

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

SIGAR 20-35 Evaluation Report

Department of Defense: Implemented Less than  
40 Percent of SIGAR's Audit and Inspections  
Recommendations and Does Not Have a System  
for Tracking Them



APRIL  
2020

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT SIGAR REVIEWED

SIGAR's oversight mission, as defined by Section 1229 of the National Defense Authorization Act for Fiscal Year 2008, includes providing independent, objective recommendations to promote economy, efficiency, and effectiveness. This evaluation provides an update to our January 2015 report that examined the status of SIGAR recommendations made to the U.S. Department of Defense (DOD) in performance audits, financial audits, inspections, evaluations, and alert letters issued between January 2008 and June 2014. Specifically, this report provides information on the status of SIGAR recommendations made to DOD between July 1, 2014, and July 31, 2019.

The objectives of this evaluation are to (1) analyze the number and status of recommendations, categorize each recommendation by intended outcome, and identify any program improvements or actions to recover questioned costs; and (2) assess DOD's system for tracking SIGAR's recommendations and the extent to which DOD took action to resolve open recommendations in a timely manner.

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April 2020

Department of Defense: Implemented Less than 40 Percent of SIGAR's Audit and Inspections Recommendations and Does Not Have a System for Tracking Them

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### SIGAR 20-35 EVALUATION REPORT

#### WHAT SIGAR FOUND

Between July 1, 2014, and July 31, 2019, SIGAR's Audits and Inspections directorate issued 100 reports to DOD, with 69 of those reports making 219 recommendations. Of the 219 recommendations, 84 were implemented, 52 were not implemented and then closed, and 83 remain open.

SIGAR closed 52 recommendations as not implemented because of any of the following reasons:

- DOD did not concur with the recommendation and did not take steps to address it;
- DOD's actions did not meet the intent of the recommendation or DOD could not provide evidence that it implemented the recommendation; or
- DOD did not take action in a timely manner, and the recommendation was closed because of inaction.

About 80 percent of all recommendations called for changes to increase program efficiency, ensure accountability, improve oversight of U.S. taxpayer funds, or ensure that constructed facilities were safe, complete, and used as intended. In addition, SIGAR financial audits recommended that DOD review more than \$240.5 million in questioned program costs and recoup funds, as appropriate.

The Federal Acquisition Streamlining Act requires agencies to take corrective action on audit recommendations, and directs that resolution should occur within a maximum of 12 months following the issuance of a final report. However, SIGAR found that 58 of the 136 closed recommendations took longer than 12 months to resolve; the average amount of time was 632 days (about 21 months). Only 78 recommendations were closed within 12 months.

When asked, DOD stated that recommendations are often not resolved within the required 12 months for several reasons, including

- the responsible DOD officials do not always receive SIGAR's reports, and therefore are unaware of the recommendations;
- in DOD's view, SIGAR requests for documentation were unclear;
- DOD staff turnover in Afghanistan is frequent and therefore staff are not familiar with the recommendations; and
- SIGAR transmittal letters do not always state that DOD's proposed actions are due within 60 days.

SIGAR transmits reports to DOD using DOD-requested distribution lists. We examined each of the 69 issued reports that contained recommendations to determine if the report was sent to appropriate

DOD officials and whether a 60-day response to recommendations was requested. SIGAR found that all of the 69 reports were sent to the appropriate DOD officials. Additionally, SIGAR found that 65 of the 69 report transmittal letters requested a response to our recommendations, with 83 percent requesting a 60-day response to the recommendations made in the report. Of the four reports that did not have a suspense date, DOD provided supporting documentation to resolve recommendations in three of the reports.

Additionally, the Office of Management and Budget (OMB) Circular A-50 requires executive agencies to maintain accurate records of the status of recommendations through the entire process of resolution and corrective action, and to appoint a top-level audit follow-up official to ensure agencies assign a high priority to resolving audit recommendations. We found that DOD does not have a top-level audit follow-up official responsible for addressing SIGAR recommendations, or a system for following up on open SIGAR recommendations. Further, DOD has not established standard procedures to ensure that follow-up records include written plans for corrective action with specified action dates, where appropriate, as required by the OMB Circular. As a result, DOD cannot assure the prompt and proper resolution and implementation of audit recommendations. Taking corrective action is essential to improving the effectiveness and efficiency of government operations, and reducing fraud, waste, and abuse.

## WHAT SIGAR RECOMMENDS

To comply with OMB guidance and ensure that recommendations made to DOD are resolved in a timely manner, SIGAR recommends that the Secretary of Defense:

- 1. Designate a top-level audit follow-up official, in compliance with OMB Circular A-50, who will ensure that DOD makes timely responses to SIGAR recommendations.**
- 2. Establish a system to regularly follow-up on SIGAR's recommendations that at a minimum, documents corrective actions taken or planned to be taken within specified timeframes, and that ensures disagreements are resolved.**

SIGAR received written comments from the Office of the Under Secretary of Defense for Policy (OUSD-P) on a draft of this report. OUSD-P concurred with both recommendations and stated that the implementation of the recommendations will help to standardize how DOD tracks and manages SIGAR recommendations. Additionally, OUSD-P stated that it takes seriously SIGAR's recommendations and thoroughly reviews and considers the recommended actions but noted that in some cases, DOD does not concur or only partially concurs in SIGAR's prescribed solutions. OUSD-P's comments are reproduced in an appendix to this report. We also received technical comments from DOD, which we incorporated as appropriate.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

April 13, 2020

The Honorable Dr. Mark T. Esper  
Secretary of Defense

This report discusses the results of SIGAR's evaluation of the status of SIGAR Audits and Inspections (A&I) recommendations made to the Department of Defense (DOD) between July 1, 2014, and July 31, 2019. During this period, SIGAR issued 100 report to DOD, with 69 of those reports making 219 recommendations. Of these, SIGAR closed 136 recommendations, but DOD implemented only 84. SIGAR closed 52 recommendations as not implemented.

We also determined that DOD did not resolve recommendations within the 12 months required by the Federal Acquisition Streamlining Act, in part, because DOD does not have the required top-level audit follow-up official to handle SIGAR recommendations or a system to track recommendations through resolution.

We are making two recommendations. To comply with guidance from the Office of Management and Budget (OMB) and to ensure that recommendations made to DOD are resolved in a timely manner, SIGAR recommends that the Secretary of Defense: (1) designate a top-level audit follow-up official, in compliance with OMB Circular A-50, who will ensure that DOD makes timely responses to SIGAR recommendations, and (2) establish a system to regularly follow-up on SIGAR's recommendations that at a minimum, documents corrective actions taken or planned to be taken within specified timeframes, and that ensures disagreements are resolved.

SIGAR received written comments from the Office of the Under Secretary of Defense for Policy (OUSD-P) on a draft of this report. OUSD-P concurred with both recommendations and stated that the implementation of the recommendations will help to standardize how DOD tracks and manages SIGAR recommendations. Additionally, OUSD-P stated that it takes seriously SIGAR's recommendations and thoroughly reviews and considers the recommended actions but noted that in some cases, DOD does not concur or only partially concurs in SIGAR's prescribed solutions. OUSD-P's comments are reproduced in an appendix II. We also received technical comments from DOD, which we incorporated as appropriate.

SIGAR conducted this work under the authority of Public Law 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with the Quality Standards for Inspection and Evaluation, published by the Council of the Inspectors General on Integrity and Efficiency.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

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## ABBREVIATIONS

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A&I	Audits and Inspections
ANDSF	Afghan National Defense and Security Forces
CENTCOM	Central Command
DOD	Department of Defense
OMB	Office of Management and Budget
OUSD-P	Office of the Under Secretary of Defense for Policy
USACE	U.S. Army Corps of Engineers

Congress established SIGAR in 2008 to independently and objectively conduct audits and investigations of reconstruction activities in Afghanistan. SIGAR's Audits and Inspections (A&I) directorate is responsible for conducting and supervising performance audits, financial audits, inspections, and evaluations of projects and programs implemented to reconstruct Afghanistan including the Department of Defense's (DOD) efforts to train, equip, sustain and provide other assistance to the Afghan National Defense and Security Forces (ANDSF). SIGAR is required to keep "the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such [reconstruction] programs and operations and the necessity for and progress on corrective action."<sup>1</sup>

This report is a follow-up to our January 2015 report on the status of the 209 recommendations SIGAR made to DOD in performance audits, financial audits, inspections, evaluations, and alert letters issued between January 2008 and June 2014. This evaluation updates the status of 219 recommendations made to DOD by SIGAR between July 1, 2014, and July 31, 2019. The objectives of this evaluation are to

1. Analyze the number and status of recommendations, categorize each recommendation by intended outcome, and identify any program improvements or actions to recover questioned costs.
2. Assess DOD's system for tracking SIGAR's recommendations and the extent to which DOD took action to resolve open recommendations in a timely manner.

To accomplish these objectives, we reviewed Office of Management Budget (OMB) Circular A-50, the Inspector General Act of 1978, as amended; the Federal Acquisition Streamlining Act of 1994, and a U.S. Central Command (CENTCOM) regulation related to recommendation follow-up.<sup>2</sup> We interviewed officials representing DOD's Office of the Under Secretary of Defense for Policy (OUSDP), CENTCOM, the Army Audit Agency, the U.S. Army Corps of Engineers (USACE), and the Department of the Army Inspector General. We analyzed SIGAR recommendations issued between July 1, 2014, and July 31, 2019, and DOD's responses. We conducted our work in Arlington, Virginia, from August 2019 through March 2020, in accordance with the Quality Standards for Inspection and Evaluation published by the Council of the Inspectors General on Integrity and Efficiency.

## BACKGROUND

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SIGAR's oversight mission, as defined by Section 1229 of the National Defense Authorization Act for Fiscal Year 2008, includes providing independent, objective recommendations to promote economy, efficiency, and effectiveness. Additionally, the Inspector General Act of 1978, as amended, requires SIGAR to prepare semiannual reports summarizing recommendations made by SIGAR to executive branch agencies during the preceding six month period.<sup>3</sup> The reports include a description of recommendations for corrective action made during the reporting period and a list of each recommendation made during previous reporting periods for which corrective actions were not completed.

Historically, SIGAR has used its quarterly report to fulfill these reporting requirements. However, we determined in 2014 that additional reporting would allow us to provide more in-depth analysis and better inform Congress on the status of our recommendations. In January 2015, SIGAR reported on the status of the 209 recommendations it made to DOD from January 2008 through June 2014.<sup>4</sup> For that period, DOD implemented

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<sup>1</sup> 5 U.S.C. App. 3 § 8G note. SIGAR also performs other related work, including inspections, special projects, and lessons learned.

<sup>2</sup> OMB Circular A-50, September 29, 1982; The Inspector General Act of 1978, as amended, 5 U.S.C. App.; Federal Acquisition Streamlining Act of 1994, 5 U.S.C. App. § 5 note; CENTCOM regulation 20-9 Activities Conducted by External Oversight Agencies, July 11, 2018.

<sup>3</sup> The Inspector General Act of 1978, as amended, 5 U.S.C. App. § 5(a).

<sup>4</sup> SIGAR, *Department of Defense: More than 75 Percent of All SIGAR Audit and Inspection Report Recommendations Have Been Implemented*, SIGAR 15-29-AR, January 15, 2015.

161, representing more than 75 percent of recommendations made to DOD. DOD did not implement 35 recommendations and 13 remained open for that same period. Most of the recommendations related to the security and infrastructure sectors, and led to an estimated \$1.1 billion in savings and funds that could be put to better use.<sup>5</sup> This new evaluation updates our 2015 report, and includes an assessment of the follow-up process and tracking system used to resolve SIGAR's recommendations.

The recommendation follow-up process for DOD begins when SIGAR A&I issues a report that contains recommendations for DOD or its subordinate commands. Between July 1, 2014, and July 31, 2019, SIGAR made 96 percent all of its recommendations to the Secretary of Defense and the following subordinate DOD commands: CENTCOM,<sup>6</sup> the Army Contracting Command,<sup>7</sup> USACE, and the Air Force Civil Engineer Center. In most reports, we state whether DOD concurred with our recommendations and, when applicable, we explain DOD's position and provide our response.<sup>8</sup> Generally, within 60 days from the issuance of a SIGAR report, we remind DOD to provide documentation of its corrective actions; if it has not yet taken any action, we ask DOD to provide a status update detailing the actions it plans to take for each recommendation.

SIGAR tracks recommendations made to executive agencies, including DOD, and (1) records whether DOD responds to our recommendations and what supporting documentation is provided in response; (2) tracks the status of each recommendation; and (3) tracks any costs savings or recoveries that result from each recommendation. SIGAR personnel liaise with DOD and SIGAR audit teams tasked with determining whether DOD provided sufficient and relevant information necessary to implement a recommendation. If the documentation is insufficient or does not meet the intent of a recommendation, the recommendation remains open. This process continues until we receive adequate information to close the recommendation.

For recommendations that have not been implemented within 2 years, SIGAR notifies DOD that SIGAR intends to close the recommendation as unimplemented unless the recommendation is implemented within 90 days of the notification.

After recommendations are made, and throughout the follow-up process, we place recommendations into one of four categories:<sup>9</sup>

1. *Open but Unresolved*: DOD has not taken action to close the recommendation or the actions taken are insufficient.
2. *Open but Resolved*: DOD is in the process of taking actions that SIGAR deems sufficient to close the recommendation. Once the actions are complete, we consider the recommendation closed and implemented.
3. *Closed and Implemented*: DOD provided sufficient evidence that it addressed the intent of the recommendation.
4. *Closed but Not Implemented*: This occurs because (a) DOD did not concur with the recommendation and did not take steps to address it; (b) DOD's actions did not meet the intent of the recommendation or DOD could not provide evidence that it was implemented; or (c) DOD did not take action in a timely manner, and the recommendation was closed because of inaction.

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<sup>5</sup> Funds that could be put to better use include funds that are used more efficiently because an agency de-obligates them from their original program or operation to avoid incurring unnecessary expenses or costs.

<sup>6</sup> All recommendations attributed to CENTCOM include its subordinate commands, such as U.S. Forces–Afghanistan and Combined Security Transition Command–Afghanistan.

<sup>7</sup> The Army Audit Agency oversees the resolution of audit recommendations made to the Army Contracting Command.

<sup>8</sup> For performance audits, evaluations, and inspections, we state whether DOD concurred with our recommendations and, when applicable, we explain DOD's position and provide our response.

<sup>9</sup> There are two additional categories that SIGAR has yet to use: "Closed–Overcome by Events" and "Closed–Redirected."



Between July 1, 2014, and July 31, 2019, SIGAR A&I issued 100 reports to DOD.<sup>10</sup> Of those 100 reports, 69 contained recommendations. In total, we made 219 recommendations to DOD between July 1, 2014, and July 31, 2019. We grouped these recommendations into five categories:

1. *Infrastructure Compliance and Safety*: Recommendations that instruct DOD to make improvements to infrastructure to comply with contract requirements or safety best practices. This category primarily comprises recommendations from inspection reports.
2. *Contract Oversight*: Recommendations that instruct DOD to provide oversight of contracts that it manages. This category primarily comprises recommendations from financial audits.
3. *Improving Program Effectiveness*: Recommendations that instruct DOD to take actions that will improve a program's effectiveness. This category primarily comprises recommendations from performance audits.
4. *Monitoring, Evaluation, and Lessons Learned*: Recommendations that instruct DOD to monitor or evaluate a program's performance. Recommendations that instruct DOD to produce lessons-learned reports for completed programs are also included in this group. This category primarily comprises recommendations from performance audits.
5. *Regulation Compliance*: Recommendations that call for DOD to comply with U.S. laws or DOD regulations, policies, or procedures. This category primarily comprises recommendations from performance audits.

In addition, we classified each recommendation by the DOD component or command to which SIGAR made the recommendation.

## SIGAR CLOSED 136 OF 219 RECOMMENDATIONS MADE TO DOD

SIGAR A&I made 219 recommendations to DOD organizations between July 2014 and July 2019. DOD implemented 84 recommendations, but did not implement 52. SIGAR closed those 136 recommendations. As of July 31, 2019, 83 recommendations remained open awaiting DOD action. Table 1 shows the status of the 219 recommendations we made to DOD, as well as the DOD entity responsible for the recommendations' implementation.

**Table 1 - Total Number of SIGAR Recommendations Made, Open, and Closed, by DOD Command**

Command	Total Number of Recommendations Made	Total Number of Open Recommendations	Total Number of Closed Recommendations		
			Implemented	Not Implemented	Total
Office of the Secretary of Defense	36	22	0	14	14
OUSD-P	25	24	1	0	1
CENTCOM	50	14	18	18	36
USACE	26	1	16	9	25
Army Contracting Command	38	5	25	8	33
AFCEC	35	15	18	2	20
Other	9	2	6	1	7
<b>Total</b>	<b>219</b>	<b>83</b>	<b>84</b>	<b>52</b>	<b>136</b>

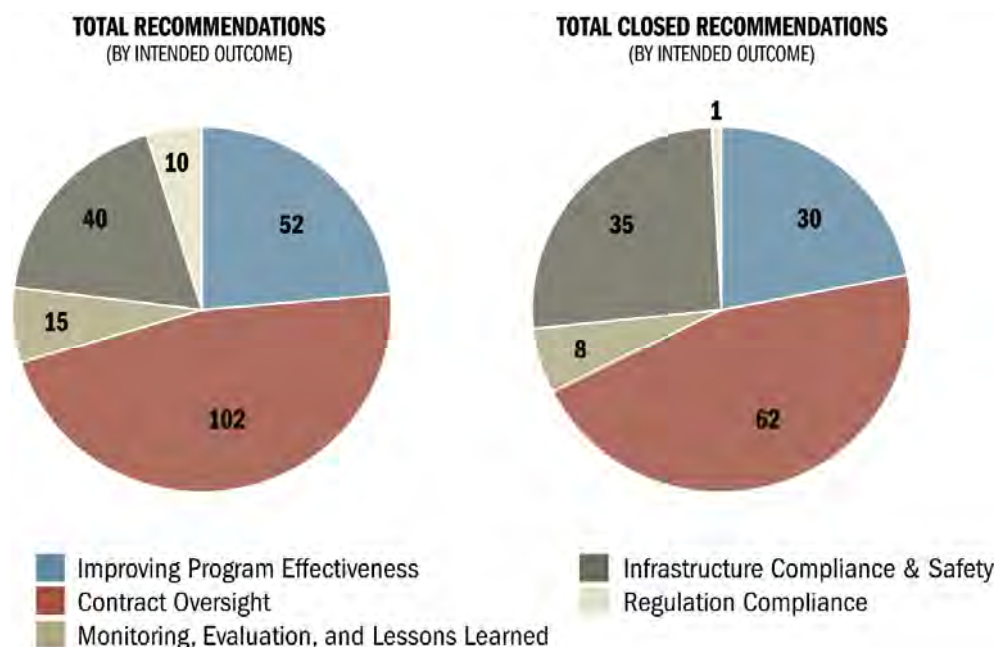
Source: SIGAR analysis of recommendations made to DOD in SIGAR reports.

Additionally, we categorized the 219 recommendations by intended outcome. Approximately 47 percent of our recommendations were intended to enhance contract oversight, and another 24 percent were geared toward improving program effectiveness. Of our 136 closed recommendations, 46 percent fell into the contract

<sup>10</sup> These 100 reports comprise 21 performance audits, 22 inspections, 47 financial audits, 2 evaluations, and 8 alert letters.

oversight category, and 26 percent helped ensure infrastructure compliance and safety. Figure 1 shows both total recommendations and closed recommendations categorized by intended outcomes.

**Figure 1 - Recommendations by Intended Outcome**



Source: Analysis based on SIGAR reports.

## SIGAR Recommended DOD Review \$240 Million in Questioned Costs

SIGAR improved DOD’s accountability for U.S. funds spent on reconstruction in Afghanistan by recommending that DOD determine the allowability of and recover, when appropriate, more than \$240.5 million in program costs.<sup>14</sup> Between July 1, 2014, and July 31, 2019, SIGAR issued 47 financial audits for various DOD projects. These audits resulted in 98 recommendations that asked DOD to determine whether certain contract costs were allowable, and called for DOD implementing partners to improve their internal controls to prevent incurring future unallowable costs. As a result of these questioned costs—as well as costs questioned under State and USAID contracts, grants, and cooperative agreements—we initiated an evaluation in January 2020 to summarize our completed financial audits, and identify common contracting and oversight issues that led to questioned costs.

## SIGAR Recommendations Resulted In Improved Safety Conditions and Other Improvements

In addition to improving accountability for U.S. funds, DOD’s implementation of our recommendations also helps DOD hold contractors accountable for completing required work, and leads to improved safety conditions

<sup>14</sup> SIGAR performs audits of costs associated with contracts, grants, and other types of awards. Questioned costs are audit-identified costs that potentially do not comply with laws, regulations, or the award. SIGAR questions (1) costs for an alleged violation of a law, regulation, or the agreement; (2) costs not supported by proper documentation; or (3) costs that appear unnecessary or unreasonable. SIGAR recommends that an appropriate DOD official examine the questioned costs to determine whether they are allowable.

at infrastructure projects. For example, a 2016 SIGAR inspection of Herat University's women's dormitory found construction and other deficiencies that resulted in safety hazards for dormitory occupants.<sup>12</sup> In response to our recommendations, USACE required contractors to repair stairways and install exit signs, smoke detectors, fire extinguishers, and handicapped ramps, all under warranty. These actions made the dorm safer for its residents and were completed at no additional cost to the U.S. or Afghan governments. In an example from 2018, SIGAR performed an inspection of the new Afghan Ministry of Interior headquarters building in which we identified safety and product substitution issues.<sup>13</sup> The inspection found that DOD's contractor (1) installed 780 doors with fraudulent fire suppression certification labels; (2) made two other unauthorized product substitutions; and (3) created nine design and construction deficiencies, which resulted from poor oversight by USACE. In response to our recommendations, USACE sent notice to its personnel, including its contracting officers, stressing the importance of ensuring that contractor assessments are accurate and deficiencies are identified and corrected.

Our recommendations have also led to program and process improvements within DOD. For example, SIGAR issued a report in April 2018 examining DOD's management and oversight of its provision of fuel for the Afghan National Defense and Security Forces (ANDSF).<sup>14</sup> That report reviewed the processes DOD used to allocate and distribute fuel throughout Afghanistan, and examined the ANDSF's fuel consumption reporting requirements. Based on the report's recommendations, DOD took action to

- evaluate whether it had the ability to train Afghan personnel to test fuel;
- evaluate the feasibility of using remote monitoring methods for tracking fuel in transit and at storage facilities; and
- enforce penalties in agreements between the U.S. and Afghan governments that require the ANDSF to report fuel consumption data regularly and accurately.

In another report, SIGAR examined the procedures USACE followed to transfer property to the ANDSF.<sup>15</sup> The report found that USACE (1) did not accurately complete property transfer forms; (2) did not perform and document inspections of property for defects during the warranty period; and (3) could not determine whether its maintenance contract was achieving its goal of preparing the ANDSF to independently maintain transferred property. In response, USACE implemented our recommendation by updating its property transfer policies and, as of January 30, 2020, is in the process of implementing our other recommendations.

## DOD DID NOT RESOLVE SOME RECOMMENDATIONS IN A TIMELY MANNER AND LACKS A SYSTEM TO ACCURATELY TRACK OPEN RECOMMENDATIONS

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The Inspector General Act of 1978, as amended, requires Inspector Generals to report when executive agencies fail to respond with their proposed actions within 60 days of the issuance of an Inspector General recommendation. The Federal Acquisition Streamlining Act requires agencies to resolve recommendations within 12 months after an Inspector General issues a final report.<sup>16</sup> Additionally, OMB Circular A-50 requires

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<sup>12</sup> SIGAR, *Herat University Women's Dormitory: Generally Well Constructed, but Instances of Contract non-Compliance Should Be Addressed*, 17-08-IP, October 25, 2016.

<sup>13</sup> SIGAR, *Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs*, 18-35-IP, March 23, 2018.

<sup>14</sup> SIGAR, *Management and Oversight of Fuel in Afghanistan: DOD Is Taking Steps to Improve Accountability, but Additional Actions Are Needed*, SIGAR 18-41-IP, April 10, 2018.

<sup>15</sup> SIGAR, *Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government*, 18-29-AR, February 1, 2018.

<sup>16</sup> Federal Acquisition Streamlining Act of 1994, as amended, 5 U.S.C. App. § 5 note.

agencies to maintain an accurate record of the status of these recommendations through the entire resolution and corrective action process.<sup>17</sup>

As part of our analysis, we reviewed whether DOD's implemented our recommendations within 12 months of our report issuance. First, we analyzed the 83 open recommendations and determined that 66 of them (about 80 percent) had were not implemented within 12 months, as of July 31, 2019. On average, the recommendations were open for 602 days (about 20 months), which is about 8 months beyond the requirement.

We also analyzed the 136 closed recommendations to determine whether DOD had taken action within the required 12 months. DOD was able to implement 78 recommendations (57 percent) in less than 12 months. However, we found that 58 recommendations (43 percent) took longer than 12 months to close, with closure taking an average of 908 days (about 30 months) for those recommendations. In some cases, SIGAR chose to keep recommendations open longer than 2 years to give DOD the opportunity to implement the recommendations before SIGAR closed them as not implemented. Of these 37 recommendations that SIGAR kept open for more than 2 years, SIGAR closed 5 as implemented and closed the remaining 32 as not implemented. DOD concurred or partially concurred with 22 of the 32 non-implemented recommendations, and did not state a concurrence for 7 recommendations.

When we asked why recommendations have been open longer than 12 months, OUSD-P told us that when DOD does not concur with a recommendation in a draft report, it considers the recommendation closed, despite SIGAR issuing the recommendation in the final report and stating that the recommendation remains open. Based on our analysis of such recommendations, we determined that DOD agreed with 78 of the 83 open recommendations.

The OMB Circular requires agencies to assign a high priority to the resolution of audit recommendations and to corrective action. Additionally, the circular states that agency management officials are responsible for receiving and analyzing audit reports, providing timely responses to the audit organization, and taking corrective action where appropriate. However, officials from OUSD-P, CENTCOM, and the Army Audit Agency told us that their agencies' frequent staff turnover in Afghanistan makes it more difficult to implement recommendations as new staff are not familiar with SIGAR reports or their recommendations. Moreover, a CENTCOM official said if SIGAR's requests for additional actions or documentation are unclear to the employee tasked to respond, the employee does not prioritize the request, which leaves the recommendation unresolved even longer.

Furthermore, an OUSD-P official stated another reason for not responding to SIGAR recommendations in a timely manner was that not all SIGAR report transmittal letters included a request for a response within 60 days. DOD officials also said that SIGAR sometimes sends the transmittal letters and reports to the wrong people. However, SIGAR transmits products to DOD using DOD-requested distribution lists. We examined each of the 69 reports issued to DOD that contained recommendations to determine if we sent the report to the appropriate officials and whether we requested a 60-day response to the recommendations.<sup>18</sup> We found that all of the 69 reports were sent to the appropriate DOD officials.<sup>19</sup> Additionally, we found that 65 of the 69 report transmittal letters contained a specific request for a response to our recommendations, with 83 percent requesting a response within 60 days to the recommendations made in the report. Of the 4 reports that did not have a suspense date, DOD provided supporting documentation to resolve recommendations in 3 of the reports. According to the OMB Circular, the audited agency has a responsibility for ensuring that timely responses are made to all audit reports.

Delays implementing SIGAR recommendations allow problems within programs to continue, and hinder program efficiency and effectiveness. For example, in response to a congressional request, SIGAR conducted

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<sup>17</sup> Office of Management and Budget, Circular A-50 Revised "Audit Follow-up," Section 8, September 29, 1982.

<sup>18</sup> SIGAR transmits its reports to DOD via email. SIGAR's request for a 60-day response is located in the transmittal letter contained within the body of the email that transmits the report.

<sup>19</sup> SIGAR transmits each report to agencies via email. We analyzed those transmittals to ensure applicable officials from the respective commands were included within the email.

an inquiry into whether Afghan troops were sexually assaulting children and how DOD implemented the “Leahy Law,” which prohibits DOD from providing assistance to a unit of a foreign force if there is credible information the unit has committed gross human rights violations.<sup>20</sup> Our report found that OUSD-P was tracking 75 reports of gross violations of human rights as of August 12, 2016, including 7 involving child sexual assault, 46 involving other gross human rights violations, and 22 violations that are classified. Despite this, the Secretary of Defense used the notwithstanding clause in the 2016 DOD Appropriations Act to continue to provide funding, training, equipment, and other assistance to some units implicated in violating the law.<sup>21</sup>

In response to the findings of this 2016 report, we recommended that DOD do the following:

1. Reiterate guidance to all department personnel and contractors that gross human rights violations are not tolerated.
2. Reiterate guidance that establishes reporting and training requirements for gross human rights violations, including instructions on how to report suspected incidents.
3. Incorporate requirements into existing and future contracts that personnel must report gross human rights violations.
4. Coordinate roles and responsibilities for reporting suspected incidents with the Afghan Attorney General’s Office.
5. Require the use of meetings as a means to coordinate with all relevant stakeholders.
6. Establish a single system to track reported cases of gross human rights violations.
7. Designate a specific person within DOD to oversee DOD’s implementation of the Leahy Law in Afghanistan.

As of January 31, 2020, all seven recommendations remained open. DOD provided us with documentation of the actions it took to implement the recommendations, but SIGAR determined the actions were not sufficient to consider the recommendations closed.

In another example, SIGAR conducted a performance audit of the Commanders Emergency Response Program.<sup>22</sup> Our report examined \$1.5 billion of the \$3.7 billion that Congress appropriated for the program to determine the extent to which its reports from fiscal years 2009 to 2013 demonstrated that the program advanced the U.S. strategy in Afghanistan, and whether its activities achieved their goals. Our audit found that the program’s reports did not consistently demonstrate how activities advanced the U.S. strategy or whether activities worth more than \$50,000 met stated goals. Our report recommended that DOD (1) implement procedures for assessing whether activities furthered U.S. strategy in Afghanistan and achieved their intended goals, and (2) complete and submit to Congress the lessons learned and best practices report required by the National Defense Authorization Act for Fiscal Year 2014. DOD has yet to implement either recommendation.

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<sup>20</sup> SIGAR, *Child Sexual Assault in Afghanistan: Implementation of the Leahy Laws and Reports of Assault by Afghan Security forces*, 17-47-IP, June 9, 2017.

<sup>21</sup> The notwithstanding clause allows the Secretary of Defense to waive a particular law or section of a law if he believes it is in the national security interest of the United States. Additionally, OUSD-P stated that none of the units were implicated in “credible allegations” of child sexual abuse. However, the report noted there was at least one credible allegation of child sexual abuse and at least 23 credible allegations of other gross human rights violations.

<sup>22</sup> Commanders Emergency Response Program was a tool U.S. Commanders used in conducting counterinsurgency and stabilization operations, including improving economic development, supporting the Afghan government, protecting Afghans, and undermining the insurgency. SIGAR, *Commander’s Emergency Response Program: DOD Has Not Determined the Full Extent to which Its Program and Projects, Totaling \$1.5 Billion in Obligations, Achieved Their Objectives, and Goals in Afghanistan from Fiscal Years 2009 through 2013*, 18-45-AR, April 30, 2018.

## DOD Did Not Comply with OMB Guidance to Designate a Top-Level Audit Follow-Up Official or Establish a System to Accurately Track SIGAR Recommendations

OMB's Circular A-50 requires executive agencies to establish a system to "assure the prompt and proper resolution and implementation of audit recommendations."<sup>23</sup> The circular requires the system to maintain an accurate record of the status of the recommendations throughout the entire resolution process. Moreover, the system should result in efficient, prompt, and proper resolution and corrective action. The circular provides 11 specific standards for follow-up systems, including (1) providing for the appointment of a top-level audit follow-up official; (2) requiring the prompt resolution and corrective actions on audit recommendations; and (3) maintaining accurate records of the status of recommendations through the entire resolution and corrective action process. According to OMB, the follow-up official has personal responsibility for ensuring that (1) a system of audit follow-up, resolution, and corrective action is documented and in place; (2) timely responses are made for all audit reports; (3) disagreements are resolved; (4) corrective actions are actually taken; and (5) semi-annual reports are sent to the head of their agency, as required.

We found that although DOD has an audit follow-up official for the DOD Inspector General and the Government Accountability Office, DOD did not designate a top-level audit follow-up official to respond to SIGAR's recommendations, nor did DOD establish a system that provides accurate records regarding the status of SIGAR's recommendations, as required by OMB. In addition, we interviewed officials at different DOD commands to determine how they track and close recommendations to adhere to OMB Circular A-50 and the Federal Acquisition Streamlining Act, as amended. Officials from OUSD-P, CENTCOM, and the Army Audit Agency said they each assign an individual to address the recommendations, and establish a deadline for the command to do so. A separate individual at each command reviews the documentation and sends it to SIGAR. CENTCOM and Army Audit Agency officials said that after this stage, they no longer track the recommendations. If SIGAR requests additional information or actions, the officials said the process begins again.

When we asked whether DOD had a system to track SIGAR open recommendations through the entire resolution and corrective action process in accordance with OMB guidance, a responsible DOD official said they do not. When we asked for a list of SIGAR recommendations and their statuses, the official told us that DOD relies on SIGAR to conduct follow-ups and provide status updates because only SIGAR can determine a recommendation's status. According to a CENTCOM official, the command uses, in part, SIGAR's website to determine which recommendations are open. DOD has not established standard procedures to direct responsible officials to follow-up on recommendations.

## CONCLUSION

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Between July 1, 2014, and July 31, 2019, DOD has not acted on 83 of SIGAR's 219 recommendations or taken action to resolve the recommendations in a timely manner. In addition, prior to this evaluation, DOD did not know how many SIGAR A&I recommendations remained open or for what length of time they have remained open because DOD does not have an effective or accurate recommendation tracking system, or a top-level audit follow-up official designated for SIGAR. Audit follow-up is an integral part of good management, and is a shared responsibility of agency management officials and auditors. Additionally, OMB Circular A-50 requires each agency to establish systems to assure the prompt and proper resolution and implementation of audit recommendations for the benefit of the agency's operations. Taking corrective action is essential to improving the effectiveness and efficiency of government operations, and reducing fraud, waste, and abuse.

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<sup>23</sup> Office of Management and Budget, Circular A-50 Revised "Audit Follow-up," Section 5, September 29, 1982.

## RECOMMENDATIONS

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To comply with OMB guidance and ensure that recommendations made to DOD are implemented in a timely manner, SIGAR recommends that the Secretary of Defense:

1. **Designate a top-level audit follow-up official, in compliance with OMB Circular A-50, who will ensure that DOD makes timely responses to SIGAR recommendations.**
2. **Establish a system to regularly follow-up on SIGAR's recommendations that at a minimum, documents corrective actions, taken or planned to be taken, within specified timeframes, and that ensures disagreements are resolved.**

## AGENCY COMMENTS

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SIGAR received written comments from the Office of the Under Secretary of Defense for Policy (OUSD-P) on a draft of this report. OUSD-P concurred with both recommendations and stated that the implementation of the recommendations will help to standardize how DOD tracks and manages SIGAR recommendations. Additionally, OUSD-P stated that it takes seriously SIGAR's recommendations and thoroughly reviews and considers the recommended actions but noted that in some cases, DOD does not concur or only partially concurs in SIGAR's prescribed solutions. OUSD-P's comments are reproduced in appendix II. We also received technical comments from DOD, which we incorporated as appropriate.

## APPENDIX I - SCOPE AND METHODOLOGY

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This report provides the results of SIGAR's evaluation of the Department of Defense's (DOD) efforts to track and provide evidence of the corrective actions it took in response to recommendations from SIGAR's performance audits, financial audits, inspections, evaluations, and alert letters between July 1, 2014, and July 31, 2019. Our objectives were to (1) analyze the number and status of recommendations, categorize each recommendation by intended outcome, and identify any program improvements or actions to recover questioned costs; and (2) assess DOD's system for tracking all recommendations and the extent that DOD took action to resolve open recommendations in a timely manner.

To answer the first objective, we compiled a list of all SIGAR recommendations that were directed, in whole or in part, to DOD, along with the number, type, and issue date for the report containing the recommendation. All recommendations attributed to CENTCOM include its subordinate commands, such as U.S. Forces-Afghanistan and Combined Security Transition Command-Afghanistan. To categorize each recommendation as either "Closed and Implemented" or "Closed but Not Implemented," we conducted further analysis on each closed recommendation by examining internal SIGAR analysis and records, including correspondence with DOD officials, and documentation provided by DOD. We also met with Office of the Under Secretary of Defense-Policy (OUSD-P), CENTCOM, Army Audit Agency, and U.S. Army Corps of Engineers (USACE) officials to discuss the process for recommendation tracking and follow-up for the period between July 1, 2014, and July 31, 2019.

To further analyze the recommendations, we categorized them by status and intended outcome. We then grouped the recommendations into one of five intended outcome categories. The first category is infrastructure compliance and safety, which contains recommendations that instruct DOD to make improvements to infrastructure to comply with contract requirements or safety best practices. This category primarily comprises recommendations from inspection reports. The second category is contract oversight, which contains recommendations that instruct DOD to provide oversight of contracts that it manages. This category primarily comprises recommendations from financial audits. The third category is improving program effectiveness, which contains recommendations that instruct DOD to take actions that will improve a program's effectiveness. This category primarily comprises recommendations from performance audits. The fourth category is monitoring, evaluation, and lessons learned, which contains recommendations that instruct DOD to monitor or evaluate a program's performance. Recommendations that instruct DOD to produce lessons-learned reports for completed programs are also included in this group. This category primarily comprises recommendations from performance audits. The fifth category is regulation compliance, which contains recommendations that call for DOD to comply with U.S. laws or DOD regulations, policies, or procedures. This category primarily comprises recommendations from performance audits. In addition, we classified each recommendation by the DOD component or command to which SIGAR made the recommendation. To quantify funds recovered or put to better use that were associated with a recommendation, we reviewed SIGAR documentation, including audit accomplishment reports, as well as documentation and correspondence from DOD.

To answer the second objective, we reviewed Office of Management and Budget Circular A-50, the Federal Acquisition Streamlining Act, as amended, and the Inspector General Act of 1978, as amended, to determine the requirements for addressing recommendations issued by inspectors general. We did this work by (1) determining whether DOD had assigned a top-level audit follow-up official for SIGAR recommendations; (2) analyzing DOD's system for tracking recommendations; and (3) analyzing how long DOD took to implement recommendations or how long recommendations have been open. Additionally, we analyzed whether DOD took action to respond to and implement recommendations within the required 12-month period. We also reviewed recommendations that SIGAR concluded to be open to determine the results, including financial, program, and organizational results.

For all of our objectives, we interviewed current DOD agency officials responsible for implementing SIGAR Audits & Inspections recommendations. We interviewed officials from OUSD-P, CENTCOM, the Army Audit Agency, USACE, and the Department of the Army Inspector General.



We conducted our evaluation in Arlington, Virginia, from August 2019 to March 2020. This work was conducted in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. We believe that the evidence obtained provides a sufficient and reasonable basis for our findings and conclusions based on our objectives. We conducted this evaluation under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

## APPENDIX II - COMMENTS FROM THE DEPARTMENT OF DEFENSE

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OFFICE OF THE UNDER SECRETARY OF DEFENSE  
2000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-2000

7 April 2020

### MEMORANDUM FOR OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

SUBJECT: Response to Draft April 2020 Evaluation Report of the Special Inspector General for Afghanistan Reconstruction (SIGAR)

Thank you for the opportunity to review the draft SIGAR 20-XX Evaluation Report, also referred to as SIGAR Report E-001. We concur in the two recommendations, which will help to standardize how SIGAR recommendations are tracked and managed by the Department. We intend to manage SIGAR recommendations similar to the way the Department manages recommendations from the Department of Defense (DoD) Inspector General.

As part of the Department's review of the draft report, the Office of the Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia provided the following additional comments:

The Department takes seriously SIGAR's recommendations and thoroughly reviews and considers the recommended actions. In some cases, the Department does not concur or only partially concurs in SIGAR's prescribed solutions. In other cases, the Department takes action, but does not always receive a response from SIGAR about whether the action taken was sufficient to close the recommendation. Fortunately, during development of this draft report, we had productive discussions with SIGAR staff and identified practical ways to improve communication and resolve such administrative issues. We also appreciate the cooperation of SIGAR staff in seeking to take into account our comments and concerns regarding the findings and content of other SIGAR reports. Collaborative discussions and information sharing between SIGAR and DoD during the audit and inspection process are productive and may be one reason that more than 30 percent of the audits and inspections that SIGAR conducted between July 1, 2014, and July 31, 2019, resulted in no recommendations to the Department.

Although some recommendations take longer than expected to implement or are overcome by events in Afghanistan's challenging environment, we continue to make progress during a dynamic period. For example, according to SIGAR's most recent list of open recommendations, 10 of the 83 open recommendations discussed in the draft report have since been closed. We will continue to work with DoD stakeholders to resolve the remaining recommendations.

We are providing additional technical comments in a separate document.

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N.L.1228922982 Date: 2020.04.07 17:02:05  
-04'00'

Steven L. Schleien  
Chief Operating Officer

## APPENDIX III - ACKNOWLEDGEMENTS

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Carole Coffey, Senior Program Manager

Adriel Harari, Auditor-in-Charge

Khadir Houston, Senior Auditor

This evaluation was conducted  
under project code SIGAR E-001.

## SIGAR's Mission

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

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

## Obtaining Copies of SIGAR Reports and Testimonies

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

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

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

- Web: [www.sigar.mil/fraud](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

## Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: [sigar.pentagon.ccr.mbx.public-affairs@mail.mil](mailto:sigar.pentagon.ccr.mbx.public-affairs@mail.mil)
- Mail: SIGAR Public Affairs  
2530 Crystal Drive  
Arlington, VA 22202