

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

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QUARTERLY REPORT TO THE UNITED STATES CONGRESS







SPECIAL INSPECTOR GENERAL FOR  
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR's 27th quarterly report on the status of the U.S. reconstruction effort in Afghanistan. While challenges remain, this quarter saw positive developments in several areas where SIGAR has worked to improve reconstruction activities.

As a result of a SIGAR investigation that uncovered corruption in the award of a nearly \$1 billion, multi-year Afghan Ministry of Defense (MOD) fuel contract, SIGAR has developed a relationship with the new Afghan national-unity government that promises to create unique opportunities for us to help them fight corruption. The breakthrough came after SIGAR and the Combined Security Transition Command-Afghanistan (CSTC-A) briefed President Ashraf Ghani on February 1, 2015, that four contractors had engaged in price-fixing, bid-rigging, and bribery prior to the award of the MOD fuel contract, criminally increasing its cost to the Afghan government and the American taxpayer by more than \$214 million.

Following the briefing, President Ghani immediately suspended the MOD officials involved in the fuel contract award, cancelled the entire contract, warned the contractors involved of possible debarment, and assigned an independent Afghan investigator to look into the award of the MOD fuel contract, as well as that of an additional 11 MOD contracts for other commodities. Such rapid and decisive action sends a strong signal in a country routinely rated as one of the world's most corrupt.

Since then, SIGAR staff and I have met with President Ghani and Chief Executive Officer Abdullah Abdullah to discuss ways in which SIGAR can help the Afghan government improve its oversight of U.S. reconstruction funds, especially those provided or transferred directly to the control of Afghan ministries ("on-budget"). This is significant since the United States and its allies have promised to provide an increasing amount of funding to Afghanistan on-budget through the Tokyo Mutual Accountability Framework.

SIGAR investigators and CSTC-A are now working closely with President Ghani's advisors to investigate allegations of misconduct. At President Ghani's request, SIGAR is also working with the International Organization of Supreme Audit Institutions to facilitate the training of Afghan auditors. In addition, SIGAR investigators are preparing fraud-awareness briefings for the staff of the government's new National Procurement Commission so they can more easily identify common indicators of contract fraud and corruption. All of this is encouraging.

Due to the issue's integral role in direct assistance, this quarterly report examines the challenges facing the Department of Defense (DOD) as it attempts to determine the total force strength of the Afghan National Security Forces (ANSF), currently reported to number 328,805 personnel. The end-strength numbers of the ANSF should serve as one important measure of whether the \$65.2 billion the United States has invested in the ANSF has succeeded in building a national army and police force capable of securing the country and thwarting terrorists. Yet a SIGAR audit report released this quarter of the Afghan National Army's (ANA) personnel and payroll data, as well as an audit released in January of the Afghan National Police's (ANP) personnel and payroll data, found no assurance that these data are accurate.

We are encouraged that CSTC-A has responded positively to our recommendations. However, in our view, DOD needs to ensure that General John F. Campbell, Commander of the Resolute Support Mission, and Major General Todd T. Semonite, Commander of CSTC-A, have adequate resources if they are to continue to provide this kind of focused and aggressive oversight. Likewise, the State Department needs to ensure that Ambassador P. Michael McKinley and the U.S. Agency for International Development (USAID) have the resources they need to do the same.

In other work this quarter, SIGAR issued 26 financial audits, performance audits, inspections, letters, and other reports examining the reconstruction effort.

One financial audit questioned approximately \$135 million in costs billed to the U.S. government by Jorge Scientific Corporation (now reorganized and rebranded under Imperatis Corporation) to implement the Legacy East project. The purpose of the project was to provide highly specialized counterinsurgency intelligence experts to mentor and train the ANSF. To date, SIGAR's financial audits have identified nearly \$241.8 million in questioned costs and \$287,163 in unremitted interest on advanced federal funds or other amounts payable to the government.

A performance audit found that the U.S. government lacked a unified strategy for developing Afghanistan's mineral, oil, and natural gas industries. DOD's Task Force for Business and Stability Operations (TFBSO) and USAID did not coordinate their efforts. Moreover, the lack of sustainability planning for U.S. projects means that Afghanistan's extractive industries may not reach their full economic potential any time soon.

SIGAR also published three inspection reports. At the \$7.7 million Gorimar Industrial Park built by USAID, a lack of electricity and missing USAID contract files prevented SIGAR from fully assessing whether construction met contract requirements and technical specifications. An inspection of Shorandam Industrial Park was similarly hindered by a lack of electricity and lack of USAID contract files, and, at the time of the inspection, due to the presence of the U.S. military, only one business was active at the industrial park, which was planned to accommodate 48 businesses. Since the U.S. military's withdrawal from the site, 13 businesses have reportedly committed to moving in, with four operational as of February 2015. A third inspection found that the ANA slaughterhouse project in Pol-i-Charkhi was never fully constructed, and that the contract was terminated due to poor contractor performance and because an existing slaughterhouse could meet the ANA's needs.

SIGAR's Investigations Directorate recovered \$1.1 million for the U.S. government from fines, restitutions, and forfeitures. SIGAR investigations also resulted in three arrests, five criminal informations, seven convictions, four sentencing, and the exclusion of two individuals from access to U.S. military installations in Afghanistan. SIGAR initiated 29 new investigations and closed 36, bringing the total number of ongoing investigations to 324. Savings to date from SIGAR investigations total over \$571.6 million.

Another positive development occurred in an area I have discussed in my last eight quarterly reports: the need to suspend or debar supporters of the insurgency to prevent U.S. reconstruction funds from being used to further destabilize Afghanistan. Beginning this quarter, the majority of the 43 individuals and entities that SIGAR referred to the U.S. Army have been publicly listed in the General Services Administration's (GSA) System for Award Management, providing a readily accessible notice to contracting officers and prime contractors that the listed individuals and entities should be restricted from receiving contracts, grants, and cooperative agreements. This change is a result of legislation recently passed by Congress, SIGAR's audit recommendations, and coordination between SIGAR's suspension and debarment program and DOD. The result is a workable process

that provides notice of exclusions from contracting based on support to insurgents and terrorists. While the change represents progress, it still leaves unscathed a significant portion of the individuals or entities that SIGAR has concluded should be debarred or suspended from receiving government contracts. SIGAR will continue to press to have all such individuals or entities added to GSA's list.

In this reporting period, cumulative U.S. appropriations for Afghanistan reconstruction grew by \$2.3 billion to nearly \$109.8 billion. The higher total includes State and USAID FY 2015 draft allocations for Afghanistan which were recently submitted to Congress for final approval. Meanwhile, \$14.9 billion remains in the pipeline to be spent, and new initiatives such as USAID's \$216 million Promote program to empower Afghan women and the \$800 million "New Development Partnership" were recently announced. This is a vast amount of money, and a number of extremely important and complicated new programs that will continue to need effective management and oversight in an ever-dangerous environment.

As the drawdown of U.S. personnel from Afghanistan proceeds, SIGAR remains the largest single U.S. law-enforcement and oversight presence in the country with 42 U.S. positions, supported by local Afghan staff. In Afghanistan as well as here in Arlington, all of us are dedicated to SIGAR's mission of preventing and detecting waste, fraud, and abuse of reconstruction funds, and promoting economy, efficiency, and effectiveness in the administration of reconstruction programs and operations. We look forward to continuing to work with Congress and our other stakeholders to protect U.S. taxpayer funds and ensure our reconstruction effort succeeds at this most important moment in our 14-year effort in Afghanistan.

Respectfully,

A handwritten signature in black ink, appearing to read "John F. Sopko", with a long horizontal flourish extending to the right.

John F. Sopko  
Special Inspector General for Afghanistan Reconstruction

# EXECUTIVE SUMMARY

This report provides a summary of SIGAR's oversight work and an update on developments in the three major sectors of Afghanistan's reconstruction effort from January 1 to March 31, 2015.\* It also includes a commentary on the need to improve the reliability of numbers reporting on Afghan security forces. During this reporting period, SIGAR published 26 audits, inspections, letters, and other reports assessing the U.S. efforts to build the Afghan security forces, improve governance, and facilitate economic and social development. These reports identified a number of problems, including a lack of accountability, failures of planning, and construction deficiencies. The monetary results from SIGAR's ongoing investigations totaled over \$1.1 million from criminal fines, restitutions, and forfeitures. SIGAR investigations also resulted in three arrests, seven convictions, five criminal informations, four sentencing, and the exclusion of two individuals from U.S. military installations. SIGAR's suspension and debarment program experienced a major breakthrough this quarter, as the majority of the 43 individuals and entities that SIGAR referred to the Army have been publicly listed in the General Services Administration's System for Award Management, providing a readily accessible notice to contracting officers and prime contractors that the listed individuals and entities should be restricted from receiving contracts, grants, and cooperative agreements. Additionally, SIGAR referred 22 individuals and 22 companies for suspension or debarment based on allegations that they engaged in fraud and non-performance in contracts.

## SIGAR OVERVIEW

### AUDITS

SIGAR produced one audit letter, two performance audits, five financial audits, and three inspections.

The **audit letter** addressed:

- SIGAR's final assessment of the use of incinerators and burn pits in Afghanistan.

The **performance audits** found:

- The processes the Afghan National Army (ANA) and Ministry of Defense (MOD) use to collect and report personnel and payroll data have weaknesses and insufficient oversight, making it difficult to ensure that U.S. direct-assistance funds are being used to pay authorized personnel their correct salaries.
- The U.S. government does not have a unified strategy to develop Afghanistan's potentially multi-billion-dollar extractives industry, that the U.S. Embassy Kabul did little to coordinate interagency activities aimed at developing Afghanistan's extractive industries, and that although Ministry of Mines and Petroleum (MOMP) officials have developed some technical, legal, and commercial knowledge, MOMP still lacks the technical capacity to research, award, and manage new contracts without external support.

The **financial audits** identified a record of over \$135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included, among other things, failure to retain supporting documentation for nearly \$130 million of a subcontractor's costs, excess funds retained after the conclusion of a cooperative agreement's closeout period, lack of compliance with DOD regulations for arming employees, failure to follow competitive procurement procedures, costs incurred after the end of an award's period of performance, inadequate justifications for sole-source procurements, ineligible travel costs, and purchase of potentially unnecessary and unenforceable Defense Base Act (DBA) insurance (DBA insurance coverage does not apply to recipients of grants and cooperative agreements except in certain circumstances).

The **inspection reports** of U.S.-funded facilities found:

- A lack of electricity and contract files from the U.S. Agency for International Development (USAID) at the \$7.7 million Gorimar Industrial Park prevented SIGAR from fully assessing whether construction met contract requirements and technical specifications.

\* SIGAR may also report on products and events occurring after March 31, 2015, up to the publication date.

# EXECUTIVE SUMMARY

- A similar lack of electricity and USAID contract files at Shorandam Industrial Park hindered SIGAR's inspection. At the time of the inspection, due to the presence of the U.S. military, only one business was active at the industrial park, planned to accommodate 48 businesses. Since the U.S. military's withdrawal from the Shorandam Industrial Park site, 13 businesses have reportedly committed to moving in, with four operational as of February 2015
- The ANA slaughterhouse project in Pol-i-Charkhi was never fully constructed, and that the contract was first suspended, then terminated, due to poor contractor performance and the decision that an existing slaughterhouse could meet the ANA's needs
- USAID's Promote program
- The Afghan budget shortfall
- Resolute Support Mission's efforts to ensure the effectiveness and sustainability of the ANSF
- The availability of reliable and sustainable electric power for Kandahar City
- SIGAR analysis of the use of Commander's Emergency Response Program funds in Afghanistan

## NEW AUDITS AND INSPECTIONS

This quarter, SIGAR initiated two new performance audits to assess USAID's efforts to support and improve Afghanistan's healthcare sector and the Department of Defense's (DOD) procurement, maintenance, and oversight of ANSF organizational clothing and individual equipment. SIGAR also initiated two new inspections of the women's dormitory at Herat University and of Bagrami Industrial Park.

## SPECIAL PROJECTS

During this reporting period, the Office of Special Projects issued 14 products, including a referral letter, fact sheets, and inquiry letters addressing issues including:

- SIGAR's ongoing review of the Task Force for Business and Stability Operations (TFBSO)
- The analysis underlying the current and future size and structure of the Afghan National Security Forces (ANSF)
- Apparently significantly wasteful tank-truck offload facility construction at current and former U.S. military bases in Afghanistan
- Afghanistan's ability to assess and collect customs revenue
- SIGAR analysis of DOD's data submission on contract obligations, which could only account for \$21 billion (whereas DOD has received \$65 billion in appropriations)
- The status of the requested preservation of TFBSO records

## INVESTIGATIONS

During the reporting period, SIGAR investigations saved the U.S. government more than \$1.1 million in fines, restitutions, and forfeitures. Criminal investigations resulted in three arrests, seven convictions, five criminal informations, four sentencing, and the exclusion of two individuals from U.S. military installations in Afghanistan. SIGAR initiated 29 new investigations and closed 36, bringing the total number of ongoing investigations to 324. SIGAR's suspension and debarment program referred 22 individuals and 22 companies for suspension or debarment.

**Investigations highlights** include:

- A former U.S. military member was sentenced for a fuel-theft scheme and ordered to pay over \$422,000 in restitution.
- A U.S. National Guard sergeant pled guilty to conspiracy to receive and accept bribes.
- Two U.S. military members pled guilty to conspiracy to commit bribery and money laundering in connection with fuel loss.
- An Afghan national was arrested for bribery after being summoned to the Afghan Attorney General's Office (AGO).
- Two people were sentenced for conspiracy to commit money laundering.
- An Afghan national was convicted for embezzling over \$530,000 and ordered to pay restitution of \$539,173.
- An Afghan national was arrested by the AGO on suspicion of fraud.
- A former U.S. Air Force captain pled guilty to a two-count criminal information.
- The discovery of fuel theft led to an Afghan national being barred from a military installation.

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“With the U.S. government and the international community planning to continue funding ANA salaries for several more years, it is crucial that DOD and the MOD improve their ability to verify the accuracy of ANA personnel numbers and salary disbursements.”

—*SIGAR Audit Report 15-54-AR*

# 1 QUESTIONABLE ANSF NUMBERS



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## QUESTIONABLE ANSF NUMBERS THICKEN FOG OF WAR IN AFGHANISTAN

### OVERVIEW

Numbers matter. They can be used to gauge progress in health, human rights, economic development, and education. In Afghanistan, some numbers have a life-and-death weight to them. The end-strength numbers of the Afghan National Security Forces (ANSF) should serve as one important measure of whether the \$65.2 billion the United States has invested in the ANSF has succeeded in building a national army and police force capable of securing the country and thwarting terrorists.

Yet this year, SIGAR has issued two audit reports that highlight the challenges the United States faces in gathering reliable information about the total size of the ANSF, reported as of February 20, 2015, to number 328,805 personnel. A new SIGAR audit of the Afghan National Army's (ANA) personnel and payroll data, as well as one released in January of the Afghan National Police's (ANP) personnel and payroll data, found no assurance that these data are accurate.

Without reliable data on ANSF strength, the United States cannot determine whether the billions it has spent on recruiting, training, equipping, and sustaining the ANSF since fiscal year (FY) 2002 has been spent properly, or accurately calculate what additional funding may be needed.

Accurate counts of troops present for duty are also vital to commanders at all levels as a basic indicator of ability to carry out tactical and operational missions. These numbers also affect activities like recruiting, paying, equipping, training, housing, feeding, transporting, and otherwise sustaining units. Unit-strength and equipment numbers also feed directly into systems for assessing ANSF readiness and capability. Numbers provide a basis for budgeting and planning—including planning the pace of U.S. and other Coalition forces' drawdown from Afghanistan.

SIGAR's audit of ANA personnel data illustrates the cause for concern. A team of SIGAR auditors made unannounced visits to the headquarters of the Afghan National Army's 207th Corps in Herat Province and the 209th Corps in Balkh Province, and the Afghan Air Force (AAF) air wing based in Kabul. The auditors collected information on 134 service personnel present

# QUESTIONABLE ANSF NUMBERS



**SIGAR auditors check** Afghan soldiers' identification. (SIGAR photo)

for duty. Of these, the identities of only 103 could be verified against ANA personnel data. One in nine had no ANA identification card. Of 35 persons present at Balkh, only 23 had an ANA ID card, and five were not listed in the ANSF human-resources data base.<sup>1</sup>

The auditors also found inconsistent use of daily rosters, lack of verification of personnel numbers, unsupervised paper-based and manually submitted data systems, weak controls, and Afghan ministry failures to submit financial records to the U.S. military, among other difficulties. In addition to inviting and obscuring waste of money, such deficiencies can create destructive ripple effects in integrity, effectiveness, loyalty, morale, public support, and other factors that affect the likelihood of developing and sustaining a strong Afghan security force.

Another risk factor is that as the United States reduces its military and civilian personnel in Afghanistan, it is becoming increasingly difficult for SIGAR and other federal agencies to conduct in-person checks of ANSF personnel data or make direct observation of other activity. The United States will be forced to rely even more heavily on Afghan self-reporting for most personnel numbers. SIGAR's audit of the ANA found that this means "increasingly limited visibility" over data collection and "significant risk" of waste and abuse of salary payments to the ANSF<sup>2</sup>—not to mention the risk of adverse impacts on the outlook for mission success.

## GETTING GOOD NUMBERS FOR THE ANSF MATTERS

As of February 2015, the combined assigned strength of the ANA and the AAF was reported as 167,024, plus 7,096 civilian employees. ANP strength was reported as 154,685.<sup>3</sup> The army and air force are controlled by the Afghan Ministry of Defense (MOD), the police by the Afghan Ministry of Interior (MOI).<sup>4</sup>

# QUESTIONABLE ANSF NUMBERS

The reported strength numbers of the ANSF represent a remarkable effort by the United States, other donors, and Afghanistan since December 2002, when the ANSF did not exist.

End-strength targets have expanded over time. In December 2002, Afghan and international-donor countries including the United States agreed at the Bonn II conference in Germany that the initial goal for the ANA would be 70,000 personnel, including civilian employees and MOD personnel; the target for the national police was later set at 62,000 personnel.<sup>5</sup> Current end-strength targets for the ANSF are 195,000 plus 8,004 civilian employees for the ANA and the AAF, and 157,000 for the ANP, for a total of 360,004, or 352,000 net of civilians. As most recently reported to SIGAR, the ANSF now stands at more than 90% of target end-strength.

Reliable numbers from the ANSF are important for several reasons:

- They are one indicator of the Afghan government's ability to sustainably defend the country against the Taliban insurgency, provide domestic security for the population, and prevent terrorist groups like al-Qaeda from staging new attacks from Afghan soil.
- Security-force numbers can reflect changes in popular support that affect issues like ANSF recruitment, morale, retention, desertion, attrition, and other factors that bear on the outlook for long-term success.
- Planning and building up a security force necessitates increasing requirements in financial disbursements, recruiting efforts, barracks and other facilities, training and equipment, medical care, administrative processes, and internal controls. Managing those processes depends in large part on solid personnel numbers.
- Because Afghanistan cannot afford a large security force, most of the costs of recruiting, paying, equipping, training, moving, supplying, and otherwise sustaining the ANSF have been paid by the United States. More than \$65 billion of the approximately \$109.8 billion appropriated by Congress for Afghan reconstruction since FY 2002 has been for support of Afghan security forces. ANSF numbers directly affect the budget requirements for these functions.
- Afghan efforts to move ANSF assigned strengths toward end-strength target levels affect U.S. and Coalition planners' decisions on the pace of international withdrawals of troops and capabilities while working to attain security objectives.

However, the ANSF is not the only area of reconstruction where SIGAR and other oversight agencies have encountered faulty data in Afghanistan. SIGAR quarterly reports, audits, inspections, special projects, and investigations have documented gaps, inaccuracies, fraud, poor recordkeeping, and questionable practices in matters ranging from fuel purchases and school enrollments to contract management and financial-information systems.

# QUESTIONABLE ANSF NUMBERS

All those matters and others require attention and action. But the success of the entire reconstruction mission depends on the capability and performance of the ANSF. Unfortunately, obtaining accurate data on the ANSF has been difficult, data verification is challenging, and data reliability appears likely to deteriorate.

## **ERRORS COMPLICATE NUMBERS REPORTING**

In February 2015, NATO's Resolute Support Mission in Afghanistan advised SIGAR that the ANSF strength numbers provided between April and October 2014 were incorrect due to an "accounting error." After the accounting error was discovered in September, the U.S. military had given corrected numbers to the Department of Defense (DOD) for its reporting to Congress, but not to SIGAR until after its January 2015 quarterly report had been published.<sup>6</sup>

In February 2015, SIGAR issued a supplement to its January 2015 quarterly report that included the recently provided, corrected 2014 quarterly data for ANSF strengths while noting some long-standing problems with accountability and personnel tracking.<sup>7</sup> For example, SIGAR's October 2014 quarterly report showed that for 10 previous reporting quarters, the U.S. military had reported civilians as part of ANA force strength six times, but excluded them four times, even though DOD's Inspector General (DOD IG) in a 2012 audit of the ANA payroll process had called counting civilians a risk because it could overstate costs and cause overfunding.<sup>8</sup> The DOD IG's audit also reported, among other issues, weak internal controls, lack of written procedures, and classification and arithmetic errors, and use of summary data that made errors in details unidentifiable.<sup>9</sup>

At other times, SIGAR has observed that reported numbers for ANA "echelons above corps" were calculated as a result of formula-based calculations on a spreadsheet, not as an input of actual observation and reporting.<sup>10</sup> As discussed in the Security section of this report, SIGAR has also raised concerns that certain components of the ANP could have been double counted, and the United States Forces-Afghanistan's (USFOR-A) initial report on ANP numbers for this quarter had a grand total that exceeded the sum of its parts by 728 positions.

The recently revised ANA strengths, including air force and civilian employees, reported to SIGAR by USFOR-A and published in the February 2015 supplement, showed a decline from 184,839 in February 2014, to 169,203 in November. The decline amounted to more than 15,000 personnel—roughly equivalent to a full Afghan army corps. The ANA has only six corps (plus one division in Kabul), so a decline of this magnitude necessarily has repercussions in recruitment needs, force management, readiness assessment, and operational planning.

# QUESTIONABLE ANSF NUMBERS

One source of difficulty in getting accurate numbers for Afghan soldiers lies in the fact that the U.S. military must rely on reports compiled by another organization in another language for a ministry in another government. And however well-intentioned and diligent Afghan officials may be, their impoverished, battle-scarred country presents other challenges to effective recordkeeping, including high illiteracy, low access to electricity, limited computerization of processes, and inadequate numbers of skilled technicians.

A March 2015 memo from USFOR-A to SIGAR says “the authoritative source” for ANA strength data is the MOD’s Afghan Personnel Accounting and Strength Report (PASR). That data is converted to a report known as the PERSTAT, “which is easier to use by English speakers, but unfortunately can be subject to error when transposed from the Afghan PASR.” The two sources “on rare occasions” show different numbers for the same reporting month, requiring analysts to cross-check data-formula spreadsheet cells in the two reports.<sup>11</sup>

SIGAR is encouraged that the U.S. military is making efforts to improve its ability to collect, assemble, and report reliable data on Afghan forces. We commend their efforts. But no matter how diligent and effective those efforts may be, the quality of the end product depends heavily on the raw-data input. And that is a problem.

As the USFOR-A memo notes, the Resolute Support Mission is working with the Afghans to expand use of an automated information-management system, but “the reporting system for Afghan Security Forces personnel is still largely manual”—relying, that is, on piles of paper.<sup>12</sup>

Paper-based record systems are fertile grounds for recording errors, transcription errors, compilation errors, loss of records, and misconduct. But SIGAR’s audits demonstrate that those are not the only risk factors that should raise questions about data accuracy and about possible impacts on mission success. Unfortunately, SIGAR and other oversight agencies have observed that the Afghan government is unlikely to field a comprehensive and effective electronic-information system in the near future, given the country’s lack of electricity, widespread illiteracy, and shortage of revenues.

## **ANA NUMBERS ARE FLAWED FROM THE OUTSET**

To identify risks to U.S. funds related to ANA payroll requirements, SIGAR’s Audits and Inspections Directorate reviewed documents dating back to 2004 and conducted field inspections and document samplings at Kabul, Herat, and Mazar-e-Sharif in Afghanistan.

The resulting report, released in April 2015 and summarized in the SIGAR Oversight section of this quarterly report, found that “The ANA’s process for collecting unit-level attendance data, upon which all ANA personnel and

# QUESTIONABLE ANSF NUMBERS

**Essential Function 4:** “Force generation” is one of eight Essential Functions (EFs) performed by the NATO Resolute Support Mission in Afghanistan. It covers efforts to recruit, train, and equip Afghan forces. Other EFs include intelligence, internal controls, and strategic communications.

Source: NATO.

payroll data is based, has limited [Afghan] oversight and weak controls, and is not consistently applied across ANA locations.”<sup>13</sup>

The SIGAR auditors observed, among other things:

- The Afghan MOD, the U.S. Combined Security Transition Command–Afghanistan (CSTC-A), and the **Essential Function 4** staff of NATO’s Resolute Support Mission all lack written procedures for determining the accuracy of ANA personnel and payroll data.
- Roster reports are manually transmitted to ANA data aggregators, manually transmitted to the MOD, then manually transmitted to CSTC-A and NATO.
- Payroll data are manually transmitted to ANA compilers, manually transmitted to ANA corps aggregators, then manually transmitted to Ministry of Finance regional offices and the MOD finance staff.
- The ANA payroll system “consists of 160,000 pages of handwritten payroll records.”
- The Afghan Ministry of Finance’s data system requires manual entry, is not linked to other systems, and does not record payments to individual soldiers.
- Some daily rosters had only check marks—apparently made by a single individual—beside soldiers’ names rather than their signatures, as officially required.
- Neither U.S. nor MOD officials observe roster signings, verify them, or reconcile them against other data.
- CSTC-A had no standardized, documented data-verification or reconciliation procedures for NATO personnel to follow as they took on responsibilities for the Resolute Support Mission. One U.S. advisor told SIGAR’s auditors he used previous reports and his familiarity with ANA units to spot anomalies, but the auditors caution that “the use of ad hoc, informal procedures . . . might not be effective or replicable.”<sup>14</sup>

Given the weaknesses of the underlying data and the limited Afghan oversight of its collection, the new SIGAR audit concludes, “the U.S. government cannot verify how the Afghan government is spending the hundreds of millions of dollars in direct assistance it is given annually to pay for ANA personnel salaries.”<sup>15</sup>

That is a major concern: from 2009 through the end of 2014, the United States has contributed \$2.3 billion to pay ANA salaries and incentives.<sup>16</sup> These payments are expected to continue through 2017 and possibly longer, so possible consequences of the persistent reporting weaknesses include under- or overpaying Afghan personnel for honest service, and paying for dead, deserted, or nonexistent soldiers kept on rolls by error or intention—whether to augment a superior’s pay or to enable a dead soldier’s family to go on collecting pay in lieu of a death benefit. In addition, the lack of a fully automated system to report and track personnel and payroll data means

# QUESTIONABLE ANSF NUMBERS

errors and inconsistencies will continue, “and the data will remain subject to manipulation.”<sup>17</sup>

The weaknesses summarized in SIGAR’s audit of ANA, combined with the continuing drawdown of U.S. and other Coalition personnel, portend even less visibility into personnel and pay data collection and reporting. As a result, the auditors warn:

The U.S. government will become even more reliant on the MOD’s ability to verify the accuracy of the ANA personnel and payroll data it collects. Unless the MOD develops the capability to ensure and verify the accuracy of this data, there is a significant risk that U.S. funding for ANA salaries will be wasted or abused.<sup>18</sup>

Beyond the financial-accountability and stewardship concerns, continuing weaknesses in the numbers-collection process will undermine the ability of the ANSF to plan and execute military operations.

CSTC-A’s response to SIGAR’s audit of ANA personnel and payroll data said the command is “aware of the systemic problems and is committed to fixing the problems that have existed over the years.”<sup>19</sup> CSTC-A Commander Major General Todd T. Semonite said in a memo that CSTC-A is coordinating with the Resolute Support Mission to help establish an integrated personnel and pay system, “the best technical approach to resolve human errors, inefficiencies, poor record management, unverifiable data, mismanagement and/or corruption.” While agreeing that accurate and verifiable data are important, the general noted that changes in the mission and structure of Coalition forces in Afghanistan mean the drive for tighter oversight must be Afghan-led, that Afghan ministries need to enforce existing policies better, and that an integrated system likely cannot be operational before April 2017. He added that CSTC-A and Resolute Support Mission advisors “will place additional controls in the [Afghan FY] 1395 financial commitment letter to strengthen personnel verification and internal audit control.”

CSTC-A’s comments recognize the difficulties of obtaining reliable numbers on the ANSF. However, they also indicate that the multi-billion-dollar U.S. financial support of Afghan security forces will have continued for 15 years by the time an integrated personnel and payroll information system is finally in place.

Turning to the other main component of the ANSF, the Afghan National Police, SIGAR auditors reported earlier this year that similar disturbing weaknesses also persist there.

## ANP NUMBERS PROCESS IS ALSO WEAK

Despite the \$16-plus billion the United States has spent on the ANP since 2002, SIGAR auditors concluded in their January 2015 audit that “There is still no assurance that personnel and payroll data are accurate.”<sup>20</sup>



**ANA personnel and payroll systems** rely heavily on paper and manual transfers. (Photo provided by CSTC-A)

# QUESTIONABLE ANSF NUMBERS

Some ANP data problems resemble those observed in the new SIGAR audit of the Afghan army: a largely paper-based system, little oversight, difficult verification, lack of documented verification procedures, inconsistent use, errors in records, missing ID cards, and inadequate computerized systems with thousands of erroneous or incomplete records.

As with the ANA, these are not new problems. The audit report cites a 2006 assessment by the DOD and State Department inspectors general that ANP numbers were inflated and that “there is no personnel accounting system in place.”<sup>21</sup>

Auditors found the only control on ANP attendance was a requirement that personnel sign a roster every day. But ANP provincial officials said there were no daily sign-ins for the ordinary patrolmen who constitute about half the force. Instead, their presence is indicated only in officers’ manual entries for daily food requirements. Personnel get a cash stipend to buy food each day, so the auditors caution that “a lack of controls could incentivize commanding officers to falsify their attendance to obtain this stipend.”<sup>22</sup>

SIGAR’s auditors also reviewed two issues that affect the ANP but not the army.

First, nearly 20% of ANP personnel are at risk of not receiving their full pay because they are paid by an MOI-appointed “trusted agent” with little oversight or documentation. CSTC-A officials told SIGAR that corruption in the trusted-agent system might be costing affected police as much as 50% of their pay.<sup>23</sup>

Second, the auditors reported a lack of detail, documentation, and consistency in monitoring work by the agent for the United Nations Development Programme (UNDP), which oversees funds for police salaries channeled through the Law and Order Trust Fund for Afghanistan, or LOTFA. The result could be substantial over-reporting of the extent of ANP personnel verification.<sup>24</sup> The United States is the largest single donor to LOTFA.

CSTC-A, the UNDP, and the MOI are responsible for verifying ANP personnel and payroll data, but SIGAR’s auditors judged those entities’ verification efforts “ad hoc and uncoordinated,” so that there has been no comprehensive verification of ANP data. CSTC-A officials said staff shortages prevented them from conducting required full audits or obtaining all documents MOI is supposed to submit. The audit also notes that CSTC-A officials confirmed that “over the past year they accepted, without question, all personnel totals provided by the MOI.”<sup>25</sup>

As with the ANA, the reduction in U.S. and Coalition forces has reduced U.S. day-to-day direct oversight of the ANP. Consequently, the U.S. military increasingly relies on the MOI’s self-reported numbers and on the UNDP’s oversight of LOTFA distributions. “Unless the MOI develops the capability to ensure and verify the accuracy of ANP personnel and payroll data,” SIGAR’s audit warns, “there is a significant risk that a large portion of the

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more than \$300 million in annual U.S. government funding for ANP salaries will be wasted or abused.”<sup>26</sup>

CSTC-A's comments on the draft of SIGAR's ANP audit were responsive and detailed. The command acknowledged problems with data collection and verification, and described a variety of countermeasures and improvements. Among other things, CSTC-A noted that: its new commitment letter with the MOI provides for 5% funding cuts any time a milestone for ANP reporting progress is missed; MOI committed to 100% matching of personnel to records in its human-resources data base; a new CSTC-A division will establish controls and monitor integration of MOI's payment, human-resource, and financial-management systems; and the UNDP's management of LOTFA will face funding cuts unless reporting from its ANP-monitoring agents improves.<sup>27</sup> Once fully implemented, these steps could be very helpful.

Meanwhile, aside from the threat to good stewardship of U.S. tax dollars, the risk of substantial waste and abuse of ANP salaries can have ripple effects on perceptions of corruption, legitimacy of the Afghan government, and force morale. As with the ANA, such effects can ultimately affect security personnel's willingness to stand and fight. Matters of money and mission cannot be separated.

## **ANSF REPORTING CAN AND MUST IMPROVE**

SIGAR's 2015 audits of ANA and ANP data reporting have similar recommendations for improvement: requiring daily sign-ins, increasing presence of oversight personnel, requiring Afghan ministries to complete fully functional automated systems with controls, and implementing a formal system to verify personnel and payroll data. In addition, the ANP audit addresses the need for better oversight of MOI's trusted-agent system and for the UNDP's agent that monitors LOTFA disbursements.

The command's supportive response suggests that CSTC-A is moving quickly to solve the problems. CSTC-A noted in its comments to the ANP audit that its commitment letter signed with the MOI includes conditions that could reduce U.S. funding if personnel identification, data collection, and verification measures do not reach stated targets.<sup>28</sup>

As the U.S. ground presence in Afghanistan shrinks, as American and allied public and political support for large-scale aid declines, and as U.S. attention shifts to other threats, the importance of having accurate data to inform decisions on the ANSF's financial and operational requirements will become ever more apparent.

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## **ACCURATE NUMBERS ARE VITAL, BUT DON'T TELL ALL**

Accurate ANSF personnel counts are essential to planning and budgeting, and to serve as one input to unit assessments. But numbers of personnel and equipment are not exhaustive or conclusive predictors of operational success. In June 2014, for example, an Islamic State force of about 800 soldiers with no heavy weapons apparently routed two U.S.-trained and -equipped Iraqi army divisions numbering about 30,000 soldiers, leading to the capture of Iraq's northern city of Mosul.<sup>29</sup> The outcome would not have been predictable based solely on data comparisons. Ethnic, tribal, and religious factors not captured in human-resources data banks or in military tables of organization and equipment may have been at play.

A U.S. Army War College paper offers the useful caveat that “Military power is more than just the aggregation of personnel, equipment, and weaponry. Leadership, morale, and discipline also remain vital factors of military power.” Citing another historical example, the paper adds, “Despite rough quantitative parity between the Iraqi military and the allied coalition, the dismal Iraqi performance in the Gulf War [of 1991] demonstrated the enduring relevance of those intangibles.”<sup>30</sup> The U.S. Army's official counterinsurgency manual makes a similar point: “In the case of counterinsurgency, quality tends to be more important than quantity.”<sup>31</sup>

In testimony before Congress this quarter, the commander of U.S. Forces–Afghanistan also drew the contrast between tangible and intangible factors. General John F. Campbell told the Senate Armed Services Committee:

While the conventional [ANSF] still have capability gaps and shortfalls, they do possess significant assets to fight the insurgents—e.g. heavy mortars, D-30s howitzers, armed Mi-17s, armored vehicles, etc.—and dedicated training with these platforms. The insurgents have none of these. However, the [ANSF] would greatly benefit from improved



**However neatly filed,** numbers need to be accurate and verifiable. (SIGAR photo)

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leadership and increased confidence; [ANSF] soldiers and police perform well when they are well led. “There are no bad soldiers, only bad leaders.” That is why our insistence on sound leadership and strict accountability remains our most important guiding principle.<sup>32</sup>

The general added, however, that Afghan forces’ performance has “highlighted capability gaps and shortfalls that will likely persist for years,” most critically in aviation, intelligence, special operations, and the ability to plan, program, budget, and manage human resources.<sup>33</sup>

To its credit, the U.S. military has long devoted considerable effort to devising and applying schemes to measure the readiness and capabilities of Afghan forces. The Security sections of SIGAR quarterly reports have described these various efforts, conducted under acronyms like CM, CUAT, RASR, RASR-Lite, and now MAAR, or Monthly ANSF Assessment Report. The MAAR assessments produce ratings at corps or division level based on scores for command, leadership, combined-arms operations, command and control, personnel and training, and sustainment.<sup>34</sup>

SIGAR has repeatedly expressed concerns about the limitations, shifting criteria, and possible grade-inflation incentives in ANSF capability-rating schemes. For example, a February 2014 SIGAR audit observed that under a September 2010 revision to the former Commander’s Unit Assessment Tool (CUAT), one criterion for an ANA unit’s achieving a high rating of “effective with advisors” was having more than 85% of authorized levels of critical equipment. In August 2011, that criterion was changed to 75% or more. Meanwhile, the audit noted, the assessment process suffered from unclear guidance, disparities in quantities and quality of information, and inconsistencies in evaluations.<sup>35</sup>

When dubious-quality numerical data feed into capability and readiness assessments that have themselves not always been consistently applied, there is a risk that defects in the original data will invisibly expand the margins of uncertainty in capability or readiness assessments, possibly leading to undeserved pessimism or unwarranted confidence.

Possible new concerns include the fact that the smaller in-country U.S. footprint will further limit the ability to observe, assess, and advise ANSF forces at the tactical levels where much counterinsurgency activity takes place. Going forward, the consequence is greatly reduced availability of non-quantitative, yet still important, information.

Whatever the rating scheme in use, some important elements of capability and effectiveness will be hard to measure even if they are included. As the Army’s counterinsurgency manual says, “Subjective and intuitive assessment must not be replaced by an exclusive focus on data or metrics.”<sup>36</sup>

Adam Mausner, a specialist in Afghan and Iraqi security matters with the Center for Strategic and International Studies, has written on the difficulty of measuring loyalty, especially in a country like Afghanistan, where tribal and other networks vie for adherents; the effects of unit history; “hearts and

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minds” skills like avoiding civilian casualties; and the impacts of corruption on morale and effectiveness.<sup>37</sup> The reduced ability of American military professionals to add their first-hand narratives to quantitative information on ANSF units makes it all the more important that the numerical data be accurate.

Further, the results of measuring Afghan forces’ strength, equipment, and capability cannot be assessed in a vacuum. The essential follow-up question is, “Compared to what?” The other variable in the struggle for Afghanistan is the strength and capability of the insurgency. General Campbell told Senators that Afghan insurgents

begin 2015 weakened, but not yet defeated. Politically, they have become increasingly marginalized. However, the Taliban remain a resilient, lethal force in spite of the fact that they accomplished none of their major strategic or operational objectives in 2014 and suffered considerable casualties. . . . It is unlikely that the Taliban will be able to overmatch the [ANSF] on the battlefield in 2015. Nonetheless, the Taliban will still endeavor to frame localized, tactical successes (albeit temporary) into strategic victories through the media.<sup>38</sup>

Useful rating systems for assessing ANSF units are important tools for gauging the Afghan government’s prospects for battlefield success. Insurgents can, of course, pursue much of their agenda while avoiding pitched battles altogether, as by using improvised explosive devices, mines, suicide bombers, and assassinations to achieve political and public opinion goals that may not be attainable on the battlefield. A full analysis of ANSF capabilities for dealing with the full range of security threats requires solid quantitative data, informed judgments such as those supplied by American officers’ observations of results of Afghan tactical engagements and operations, and standardized use of unit-assessment tools.

## **MISSION SUCCESS REQUIRES RELIABLE NUMBERS**

SIGAR and other federal oversight agencies have repeatedly pointed out failures to insist on accurate data collection, verifiable information, records preservation, transparency, and accountability in the processes used to measure the massive U.S. investment in ANSF personnel, weaponry, and sustainment. Those weaknesses—aggravated by short-term deployments of many U.S. personnel and inconsistent use of assessment tools that undermine consistency, erode institutional memory, invite incomplete documentation, and risk archival-data loss—place large portions of that investment at risk.

Mitigating that risk grows ever more difficult. Hundreds of U.S. and Coalition bases have closed, tens of thousands of international troops have left, and resource- and security-related constraints on travel in-country

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continue to tighten for U.S. and other advisory and oversight personnel. Reliance on Afghan data sources and third-party monitors will grow.

Because both tangible and intangible components of ANSF unit strength, readiness, and capability are important, strenuous efforts to obtain more accurate, verifiable, and revealing data must continue. Yet whatever their documented level of staffing, training, equipment, and pay, soldiers can desert. Police can take bribes or overlook relatives' and friends' crimes. And outnumbered, outgunned smaller forces can and sometimes do defeat larger forces.

The pursuit of precise and vetted data should not foster overconfidence in the conclusiveness of any specific metric based on personnel and readiness numbers. As sociologist William B. Cameron wrote more than 50 years ago, "Not everything that can be counted counts, and not everything that counts can be counted."<sup>39</sup> Still, as a basis for judging the progress of the reconstruction mission in Afghanistan, accurate counting is a necessary, if not fully sufficient, condition for success.

“You can’t spend \$104 billion dollars in such a small country and not have some success. But the question we’re really asking is ‘could we have done better? Could we have done more? Could we have had more success?’ And those are the issues we’re faced with.”

—*Special Inspector General John F. Sopko*