the information. However, DOD did not provide any documentation showing that it was aware of, or took action to address, these specific issues. In another example, SIGAR found records with erroneous data in required personnel fields, including two individuals supposedly born in 1900, four individuals who joined the force over 100 years ago, and one individual coded as having joined the force in 2050. According to CSTC-A, it began a monthly biometric data validation process in August 2020 that was supposed to include comparing 100 percent of APPS records with AABIS data. However, when SIGAR compared data from APPS to data in AABIS, it found thousands of instances of duplicate or missing unique identifiers. For example, 7,714 transaction control numbers in the APPS data were not listed in the AABIS data. In its June 2022 technical comments to this report, DOD officials said that they lost the ability to ensure data was entered accurately and validate the data when the COVID-19 pandemic restricted CSTC-A's ability to conduct personnel asset inventories. However, this does not explain why this erroneous information was not removed from APPS.

Third, SIGAR found CSTC-A did not use all its available authorities to oversee the salary payment process. For example, in the salary disbursement account reports (SDARs) provided by the Afghan Ministry of Finance (MOF) to CSTC-A to direct the transfer of salaries to the accounts of MOD personnel, SIGAR found approximately \$26.8 million provided by CSTC-A from November 2019 through January 2021 for the payment of MOD salaries that was not deposited into the bank accounts of MOD personnel. CSTC-A could not explain where this money was deposited or what it was used for. In its June 2022 technical comments, DOD officials said that the money may have been sent directly to trusted agents, but they provided no documentation or other evidence to support that assertion or to demonstrate what actually happened to the funds. Additionally, SIGAR's review of the SDARs found duplicate records, including those within a given month; SIGAR also found duplicated payments, including repeated check numbers between different months. Specifically, SIGAR found 5,378 duplicate records totaling \$1.6 million in payments over the 14-month period.

To identify unsuccessful deposits, SIGAR compared the bank account numbers in the payroll records, to the bank account numbers in the payment records on the corresponding SDARs to identify unsuccessful deposits, and found that some individuals registered in APPS never received a salary payment. For example, from January to September 2020, APPS-registered personnel did not receive almost \$55 million in salary payments. A memorandum of understanding between the Afghan government and CSTC-A called for the MOF and CSTC-A to conduct reconciliations of the SDARs and salary transfer files. Had CSTC-A and the MOF conducted these reconciliations, the missed salary payments could have been identified. However, CSTC-A did not resolve this issue with the Afghan government and did not seek reimbursement. In its June 2022 technical comments, DOD officials stated that the MOF was “able to modify the data without our consent or visibility into the process and really undetectable as long as the bottom line funding numbers remained the same.” DOD went on to explain, “This was a system the MoD and MoF stated was mandatory to adjust for their laws, which they stated APPS calculated incorrectly. This was a false statement and was in work to be corrected at the time of the collapse.”

WHAT SIGAR RECOMMENDS

SIGAR is not making any recommendations despite the findings of this report. After the events of August 2021, including the collapse of the ANDSF, the United States ceased funding for the salaries of MOD personnel. However, DOD and Congress may wish to bear in mind SIGAR’s report findings when considering future salary assistance activities, particularly in a contingency environment like Afghanistan.

SIGAR provided a draft of this report to DOD for review and comment. SIGAR received written comments on the draft from the Principal Director of Afghanistan, Pakistan, and Central Asia for the Office of Indo-Pacific Security Affairs, which SIGAR reproduced in appendix II. DOD also provided technical comments, which are incorporated in the report as appropriate.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

July 22, 2022

The Honorable Lloyd J. Austin III
Secretary of Defense

General Michael E. Kurilla
Commander, U.S. Central Command

This report discusses the results of SIGAR's audit of the U.S. Department of Defense's (DOD) accountability and oversight of its salary payments to the Afghan Ministry of Defense (MOD) for fiscal year 2019 through May 2021.

SIGAR found that DOD spent approximately \$232 million on questionable salaries for MOD personnel, including payments that were calculated outside of the Afghan Personnel and Pay System (APPS), lacked supporting documentation, went to for suspicious units and non-existent object codes, or were never delivered to the accounts of MOD personnel. This occurred because DOD did not use APPS to manage all aspects of the MOD payroll process, did not create or enforce internal controls, and did not use all of the authorities it was granted to oversee the distribution of salary funds. The improper payments of MOD salaries persisted following the implementation of APPS. Additionally, systemic gaps persisted that may have included enabling corrupt individuals to collect multiple salaries by creating fictitious records in APPS, inflated MOD personnel numbers, or MOD personnel not receiving their salaries.

The findings of this report demonstrate core deficiencies related to MOD pay and the continued exposure of funds intended for salaries to corruption, diversion, and pilferage. Furthermore, our findings provide clear indications that MOD strength numbers in APPS were unreliable and misrepresented force capabilities.

Finally, SIGAR found that some of the salary payments in 2020 using ASFF funds were made to MOD personnel not registered in APPS. This is significant because the Consolidated Appropriations Acts of 2020 and 2021 mandated that only personnel who were enrolled in APPS could receive salary payments from the Afghanistan Security Forces Fund (ASFF), which funded the Afghanistan National Defense and Security Forces (ANDSF). Absent a lawful alternative funding source, these payments would have not only violated the FY 2020 ASFF appropriations provision, but also the Antideficiency Act, 31 U.S.C. § 1341.

We are not making any recommendations despite the findings of this report. After the events of August 2021, including the collapse of the ANDSF, the United States ceased funding for the salaries of MOD personnel. However, DOD and Congress may wish to bear in mind our report findings when considering future salary assistance activities, particularly in a contingency environment like Afghanistan.

We provided a draft of this report to DOD for review and comment. We received written comments from the Principal Director of Afghanistan, Pakistan, and Central Asia for the Office of Indo-Pacific Security Affairs, which we reproduced in appendix II. DOD also provided technical comments, which are incorporated in the report as appropriate.



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SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

AABIS	Afghanistan Automated Biometric Identification System
AFMIS	Afghanistan Financial Management Information System
ANDSF	Afghan National Defense and Security Forces
APPS	Afghan Personnel and Pay System
ASFF	Afghanistan Security Forces Fund
BAR	bank advisement report
CSTC-A	Combined Security Transition Command–Afghanistan
DAB	Da Afghanistan Bank
DOD	Department of Defense
DOD OIG	Department of Defense Office of Inspector General
FY	fiscal year
MOD	Ministry of Defense
MOF	Ministry of Finance
MOU	Memorandum of Understanding
SDAR	salary disbursement account report
Procedures	standard operating procedures

From fiscal year (FY) 2019 to the planned withdrawal from Afghanistan that ended in August 2021, the United States provided more than \$3 billion annually to support the Afghanistan National Defense and Security Forces (ANDSF) through the Afghanistan Security Forces Fund (ASFF). Of this annual allocation, more than \$750 million paid the salaries of personnel at the Ministries of Defense (MOD) and Interior Affairs. Prior to the collapse of the ANDSF and the former Afghan government in August 2021, the United States had committed to continue to pay the salaries of ANDSF personnel through 2024. Despite that commitment, the Department of Defense (DOD) had struggled since 2010 to ensure the salary payments were provided in the appropriate amount to verified ANDSF personnel.¹ Our prior reports, and those issued by the DOD Office of Inspector General (DOD OIG), highlighted issues with “ghost soldiers” and the diversion of ANDSF payments through corrupt “trusted agents.”²

To address issues in the ANDSF payroll process, in January 2016, DOD’s Combined Security Transition Command–Afghanistan (CSTC-A) began developing requirements to integrate ANDSF payroll, time and attendance data, and human resources information into a single, integrated software system. DOD awarded a contract to Netlinks Ltd. in March 2016 to create a software system that would combine this information and automatically generate payroll calculations and other data required to process ANDSF salary payments.³ This software system, the Afghan Personnel and Pay System (APPS), was intended to reduce opportunities for corruption within the pay process and improve the transparency, accountability, and auditability of the ANDSF payroll process. As of June 1, 2021, DOD reported spending \$64.8 million for APPS.⁴

In August 2019, DOD OIG released a report assessing DOD’s planning and implementation of APPS.⁵ DOD OIG found that as of December 2018, CSTC-A had not validated the accuracy of the personnel records contained in APPS, and had not verified that the contractor developed APPS in accordance with contract requirements. DOD OIG also found that as of April 2019, the MOD and Ministry of Interior Affairs were not using APPS to calculate ANDSF salaries, despite CSTC-A’s prior assurances to DOD OIG in June 2018 that APPS would be used to calculate MOD salaries by July 2018 and Ministry of Interior Affairs salaries by November 2018.⁶

The objective of this audit was to determine the extent to which DOD, from October 1, 2018, through May 12, 2021, provided accountability and oversight of the funds that DOD provided to the Afghan government to pay the salaries of MOD personnel. We chose this scope because previous oversight undertaken by DOD OIG in July 2018 concluded before APPS was declared fully operational for the MOD in October 2019.

To accomplish our objective, we reviewed laws, policies, procedures, and other documentation governing the use of APPS and the disbursement of ASFF funds for MOD salary payments. We also reviewed Afghan regulations and instructions pertaining to MOD salaries and the management of international donor funds. We examined prior audit reports and reviews completed by SIGAR, DOD OIG, and CSTC-A from December 2013 through September 2020. We also evaluated data from October 2018 through February 2021, including biometric data from the Afghanistan Automated Biometric Identification System (AABIS), personnel records and payroll documentation from APPS, and salary disbursement account reports (SDARs) from commercial banks in Afghanistan. We conducted our work in Arlington, Virginia, from October 2020 through July 2022, in

¹ For the purposes of this report, an “expense” refers to a calculated cost for personnel salaries before funds are disbursed. A “payment” refers to a cost incurred for personnel salaries after funds are disbursed.

² SIGAR, *Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data*, SIGAR 15-54-AR, April 23, 2015; *Afghan National Police: More than \$300 Million in Annual, U.S.-funded Salary Payments Is Based on Partially Verified or Reconciled Data*, SIGAR 15-26-AR, January 7, 2015. DOD OIG, *Audit of the Planning for and Implementation of the Afghan Personnel and Pay System*, DODIG-2019-115, August 15, 2019. So-called “ghost soldiers” were fictional ANDSF personnel who existed only on paper to draw a salary, and “trusted agents” were government employees who collected ANDSF payroll from banks and were responsible for disbursing this money to personnel.

³ Netlinks is a technology firm and government contractor based in Virginia.

⁴ SIGAR, *Quarterly Report to the United States Congress*, April 30, 2021.

⁵ DOD OIG, *Audit of the Planning for...*, DODIG-2019-115.

⁶ DOD OIG, *Summary Report on U.S. Direct Funding Provided to Afghanistan*, DODIG-2018-090, March 12, 2018.

accordance with generally accepted government auditing standards. See appendix I for additional details on our scope and methodology.

BACKGROUND

CSTC-A commissioned the development of APPS to improve the transparency, accountability, and oversight of ASFF funds provided for ANDSF salary payments. DOD awarded the contract for the development of APPS to Netlinks Ltd. in March 2016. APPS was designed to integrate the existing MOD human resource management system and payroll processes into one standardized human capital management program.⁷ According to the contract, APPS was supposed to have the capabilities to record, store, manage, and generate reports on all aspects of MOD human resources, including

- Tashkil authorization;⁸
- recruitment;
- personnel records for soldiers and civilians, including payroll and compensation; and
- pension and retirement.

According to CSTC-A, APPS was fully operational at the MOD in October 2019, when the MOD purportedly began using APPS-generated reports to process payroll for the September 2019–October 2019 pay period.⁹

CSTC-A Oversaw U.S. Payments for MOD Salaries and the APPS-Related Operations of the MOD and MOF

From 2005 through June 2021, CSTC-A was responsible for overseeing the ASFF, which included U.S. funding for the MOD's payroll.¹⁰ CSTC-A's standard operating procedures for managing the ASFF ("ASFF procedures") required CSTC-A to develop a resource strategy that was "effective, affordable, and sustainable," and was "auditable and transparent."¹¹ CSTC-A also was responsible for ensuring that the MOD established procedures and maintained "adequate fiscal controls and auditable records of all disbursements."¹² Additionally, according to the "Memorandum of Understanding between CSTC-A and the Ministry of Interior for an Automated Data Transfer between APPS and AABIS," CSTC-A served as the APPS Program Management Office.¹³ CSTC-A was

⁷ The Afghan government human resource system used to process ANDSF salary payments at the time was called the Afghanistan Human Resources Information Management System.

⁸ *Tashkil* means "organization" in Dari, and refers to the official list of personnel and equipment requirements used by the MOD to detail authorized staff positions and equipment items for each unit.

⁹ Payroll processing included the submission of time and attendance, payroll documents, and unit summary documents.

¹⁰ U.S. funding for the MOD's payroll covered all MOD military personnel and approximately 3,000 MOD civilians. In June 2021, DOD shut down CSTC-A and established a new organization in its stead, the Defense Security Cooperation Management Office–Afghanistan, which was responsible for obligating and overseeing ASFF through the ANDSF's collapse in August 2021.

¹¹ Deputy Chief of Staff Security Assistance/CSTC-A, "Standard Operating Procedure for the Combined Security Transition Command–Afghanistan Planning, Programming, Budgeting, and Execution for the Afghanistan Security Forces Fund (ASFF)," March 22, 2020, p. 2.

¹² SIGAR, Afghan National Army, SIGAR 15-54-AR, p. 3. In responses published in SIGAR's April 2021 Quarterly Report, which we issued prior to the collapse of the Afghan government in August 2021, CSTC-A said it would sustain APPS for the next 5 years (until 2026), and would maintain its configuration controls until the ownership of APPS is fully transitioned to the Afghan government. As of this writing, it is unclear if the United States will fund any future Afghan salaries.

¹³ DOD and Afghan Ministry of Interior Affairs, "Memorandum of Understanding Between the Combined Security Transition Command–Afghanistan and Ministry of Interior Affairs of the Government of the Islamic Republic of Afghanistan for the Development and Implementation of Automated Data Transfer Between the Afghan Personnel and Pay System and the Afghanistan Automated Biometric Identification System," February 2021. AABIS was a database funded by ASFF, and used to store and manage biometric data for the ANDSF. It was administered by the Afghan Ministry of Interior Affairs; as such,

responsible for managing and implementing the APPS contract, to include management of the APPS contractor as well as U.S. funding of MOD salaries. The Afghan MOD and other Afghan entities handled the day-to-day operation of APPS. Specifically, the Afghan Ministry of Finance (MOF), Da Afghanistan Bank (DAB), and state-owned and private commercial banks all were involved in different aspects of depositing payroll funds in the accounts of individual MOD personnel. Additionally, the MOD, the MOF, and DAB (Afghanistan's central bank) all had responsibilities to CSTC-A to report certain data or provide access to data.

According to the "Memorandum of Understanding between CSTC-A and the Afghan government for an Automated Data Transfer from APPS to Afghan Financial Management Information System" (Automated Data Transfer MOU), the MOD was responsible for collecting and maintaining accurate records of MOD personnel in APPS.¹⁴ The MOD was also responsible for the day-to-day operation of APPS, including entering and correcting data, registering personnel in the system, submitting time and attendance data, and processing payroll.

In August 2017, CSTC-A and the Afghan government signed the "Memorandum of Understanding Between the Combined Security Transition Command–Afghanistan and the Ministry of Finance of the Islamic Republic of Afghanistan for Full Transparency of U.S. Provided Afghan Security Forces Fund" (Transparency MOU), which stated, "Timely, accurate, and transparent payroll processes assure and stabilize the overall moral of the ANSDF." It also stated that the MOF, in collaboration with MOD, was responsible for processing MOD payroll payments in a timely, accurate, and transparent manner. Specifically, the MOF was responsible for payroll-processing services and addressing pay data issues within APPS-generated reports. The MOF also managed the Afghan government's accounting system, Afghanistan Financial Management Information System (AFMIS), and maintained the bank accounts, known as Fund 10040 and Sub-funds 10041 through 10049, that CSTC-A used to fund MOD salaries.¹⁵ The Transparency MOU also required the MOF to facilitate and support CSTC-A audits of ASFF funds and salary payment processes, stating, "CSTC-A has the great responsibility to ensure U.S. taxpayer dollars are spent for its intended purposes."

Afghanistan's central bank, DAB, was responsible for maintaining the Afghan government's official bank accounts and administering the MOD Special Account. The MOD Special Account was the Afghan government account to which CSTC-A transferred ASFF monies. At the request of the MOF, DAB transferred salary payments from the MOD Special Account to the Treasury Single Account for disbursement.¹⁶ The Treasury Single Account was the original source of all MOD salary expenditures, as the DAB sent funds from the Treasury Single Account to other state-owned or commercial banks for distribution to individual MOD personnel. The MOF was required to provide CSTC-A unrestricted access to the Treasury Single Account.

State-owned and private commercial banks were responsible for depositing payroll funds to individual payroll recipients' bank accounts. The banks deposited funds based on provisions of the "Contract for Non-Consulting Services," and on salary transfer files between MOF and the local Afghan banks where the salaries of MOD personnel were deposited.¹⁷

the MOU was also agreed to by the Ministry of Interior Affairs, even though the MOU was designed to govern the relationship between CSTC-A and the MOD.

¹⁴ DOD and MOF, "Memorandum of Understanding Between the Combined Security Transition Command–Afghanistan and Ministry of Finance, Ministry of Defense, and Ministry of Interior to the Development and Implementation of an Automated Data Transfer from Afghan Personnel and Pay System to Afghan Financial Management Information System for Payroll," December 2020.

¹⁵ According to the AFMIS chart of accounts, which provides a complete list of every account in the Afghan government's accounting system, fund code 10040 indicates that expenditures or monies are associated with MOD direct budget funds provided by CSTC-A.

¹⁶ The Treasury Single Account is the set of official bank accounts designated and controlled by the MOF to centralize public money and other receipts held in trust and to manage authorized payments.

¹⁷ The "Contract for Non-Consulting Services" was an agreement between the MOF and the local banks to place the salaries of MOD personnel into their individual bank accounts.

MOD Salary Payment Processes

MOD personnel were required to go through a multi-step process to become eligible for pay in APPS. This process included a background check, medical check, the submission of biometric and bank account information, and the completion of basic training (as applicable). Once completed, personnel were entered into APPS and became eligible for monthly salary payments. Personnel then followed the standard APPS process for future pay periods. According to the Automated Data Transfer MOU and CSTC-A's internal reviews of MOD payroll, the payroll process generally took from 14 to 22 days to complete and consisted of the following six steps:

1. MOD human resources personnel input time and attendance directly into APPS.¹⁸ APPS also calculated and applied any applicable incentives. During this step, according to its ASFF procedures, CSTC-A utilized the most recent APPS monthly payroll report to estimate a disbursement to fund authorized expenses. These APPS monthly payroll reports contained information on the number of authorized MOD personnel and their accrued salaries for a given month. At the same time, CSTC-A created a disbursement letter to request DOD's Defense Finance Accounting Service fund the estimated disbursement.¹⁹
2. The MOD Personnel Director reviewed expenses for time, attendance, and incentives; generated payroll documents using APPS; and sent the payroll documents to the MOD Finance Department.
3. Resource Management Directors in the MOD Finance Department were responsible for reviewing payroll documents for accuracy and completeness, and for generating corresponding summary documents and bank advisement reports (BARs) for the pay period using APPS. BARs were documents created by APPS that told local banks the salary amounts individual personnel were to be paid.²⁰ The summary documents and BARs were subsequently sent to the MOF for processing.
4. After recording the summary documents as salary expenses in AFMIS, MOF personnel were responsible for authorizing payments to salary disbursement accounts at local banks. Upon receipt from the MOD, the MOF also converted the BARs to salary transfer files, and forwarded them to the local banks. The salary transfer files listed personnel names, bank account numbers, and compensation to be paid. Any MOD personnel without bank accounts received cash payments through trusted agents.²¹ At the same time, CSTC-A was responsible for authorizing the MOF to transfer money from the MOD Special Account to the Treasury Single Account. CSTC-A personnel used AFMIS expenditure reports to monitor the execution of the disbursed funds.²²
5. Local Afghan banks distributed the funds into the accounts of MOD personnel.
6. Within 7 days of the end of the month, the local banks that distributed payments to the accounts of MOD personnel submitted SDARs to the MOF.²³ The SDARs informed the MOF which individual

¹⁸ According to CSTC-A, prior to September 2019, Afghan National Army units reported time and attendance manually to human resource personnel to input into APPS. Manual records were then sent to General Staff Finance Office in Kabul.

¹⁹ Once the MOF accepted the amount, the signed disbursement letter formally recognized the pending disbursement. Once Defense Finance Accounting Service approved the package, the U.S. Treasury disbursed funds to the DAB's MOD Special Account. The Defense Finance Accounting Service is DOD's financial management agency responsible for paying all DOD military and civilian personnel, major DOD contractors and vendors, and customers outside the DOD.

²⁰ BARs contained unit identification codes, personnel names, and bank account numbers.

²¹ A trusted agent is a person who keeps collateral against public money with specified duties and responsibilities to retain and distribute funds on behalf of the government.

²² AFMIS account analysis detail reports document individual expenditures by fund, object, and unit codes found in the AFMIS chart of accounts.

²³ The salary transfer files listed salary payments that should have been paid to personnel, and the SDARs listed payments that were actually made to personnel. The SDARs identified discrepancies between who should have been paid and who was actually paid.

salaries to disburse into bank accounts and detailed any discrepancies between the salary transfer files and the amount disbursed.²⁴

Multiple Laws, Regulations, Guidance, and Agreements Required Accountability and Oversight of ASFF Funds Appropriated for MOD Salary Payments

Multiple U.S. laws, regulations, and DOD policies and procedures required the accountable and transparent use of ASFF funds for the payment of MOD salaries. The National Defense Authorization Act for FY 2020 required DOD to report on the measures taken by the department to ensure that ASFF funds provided to the Afghan government were “not subject to waste, fraud, or abuse.”²⁵ The FY 2018 through FY 2021 National Defense Authorization Acts required the U.S. Secretary of Defense to report to Congress regarding “increased accountability and the reduction of corruption within the Ministry of Defense,” and authorized the department to withhold assistance when it found insufficient progress in this regard.²⁶ Additionally, the Consolidated Appropriations Acts of 2020 and 2021 required that funds appropriated to the ASFF to pay the salary and benefits of the ANDSF personnel be used only for individuals who are enrolled in APPS.²⁷

CSTC-A’s ASFF procedures provided guidance for funds disbursed by CSTC-A to the Afghan government to build and sustain the ANDSF. The ASFF procedures required that CSTC-A use the ASFF funding for authorized requirements that would build, train, equip, or sustain the ANDSF. The ASFF procedures also stated that CSTC-A was responsible for tracking any expenditures through coordination with the MOF, and that all CSTC-A personnel had a fiduciary responsibility to be good stewards of taxpayer dollars and exercise a resource strategy that allocated funds transparently and allowed auditability. Lastly, the ASFF procedures said that CSTC-A should develop a resource strategy that was “effective, affordable, and sustainable,” as well as “auditable and transparent.”²⁸ CSTC-A was also responsible for supporting the MOD in establishing mechanisms and procedures to maintain “adequate fiscal controls and auditable records of all disbursements.”²⁹

According to the ASFF Transparency MOU, CSTC-A was to have unrestricted access to AFMIS for transparency and visibility of ASFF funds provided to the Afghan government.³⁰ The Transparency MOU also stated that CSTC-A was responsible for monthly reconciliation of the Treasury Single Account and independent audits of relevant MOF processes. According to the Transparency MOU, the Afghan MOF was to

- facilitate and support audits of ASFF funds and MOD salary payment processes;
- provide monthly and on-demand payroll reports to CSTC-A;
- provide access to the CSTC-A-funded special bank account for the MOD; and
- provide unrestricted access to the DAB Treasury Single Account.

The Transparency MOU also gave CSTC-A monthly access to the SDARs, which the local banks provided to the MOF. As noted above, the SDARs informed the MOF which individual salaries were disbursed into bank accounts, and detailed any discrepancies between the salary transfer files and the amount disbursed. From 2014 through 2018, CSTC-A utilized annual commitment letters in which CSTC-A, MOD, and MOF each agreed to hold the Afghan government accountable. Each commitment letter set benchmarks for the MOD to achieve that year, and stipulated that the MOD adhere to Afghan law, the Afghanistan Compact, and the U.S.-

²⁴ MOF and New Kabul Bank Contract, April 2019, p. 30.

²⁵ National Defense Authorization Act for Fiscal Year 2020, Pub. L. No. 116-92, § 1214 (2019).

²⁶ See, e.g., National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, § 1521.

²⁷ Consolidated Appropriations Act, 2020, Pub. L. No. 116-93, 133 Stat. 2317, 2371-72 (2019); Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182, 1340-41 (2020).

²⁸ CSTC-A, “Standard Operating Procedure for...the ASFF,” March 22, 2020, p. 2.

²⁹ CSTC-A, “Afghanistan Security Forces Funds Direct Contributions Standard Operating Procedures,” October 30, 2013, p. 2.

³⁰ In June 2022, DOD officials told us that CSTC-A had limited access to AFMIS, with read-only privileges.

Afghanistan Strategic Partnership Agreement.³¹ Each commitment letter also said that if the MOD did not meet the letter's benchmarks, CSTC-A could levy penalties by reducing ASFF assistance.

Furthermore, the APPS contract, awarded to Netlinks Ltd. and effective March 14, 2016, described the role and requirements of the APPS software system. These requirements included the following provisions:

- The APPS contract called for a system that "...will deliver an integrated human capital management system that shall encompass all aspects of human resource management including: personnel and equipment authorizations, personnel accountability, compensation planning and management, payroll services, retirement/pension management, and reporting."³²
- The objective of the APPS contract was for APPS "...to provide a fully functional human capital management system capable of managing all aspects of human resource planning and manning. Provide automated internal controls to the ministries aimed at reducing corruption, graft, and mismanagement of the ANDSF payroll."³³
- The APPS contract required that APPS electronically interface with AABIS and AFMIS, and prevent false reporting of personnel and pay including duplicate entries and other erroneous information.³⁴ The APPS contract also required that the system generate a "monthly audit to identify any duplicate records or records that have a duplicate unique identification field," such as bank account number and national identification number, and "reports of erroneous personnel and pay information" to identify duplicate records.³⁵

DOD DID NOT USE APPS AS INTENDED, DID NOT IMPLEMENT INTERNAL CONTROLS, AND DID NOT USE ALL OF ITS AUTHORITIES WHEN OVERSEEING THE MOD PAYROLL PROCESS, RESULTING IN AT LEAST \$232 MILLION IN QUESTIONABLE SALARY PAYMENTS IN LESS THAN 2 YEARS

DOD did not use APPS to manage all aspects of the MOD payroll process, as called for by the APPS contract; it did not implement the necessary internal controls to ensure APPS and the MOD payroll process worked as intended; and it did not use all of the authorities that had been granted to it to oversee the distribution of salary funds. First, CSTC-A paid more than \$191.9 million for salaries that it calculated outside APPS, manually adjusted APPS-generated monthly payroll reports, and paid more than \$40.1 million more for salaries than what could be supported by the APPS-generated monthly payroll reports.³⁶ Second, CSTC-A neither implemented internal controls within the MOD salary process, nor enforced the requirements of the APPS contract, which resulted in erroneous information being entered into the database and used to calculate MOD salaries. CSTC-A also did not use all of the authorities granted to it under the Transparency MOU to oversee the salary payment process. As a result, CSTC-A could not determine if all ASFF monies it provided for MOD

³¹ SIGAR, *Quarterly Report to Congress*, October 30, 2019. The Afghanistan Compact was an agreement made in February 2006 between Afghanistan and the international community that articulated goals for the well-being of Afghan nationals. The Afghanistan Strategic Partnership Agreement was a legally binding executive agreement signed in May 2012 that provided a framework for the future relationship between Afghanistan and the U.S.

³² DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 10.

³³ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 10.

³⁴ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 24.

³⁵ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 41-43.

³⁶ CSTC-A used monthly payroll reports as a baseline to estimate fund disbursements. It also used various data to update the monthly payroll reports with payments it didn't use APPS to calculate. This data included annual funding guidance, trend numbers provided by the MOD, previous APPS reports, and historical expenditure averages in AFMIS. CSTC-A did not specify which funding guidance it used or explain how trend numbers provided by the MOD and historical expenditure averages in AFMIS were determined.

salaries went to their intended recipients for approved salary payments. Together, these issues resulted in approximately \$232 million spent on questionable salaries for MOD personnel that were calculated outside of APPS, lacked supporting documentation, paid to suspicious units or non-existent object codes, or never delivered to the accounts of MOD personnel.

CSTC-A Did Not Use APPS as Intended, And Paid Approximately \$232 Million for Salaries Calculated Outside of APPS, Including Unsupported Payments and Payments to Suspicious Units and Non-Existent Object Codes

The APPS contract called for the development of “...an integrated human capital management system that shall encompass all aspects of human resource management including: personnel and equipment authorizations, personnel accountability, compensation planning and management, payroll services, retirement/pension management, and reporting.”³⁷ CSTC-A’s disbursement letters varied between mandating that “CSTC-A funds are only authorized to pay personnel who are slotted and included in the personnel asset inventory in APPS,” and stating that personnel “are expected to be slotted” in APPS prior to payment. The Consolidated Appropriations Acts for 2020 and 2021 mandated that only personnel who had been enrolled in APPS could receive salary payments funded by the ASFF appropriations for those years.³⁸ Lastly, CSTC-A’s ASFF procedures required it to develop a resource strategy that was “effective, affordable, and sustainable,” and was “auditable and transparent.”³⁹ Taken together, these mandates directed CSTC-A to use APPS to calculate the salaries of MOD personnel in a way that was effective, auditable, and transparent. However, we found that CSTC-A did not use APPS to calculate all MOD salaries, paid salaries to personnel not enrolled in APPS, manually adjusted APPS reports, paid for suspicious units and non-existent object codes, and based disbursements on APPS reports that were unreliable and conflicted with other APPS-generated documents. In total, we found that CSTC-A disbursed at least \$191.9 million for salaries calculated outside of APPS, in addition to disbursing more than \$40.1 million more for salaries than what was supported by the monthly payroll reports.

Specifically, our review of APPS data, monthly payroll reports, and disbursement letters, which CSTC-A collectively used to determine the amount of funds required and to provide those funds for payment to the MOD Special Account for salaries, found that CSTC-A calculated some salary expenses outside APPS and subsequently added these salary expenses to its monthly payroll reports outside of the system.⁴⁰ This resulted in the payment of some salaries that were not calculated using APPS, despite that being the objective of the APPS contract. Furthermore, we found that some salary payments used ASFF funds to pay for the salaries of personnel not enrolled in APPS in 2020. If the payments were made using FY 2020 funds appropriated for the ASFF, then those payments would have violated the FY 2020 ASFF appropriation provision restricting salary payments to only those enrolled in APPS.⁴¹

Even prior to the passage of the FY 2020 ASFF appropriation, some of CSTC-A’s disbursement letters stated that MOD personnel should be registered in APPS to be eligible for pay. However, we found that some disbursement letters included payments specifically for “soldiers not in APPS,” even after the passage of the FY 2020 ASFF appropriation.⁴² Between October 2018 and November 2020, 16 of CSTC-A’s 28 disbursement

³⁷ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 10.

³⁸ Consolidated Appropriations Act, 2020, Pub. L. No. 116-93, 133 Stat. 2317, 2371-72 (2019); Consolidated Appropriations Act, 2021, 116-260, 134 Stat. 1182, 1340-41 (2020).

³⁹ CSTC-A, “Standard Operating Procedure for...the ASFF,” March 22, 2020, p. 2.

⁴⁰ CSTC-A manually added expenses to monthly payroll reports after they were generated by APPS.

⁴¹ DOD did not provide evidence that these payments were made using funds appropriated prior to FY 2020, and did not provide evidence that they were made from a lawful alternative funding source

⁴² In its June 2022 technical comments, DOD officials said that in the spring of 2021 they mandated that MOD personnel both be enrolled in APPS and biometrically verified in order to be eligible for pay. However, DOD officials stated both APPS and AABIS data were destroyed during the withdrawal from Afghanistan, and accordingly, did not provide documentation of these efforts to implement the legal restrictions on the use of ASFF appropriations for FY 2020 and FY 2021.

letters contained instances of CSTC-A calculating salary expenses outside of APPS and including these salary costs in its disbursement letters to the MOD. In total, we found that CSTC-A paid for more than \$191.9 million in salary expenses that were calculated outside of APPS, including the following examples:⁴³

- On September 17, 2019, CSTC-A disbursed \$32.4 million to the Afghan government for salary reimbursement expenses that were not based on APPS data.⁴⁴ This disbursement was for salaries of individuals not registered in APPS over a 10-month period from August 2018 to June 2019. CSTC-A did not determine which expenses were valid, and could not determine if its payments went to the intended MOD personnel.⁴⁵ These expenses never were recorded in APPS because they were for salaries of unregistered personnel. In its June 2022 technical comments, DOD officials said this may have occurred to maintain morale within the ANDSF or to prevent the potential for negative news coverage.
- On November 25, 2019, CSTC-A authorized approximately \$87.8 million calculated outside of APPS for November and December 2019 salaries for 180,000 personnel that it *expected* to be registered in APPS based on the September 2019 APPS Monthly Payroll Report.⁴⁶ Although CSTC-A referenced the September APPS report in its disbursement letter, CSTC-A manually calculated the salaries it paid by averaging a payment of \$487.79 per MOD personnel for an estimated 180,000 personnel for 2 months. In its June 2022 technical comments, DOD officials said that the estimated salary payments were made because the Afghan government had not added all of their personnel into APPS by the October 2019 deadline set by DOD for APPS to be fully operational.
- On November 26, 2019, CSTC-A authorized approximately \$3.1 million calculated outside of APPS for an estimated salary payment for martyred and disabled personnel in the MOD from December 22, 2018, to December 21, 2019. According to the disbursement letter, the authorization was based on an average of \$128.04 per MOD personnel for 24,422 names provided to CSTC-A by the MOD. In its June 2022 technical comments, DOD officials said that the decision to rely on MOD-provided data alone for the lists of martyred and disabled personnel exposed the process to corruption.
- From February to November 2020, CSTC-A disbursed approximately \$80,424 for gender incentives and intern program expenses not recorded in APPS.⁴⁷ According to CSTC-A, the monthly payroll reports did not include gender incentives, so CSTC-A personnel manually added the monthly gender incentive amount to the APPS monthly reimbursement estimate. CSTC-A also manually calculated gender intern expenses based on funding guidance rather than actual attendance or APPS data.⁴⁸ According to CSTC-A, these amounts were established by MOF's Resource Management office and stayed the same throughout the year.
- From October 2019 to July 2020, CSTC-A disbursed approximately \$2,692,075 for "Training, Transient, Holding, and Students" personnel who were not registered in APPS. In its June 2022 technical comments, DOD officials said that although APPS didn't allow these personnel to be paid because they were not slotted in a billet with a unit, they were eligible for pay according to Afghan Law.

⁴³ Disbursement letters issued by CSTC-A did not follow a standard schedule. Some disbursement letters were for multiple pay periods, and some pay periods had multiple disbursement letters.

⁴⁴ CSTC-A used a back pay methodology to process this payment, which lacked procedures to validate the Afghan government's requested amount. According to CSTC-A, although the Afghan government provided pay documents to justify the requests, manual verification of the documents was not practical to verify the requested amount.

⁴⁵ We were able to calculate this total because CSTC-A tracked the expenses for unregistered personnel in AFMIS using a separate fund code (10049) rather than the fund codes for personnel registered to specific branches of the MOD. Additionally, the disbursement letter did not indicate that this was a payment for unregistered personnel, instead nothing it as regular salary expenses under fund code 10040.

⁴⁶ Although the disbursement letter did not indicate which type of APPS report, a CSTC-A internal review dated September 2019 stated the monthly payroll reports were used to pay soldiers through the MOF.

⁴⁷ CSTC-A provided gender-based funding and incentives to recruit and retain women in the MOD.

⁴⁸ CSTC-A did not specify which funding guidance it used to calculate gender intern salary expenses.

DOD officials further explained that APPS didn't allow these personnel to be slotted to a position until after they completed basic training.⁴⁹ DOD officials acknowledged that the mismatch between APPS eligibility and eligibility for pay under Afghan law was a poor practice and further exposed the process to opportunities for corruption.

While CSTC-A's ASFF procedures said that it must disburse ASFF funds in an "auditable and transparent" manner, CSTC-A's ASFF procedures did not detail how to ensure payments were either auditable or transparent. As shown, CSTC-A repeatedly made payments for salary expenses that it had calculated outside of APPS and relied on data that was vulnerable to manipulation and corruption.

CSTC-A did not update its ASFF procedures following passage of the Consolidated Appropriations Act, 2020, which included the appropriation restriction discussed above.⁵⁰ Furthermore, language in CSTC-A's disbursement letters varied between stating that "CSTC-A funds are only authorized to pay personnel who are slotted and included in the personnel asset inventory in APPS," to acknowledging that funding was in some cases going to personnel that "are expected to be slotted" in APPS prior to payment. Some letters from FY 2020 even acknowledged that funding was being provided for personnel who were distinctly not enrolled in APPS. For example, a disbursement letter dated June 25, 2020, stated approximately \$184,717 was provided as an estimated reimbursement for salaries for "Training, Transient, Holding, and Students" personnel who would not be in APPS for the month of July 2020. Payments of ASFF funds to MOD personnel not enrolled in APPS appear to have violated the restrictions set forth in the 2020 and 2021 appropriations acts. DOD's June 2020 report, *Enhancing Security and Stability in Afghanistan*, states, "The small percentage of MOD forces who are not enrolled due to lags in data entry or other glitches are being paid using prior year [i.e., FY 2019] funds."⁵¹ However, DOD did not provide us documentation of using prior year funding for these payments. Therefore, such payments may have violated the restrictions set forth in the 2020 appropriation for AASFF. Absent a lawful alternative funding source to ASFF, these payments may have also violated the Antideficiency Act, because there would have been no funds available to pay the salaries and benefits of MOD personnel not enrolled in APPS.⁵² In its June 2022 technical comments, DOD officials said these payments were made to MOD personnel who were eligible for pay under Afghan law, and expressed some uncertainty as to whether Afghan or U.S. law should have taken precedence, given that the Afghans were scheduled to take over the system in 2024. However, regardless of what Afghan Law may have allowed, DOD was only authorized to spend ASFF funds in accordance with the conditions set by congressional appropriations.

Additionally, CSTC-A's ASFF procedures directed the command to calculate and disburse each month's MOD salaries and incentives based on the most recent APPS report, which the Commanding General or Deputy Commanding General Commander of CSTC-A was authorized to modify in certain cases. Although CSTC-A's ASFF procedures allowed monthly payroll reports to be modified by the Commanding General, we were not provided evidence that the Commanding General authorized any modifications to the reports. However, between January 2021 and May 2021, CSTC-A provided documentation describing two different methodologies that it used to determine each month's salary disbursement, both of which were based on estimated costs rather than actual salary expenses calculated by APPS. In its June 2022 technical comments, DOD officials said that they had to use estimated costs due to the timing of transferring funds from the U.S.

⁴⁹ The procedure described by DOD officials in its technical comments conflicted with the procedures described in the APPS MOD Operators Recruitment Module Manual. According to the manual, APPS users were to select a vacant slot for the recruit, and the APPS system would lock the slot selected for the recruit at draft stage. The selected slot would remain locked until the end of training, and it would be unlocked if the recruit was disapproved or did not complete the training for any reason, or if the training and recruit record was flagged.

⁵⁰ Consolidated Appropriations Act, 2020, Pub. L. No. 116-93, 133 Stat. 2317, 2371-72 (2019).

⁵¹ DOD, *Enhancing Security and Stability in Afghanistan*, June 2020, p. 38.

⁵² 31 U.S.C. § 1341. Also, See Government Accountability Office, *Principles of Federal Appropriations Law*, Vol. II, pp. 6–83 (February 2006). 31 U.S.C. § 1341, known as "the Antideficiency Act," prohibits federal agencies and personnel from obligating or expending federal funds in advance or in excess of an appropriation.

government to the DAB.⁵³ The DOD officials also said that this process was changed in July 2021—one month prior to the collapse of the former Afghan government—to utilize the actual time and attendance data for each month and to only transfer funding sufficient to cover the APPS calculated salaries within 3 days of the end of the pay month. The DOD officials said that they only paid salaries based on actual time and attendance data for the July 2021 pay period. However, DOD did not provide documentation showing that salaries for July 2021 were paid based on actual time and attendance data.

We reviewed the monthly payroll reports that CSTC-A used to estimate salary expenses, and found that they were unreliable because they conflicted with the Tashkil, AFMIS chart of accounts, and other APPS-generated documents.⁵⁴ According to the APPS contract, APPS was supposed to match and validate personnel against authorized positions on the Tashkil; this was an internal control intended to prevent personnel registered in APPS but not assigned to an authorized, unique Tashkil slot from receiving payment. Furthermore, APPS was supposed to electronically interface with AFMIS and generate monthly payroll for personnel compliant with Afghan law and policy for compensation and entitlements; this was an internal control intended to prevent payments to unauthorized expenses with erroneous object codes. Although CSTC-A said APPS generated the monthly payroll reports, we found that the

- monthly payroll reports listed units not documented on the Tashkil for the same period;
- monthly payroll reports contained unauthorized expenses and descriptions inconsistent with the AFMIS chart of accounts; and
- monthly payroll reports and BARs for the same month had conflicting numbers of personnel who earned a salary and the amount of salary they were owed.

In its June 2022 technical comments, DOD officials said that the BARs were easily modified by the MOD and the MOF, and were vulnerable to corruption in part because APPS and AFMIS were not directly integrated. The DOD officials said that they had been in the process of integrating APPS with AFMIS, but had been delayed by Afghan officials because the integration would have removed “...the most productive corruption stream within the pay process.”⁵⁵

DOD officials also stated that APPS only recommended what “should” be paid, and that the funds distribution for salaries was based on an estimate from the prior month, including any back pay processed during that timeframe and any additional incentives.⁵⁶ DOD officials said that once funds were disbursed and BARs were

⁵³ Although DOD officials said they had to use a prior month’s report to estimate disbursements, we found CSTC-A regularly estimated salary disbursements utilizing prior APPS reports even though the actual time and attendance was available. Specifically, we found 9 of the 28 disbursement letters reviewed contained estimated disbursements for pay periods that had already closed. Furthermore, we found instances where the disbursement was for “MOD solvency” and instances where CSTC-A provided a pay period’s funds in advance, in arrears, or over multiple disbursements.

⁵⁴ The Afghan government used the cash basis accounting method with double entry transactions managed in AFMIS. Under cash basis accounting, revenue is recorded when cash is received by the Afghan Treasury, and expenditures are recorded when payments are made by the Afghan Treasury. In an accounting information system, a chart of accounts is the list of all the accounts included in the general ledger and its subsidiary ledgers. The AFMIS chart of accounts is customized to meet the business requirements of the Afghan government. All AFMIS expenditure transactions, and therefore all payments made by the Treasury, must align with the AFMIS chart of accounts.

⁵⁵ DOD, “Technical Comments to SIGAR 146A Draft Report for Comment,” received June 13, 2022, p. 17. Although CSTC-A reported to DOD OIG in June 2018 that APPS did not interface with AFMIS, CSTC-A did not take steps to resolve this until 2 years later. Specifically, on November 7, 2020, CSTC-A reported to DOD OIG that it had begun working with the MOF to identify what was required to interface AFMIS with APPS; in December 2020, CSTC-A signed an MOU with the MOF to have the systems interface.

⁵⁶ According to CSTC-A, AFMIS and APPS could not distinguish between pay for prior months (back pay) and current month pay when the back pay request was processed by APPS, and disbursements for these expenses were not explicitly discussed in disbursement letters. However, if the correct attributes were not in place for the personnel record, then the system would not approve back pay requests. In these instances, the request was sent to CSTC-A’s Human Resources Management Office for approval. Disbursements for back pay payments processed outside APPS are explicitly discussed in disbursement letters.

sent to the MOF, the MOF had the ability to modify the data without DOD consent or visibility, as long as the bottom line funding totals remained the same. According to DOD's response, the MOD and MOF falsely claimed that this system was required to adjust APPS calculations for personnel so they aligned with Afghan laws. In June 2022, following the conclusion of our fieldwork, DOD officials said that they had identified numerous issues with the payroll system and had been working to fix the deficiencies when the Afghan government collapsed in August 2021. However, DOD did not provide any documentation showing what actions it was taking prior to the collapse to address the litany of issues with APPS and the payroll process overall.

APPS Monthly Payroll Reports Listed Units Not Documented on the Tashkil for the Same Period

CSTC-A relied on monthly payroll reports that did not match the authorized number of MOD units and personnel listed in the Tashkil for 3 of 18 months that we reviewed. According to DOD's ASFF Justification Books for FY 2018 and FY 2019, the budget requests for funds to pay MOD salaries were based on the approved Tashkil manning levels.⁵⁷ Furthermore, the 2018 commitment letter between CSTC-A, MOD, and MOF, which was applicable from December 2017 to 2019, stated that salary expenses above the approved Tashkil levels were not authorized.⁵⁸ According to the APPS contract, APPS was supposed to match and validate personnel against authorized positions on the Tashkil, and generate monthly payroll for personnel compliant with Afghan law and policy for compensation and entitlements. This meant personnel were required to be assigned to an approved Tashkil position before they could be paid a salary. Despite these requirements, we found units not documented on the Tashkil but listed on the monthly payroll reports.⁵⁹ This meant APPS was not matching and validating personnel against the approved Tashkil when calculating salary expenses, and the monthly payroll reports contained salary expenses for units and positions that were not authorized. As a result, CSTC-A was estimating disbursement amounts based on unauthorized expenses. For example, when we compared the monthly payroll reports from July 2019 through September 2019 to the Tashkil authorized on June 22, 2019, which listed 725 units approved for this time period. We found several issues including:

- The July 2019 Monthly Payroll Report contained 750 units, of which 104 were not listed on the Tashkil and should not have been eligible for pay.⁶⁰ The calculated salaries associated with the 104 units was approximately \$577,735.
- The August 2019 Monthly Payroll Report contained 697 units, of which 57 were not listed on the Tashkil and should not have been eligible for pay.⁶¹ The calculated salaries associated with the 57 units was approximately \$561,073.
- The September 2019 Monthly Payroll Report contained 710 units, of which 59 were not listed on the Tashkil and should not have been eligible for pay.⁶² The calculated salaries associated with the 59 units was approximately \$583,770.

In its June 2022 technical comments, DOD officials agreed that MOD strength numbers in APPS were unreliable.

⁵⁷ Office of the Secretary of Defense, *Department of Defense Budget, Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund (ASFF)* from FY 2018 to FY 2021. DOD's ASFF Justification Books were documents provided annually to Congress to justify ASFF appropriations. Each year's book outlined the approved spending amount required to sustain the ANDSF according to the commitments made to the Afghan government.

⁵⁸ CSTC-A, "FY 1397/1398 Bilateral Financial Commitment Letter – Ministry of Defense," May 2018. The CSTC-A commitment letters stipulated how the ANDSF could allocate funding and under what conditions CSTC-A would provide funding.

⁵⁹ Tashkil units contained officers, noncommissioned officers, soldiers, and civilians. Non-training unit authorization strengths ranged from 12 to 1,910 positions, and training units authorized up to 4,200 positions.

⁶⁰ The 104 units not listed on the Tashkil contained 7,166 positions.

⁶¹ The 57 units not listed on the Tashkil contained 7,166 positions.

⁶² The 59 units not listed on the Tashkil contained 7,523 positions.

Monthly Payroll Reports Contained Unauthorized Expenses and Erroneous Object Codes

The monthly payroll reports CSTC-A used to calculate salary disbursements included erroneous object codes and unauthorized expenses. According to the APPS contract requirements, APPS was required to interface with AFMIS, the Afghan government's official accounting system that was also used by CSTC-A to track the budget execution of ASFF expenditures.⁶³ In this system, salary expenses were tracked by distinct object codes defined in the AFMIS chart of accounts, and AFMIS reports were used to ensure funds were executed in the manner authorized by CSTC-A. Additionally, CSTC-A's ASFF procedures stated that CSTC-A-provided ANDSF salary funds would be aligned with the approved AFMIS chart of account object codes, which were provided in CSTC-A's commitment letters with the MOD.⁶⁴ However, we found that APPS did not meet the contract requirement that it be able to interface with AFMIS, and as a result, the object codes in the monthly payroll reports were not consistent with object codes in the AFMIS chart of accounts.⁶⁵ For example, object code 21131 was listed twice, with two different descriptions starting in July 2019. According to the AFMIS chart of accounts, object code 21131 was for "Professional and Cadre Allow (Uniformed);" however, the monthly payroll report listed it a second time with a different description of "Education Pay." Furthermore, there was no object code in the AFMIS chart of accounts with the description "Education Pay." We found the monthly payroll reports from March 2019 to November 2020 included approximately \$4.1 million for expenses with erroneous object code descriptions for "Education Pay."⁶⁶ In its June 2022 technical comments, DOD officials said that "Education Pay" was an authorized incentive within APPS to assist in the recruitment and retention of women.⁶⁷ However, this does not explain why the monthly payroll reports and the AFMIS chart of accounts did not align, or why payments were allowed for expenses that apparently lacked support.

In another example of the monthly payroll reports including unauthorized expenses in its salary calculations, we found that the monthly payroll reports from March 2019 to December 2019 included approximately \$2.6 million for transportation stipends. While the 2018 commitment letter said that CSTC-A would pay the MOD for eight approved salary incentives, a transportation stipend was not one of them.⁶⁸ Because the monthly payroll reports included duplicate object codes and expenses that were not authorized, CSTC-A included unauthorized expenses in its salary expense calculations, and used erroneous or inappropriate data to determine salary payments.

Monthly Payroll Reports Conflicted with Other APPS-Generated Documents

CSTC-A used APPS-generated information to create APPS monthly payroll reports containing the number of authorized MOD personnel and an estimate of salary expenses. The MOD Finance Department used the same time and attendance information that informed the monthly payroll report to create the BARs, the documents

⁶³ CSTC-A, "Standard Operating Procedure for...the ASFF," March 22, 2020.

⁶⁴ The commitment letters with the MOD contained a funding annex listing all approved object codes, which were defined by the AFMIS chart of accounts.

⁶⁵ APPS never electronically interfaced with AABIS or AFMIS, as required. After paying for and accepting the faulty system, CSTC-A did not include these requirements on the October 2020 Performance Work Statement it provided to contractors bidding on the new APPS contract, which was awarded to Netlinks Ltd. again in April 2021.

⁶⁶ "Education Pay" was not listed under CSTC-A-funded expenses on the monthly payroll reports and therefore should have been the responsibility of the Afghan government. However, as we discuss, from March 2019 to November 2020, we found CSTC-A disbursed more than the total salary expenses on the monthly payroll reports, which included both CSTC-A and Afghan government expenses.

⁶⁷ Personnel compensation for education incentives should have been determined and processed in APPS. According to the APPS contract and the APPS MOD Operators Recruitment Module Manual, APPS determined personnel eligibility and compensation for authorized entitlements. APPS was also designed to track personnel education and training achievements, which combined with other data was used to calculate total compensation and taxes.

⁶⁸ The 2018 Commitment Letter covered the period from December 2017 to 2019. This finding is similar to that of CSTC-A's September 2019 internal review that found CSTC-A was paying unapproved transportation and food stipends, in addition to the eight approved incentives. The approved incentives were (1) Longevity, (2) Hazardous Duty Pay, (3) Recruiting and Re-Contracting Bonuses, (4) Special Operation Forces Incentives and Bonuses, (5) Medical Incentives and Bonuses, (6) Gender, (7) Explosive Ordnance Disposal Incentives and Bonuses, and (8) Aviation Incentives and Bonuses.

that told the local banks the salary amounts to deposit into the accounts of individual MOD personnel. Since these two reports—one used by CSTC-A to estimate disbursements and one used by the MOD to advise local banks about individual deposits—were based on the same time and attendance information, they should be similar.⁶⁹ However, we found that for at least 2 of the 18 months we examined, they calculated significantly different personnel counts and salary expenses.

Specifically, we found that two of the monthly payroll reports showed significant drops in the number of slotted personnel who met minimum base pay requirements.⁷⁰ The April and May 2019 monthly payroll reports each showed less than 80,000 personnel, which is over 100,000 personnel fewer than the approximately 181,000 records listed in the corresponding BARs. Similarly, the salary expenses for these months, as the monthly payroll report calculated, was approximately half of the salary expenses according to the BARs. Figures 1 and 2 show the differences in slotted personnel who met minimum base pay requirements and estimated salary expenses for these months.

Figure 1 - Slotted MOD Personnel For April and May 2019

SLOTTED MOD PERSONNEL FOR APRIL AND MAY 2019		
Month	Slotted Personnel According to Monthly Payroll Reports	Records listed on BAR
April-19	74,560	181,384
May-19	79,267	181,280

Source: SIGAR Analysis of CSTC-A-provided data.

Figure 2 - Estimated Salary Expenses for April and May 2019

ESTIMATED SALARY EXPENSES FOR APRIL AND MAY 2019			
Month	Salary Expenses According to Monthly Payroll Reports (\$)	Salary Expenses According to BAR (\$)	Funds Disbursed According to Disbursement Letter (\$)
April-19	20,864,593	42,437,274	45,378,406
May-19	21,830,042	42,048,774	45,378,406

Source: SIGAR Analysis of CSTC-A-provided data.

As shown in Figure 2, when we reviewed the disbursement letter that provided the funds for the April and May 2019 salary expenses, we found CSTC-A disbursed more money than the salary expenses listed on the monthly payroll reports or the BARs. This means that CSTC-A disbursed more for salary payments than what could be supported by the APPS reports for these months. According to CSTC-A, discrepancies between the disbursed amount and the amount calculated by APPS were supposed to be factored into the following month's disbursement. However, when we compared the total expenses on the monthly payroll reports to the disbursed amounts from the disbursement letters for the same month, we found CSTC-A did not always adjust salary disbursements to account for overpayments in previous months.⁷¹ From March 2019 through November 2020,

⁶⁹ The monthly payroll reports contain gross payroll amounts and the BARs contain net payroll amounts after payroll deductions are withheld. Therefore, the salary amounts on the BARs should be marginally less than the salary amounts on the monthly payroll reports to account for payroll deductions.

⁷⁰ According to monthly payroll reports, slotted personnel did not meet minimum base pay requirements if their APPS ID was expired or if their APPS profile was missing any of the eight critical fields.

⁷¹ This excludes manual adjustments to the monthly payroll reports and disbursements for personnel who were not registered in APPS.

we found CSTC-A disbursed about \$40.1 million more than the total salary expenses on the monthly payroll reports, which included both CSTC-A funded expenses and expenses that had been assigned as the responsibility of the Afghan government, such as travel pay and food for employees.

CSTC-A did not respond to our February 2021 request for an explanation as to why the reports differed for these months. In its June 2022 technical comments, DOD officials explained that the monthly payroll reports may differ from the corresponding BARs due to regularly occurring staffing changes. Specifically, DOD officials said that if Tashkil modifications did not slot a person into a unit and billet by the end of the pay month, the that person was unslotted and was not eligible for pay. However, the DOD officials also noted that they used a back pay methodology that allowed the MOD to submit information to demonstrate that unslotted personnel had valid time and attendance records for up to 6 months, making them eligible for pay.⁷² In February 2021, we had requested back pay records and documentation describing the back pay methodology, but DOD did not provide the requested information.

CSTC-A Did Not Implement Internal Controls Within the MOD Salary Process and Did Not Enforce APPS Contract Requirements, Reducing the Accuracy and Reliability of Salary Expense Calculations

We found that CSTC-A neither implemented effective internal controls within the MOD salary payment process, nor enforced the requirements of the APPS contract. Furthermore, in its June 2022 technical comments, DOD officials said CSTC-A had little to no control over Afghan systems to implement any type of fiscal controls and noted numerous areas where the payroll process was vulnerable to corruption. CSTC-A did not provide reasonable assurance that the MOD salary expenses it calculated were accurate or disbursed to the correct MOD personnel as a result of these deficiencies.

According to CSTC-A's ASFF procedures, the CSTC-A Comptroller was responsible for developing and implementing a resource strategy with systems and processes that allowed auditability and allocated resources transparently. The resource strategy was to be

- delineated by clear business rules, effective internal controls, and oversight of resource execution;
- informed by appropriate risk mitigation measures;
- reviewed periodically to ensure that control measures remained effective; and
- aligned with statutes, regulation, and DOD policies.

Similarly, the APPS contract required features that would enhance the internal controls of the MOD payroll process. These requirements mandated that APPS interface with various payroll systems, including AABIS and AFMIS, and required the contractor provide accurate and timely maintenance of detailed data, including 20 critical fields required to generate payroll, such as the transaction control number. The APPS contract also stated, "APPS will pay the right amount to the right person only if data fields are complete and accurate, and the record is slotted against an authorized position."⁷³ In its June 2022 technical comments, DOD officials explained that although the contract required integration with AABIS and AFMIS, U.S. efforts to integrate the systems were limited because they did not have direct access to AABIS, and AFMIS was owned and operated by the Afghan government.⁷⁴ Furthermore, DOD officials said that CSTC-A's ability to effectively manage and implement the APPS contract was limited because CSTC-A was significantly undermanned and lacked the experience to oversee the contract implementation. The DOD officials also stated that the oversight

⁷² Requests for back pay that were not authorized or could not be processed in APPS were calculated outside APPS.

⁷³ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 62.

⁷⁴ CSTC-A first reported to DOD OIG in June 2018 that APPS did not interface with AABIS and AFMIS. However, CSTC-A did not take corrective action until November 2020. On November 7, 2020, CSTC-A reported to DOD OIG that it had begun working with the MOF and the AABIS contractor to identify what was required to interface the systems.

and implementation of APPS was hindered by CSTC-A's lack of continuity over time because of the regular rotation of personnel in and out of Afghanistan.

Accordingly, despite the guidance in CSTC-A's ASFF procedures and the requirements of the APPS contract, we found that CSTC-A did not ensure that control measures remained effective because it did not correct previously identified deficiencies related to the communication between APPS and other electronic databases, and did not correct erroneous information identified in APPS data.

For example, the APPS contract required the system to (1) interface electronically with AABIS, the Afghan biometric system, and (2) prevent the false reporting of personnel and pay. The ability of APPS and AABIS to electronically interface would have provided an internal control to help prevent the creation of fictitious personnel accounts by seamlessly linking personal biometric data to personnel payroll data. However, CSTC-A's January 2021 response to our requests for information said that APPS did not interface electronically with AABIS. While CSTC-A declared APPS operational for MOD personnel in October 2019, CSTC-A did not sign an MOU with the Afghan government to integrate APPS and AABIS until February 2021. This MOU would have facilitated the automatic transfer of biometric information between AABIS and APPS, but the transfer was not completed by the time the former Afghan government collapsed in August 2021.⁷⁵ Without this electronic interface, APPS lacked a key system control required by the contract to prevent the creation of fictitious personnel accounts. In its June 2022 technical comments, DOD officials said that they manually compared AABIS and APPS data on a monthly basis to validate personnel records, and suspended accounts when inconsistencies were found; DOD did not provide documentation of its manual comparisons of APPS and AABIS data.

The APPS contract also required the system to generate a "monthly audit to identify any duplicate records or records that had a duplicate unique identification field," such as bank account numbers or national identification numbers.⁷⁶ However, our review of APPS data found duplicate and clearly inaccurate information in the unique identification fields. For example, a national identification number is supposed to be a unique identifier that can be used to identify duplicate records within APPS, but we found 7,100 duplicate national identification numbers and 1,009 invalid national identification numbers in the 175,195 APPS records we reviewed. Examples of invalid national identification numbers included "X," "1," "0," "00," "000," "0000," "00000," "000000," and "000000000." In June 2022, following the conclusion of our fieldwork, DOD officials said that they had been addressing discrepancies in the APPS data, including suspending accounts, when the MOD failed to meet deadlines for correcting the information. DOD did not provide documentation of its actions to address discrepancies in the APPS data or of its sanctions on MOD.

In another example, we found erroneous information in the eight mandatory APPS fields CSTC-A required for MOD personnel to be eligible for pay.⁷⁷ These mandatory APPS fields included the transaction control numbers (intended to be a unique identifier), the persistent globally unique identifier number (also intended to be a unique identifier), name, father's name, gender, date of birth, date joined the force, and rank. However, we found erroneous data in these required personnel fields including "date of birth" and "date joined the force." For example, we found two records showing individuals were born in 1900, four records showing individuals joined the force over 100 years ago (1903, 1913, 1917, and 1918), and another record showing an individual joined the force in 2050. In its June 2022 technical comments, DOD officials said that they lost the ability to ensure data was entered accurately and validate the data when the COVID-19 pandemic restricted CSTC-A's ability to conduct personnel asset inventories. However, this does not explain why this unverified information was not removed from APPS.

These examples demonstrate that CSTC-A did not implement a resource strategy that was informed by appropriate risk mitigation measures, did not periodically review the resource strategy to ensure control

⁷⁵ On March 11, 2021, CSTC-A told us that the AABIS to APPS interface would not be completed until September 2021.

⁷⁶ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 43.

⁷⁷ The national identification card is the source of personal information, such as name, father's name, grandfather's name, gender, and date of birth. Each card has a unique serial number.

measures remained effective, and accepted a software system that did not meet its contract requirements. Our findings were similar to the findings of an August 2019 DOD OIG audit, which reported that APPS did not reduce the risk of inaccurate personnel records or fraudulent payments because it did not have an interface with AABIS, and instead, required staff to enter key personnel data manually.⁷⁸ Although CSTC-A concurred with the audit's recommendations to develop and implement audit procedures and corrective action plans, we learned that CSTC-A did not begin implementing additional procedures to address risks identified in the report until August 2020, and APPS and AABIS were still not interfaced when the ANDSF collapsed in August 2021.

According to CSTC-A, it began a monthly biometric data validation process in August 2020 that was supposed to include comparing 100 percent of APPS records with AABIS data. However, CSTC-A told us that it had only developed a manual methodology to search for duplicate transaction control numbers in APPS records, and when discovered, CSTC-A personnel shared the data with the MOD for corrective action in AABIS. When we compared the data from APPS to the data in AABIS, however, we found thousands of instances of duplicate or missing unique identifiers. For example, in the 1 week of data provided to us by DOD for this audit, we found 7,714 transaction control numbers in the APPS data that were not listed in the AABIS data, and 690 duplicate persistent globally unique identifiers in the AABIS data.⁷⁹ In its June 2022 technical comments, DOD officials said that this biometric re-validation of Afghan personnel resulted in the removal of over 20,000 personnel from APPS; DOD did not provide documentation of its biometric re-validation or the removal of personnel from the database. Given the inaccurate information related to transaction control numbers and persistent globally unique identifiers, the manual process for comparing AABIS and APPS records was not an effective internal control.

Furthermore, we found that CSTC-A disbursed at least \$11.3 million in ASFF funds as salary payments to the 7,714 individuals whose transaction control numbers were not listed in the AABIS data.⁸⁰ This is significant because according to the terms of the APPS contract, verification in AABIS was required prior to the issuance of the identification cards necessary for proper enrollment in APPS. The contract states in pertinent part that identification cards "shall be verified against the [Ministry of Interior] biometric database [AABIS] before [identification cards are] issued or allowed to be entered into APPS."⁸¹ Furthermore, "No APPS final record shall be created unless [identification card] IDC validation is met for all elements."⁸² Therefore, individuals not listed in AABIS were not properly enrolled in APPS and payments to those individuals seem to have violated at least the intent of the FY 2020 and 2021 appropriations provisions restricting ASFF salary payments to only those personnel enrolled in APPS.

CSTC-A Did Not Implement Internal Controls that Required Banking Information Be Included in APPS Records, Reducing Confidence that MOD Salary Payments Went to Authorized Personnel

The FY 2020 and 2021 Consolidated Appropriations Acts required that ASFF funds made available for ANDSF salaries only be used for personnel enrolled in APPS.⁸³ CSTC-A's disbursement letters also highlighted the need for MOD personnel to be fully enrolled in APPS prior to salary payment. Prior to the passage of the Consolidated Appropriations Act, 2020, CSTC-A's disbursement letters stated, "CSTC-A funds are only authorized to pay personnel who are slotted and included in the personnel asset inventory in APPS." However, following the passage of the 2020 appropriation, CSTC-A's disbursement letters used more permissive language and

⁷⁸ DOD OIG, *Audit of the Planning for...*, DODIG-2019-115.

⁷⁹ DOD provided APPS and AABIS data for the week of February 26, 2021.

⁸⁰ To calculate these disbursements, we totaled the amount paid to the bank account numbers associated with each transaction control number as stated in the SDARs provided by DOD. The scope of the SDARs was January 21, 2020, to November 20, 2020; and December 21, 2020, to January 19, 2021.

⁸¹ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 36.

⁸² DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 36.

⁸³ Consolidated Appropriations Act, 2020, Pub. L. No. 116-93, 133 Stat. 2317, 2371-72 (2019); Consolidated Appropriations Act, 2021, 116-260, 134 Stat. 1182, 1340-41 (2020).

included routine monthly disbursements for personnel “not in APPS,” even though the appropriations acts required that ASFF salary payment only be made in personnel enrolled in APPS.

The APPS contract required that the system generate a “monthly audit to identify any duplicate records or records that have a duplicate unique identification field,” such as bank account number and national identification number, and “reports of erroneous personnel and pay information” to identify duplicate records.⁸⁴ The APPS contract also outlined the steps to enroll MOD personnel in APPS, and established various internal controls to ensure the accuracy of APPS records. For example, in order for an individual to be considered enrolled, APPS required the completion of various fields unique to the individual, such as banking information.

As outlined in the MOD salary payment process, at the end of every monthly pay period, BARs were sent to the local banks responsible for transferring the calculated salaries into the accounts of individual MOD personnel. The accuracy of BARs, which told the local banks the exact salary amounts and the individual bank accounts to which the funds should be transferred, was a critical component for ensuring MOD personnel received their salaries. However, CSTC-A did not implement internal controls related to the bank account information, and we found that the BARs contained inaccuracies such as duplicate bank account numbers, missing bank account numbers, and had bank account numbers without bank names. CSTC-A provided 24 BARs that contained 4,283,530 records for monthly pay periods ending from September 2018 to August 2020. The BARs from FY 2019 contained 25,048 records without bank account numbers to which CSTC-A disbursed approximately \$4.8 million in salary payments.⁸⁵ The FY 2020 BARs contained 123,938 records without bank account numbers to which CSTC-A disbursed approximately \$12.2 million in salary payments.⁸⁶ The increase in the number of records that do not contain a bank account number indicates that either the BARs were incorrect or more individuals were paid through trusted agents, i.e., personnel who collect MOD payroll from banks and were responsible for disbursing this money to MOD personnel. As reported in our 2015 audit of Afghan National Army personnel and payroll data, the trusted agent process for salary payments lacks documentation and accountability, putting those funds at a higher risk of being subject to corruption.⁸⁷

As noted above, the FY 2020 and 2021 Consolidated Appropriations Acts mandated that ASFF funds pay the salaries only of personnel enrolled in APPS, and the APPS contract said that an individual was required to have a bank account to be registered. Despite this guidance, CSTC-A reported to us in May 2021 that a bank account was not necessary to be paid and that MOD personnel could be paid through a trusted agent. In technical comments, DOD officials said that it occasionally received reports that MOD personnel did not receive trusted agent payments, and confirmed that the department did not have procedures to verify that personnel received cash payments provided through a trusted agent. DOD officials added that they had tried to eliminate the use of trusted agents, which would have significantly reduced the number of MOD personnel without bank accounts when the Afghan government fell in August 2021. However, DOD did not provide documentation of its actions to reduce the use of trusted agents or the number of personnel without bank accounts.

Furthermore, although the APPS contract required the system to generate a “monthly audit to identify any duplicate records or records that have a duplicate unique identification field,” CSTC-A did not act to eliminate the 2,390 duplicate or erroneous bank account numbers.⁸⁸ As a result, CSTC-A could not provide reasonable assurance that ASFF funds were deposited into the correct bank accounts, or that personnel with missing or erroneous banking information received their payments. These failures increased the likelihood of ghost soldiers, pilferage, diversion, and corruption, the very issues APPS was meant to address. In technical comments, DOD officials said that the department used everything in its control to enforce internal controls

⁸⁴ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, pp. 41–43.

⁸⁵ The BARs showed salary payments of 368,964,741 AFN (about \$4,842,340, based on the weighted average FY 2019 exchange rate).

⁸⁶ The BARs showed salary payments of 943,598,432 AFN (about \$12.221,581, based on the weighted average FY 2020 exchange rate).

⁸⁷ SIGAR, Afghan National Army, SIGAR 15-54-AR.

⁸⁸ DOD, Contract Number W56SGK16C0016P00015, awarded to Netlinks Ltd., March 14, 2016, p. 43.

and push for modifications to the pay process to stop corruption; however, these same officials noted that there were limits to DOD's visibility over the entire pay process. For example, DOD officials said the U.S. government and APPS personnel lost the ability to verify actual time and attendance data because of COVID-19 pandemic restrictions and CSTC-A's operational transition to Qatar.

CSTC-A Did Not Use All Available Authorities to Oversee the Salary Payment Process

The Transparency MOU between CSTC-A and the MOF memorialized CSTC-A's authorities to safeguard and maintain visibility over the funds it provided for MOD salary payments.⁸⁹ For example, in the Transparency MOU, CSTC-A established the right to withhold ASFF funds until the Afghan government met certain requirements. Similarly, the Transparency MOU outlined monthly actions from MOF and CSTC-A intended to protect MOD salary funds. One fundamental requirement of the Transparency MOU was for the MOF to provide CSTC-A with salary transfer files and SDARs at the end of every month after payroll distribution.

The salary transfer files and SDARs were essential for maintaining oversight of disbursed salary funds. Salary transfer files listed all MOD personnel, bank accounts, and compensation to be paid.⁹⁰ The MOF sent the salary transfer files to the local banks instructing the transfer of salaries to the accounts of personnel. The SDARs informed the MOF which individual salaries were disbursed into bank accounts, and detailed any discrepancies between the salary transfer files and the amount disbursed.

CSTC-A could use the SDARs to identify any differences between salaries earned and salaries paid. Other authorities in the Transparency MOU, when used, provided additional transparency and visibility of salary payments. For example, the Transparency MOU required the MOF to provide CSTC-A with unrestricted visibility into the DAB Treasury Single Account. However, CSTC-A officials we spoke with were unaware that they could access the account. The fact that CSTC-A officials tasked with overseeing the MOD payroll process were unaware of the extent of their oversight authorities exemplifies the lack of an auditable and transparent distribution process for ASFF. This shortfall is further demonstrated by CSTC-A also not having auditable and transparent processes related to its receipt of SDARs from the MOF, its reconciliation of information in the salary transfer files and the SDARs, and its limited visibility into the Treasury Single Account. In June 2022 technical comments regarding the distribution of salaries, DOD officials stated that the MOF was able to "able to modify the data without our consent or visibility into the process and really undetectable as long as the bottom line funding numbers remained the same."⁹¹ DOD went on to explain, "This was a system the MoD and MoF stated was mandatory to adjust for their laws which they stated APPS calculated incorrectly. This was a false statement and was in work to be corrected at the time of the collapse."⁹²

CSTC-A Did Not Retain Required Salary Transfer Files and Salary Disbursement Account Reports, And Could Not Account for More Than \$26 Million that Was Never Deposited into the Bank Accounts of MOD Personnel

The MOF was supposed to provide CSTC-A with all salary transfer files and SDARs. The salary transfer files were to be transmitted to CSTC-A each month when the monthly payroll was paid on that month's 22nd day. The SDARs were to be submitted by local banks to the MOF's Payroll Division no later than 7 days after the end of the monthly payroll distribution, and transmitted to CSTC-A immediately upon receipt by the MOF Payroll Division. However, when we requested all salary transfer files and SDARs from FY 2018 through FY 2020,

⁸⁹ The Transparency MOU used various terms to describe the mutually agreed upon provisions, including "terms of reference," "conditions," "agreements," and "requirements." For the purposes of this report, we use "authorities" to reference all terms used to describe the provisions agreed upon in the MOU.

⁹⁰ The salary transfer file is equivalent to the BAR in its function, which is to tell commercial banks the salary amounts personnel were to be paid. Salary transfer file is the term used to describe the BAR once the MOF forwards it to a commercial bank.

⁹¹ DOD, "Technical Comments to SIGAR 146A Draft Report for Comment," p. 1.

⁹² DOD, "Technical Comments to SIGAR 146A Draft Report for Comment," p. 1.

CSTC-A did not provide us with any salary transfer files, and provided only the SDARs for November 2019 to January 2021.

CSTC-A distributed more than \$600 million in MOD salary payments from October 2018 through November 2019, but did not provide us any salary transfer files or SDARs for this time period.⁹³ CSTC-A personnel we interviewed were unaware of the available authorities and responsibilities given to CSTC-A, MOF, MOD, and local Afghan banks, and in its June 2022 technical comments, DOD officials said that the reports were rarely complete or submitted on time. Accordingly, CSTC-A did not provide us with the salary transfer files and SDARs, despite having the authority to review them according to the Transparency MOU.

CSTC-A provided us with SDARs covering the period of November 2019 through January 2021, and we found there was no record of 239 deposits ever being provided to the local banks.⁹⁴ Specifically, CSTC-A could not account for over \$26.8 million provided to the MOF for MOD salaries.⁹⁵ The missing deposits could have been made through trusted agents, or they may indicate outstanding funds that were never deposited into the bank accounts of MOD personnel; CSTC-A was unable to provide us documentation showing where the funds actually went. Despite the requirement that the local banks were supposed to return these unsuccessful deposits to DAB, we found that the SDARs did not explain why the deposits were not made or where the \$26.8 million was sent. CSTC-A could not explain where this money was deposited or what it was used for. In its June 2022 technical comments, DOD officials said that the money may have been sent directly to trusted agents, but they provided no documentation or other evidence to support that assertion or to demonstrate what actually happened to the funds.

Because attempts at depositing salaries into bank accounts were unsuccessful, some MOD personnel may not have received the salaries they were owed. CSTC-A personnel told us that it was an MOD personnel's own responsibility to report not being paid, or for subsequent audits to reveal pay issues. CSTC-A personnel did not mention their assigned authority or ability to review SDARs and ensure funds were returned to DAB to offset future payments by CSTC-A.

CSTC-A Did Not Ensure the MOF Reconciled Its Salary Transfer Files and SDARs, As Required

The Transparency MOU required the MOF to (1) provide CSTC-A the monthly SDARs, and (2) reconcile the SDARs with the salary transfer files, two processes that would have identified any discrepancies between the salary amount earned and the salary amount paid. Although CSTC-A did not provide us any salary transfer files, we reviewed the SDARs CSTC-A was able to provide. We found that the SDARs contained duplicate records and that some payroll records on the BARs could not be located on the SDARs.

Our review of the SDARs that CSTC-A provided, which were from November 22, 2019, through January 19, 2021, found duplicate records, including within a given month; and duplicated payments, including repeated check numbers between different months. Specifically, we found 5,378 duplicate records totaling \$1.6 million. For example, for pay periods ending in May 2020 and June 2020, we found two repeated payments. Specifically, check numbers 9921330 and 9921439 for approximately \$6,725 and \$7,752, respectively. Duplicate records and payments raise questions and uncertainty about the reliability of the MOD payroll process.

To identify unsuccessful deposits, we compared the bank account numbers in the payroll records on the January 2020 through September 2020 BARs to the bank account numbers in the payment records on the

⁹³ 2018 and 2019 AFMIS expenditure reports totaled 49,956,279,515 Afghanis, which we converted with a 76.7 Afghanis per U.S. dollar exchange rate.

⁹⁴ According to the 2020 AFMIS expenditure report, there should have been approximately \$402,204,987 provided in 1,620 deposits for salary expenses incurred from December 22, 2019, through November 20, 2020.

⁹⁵ To determine this figure, we compared AFMIS expenditure data to the SDARs CSTC-A provided us. We found multiple expenditures on the 2020 AFMIS expenditure reports that were never accounted for in the SDARs from November 2019 through January 2021.

corresponding SDARs.⁹⁶ We found that some individuals registered in APPS never received a salary payment.⁹⁷ From January through September 2020, APPS-registered personnel earned approximately \$353,788,261.⁹⁸ However, our review of the SDARs found APPS-registered personnel never received almost \$54,858,003 in salary payments. The Transparency MOU called for the MOF and CSTC-A to conduct reconciliations of the SDARs and salary transfer files. Had they conducted these reconciliations, these missed salary payments could have been identified. The duplicate records and unsuccessful salary payments demonstrate a real cost of CSTC-A not enforcing its authorities from the Transparency MOU, which left ASFF salary funds vulnerable to fraud, waste, and abuse.

In its June 2022 technical comments, DOD officials said that the Afghan MOF's ability to modify data before it was sent to banking institutions for payment and a general lack of transparency within the Afghan owned systems prevented the complete oversight of the payroll process. The DOD officials also said that they had been pushing CSTC-A to move toward direct deposits in Afghan accounts by the Defense Finance Accounting Service to bypass the MOF; however, they did not provide documentation supporting their assertion or showing that any such actions were underway prior to the collapse of the former Afghan government in August 2021.

CSTC-A Did Not Maintain Visibility of the Treasury Single Account and Monthly Central Bank Statements

The Transparency MOU stated that the MOF must provide CSTC-A with visibility into ASFF funds, including unrestricted access to the DAB Treasury Single Account to monitor MOD transactions. However, CSTC-A did not maintain visibility of ASFF monies once they transferred into the Treasury Single Account. CSTC-A said that it did not have visibility of the Treasury Single Account despite the authorities granted in the Transparency MOU. CSTC-A personnel told us they did not have access to the Treasury Single Account with their DAB account login information. According to the MOF Accounting Manual, the Treasury Single Account consolidates and centralizes funds into a single account, regardless of the original source of funds. Despite funds from multiple sources being commingled, CSTC-A did not maintain visibility of the Treasury Single Account to verify ASFF fund deposits (transfers from the MOD Special Account to the Treasury Single Account) and withdrawals (payments made from the Treasury Single Account to local bank accounts).

Similarly, the Transparency MOU stated CSTC-A would (1) obtain monthly bank statements from the DAB, and (2) continue to reconcile the MOD Special Account and Treasury Single Account with AFMIS expenditure data using information found on the monthly bank statements. However, CSTC-A did not obtain these statements or verify ASFF fund balances residing in the Treasury Single Account. Had the stated reconciliation occurred, the \$26.8 million in CSTC-A-provided salary funds that were unsuccessfully deposited into MOD personnel accounts would have been identifiable on monthly central bank statements. This would have been an additional resource for CSTC-A to maintain accountability of the ASFF monies being used to support MOD salary payments. However, in March 2021, when we requested bank statements for MOD funds residing within the DAB's Treasury Single Account, CSTC-A personnel stated the information was available only to the Afghan government.⁹⁹

⁹⁶ Our comparison of BARs to SDARs was limited to January 2020 through September 2020 for two reasons. First, DOD did not provide us BARs past the September 2020 pay period. Second, DOD did not provide sufficient AFMIS expenditure report data to verify which payments in the November 2019 SDARs were funded with ASFF funds.

⁹⁷ To determine this figure, we identified APPS-registered personnel who earned a salary but did not receive payment.

⁹⁸ This information was obtained from the BARs for pay periods ending from February to September 2020.

⁹⁹ Instead, CSTC-A provided bank statements of the MOD Special Account residing at the DAB, which were insufficient because they did not include the deposits and withdrawals of ASFF funds in the Treasury Single Account. Withdrawals of ASFF funds from the Treasury Single Account included payments sent to commercial banks for MOD salaries, which were recorded as expenditures in AFMIS. A reconciliation between Treasury Single Account withdrawals of ASFF funds and the corresponding AFMIS expenditures would identify any outstanding checks at the end of the month.

CONCLUSION

From October 2019 until the collapse of the ANDSF in August 2021, the United States spent more than \$3 billion annually to support the Afghan forces, including more than \$750 million to pay their salaries. In its annual requests to Congress for ASFF appropriations, DOD stated that the funds were vital to the Afghan government's ability to field an effective fighting force to defeat the Taliban and other anti-government forces. Congress, through the Consolidated Appropriations Acts of 2020 and 2021, directed that only ANDSF personnel who were enrolled in APPS receive salary payments funded by the ASFF, and authorized DOD to withhold funds in the event that the MOD was making insufficient progress on addressing corruption.

Congress provided DOD with the resources and authorities it needed to properly oversee how billions of dollars in U.S. taxpayer funds were being spent on ANDSF salaries, but DOD did not use its authorities effectively. Year after year, DOD secured the funding required to pay the salaries of more than 100,000 MOD personnel. However, DOD long struggled to ensure the salary payments were provided in the appropriate amount to verified MOD personnel, and endemic issues persisted with "ghost soldiers" and the theft of MOD salary payments. As a result, DOD developed APPS to better protect those funds, and Congress, through the Consolidated Appropriations Acts of 2020 and 2021, directed that only personnel who were enrolled in APPS could receive salary payments funded by the ASFF.

Although DOD spent more than \$64 million to procure the APPS software system, which was intended to help protect salary payments to the MOD, the system never worked as intended, leaving DOD without confidence that the payroll information it received from MOD corresponded to what was actually paid to MOD personnel. DOD acknowledged that MOF was able "to modify the data without our consent or visibility into the process and really undetectable as long as the bottom line funding numbers remained the same."¹⁰⁰ As a result, DOD spent at least \$232 million in questionable or unsupported salary payments. Specifically, DOD regularly calculated salary payments outside of APPS, paid for unauthorized units, and modified the salary payment data created within APPS. DOD also accepted APPS despite the system failing to fulfill contractual requirements related to internal controls and electronic interfacing with other Afghan government systems.

Because DOD did not use all of the tools and authorities it had at its disposal to verify and oversee the MOD salary payment processes, the department is unable to determine where millions of dollars in salary payments ended up, potentially resulting in waste, fraud, and abuse. Furthermore, there is evidence that actual, verified MOD personnel were not being reliably paid. Therefore, it is reasonable to conclude that DOD did not know the real force strength of the MOD, as there were obvious red flags indicating in some instances that the number of active MOD personnel was being significantly overstated, and in other instances, that existing MOD personnel were not being reliably paid. However, DOD continued to request billions of U.S. taxpayer dollars for the ANDSF up until its total collapse in August 2021.

RECOMMENDATIONS

SIGAR is not making any recommendations despite the findings of this report. After the events of August 2021, including the collapse of the ANDSF, the United States ceased funding for the salaries of MOD personnel. However, DOD and Congress may wish to bear in mind our report findings when considering future salary assistance activities, particularly in a contingency environment like Afghanistan.

¹⁰⁰ DOD, "Technical Comments to SIGAR 146A Draft Report for Comment," p. 1.

AGENCY COMMENTS

We provided a draft of this report to DOD for review and comment. We received written comments from the Principal Director of Afghanistan, Pakistan, and Central Asia for the Office of Indo-Pacific Security Affairs, which we reproduced in appendix II. DOD also provided technical comments, which are incorporated in the report as appropriate. In its written comments, DOD noted that it undertook efforts to create APPS as a result of the shortcomings in available payroll data identified in our 2015 report on Afghan payroll systems. DOD also noted that developing a new enterprise information system like APPS is challenging, requires years of effort, and that the effort was even more difficult because of the constraints imposed by the operating environment in Afghanistan. DOD added that responsible officials had been working on various improvements to APPS and the payroll process when the Afghan government fell in August 2021, and that the department believed APPS helped to reduce corruption in the payroll process by accurately calculating what MOD personnel were supposed to be paid. DOD noted that the greatest risk of corruption within the pay process was when ASFF funds were provided directly to the Afghan government. DOD said that it had been in the process of moving MOD salary payments to direct deposit methods to bypass the Afghan government when the government fell in August 2021.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of our audit of the Department of Defense's (DOD) oversight of its salary payments to the Afghan Ministry of Defense (MOD), including efforts to ensure that Afghan Personnel and Pay System (APPS) records were complete and accurate. The objective of this audit was to determine the extent to which DOD, from fiscal year (FY) 2019 through May 2021, provided accountability and oversight of the funds that DOD provided to the Afghan government to pay the salaries of MOD personnel. SIGAR chose this scope because previous oversight undertaken by the DOD Office of Inspector General (DOD OIG) concluded in July 2018, before APPS was declared fully operational for the MOD in October 2019.

To accomplish our objective, we reviewed public laws, policies, procedures, and other documentation governing the use of APPS and the disbursement of Afghanistan Security Forces Funds (ASFF) for MOD salary payments. For example, we reviewed the National Defense Authorization Act for FY 2018 through FY 2020, the Consolidated Appropriations Acts of 2020 and 2021, DOD Instruction 5040-10, the Combined Security Transition Command–Afghanistan's (CSTC-A) ASFF Standard Operating Procedures, the APPS contract, and the memoranda of understanding between CSTC-A and the Afghan government. We examined prior audit reports and reviews conducted by SIGAR, DOD OIG, and CSTC-A from December 2013 through September 2020. We also reviewed Afghan government regulations and instructions pertaining to MOD salaries and management of international donor funds.

To assess the extent to which DOD provided accountability and oversight of ASFF monies provided for MOD salaries, we requested and reviewed biometric data from the Afghanistan Automated Biometric Identification System (AABIS), personnel data from APPS, expenditure data from the Afghanistan Financial Management Information System (AFMIS), CSTC-A's disbursement letters to the Afghan government, APPS monthly payroll reports, APPS bank advisement reports (BAR), and salary disbursement account reports from local Afghan banks. We also requested from CSTC-A—but did not receive—salary transfer files created by the Afghan Ministry of Finance (MOF), which listed personnel names, bank account numbers, and compensation to be paid.

To assess the completeness and accuracy of the data we obtained from CSTC-A, we compared the transaction control numbers and persistent global unique identifiers found in AABIS data to APPS personnel data. We also examined monthly payroll reports and compared the types of expenses and number of personnel included in monthly payroll reports to permissible expenses in the AFMIS chart of accounts and number of personnel listed on BARs, respectively. Similarly, we examined and compared the MOD units listed in monthly payroll reports against the authorized units in the Tashkil for the same period.¹⁰¹ We also examined the methodologies that CSTC-A used to calculate MOD salaries. The results of our assessment are included in the body of the report.

We used computer-processed data from AABIS to identify biometrically validated MOD personnel. We used computer-processed data from APPS to identify APPS-registered MOD personnel, MOD personnel who earned a salary, and the amounts of earned salaries. We also used computer-processed data from the MOF to identify payments made to MOD personnel. We determined that the computer-processed data is unreliable, as discussed in the findings of this report.

We assessed the significance of internal controls and compliance with laws and regulations necessary to satisfy the audit objective. We determined that CSTC-A did not implement effective internal controls in the MOD salary payment process, thus reducing the accuracy and reliability of MOD salary expense calculations. The results of our assessment are included in the body of the report.

We conducted our audit work in Arlington, Virginia, from October 2020 to July 2022, in accordance with generally accepted government auditing standards. Those 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 that the evidence obtained provides a reasonable basis for our

¹⁰¹ *Tashkil* means "organization" in Dari, and refers to the official list of personnel and equipment requirements used by the MOD to detail authorized staff positions and equipment items for each unit.

findings and conclusions based on our audit objectives. We performed this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - RESPONSE FROM THE DEPARTMENT OF DEFENSE



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
2700 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2200

JUL 14 2022

The Honorable John Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, 9th Floor
Arlington, VA 22202

Dear Mr. Sopko:

Thank you for the opportunity to comment on the draft audit report, "DOD'S Salary Payments to the Afghan Ministry of Defense: DOD Did Not Use APPS as Intended and Internal Control Weaknesses Raise Questions About the Accuracy of Approximately \$232 Million in Salary Payments from October 2018–May 2021." I specifically want to thank you for the additional time your audit team afforded my staff after we received the draft on May 16, 2022, to locate personnel who previously worked on the Afghan Personnel and Pay System (APPS) during their tours at Combined Security Transition Command-Afghanistan (CSTC-A) and its successor, Defense Security Cooperation Management Office-Afghanistan (DSCMO-A) to provide a thorough review of the draft.

APPS was a DoD initiative undertaken to build an enterprise information system (EIS) for the Afghan Ministries of Defense (MoD) and Interior (MoI) that would enable more efficient human capital management, force management, and pay computation through automation of personnel and pay data. A key function of APPS was to align on-duty personnel in authorized billets with their appropriate pay and allowances to calculate amounts of the Afghanistan Security Forces Fund (ASFF) appropriation that should be paid to MoD personnel (including the Afghan National Army, Afghan Air Force, and Afghan Special Security Forces) and funding for MoI personnel (including the Afghan National Police) provided by other countries' donations to the United Nations' Law and Order Trust Fund-Afghanistan (LOTF-A.) These amounts averaged about \$100 million per month for MoD payroll and \$30 million per month for MoI payroll. The audits SIGAR published in 2015 on the shortcomings of available data to ensure accurate payrolls funded both via the ASFF and via LOTF-A spurred development of APPS.

For any modern organization, developing and deploying such a complex EIS is a challenging undertaking that requires years of effort and continual effort to address shortcomings and make improvements. The Department of the Army, for example, was already developing Increment Two of its own analogous program of record for U.S. Army active, reserve and National Guard personnel—Integrated Personnel and Pay System-Army (IPPS-A)—two years before CSTC-A began to develop APPS for Afghan forces and continues to work on enhancements to improve IPPS-A's reliability, functionality, and accuracy of pay calculations. While IPPS-A has more functionality to perform human resource management tasks for U.S. Soldiers than did APPS for Afghan forces, both systems were designed to identify who should get paid and how much they should be paid across their respective forces. Building and deploying a system like APPS for a government such as the former Government of the Islamic

Republic of Afghanistan, however, faced the additional challenges of limitations in Afghanistan's existing information technology infrastructure, the Afghan government's lack of expertise in managing modern personnel systems, the significant risk of corruption, and the disruptions of developing such a capability in a wartime contingency environment.

I trust that your team benefitted from the insights of the former DSCMO-A personnel we located who agreed to provide written comments to and speak with your team recently to plug some knowledge gaps reflected in the draft report. For example, the draft says DoD provided funds to pay salaries for "suspicious units and non-existing object codes." One of the former APPS program managers explained to your staff that this was likely a result of *tashkil* (i.e. billet authorization document) changes, which occur frequently as in any organization, and modifications to APPS object codes related to differing types of pay and incentives that are modified in accordance with changes in Afghan law. These discussions should have helped to clarify that APPS was used as intended, notwithstanding the title of the draft report, and that the report likely overestimates the degree of inaccuracy of APPS's pay calculations.

SIGAR
Comment 1

APPS had developed sufficiently to comply with statutory requirements that only personnel enrolled in APPS could be paid with ASFF. As with any complex EIS, however, there was room for improvement and upgrades. Such was the case when the Ghani government fell in August 2021. As my team and the former DSCMO-A staff noted, efforts to improve APPS continued into 2021. For example, integrating APPS with the Afghan Financial Information Management System (AFMIS) was a key focus so APPS could become a full-scale pay and accounting system. This could not be executed until completion of APPS-AFMIS integration, which was nearly accomplished as a result of daily DSCMO-A-MoD collaboration until the Ghani government fell.

Indeed, we recognized that the greatest exposure of ASFF to corruption risk occurred with ASFF direct contributions to the Afghan government, mainly to pay its soldiers. APPS was a key building block for mitigating the risk that ASFF would be siphoned once it entered into Afghan government bank accounts. APPS certainly helped reduce this risk by calculating how much should be paid to soldiers but it did not eliminate the risk. The real key to significantly mitigating this risk was to bypass the Afghan government and transfer funds directly into Afghan soldiers' individual bank accounts. Policy and Comptroller proposed to CSTC-A in 2020 that the time was right to begin this transition, and in early 2021 CSTC-A/DSCMO-A was on a path to establish the capacity to support direct deposit of DoD funds to individuals eligible for pay. This also would have eliminated the so-called "trusted agent" middlemen who served as pay agents for the minority of Afghan forces without a bank account.

Thank you again for the opportunity to comment on this report.

Sincerely,



Principal Director,
Afghanistan, Pakistan, and Central Asia

SIGAR Response to Comments from the Department of Defense

SIGAR Comment 1: Discussions with the personnel DOD made available after receiving the draft report were useful. The information provided added context to the challenges identified by the report and provided information on DOD's efforts to address the issues we had identified following the end of our fieldwork in May 2021. This additional information, however, did not change our findings or conclusions.

APPENDIX III - ACKNOWLEDGMENTS

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This performance audit was conducted
under project code SIGAR-146A.

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