

2 SIGAR OVERSIGHT



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A hangar sits partially dismantled at a military base in Mazar-e-Sharif.
(SIGAR photo by Mike Foster)

SIGAR OVERSIGHT ACTIVITIES

This quarter SIGAR issued 26 audits, inspections, letters, and other products. SIGAR's performance audits reviewed the processes the Afghan National Army (ANA) and Ministry of Defense (MOD) use to collect and report personnel and payroll data and the U.S. government's efforts to build Afghanistan's extractives industry, while its financial audits identified a record of over \$135.1 million in questioned costs. Additionally, SIGAR's suspension and debarment program had a major breakthrough this quarter in its efforts to prevent supporters of the insurgency from contracting with the government.

One of SIGAR's performance audits found that the processes the ANA and 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. A second performance audit reported that 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.

SIGAR also issued an audit letter which detailed the agency's final assessment of the use of incinerators and burn pits in Afghanistan. The assessment concluded that better planning and management for solid-waste disposal is needed, and could save U.S. taxpayers money in future contingency operations. SIGAR also determined that greater adherence to laws, regulations, and other guidance governing the use of open-air burn pits would help reduce health risks for U.S. personnel.

This quarter, SIGAR's financial audits identified over \$135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than \$241.8 million in questioned costs and \$287,163 in unremitted interest on advanced federal funds or other amounts payable to the government. As of April 30, 2015, funding agencies had reached a management

TESTIMONY GIVEN

- Testimony 15-36-TY: Statement for the Record-Improving the Effectiveness of U.S. Reconstruction Efforts in Afghanistan by Enhancing Oversight and Addressing Key Areas of High Risk

AUDIT LETTER

- Audit Letter 15-33-AL: Final Assessment of Incinerators and Burn Pits

COMPLETED PERFORMANCE AUDITS

- Audit 15-54-AR: ANA Personnel and Payroll Data
- Audit 15-55-AR: Extractives Industry

COMPLETED FINANCIAL AUDITS

- Financial Audit 15-32-FA: Audit of Costs Incurred by A-T Solutions Inc.
- Financial Audit 15-41-FA: Audit of Costs Incurred by Tetra Tech DPK
- Financial Audit 15-43-FA: Jorge Scientific Corporation's Lack of Supporting Documentation Results in about \$135 Million in Questionable Project Costs
- Financial Audit 15-52-FA: Audit of Costs Incurred by University of Massachusetts
- Financial Audit 15-53-FA: Audit of Costs Incurred by Management Systems International

COMPLETED INSPECTIONS

- Inspection 15-30-IP: Gorimar Industrial Park
- Inspection 15-50-IP: Shorandam Industrial Park
- Inspection 15-51-IP: ANA Slaughterhouse

COMPLETED SPECIAL PROJECT PRODUCTS

- This quarter SIGAR published 14 Special Project Products. For a complete list see page 42.

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decision on 35 audits and are seeking recovery of nearly \$11.9 million in questioned amounts.

Additionally, SIGAR published three inspection reports. At the \$7.7 million Gorimar Industrial Park, a lack of electricity and contract files from the U.S. Agency for International Development (USAID) prevented SIGAR from fully assessing whether construction met contract requirements and technical specifications.

SIGAR's 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 U.S. military presence, 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.

A third inspection found that the ANA slaughterhouse project in Poli-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.

This quarter, SIGAR's Office of Special Projects issued two fact sheets, one of which analyzed contract-award data submitted from the Department of Defense (DOD), which accounted for \$21 billion of the approximately \$66 billion appropriated to DOD for Afghanistan reconstruction from FY 2002 to FY 2014. The second fact sheet analyzed the Commander's Emergency Response Program (CERP) projects in Afghanistan.

The Office of Special Projects also wrote to DOD, State, and USAID to request information in support of SIGAR's ongoing review of the Task Force for Business and Stability Operations (TFBSO), to inquire about the analysis underlying the current and future size and structure of the Afghan National Security Forces (ANSF), to express concerns about apparent wasteful construction at current and former U.S. military bases in Afghanistan, and the impact of projected decreases in Afghan customs revenue on the government's ability to meet budgetary obligations. Other letters inquired about USAID's ability to effectively implement, monitor, and assess the impact of its Promote women's empowerment program, the Afghan government's need for additional budget bailouts, the way the Resolute Support Mission (RSM) will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF, the availability of reliable and sustainable electric power for Kandahar City, and the transfer of U.S. military bases to the ANSF.

During the reporting period, SIGAR 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 U.S. military installations in Afghanistan. SIGAR initiated 29 new investigations

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and closed 36, bringing the total number of ongoing investigations to 324. Savings to date from SIGAR investigations total over \$571.6 million.

SIGAR's suspension and debarment program referred 22 individuals and 22 companies for suspension or debarment from receiving U.S. government contracts. Four of these individuals were referred for suspension based upon criminal charges being filed against them for misconduct related to or affecting reconstruction contracting in Afghanistan. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 608, encompassing 326 individuals and 282 companies to date. Furthermore, beginning this quarter, the majority of the 43 individuals and entities that SIGAR referred to the Army have been publicly listed in the General Services Administration's (GSA) System for Award Management (SAM), 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.

AUDITS

SIGAR conducts **performance audits**, **inspections**, and **financial audits** of programs and projects connected to the reconstruction in Afghanistan. Since its last report to Congress, SIGAR has issued two performance audits, three inspections, five financial-audit reports, and one audit letter. This quarter, SIGAR also began two new performance audits, bringing the total number of ongoing performance audits to 14. The published performance-audit reports examined the reliability of ANA personnel and payroll data and the success and sustainability of U.S. programs to develop Afghanistan's extractives industries. The performance audits made a total of seven recommendations; the inspections made three. The financial audits identified over \$135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues.

Audit Letters

SIGAR issues audit letters to bring concerns to the attention of U.S. military and civilian officials. As SIGAR continues to build its body of work, SIGAR will issue audit letters summarizing its work and systematic issues the agency has identified. After issuing four individual inspection reports and alert letters covering the use of incinerators and burn pits throughout Afghanistan, SIGAR issued an audit letter detailing SIGAR's final assessment of the use of incinerators and burn pits in Afghanistan.

Audit Letter 15-33-AL: Final Assessment of Incinerators and Burn Pits in Afghanistan

On February 10, 2015, SIGAR published its final assessment of what the agency has learned from its inspections of incinerators and burn pits in

Performance audits: provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence measured against stated criteria. Performance audits provide objective analysis so that management and those charged with governance can use the information to improve the program performance and operations, reduce costs, and facilitate decision-making by parties with responsibility to oversee or initiate corrective action for public accountability. Performance audits are conducted in accordance with generally accepted government auditing standards (GAGAS) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Federal Offices of Inspector General.

Inspections: are systematic and independent assessments of the design, implementation, and/or results of an agency's operations, programs, or policies. SIGAR conducts inspections, in accordance with CIGIE Quality Standards for Inspection and Evaluation, to provide information to Congress and the public on the quality of construction of facilities and infrastructure throughout Afghanistan; and generally, to provide an assessment of the extent to which the facilities were constructed in accordance with the contract requirements, used as intended, and are being maintained.

Financial audits: provide an independent assessment of and reasonable assurance about whether an entity's reported condition, results, and use of resources are presented in accordance with recognized criteria. SIGAR performs financial audits in accordance with GAGAS, which includes both requirements contained in the American Institute of Certified Public Accountants Statements on Auditing Standards and additional requirements provided in GAGAS. SIGAR also reviews financial audits conducted by independent public accountants (IPA). When an IPA conducts a financial audit, SIGAR conducts reasonable procedures to ensure compliance with GAGAS, based on the intended use of the IPA's work and degree of responsibility accepted by SIGAR with respect to that work.

AUDIT LETTER

· Audit Letter 15-33-AL: Final Assessment of Incinerators and Burn Pits in Afghanistan

Afghanistan. Since its 2001 arrival in Afghanistan, the U.S. military has needed to dispose of solid waste generated by personnel at installations throughout the country. The U.S. military eventually reached a peak of about 110,000 personnel in Afghanistan in 2011. Together, these individuals generated about 440 tons of solid waste each day, including plastics, dining-facility food, aerosol cans, electronic equipment, furniture, metal containers, tires, and batteries. During most of the first four years of contingency operations in Afghanistan, the U.S. military used open-air burn pits exclusively to dispose of its solid waste.

In 2004, DOD began introducing new solid-waste disposal methods in Afghanistan, including landfills and incineration. Although DOD knew about the risks associated with open-air burn pits long before contingency operations began in Afghanistan, it was not until 2009 that U.S. Central Command (CENTCOM) developed policies and procedures to guide solid-waste management, including requirements for operating, monitoring, and minimizing the use of open-air burn pits.

U.S. military personnel returning from Afghanistan have reported health problems that they contend came from their exposure to emissions from open-air burn pits on their installations. Recent health studies have raised concerns that the particulate matter and toxic smoke contaminated with lead, mercury, dioxins, and irritant gases generated by open-air burn pits could negatively affect an individual's organs and body systems. In August 2010, CENTCOM reported there were 251 active open-air burn pits in Afghanistan, representing a 36.4% increase from just four months earlier.

In early 2010, U.S. Forces-Afghanistan (USFOR-A) reported having 20 solid-waste incinerator systems operational and 46 awaiting installation. In response to a SIGAR request for information on incinerators built with funds provided for military construction, CENTCOM identified nine installations, involving 23 incinerator systems paid for with these funds. The combined cost to purchase and install these incinerators was approximately \$81.9 million.

From October 2012 through July 2014, SIGAR conducted inspections at four of the nine installations containing incinerators built with military construction funds—Camp Leatherneck in Helmand Province, Forward Operating Base (FOB) Salerno in Khowst Province, FOB Sharana in Paktika Province, and Shindand Airbase in Herat Province. This report is based on SIGAR's previous inspection reports dealing with solid-waste disposal in Afghanistan, with the intention to assess the planning, management, and oversight of the incinerator contracts and construction that led to the non-operation or limited operation of incinerators for solid-waste disposal and the continued use of open-air burn pits.

SIGAR concluded that better planning and management for solid-waste disposal is needed before the next contingency operation. Furthermore, SIGAR determined that holding contractors and government contracting



Two large-capacity incinerators sit idle at FOB Salerno. (SIGAR photo by Adriel Harari)

officers accountable for completing projects according to contract requirements could save U.S. taxpayers money in future contingency operations. SIGAR also points out that greater adherence to laws, regulations, and other guidance governing the use of open-air burn pits would help reduce health risks for U.S. personnel.

For DOD, planning would lessen the burden of issues that need to be addressed when the conflict starts. For U.S. military and civilian personnel, planning would limit the time needed to rely on open-air burn pits and, therefore, the amount of time they would be exposed to the potentially harmful effects associated with their emissions. For the U.S. taxpayer, better planning would lessen the risk of funds being wasted on facilities that are built and never used.

Performance Audit Reports Published

This quarter SIGAR published two performance audits that examined the reliability of ANA personnel and payroll data and the success and sustainability of U.S. programs to develop Afghanistan's extractives industries.

Audit 15-54-AR: Afghan National Army

Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data

Since 2009, the U.S. government has provided more than \$2.3 billion to pay the salaries and incentives of the ANA, which includes the Afghan Air Force. In January 2015, Essential Function 4, a component of the new North Atlantic Treaty Organization (NATO) Resolute Support Mission, reported 169,203 personnel assigned to the ANA, filling 87% of the force's 195,000 authorized positions as of September 30, 2014. The MOD and the ANA collect personnel and payroll data, while RSM's Essential Function 4 is required to support the MOD in maintaining transparent processes to collect and verify this data. CSTC-A, which carried out this task before RSM stood up, continues to be responsible for overseeing U.S. direct assistance provided to the MOD to fund ANA salaries. As discussed in this quarterly report's Section 1 essay, accurate ANA personnel and payroll data are essential to ensure the security and stability of the country.

The objectives of this audit were to assess (1) the processes by which CSTC-A, Essential Function 4, and the Afghan government collect personnel and payroll data for ANA personnel assigned and present-for-duty; (2) how CSTC-A, Essential Function 4, and the Afghan government store, access, transfer, and use this data; and (3) the extent to which CSTC-A, Essential Function 4, and the Afghan government verify and reconcile ANA personnel and payroll data in order to determine the accuracy of the data.

Despite 13 years and billions of dollars in salary assistance to the Afghan government for the ANA, there is still no assurance that personnel and payroll data are accurate. Although the U.S. and Afghan governments have

COMPLETED PERFORMANCE AUDITS

- Audit 15-54-AR: Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data
- Audit 15-55-AR: Afghanistan's Extractives Industry: \$500 Million in U.S. Funding is at Risk

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been working to develop effective ANA personnel and payroll processes, those processes continue to exhibit extensive internal-control deficiencies.

SIGAR found that Essential Function 4 (and prior to January 2015, CSTC-A), relies on the MOD and ANA to collect and accurately report ANA personnel and payroll data. However, the ANA's process for collecting unit-level attendance data, upon which all ANA personnel and payroll data is based, has limited oversight and weak controls, and is not consistently applied across ANA locations. There are no requirements that supervisory ANA officials observe attendance data collection at lower level units. CSTC-A officials are not present during the attendance process, and command officials told SIGAR that they have limited knowledge of and influence over the process. The only control in place at the unit level to ensure accurate ANA attendance reporting on a day-to-day basis—a roster that individual ANA personnel sign daily—was not consistently used across ANA locations. For example, officers used the roster, but enlisted personnel did not. This lack of control over enlisted-personnel attendance provides minimal assurance that unit commanders are accurately reporting personnel attendance. These weaknesses in the ANA attendance data-collection process could result in personnel being paid for days not worked, with or without knowledge of supervisory personnel.

CSTC-A, Essential Function 4, and the MOD use both manual processes and electronic systems to store, access, transfer, and use ANA personnel and payroll data. However, weaknesses within these processes and systems provide limited assurance that ANA personnel receive correct salaries. SIGAR found that the Afghanistan Human Resource Information Management System—the ANA's human-resources system that CSTC-A has been implementing since 2010—lacks certain electronic data-system functions and controls, such as the ability to differentiate between active and inactive personnel, and track ANA personnel by position and identification number. In addition, MOD does not have an electronic payroll-data system for determining ANA salaries, but instead calculates salaries by hand. Further, the Afghan government's financial-management system, the Afghan Financial Management Information System, contains only aggregated ANA salary expenditures, not individual salary payments.

SIGAR found that the MOD, CSTC-A, and Essential Function 4 lack documented procedures for determining the accuracy of ANA personnel and payroll data. The MOD's ANA Attendance and Reporting Policy lacks specific procedures for confirming personnel and payroll data; MOD officials confirmed that the MOD's ANA data-verification processes are informal, and are conducted without written standards or procedures. Similarly, SIGAR found Essential Function 4 and CSTC-A had no direct oversight of ANA personnel data and took few actions to verify the accuracy of personnel figures reported by the MOD. The verification efforts CSTC-A reported undertaking were ad hoc, and often based on specific officials'

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undocumented familiarity with the data and the MOD's reporting. Further, CSTC-A has minimal oversight of U.S. direct assistance funding for ANA salaries, making it difficult for the command to ensure that the funds are being used to pay authorized ANA personnel their correct salaries. Despite CSTC-A's own requirements to ensure ministries receiving direct contributions—including the MOD—maintain adequate fiscal controls and auditable records, SIGAR found that the command has not been receiving required submissions of MOD financial records and conducted only two audits of MOD operations since January 2013. These audits uncovered instances of personnel being paid without serving in authorized ANA positions and lacking conclusive identification.

As U.S. and Coalition forces continue to draw down, the U.S. government will have increasingly limited visibility over ANA data-collection processes. As a result, 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.

SIGAR recommends that the Commander, USFOR-A—in coordination with the NATO Resolute Support Mission and the MOD, as appropriate—(1) implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify this process by December 2015; (2) ensure that, by April 2017, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation; (3) develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data; and (4) develop written procedures to document required steps for verifying ANA data, by July 1, 2015, that include risk-based procedures for conducting physical verification activities at ANA locations, and procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary-payment confirmations.

Audit 15-55-AR: Afghanistan's Extractives Industries \$500 Million in U.S. Funding Is at Risk

The U.S. government estimates Afghanistan contains sizeable reserves of minerals, oil, and natural gas. Afghanistan's mineral deposits are valued at about \$900 billion; its reserves of oil and natural gas could be worth more than \$220 billion. Given the size and importance of Afghanistan's mineral and hydrocarbon (oil and natural gas) reserves, the U.S. government



SIGAR staff collect data from ANA personnel in Herat Province. (SIGAR photo by Mike Nasruddin)

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has operated a number of initiatives designed to develop the extractive industries in Afghanistan. The objectives of this audit were to (1) describe the TFBSO initiatives and USAID programs that were intended to support the development of Afghanistan's extractive industries, (2) identify the approaches and strategies guiding U.S. government support for Afghanistan's extractive industries since 2009, and (3) determine the extent to which these TFBSO and USAID initiatives incorporated sustainability planning and identified challenges, if any, to the successful sustainment of these industries.

Since 2009, DOD's TFBSO and USAID have provided assistance to directly support Afghanistan's extractive industries. TFBSO documents state that it administered 11 initiatives aimed at developing Afghanistan's extractive industries and implemented these efforts through contracts, purchase orders, and interagency agreements totaling \$282 million. In 2013, in support of developing Afghanistan's mining industry, USAID implemented the Mining Investment and Development for Afghan Sustainability (MIDAS) program. For the hydrocarbons industry, USAID established two broad initiatives in 2011, the Sheberghan Gas Generation Activity (SGGA) and the Sheberghan Gas Development Program (SGDP). For this audit, SIGAR did not examine the SGDP program, which is being reviewed by the USAID Office of Inspector General. USAID implemented these three programs through contracts with combined obligations for these activities of \$206 million.

SIGAR found that the U.S. government did not have a unified strategy to develop Afghanistan's extractive industries. Instead, TFBSO and USAID pursued divergent approaches. TFBSO had no multi-year plans or strategies for its initiatives to develop Afghanistan's extractive industries, nor did it establish written guidance for project-selection criteria, metrics and project documentation, or project monitoring and evaluation. In contrast, SIGAR found that USAID's MIDAS program identified areas of Afghanistan's minerals sector that needed assistance, articulated a strategy for development in the Afghan minerals sector, and laid out a clear set of criteria for selecting potential areas for investment by USAID. Nevertheless, SIGAR found that the MIDAS team has not adequately communicated its development strategy and goals to all the relevant stakeholders at the MOMP. The SGGA program is similarly guided by documented strategies for developing Afghanistan's hydrocarbons sector.

In addition to the lack of an overall strategy, the U.S. Embassy Kabul did little to coordinate interagency activities aimed at developing Afghanistan's extractive industries. Embassy officials stated that coordinating with TFBSO was a challenge because the embassy officials lacked policymaking authority and effectively had little influence over TFBSO. One senior TFBSO official stated that the Task Force viewed coordination with embassy officials as a "courtesy" rather than a requirement, and that they answered to the DOD chain of command, not the Ambassador. Officials



USAID trains mining department staff in the MOMP to help improve technology for the mining industry. (USAID MIDAS photo)

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from USAID, State, and TFBSO all stated that they had met with each other in the past to discuss current and planned activities. However, they all agreed that these meetings were perfunctory and that coordination efforts had all but fallen apart by the time TFBSO activities in Afghanistan concluded in December 2014. SIGAR's review revealed that weaknesses in TFBSO's information-sharing efforts identified by the Government Accountability Office in 2011 remained largely unchanged.

SIGAR found that although MOMP officials have developed some technical, legal, and commercial knowledge under TFBSO and USAID assistance, representatives from the U.S. government, Afghan government, and civil-society organizations all agree that MOMP still lacks the technical capacity to research, award, and manage new contracts without external support. According to TFBSO, USAID, and MOMP officials, the MOMP does not have the technical capacity to handle medium- or large-scale tenders, or competitions for public contracts, without support from outside advisors. In addition, representatives from civil-society organizations have expressed concern that MOMP and other Afghan government entities do not have the authority or capacity to fulfill their regulatory roles in the extractive industries and may wither in the absence of donor engagement.

Subsection 1535(b) of the Ike Skelton National Defense Authorization Act for FY 2011, Pub. L. No. 111-383, 124 Stat. 4137, 4427, required DOD, State, and USAID to jointly develop and submit to Congress a plan for transition of TFBSO activities in Afghanistan to State or USAID. Although the transition plan submitted to Congress in May 2012 outlined objectives necessary for successful transfer of activities from TFBSO to USAID, the agencies never identified specific transition procedures for particular projects. This lack of coordination was in large part due to the facts that TFBSO's projects were all scheduled to terminate prior to its withdrawal from Afghanistan in December 2014, and that USAID and State were not interested in sustaining those projects. As a result, no U.S. agency that will remain in Afghanistan has any plans to provide continued monitoring, evaluation, or support for TFBSO extractive initiatives.

USAID's MIDAS, SGDP, and SGGA programs focusing on the development of minerals and hydrocarbon resources have not created plans to ensure the sustainability of these programs by the Afghan government. Instead, USAID officials told SIGAR that MIDAS staff will begin sustainment planning for MIDAS in April 2016. Similarly, USAID's SGGA contract documents do not identify plans for the end of its programmatic life. According to USAID officials, the agency is reviewing a contract modification to enable the extension of the SGGA program past its current end date of March 31, 2015.

To ensure TFBSO's investments in developing the Afghan extractive industries are sustainable, following the conclusion of TFBSO activities in Afghanistan, SIGAR recommends (1) that the USAID Administrator conduct a review and document the incomplete TFBSO projects that have been

transferred to the MOMP and, to the extent feasible, assist in the conclusion of those projects that fit within the USAID development strategy and the agency's ongoing programs; (2) that the Secretary of Defense consider assessing and documenting the economic impact and final status of each TFBSO initiative intended to develop Afghanistan's extractive industries and provide these assessments to State, USAID, and the appropriate congressional committees; and (3) that the USAID Administrator require ECC, the MIDAS implementing partner, to update the MIDAS performance management plan by August 1, 2015, to include plans for the sustainment and transfer of its activities.

NEW PERFORMANCE AUDITS

- USAID's Efforts to Support and Improve Afghanistan's Healthcare Sector
- Accountability for ANSF Organizational Clothing and Individual Equipment

New Performance Audits Announced This Quarter

This quarter SIGAR initiated two new performance audits. They will assess USAID's efforts to support and improve Afghanistan's healthcare sector and DOD's procurement, maintenance, and oversight of ANSF organizational clothing and individual equipment.

USAID's Efforts to Support and Improve Afghanistan's Healthcare Sector

Since 2002, USAID has obligated over \$1.5 billion in on- and off-budget assistance to rebuild Afghanistan's healthcare sector and to enhance the quality of healthcare services available to the Afghan people. USAID's on-budget assistance to the Afghan Ministry of Public Health includes funding for salary payments to personnel working in U.S.-funded healthcare facilities, supplies and equipment, in-service training, minor renovations of facilities, and monitoring and supervision of resources. Off-budget assistance includes funding for activities to strengthen healthcare systems, engage the private sector, and procure pharmaceuticals and contraceptives. USAID reports that its efforts have resulted in significant improvements in adult life expectancy and decreases in infant and child mortality rates. However, World Bank health statistics differ vastly from those cited by USAID.

This audit will review USAID's efforts to support and improve Afghanistan's healthcare services. Specifically, SIGAR plans to: (1) identify USAID's programs or initiatives to improve healthcare in Afghanistan since 2010; (2) evaluate the extent to which USAID assessed the overall impact of its efforts to support and improve healthcare in Afghanistan; and (3) assess the extent to which USAID collects, verifies, and reconciles healthcare data to determine its accuracy.

Accountability for ANSF Organizational Clothing and Individual Equipment

CSTC-A works with the Afghan government to order operational clothing and individual equipment (OCIE) for use by ANA and Afghan National Police (ANP) personnel. This includes items such as uniforms, field jackets,

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boots, helmets, individual body armor, and sleeping bags. To date, CSTC-A has requested over \$1 billion for the initial issue and replacement of OCIE that is no longer serviceable.

CSTC-A uses the Foreign Military Sales process, administered by the Defense Security Cooperation Agency (DSCA), to purchase OCIE. The DOD Inspector General reported in 2009 and 2012 that there was a lack of accountability for OCIE equipment within the ANA, with Afghan soldiers allegedly losing or selling their OCIE while on leave, as well as a failure by CSTC-A to develop adequate sustainment requirements for 15 types of individual equipment items, including helmets and body armor. Maintaining records and accountability for both new and existing OCIE is critical to ensuring that the equipment is used by authorized personnel for its intended purposes, particularly given the number of “insider attacks” on Afghan and Coalition forces by assailants disguised in ANSF uniforms.

This audit will focus on DOD’s procurement, maintenance, and oversight of ANSF OCIE. Specifically, SIGAR will evaluate (1) the data and assumptions CSTC-A used for determining OCIE requirements for the ANA and ANP, and the extent to which those requirements reflected ongoing OCIE replacement needs resulting from troop attrition, equipment damage or loss, and regular wear and tear; (2) the effectiveness of DOD’s oversight during the solicitation, award, and execution of the contracts to procure and maintain OCIE for the ANA and ANP; and (3) the extent to which CSTC-A and the Afghan government have developed and implemented processes and controls to account for OCIE that has been provided to the ANA and ANP.

Financial Audits

SIGAR launched its financial-audit program in 2012, after Congress and the oversight community expressed concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts and grants awarded in support of overseas contingency operations. SIGAR competitively selects independent accounting firms to conduct the financial audits and ensures that the audit work is performed in accordance with U.S. government auditing standards. Financial audits are coordinated with the federal inspector-general community to maximize financial-audit coverage and avoid duplication of effort.

This quarter, SIGAR completed five financial audits of U.S.-funded contracts to rebuild Afghanistan. SIGAR also announced 13 new financial audits of DOD, State, and USAID awards with combined incurred costs of more than \$889 million, bringing the total number of ongoing financial audits to 37 with over \$3.6 billion in auditable costs, as shown in Table 2.1. These audits help provide the U.S. government and the American taxpayer reasonable assurance that the funds spent on these awards were used as intended. The audits question expenditures that cannot be substantiated or are potentially unallowable.

TABLE 2.1

SIGAR’S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
42 Completed Audits	\$3.3
37 Ongoing Audits	\$3.6
Total	\$6.9

Note: Numbers have been rounded. Coverage includes auditable costs incurred by recipients of U.S.-funded Afghanistan reconstruction contracts, grants, and cooperative agreements.

Source: SIGAR Audits and Inspections Directorate.

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Questioned amounts: the sum of potentially unallowable questioned costs and unremitted interest on advanced federal funds or other amounts payable to the government.

Questioned costs: costs determined to be potentially unallowable. The two types of questioned costs are ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc., or an unnecessary or unreasonable expenditure of funds) and unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

Special Purpose Financial Statement: a financial statement that includes all revenues received, costs incurred, and any remaining balance for a given award during a given period.

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on **questioned amounts** identified in the report's audit findings. Since the program's inception, 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. As of April 30, 2015, funding agencies had reached a management decision on 35 completed financial audits and are seeking recovery of nearly \$11.9 million in questioned amounts. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, agency management decisions remain to be made for several of SIGAR's issued financial audits. SIGAR's financial audits have also identified and communicated 170 compliance findings and 202 internal-control findings to the auditees and funding agencies.

SIGAR's financial audits have four specific objectives:

- Express an opinion on whether the **Special Purpose Financial Statement** for the award presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. government, and balance for the period audited in conformity with the terms of the award and generally accepted accounting principles or other comprehensive basis of accounting.
- Evaluate and obtain a sufficient understanding of the audited entity's internal control related to the award; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.
- Perform tests to determine whether the audited entity complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations.
- Determine and report on whether the audited entity has taken adequate corrective action to address findings and recommendations from previous engagements.

A list of completed, new, and ongoing financial audits can be found in Appendix C of this quarterly report.

Financial Audits Published

This quarter, SIGAR completed five financial audits of U.S.-funded contracts and cooperative agreements to rebuild Afghanistan. These financial audits identified more than \$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).

Financial Audit 15-32-FA: Department of the Army's Freedom of Maneuver Project

Audit of Costs Incurred by A-T Solutions Inc.

On September 28, 2012, the Army Contracting Command awarded an \$18.3 million contract to A-T Solutions Inc. (A-T Solutions) to implement the Freedom of Maneuver (FOM) program. The purpose of the program was to remedy gaps in counter-improvised explosive device training provided to the Afghan National Security Forces. The FOM program was intended to improve the Afghans' ability to defeat improvised explosive devices by researching and spreading the use of enhanced methods and concepts, ranging from using handheld sensors to employing new procedures and tactics. SIGAR's financial audit, performed by Davis and Associates Certified Public Accountants PLLC (Davis) reviewed \$16,472,668 in expenditures charged to the contract from September 28, 2012, through November 27, 2013.

Davis identified no significant deficiencies or material weaknesses, and one instance of noncompliance with the terms and conditions of the contract. The Performance Work Statement for this contract did not require A-T Solutions' employees to be armed; A-T Solutions stated that its employees were armed for their personal protection. Clause 952.225-0001 of the *Joint Contracting Command-Iraq/Afghanistan Acquisition Instruction, Arming Requirements and Procedures for Personal Security Services Contractors and for Requests for Personal Protection*, governs requests by contractors to carry weapons for personal protection. DOD contractors, who are armed in Afghanistan, must abide by these requirements. However, A-T Solutions did not follow all of the requirements stipulated in this DOD regulation because it was unaware that it was subject to them. For example, A-T Solutions did not obtain the appropriate approval or file the required documentation, including the monthly arming status reports, with the contracting officer's representative.

Davis identified \$3,473 in total questioned costs, all of it consisting of ineligible costs—costs prohibited by the contract, applicable laws, or regulations. Davis did not identify any unsupported costs—costs not supported with adequate documentation or that did not have required prior approval.

Davis did not identify any prior reviews or assessments that could have a material effect on the Special Purpose Financial Statement.

COMPLETED FINANCIAL AUDITS

- Financial Audit 15-32-FA: Department of the Army's Freedom of Maneuver Project: Audit of Costs Incurred by A-T Solutions Inc.
- Financial Audit 15-41-FA: USAID's Rule of Law Stabilization Program—Formal Component: Audit of Costs Incurred by Tetra Tech DPK
- Financial Audit 15-43-FA: Department of the Army's Legacy East Project: Jorge Scientific Corporation's Lack of Supporting Documentation Results in about \$135 Million in Questionable Project Costs
- Financial Audit 15-52-FA: USAID's Higher Education Project: Audit of Costs Incurred by University of Massachusetts
- Financial Audit 15-53-FA: USAID's Measuring Impact of Stabilization Initiative: Audit of Costs Incurred by Management Systems International

SIGAR OVERSIGHT ACTIVITIES

Davis issued a disclaimer of opinion on A-T Solution's Special Purpose Financial Statement because A-T Solutions did not provide a management representation letter. Management representations are required to ensure the completeness and accuracy of the information provided during audit fieldwork. Without management's representation, Davis was unable to determine if all information had been made available to its auditors.

Based on the results of the audit, SIGAR recommends that the Army Contracting Command:

1. Determine the allowability of and recover, as appropriate, \$3,473 in questioned costs identified in the report.
2. Advise A-T Solutions to address the report's one noncompliance finding.

Financial Audit 15-41-FA: USAID's Rule of Law Stabilization Program—Formal Component

Audit of Costs Incurred by Tetra Tech DPK

On July 16, 2012, USAID awarded a contract with an initial cost of \$3 million for a 90-day base period to Tetra Tech DPK to continue USAID's efforts to develop the rule of law in Afghanistan. The Rule of Law Stabilization Program—Formal Component (RLS-F) supported two pillars of the U.S. government's Rule of Law Strategy: (1) building capacity and addressing corruption within the justice sector, and (2) building the leadership capacity of the justice sector and civil society. To support these aims, RLS-F focused on building the capacity of the judiciary and law schools, strengthening public awareness, and continuing practical skills training and continuing legal education. After 10 modifications, the total estimated cost of the contract was increased to \$22,581,128, and the period of performance extended to September 14, 2014. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe Horwath), reviewed \$22,291,592 in expenditures charged to the contract from July 16, 2012, through September 14, 2014.

Crowe Horwath did not identify any material weaknesses or significant deficiencies in Tetra Tech DPK's internal controls, nor any instances of material noncompliance with laws, regulations, or the terms and conditions of the contract.

Crowe Horwath did not identify any questioned costs, which would have included unsupported costs—costs not supported with adequate documentation or that did not have the required prior approval—and ineligible costs—costs prohibited by the agreement, applicable laws, or regulations.

Crowe Horwath did not identify any prior reviews or assessments that pertained to Tetra Tech DPK's implementation of the RLS-F or were material to the Special Purpose Financial Statement.

Crowe Horwath issued an unmodified opinion on Tetra Tech DPK's Special Purpose Financial Statement, noting that it presents fairly, in all



Judges and staff members of the Anti-Corruption Tribunal attend a USAID-provided computer training program. (USAID photo)

material respects, revenues received, costs incurred, and the balance for the period audited.

Crowe Horwath did not report any findings related to the Rule of Law Stabilization Program—Formal Component. Therefore, SIGAR is making no recommendations to the USAID Mission Director for Afghanistan.

Financial Audit 15-43-FA: Department of the Army's Legacy East Project

Jorge Scientific Corporation's Lack of Supporting Documentation Results in about \$135 Million in Questionable Project Costs

On October 21, 2011, the Army Contracting Command awarded a \$50 million contract to Jorge Scientific Corporation (Jorge Scientific)—now reorganized and rebranded under Imperatis Corporation (Imperatis)—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. The project also provided for hiring bilingual cultural advisors and developing Afghanistan-specific instruction in counterinsurgency operations to strengthen Afghanistan's capacity to combat terrorist and insurgent networks. After subsequent modifications, the total estimated cost of the contract was increased to \$191,135,945, though the actual contract expenditures were approximately \$15 million less than that estimated cost. SIGAR's financial audit, performed by Crowe Horwath reviewed \$175,873,361 in expenditures charged to the contract from October 21, 2011, through March 15, 2014.

Crowe Horwath identified two material weaknesses, one significant deficiency, and three instances of noncompliance with the terms and conditions of the contract. Jorge Scientific did not retain sufficient supporting documentation for a subcontractor's costs; as a result, the auditors were not able to determine if the costs claimed were incurred, allocable, and complied with the appropriate cost principles. Jorge Scientific also did not comply with federal procurement policies. Specifically, Jorge Scientific did not provide support for a competitive procurement process for three subcontracts totaling almost \$5 million. As a result, Jorge Scientific could not demonstrate that these costs were reasonable, and the U.S. government may not have obtained the best value for goods and services procured. Additionally, Jorge Scientific improperly billed the U.S. government for fixed fees beyond the amount authorized by the contract. Although Jorge Scientific returned the excess fees it collected, the U.S. government lost \$36,634 in interest.

As a result of these internal control deficiencies and instances of noncompliance, Crowe Horwath identified \$134,552,665 in total questioned costs, all of it consisting of unsupported costs—costs not supported with adequate documentation or that did not have required prior approval. Crowe Horwath did not identify any ineligible costs—costs prohibited by

SIGAR OVERSIGHT ACTIVITIES

the contract, applicable laws, or regulations. The auditors also determined that the U.S. government lost \$36,634 in interest because Jorge Scientific billed for more funds than required.

Crowe Horwath did not identify any prior reviews or assessments that could have a material effect on the Special Purpose Financial Statement.

Crowe Horwath issued a disclaimer of opinion on Jorge Scientific's Special Purpose Financial Statement because Jorge Scientific could not provide sufficient documentation supporting a subcontractor's incurred costs.

For the entire scope of this audit, Jorge Scientific was the contractor. In 2013, Jorge Scientific was reorganized and rebranded under Imperatis. As a result, SIGAR's recommendations refer to Imperatis, which is now responsible and accountable for addressing any findings related to Jorge Scientific's work. Based on the results of the audit, SIGAR recommends that the Army Contracting Command:

1. Determine the allowability of and recover, as appropriate, \$134,552,665 in questioned costs identified in the report.
2. Collect \$36,634 in unremitted interest from Imperatis.
3. Advise Imperatis to address the report's three internal-control findings.
4. Advise Imperatis to address the report's three noncompliance findings.

Financial Audit 15-52-FA: USAID's Higher Education Project Audit of Costs Incurred by University of Massachusetts

On February 23, 2011, USAID awarded a cooperative agreement with an initial cost of \$9.9 million to the University of Massachusetts (UMass) to continue USAID's previous work supporting the Afghanistan Higher Education Project (HEP). The project was intended to accomplish the following: (1) restart activities previously accomplished under HEP; (2) increase the Ministry of Higher Education's management capabilities; (3) support professional development of university faculty; (4) maintain the Afghan Master's in Education program at Kabul Education University; and (5) redesign and develop curriculum for undergraduate and graduate Public Policy and Administration programs. After 14 modifications, the total cost of the cooperative agreement was increased to \$18,723,387. SIGAR's financial audit, performed by Crowe Horwath, reviewed \$18,723,387 in expenditures charged to the agreement from February 23, 2011, through February 28, 2014.

Crowe Horwath identified four material weaknesses, one significant deficiency in internal controls, and four instances of noncompliance with the terms and conditions of the cooperative agreement. For one of the internal control weaknesses, UMass was unable to provide adequate support for a competitive procurement process for over \$430,000 in subcontracts. As a result, UMass could not demonstrate that these costs were reasonable, and the U.S. government may have been overcharged. In addition, UMass improperly billed the U.S. government for \$131,507 more than the amount required for program costs. Lastly, UMass purchased a Defense Base Act

(DBA) insurance policy using USAID award funds. DBA insurance does not cover cooperative agreements, and Crowe Horwath questioned \$109,664 in UMass' DBA-related costs.

As a result of these internal control deficiencies and instances of non-compliance, Crowe Horwath identified \$560,699 in total questioned costs, consisting of \$519,005 in unsupported costs—costs not supported with adequate documentation or that did not have required prior approval—and \$41,694 in ineligible costs—costs prohibited by the agreement, applicable laws, or regulations. The auditors also determined that the U.S. government lost \$1,778 in interest because UMass billed for more funds than required.

As part of the audit, Crowe Horwath obtained and reviewed prior audit reports and other assessments related to UMass' work on the Afghanistan Higher Education Project. Crowe Horwath identified one compliance review commissioned by USAID. USAID considered the review to be closed with no corrective actions required of UMass. Accordingly, Crowe Horwath determined that no additional corrective action was required pertaining to prior findings.

Crowe Horwath issued a modified opinion on UMass' Special Purpose Financial Statement because UMass recorded incurred costs for salaries and fringe benefits to an incorrect cost category. Additionally, UMass was unable to provide documentation to fully quantify the amounts in error. Because of these errors, Crowe Horwath was unable to determine the amount of adjustments needed to correct the Special Purpose Financial Statement.

Based on the results of the audit, SIGAR recommends that the USAID Mission Director for Afghanistan:

1. Determine the allowability of and recover, as appropriate, \$560,699 in questioned costs identified in the report.
2. Collect \$1,778 in unremitted interest from UMass.
3. Advise UMass to address the report's five internal-control findings.
4. Advise UMass to address the report's four noncompliance findings.

Financial Audit 15-53-FA: USAID's Measuring Impact of Stabilization Initiative

Audit of Costs Incurred by Management Systems International

On March 14, 2012, USAID issued a task order with an initial cost of \$5 million and an 18-month base period to Management Systems International (MSI) to implement the Measuring Impact of Stabilization Initiative (MISTI). The main objective of MISTI was to provide independent performance monitoring verification and evaluation for the USAID Mission for Afghanistan's stabilization program. After eight modifications, the total estimated cost of the task order was increased to nearly \$22 million, and the period of performance was extended to March 13, 2015. SIGAR's financial audit, performed by Crowe Horwath, reviewed \$7,212,834 in expenditures charged to the award from March 14, 2012, through September 13, 2013.



USAID's Higher Education Project supports Afghanistan's Nation Development Strategy. (USAID photo)

SIGAR OVERSIGHT ACTIVITIES

Crowe Horwath identified two significant deficiencies in internal control and two instances of noncompliance with the terms and conditions of the task order. Combined, the deficiencies in internal control and instances of non-compliance resulted in two findings relating to cash management procedures and financial reporting. Crowe Horwath did not note any instances of fraud or abuse during the audit.

Crowe Horwath did not identify any questioned costs, which would have included unsupported costs—costs not supported with adequate documentation or that did not have the required prior approval—and ineligible costs—costs prohibited by the agreement, applicable laws, or regulations. However, Crowe Horwath determined that MSI drew down more funds than required in order to meet cash needs, resulting in a \$46 loss in interest to the U.S. government.

Crowe Horwath did not identify any prior reviews or assessments that pertained to MSI's implementation of the Measuring Impact of Stabilization Initiative or were material to the Special Purpose Financial Statement.

Crowe Horwath issued an unmodified opinion on MSI's Special Purpose Financial Statement, noting that it presents fairly, in all material aspects, revenues received, costs incurred, and the balance for the indicated period audited.

Based on the results of the audit, SIGAR recommends that the USAID Mission Director for Afghanistan:

1. Collect \$46 in interest from MSI.
2. Advise MSI to address the report's two internal-control findings.
3. Advise MSI to address the report's two noncompliance findings.

INSPECTIONS

Inspection Reports Published

This quarter SIGAR published three inspection reports. Two reports detailed inspections of industrial parks, one in Gorimar and one in Shorandam, both of which were hindered by a lack of USAID contract files and a lack of electricity at the facilities. A third inspection found that 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.

Inspection 15-30-IP: Gorimar Industrial Park

Lack of Electricity and Water Have Left this \$7.7 Million U.S.-Funded Industrial Park Underutilized by Afghan Businesses

On May 24, 2004, USAID awarded a \$10 million contract to Technologists Inc. (TI), based in Falls Church, Virginia, for the development of three

COMPLETED INSPECTIONS

- Inspection 15-30-IP: Gorimar Industrial Park: Lack of Electricity and Water Have Left this \$7.7 Million U.S.-Funded Industrial Park Underutilized by Afghan Businesses
- Inspection 15-50-IP: Shorandam Industrial Park: Poor Recordkeeping and Lack of Electricity Prevented a Full Inspection of this \$7.8 Million Facility
- Inspection 15-51-IP: Afghan National Army Slaughterhouse: Stalled Construction Project Was Terminated After \$1.25 Million Spent

SIGAR OVERSIGHT ACTIVITIES

industrial parks, including the \$7.7 million Gorimar Industrial Park in Balkh Province. The industrial parks were being built to promote economic growth and create employment opportunities for the local population.

TI's initial contract called for it to oversee solicitations and bids for the design, construction, and maintenance of the industrial parks. However, a contract modification called for TI to complete the infrastructure for Gorimar Industrial Park, rather than to simply oversee solicitations and bids.

In July 2008, following project completion, USAID transferred Gorimar Industrial Park to the Afghan Investment Support Agency (AISA), the Afghan government agency responsible for developing and expanding tenant businesses at and managing all industrial parks in Afghanistan. In the transfer document, USAID stated that all systems installed by TI at the industrial park had been tested and determined to be fully functional, and that AISA staff had been trained to operate and maintain those systems. AISA estimated that businesses would create more than 900 jobs at Gorimar Industrial Park by the end of 2015.

For this inspection of Gorimar Industrial Park, SIGAR assessed whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the industrial park was being used as intended.

During a May 2014 site visit, SIGAR found that construction of all major infrastructure components had been completed, and observed no major construction issues. However, due to USAID's lack of contract documentation and the lack of electrical power at the industrial park, SIGAR could not fully assess whether construction met contract requirements and technical specifications.

SIGAR also found that as of May 2014, nearly six years after USAID handed over Gorimar Industrial Park to the Afghan government, only four of 22 possible businesses—less than 20%—occupied the industrial park. Furthermore, SIGAR could only confirm employment of about 30 people at two businesses. A lack of electricity and water was stated as the primary reason more businesses have not moved into the park.

Although the industrial park's 10 generators—costing a combined \$2.5 million—were expected to be the primary source of power until the industrial park was connected to the local electrical grid, they were never made operational. An AISA official responsible for the industrial park stated his agency did not have the necessary funds to purchase fuel for the generators. According to the AISA official, as of October 2014, his agency was in the process of connecting the park's electrical system to the local power grid. The official noted that the estimated cost for the connection was \$700,000. He did not know when the project would be completed.

For Gorimar Industrial Park to meet its intended purpose of promoting economic growth and creating employment opportunities for the local population by providing investors and entrepreneurs with security, access



USAID-funded generators sit idle at Gorimar Industrial Park. (SIGAR photo by Ron Riach)

to land, and infrastructure including electrical power and water, SIGAR recommends that the USAID Mission Director for Afghanistan: (1) Determine the current status of AISA's effort to connect Gorimar Industrial Park to the local power grid, and, if necessary, identify appropriate steps to help complete the project; (2) Determine, in consultation with AISA, the feasibility of establishing the park's generators as a backup source of electrical power; and (3) Determine why contract files for Gorimar Industrial Park were missing and ensure that contract files for all future projects contain critical project design, planning, construction, quality assurance, and related documents required by Federal Acquisition Regulation Subpart 4.8, "Government Contract Files," within 90 days.

Inspection 15-50-IP: Shorandam Industrial Park

Poor Recordkeeping and Lack of Electricity Prevented a Full Inspection of this \$7.8 Million Facility

On May 24, 2004, USAID awarded a \$10 million contract to TI for the development of three industrial parks, including the \$7.8 million Shorandam Industrial Park in Kandahar Province. The industrial parks were being built to promote economic growth and create employment opportunities for the local population.

TI's initial contract called for it to oversee solicitations and bids for the design, construction, and maintenance of the industrial parks. However, a contract modification called for TI to complete the infrastructure for Shorandam Industrial Park, rather than to simply oversee solicitations and bids.

In September 2010, following project completion, USAID transferred Shorandam Industrial Park "as is" to AISA, the government agency responsible for developing businesses at and managing all industrial parks in Afghanistan. In the handover certificate, USAID stated that the power plant, consisting of 10 generators, was not installed and, as a result, was not included in the handover. The generators were not installed because, in 2009, they were damaged when the warehouse storing them was bombed. However, according to USAID officials, in December 2012, the USAID-funded generators had been installed and were transferred to Da Afghan Breshna Sherkat (DABS), the Afghan power utility, in operable condition for use in providing power to Shorandam Industrial Park.

For this inspection of Shorandam Industrial Park, SIGAR's objectives were to assess whether (1) construction was completed in accordance with contract requirements and technical specifications, and (2) the industrial park was being used as intended.

A June 2014 site visit found that all major infrastructure components had been constructed, and that there were no major construction issues. However, due to USAID's lack of contract documentation, SIGAR could not fully assess whether construction met contract requirements and technical specifications. In addition to missing USAID documents, SIGAR determined

SIGAR OVERSIGHT ACTIVITIES

that the contract modification requiring TI to construct the three industrial parks contained only general requirements. There were no details describing actual construction requirements, such as the required thickness and composition of the paved roads, the type of sewers to be built, or the size and capacity of the power generators to be provided.

SIGAR's inspection was also limited due to the lack of electricity to test the installed systems, such as the power-distribution and water-supply systems, which run on electricity. As a result, SIGAR could not test whether the park's internal electrical-distribution and water systems were operable and safe, or whether those crucial systems, as well as roads, flood channels and other construction, met contract requirements. An Afghanistan Industry Association official told SIGAR that the lack of electricity at the time of SIGAR's inspection was a temporary issue due to maintenance being performed on the USAID-funded generators.

Furthermore, during the June 2014 site visit, SIGAR found only one active Afghan business at the park, which was originally intended to accommodate 48 businesses. SIGAR also observed three vacant structures, which TFBSO built to encourage business development, as well as a power plant constructed by the U.S. military in December 2010. The construction of the power plant at Shorandam Industrial Park impacted potential business development in two ways. First, the power plant took up about one-third of the park, removing that land from private development. Second, the Afghan Industrial Parks Development director reported that U.S. military security checkpoints established at the entrance and exit to the industrial park curbed Afghan business interest in the park.

The park became more attractive after the U.S. military withdrew from the site. In February 2015, or about 10 months after the U.S. military withdrew from the park, the Afghan Industrial Parks Development director told SIGAR that 13 businesses had committed to moving into the industrial park, and at least four of them were operational. The director said that the remaining businesses were building their facilities. Due to security concerns in the area and associated travel restrictions, SIGAR was not able to revisit the park to verify this information

Inspection 15-51-IP: Afghan National Army Slaughterhouse Stalled Construction Project Was Terminated After \$1.25 Million Spent

In February 2012, CSTC-A requested that the U.S. Army Corps of Engineers (USACE) solicit bids for and manage construction of an ANA slaughterhouse and supporting facilities in Pol-i-Charkhi, Kabul Province. In August 2012, USACE awarded a firm-fixed-price contract for \$12 million to AREEB-REC Joint Venture, an Afghan company.

CSTC-A noted that a new slaughterhouse would not only satisfy the need for increased meat production, but would also provide improved safety and sanitation conditions compared to the existing facility. CSTC-A's plan for



Shorandam Industrial Park, built for \$7.8 million by USAID, is operating far below its intended capacity. (SIGAR photo by Robert Rivas)

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Construction of an ANA slaughterhouse in Pol-i-Charkhi, which includes this partially built wall, was terminated after \$1.25 million was spent. (SIGAR photo by Brian Flynn)

the new facility included construction of a slaughterhouse building, administrative building, scale-house building, wastewater-treatment plant, a guard house and two guard shacks, two personnel bunkers, diesel power plant, water well, fuel-access point, three parking lots, and a perimeter wall.

For this inspection, SIGAR assessed whether the (1) work was completed in accordance with contract requirements and applicable construction standards, and (2) facility was being used as intended.

SIGAR visited the ANA slaughterhouse construction site in April 2014, and found a largely open field with limited work completed, limiting the extent of the inspection SIGAR could perform.

SIGAR found that about a quarter of one of the four perimeter walls was complete, with adequate concrete and steel reinforcing work. SIGAR also observed that the site's water well had not been properly capped to prevent anyone from placing contaminants, poisons, or other materials in the water. SIGAR sent an inquiry letter to DOD in October 2014 about the water well; USACE officials replied that action had been taken, and the well was properly capped in October 2014.

During the first nine months of construction, USACE issued 12 letters to the AREEB-REC joint venture, some of which addressed contractor-performance issues, including construction initiated prior to approval and noncompliance with quality-control requirements. On September 15, 2013, USACE suspended the contract because of the contractor's unsatisfactory performance. At the same time, the International Security Assistance Force (ISAF) began a review of all ongoing construction that eventually would be transferred to the ANSF. On October 1, 2013, based on the ISAF review, CSTC-A officials recommended terminating the ANA slaughterhouse project.

On October 26, 2013, CSTC-A stated that the existing ANA slaughterhouse had sufficient capacity to support ANA requirements and directed USACE to terminate the contract for the convenience of the U.S. government. As a result of a termination for convenience, the contractor has the right to request a settlement that would compensate it for work performed, preparations for future work, and a reasonable allowance for profit. At the time of the termination for convenience, the contractor had been paid \$1.25 million. On January 15, 2015, AREEB-REC Joint Venture requested \$4.2 million in additional payments, as a settlement of the termination for convenience. USACE's Transatlantic Middle East District is currently reviewing the request and the Defense Contract Audit Agency is conducting a financial audit. USACE officials stated that they expect to complete a negotiated settlement by December 2015.

NEW INSPECTIONS

- Women's Dormitory at Herat University
- Bagrami Industrial Park

New Inspections Announced This Quarter

This quarter, SIGAR has initiated two new inspections. Each inspection will assess whether (1) construction has been or is being completed in

accordance with contract requirements and applicable construction standards, and (2) the parts of the facility, if any, that are occupied are being used as intended and properly maintained. These inspections will assess:

- Women's Dormitory at Herat University
- Bagrami Industrial Park

Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 23 recommendations contained in 11 audit and inspection reports. Four of the reports contained recommendations that resulted in the recovery of \$77,243 in ineligible or unsupported contract costs paid by the U.S. government.

From 2009 through March 2014, SIGAR published 169 audits, audit letters, and inspection reports and made 549 recommendations to recover funds, improve agency oversight, and increase program effectiveness. SIGAR has closed over 83% of these recommendations. Closing a recommendation generally indicates SIGAR's assessment that the audited agency has either implemented the recommendation or otherwise appropriately addressed the issue. In some cases, a closed recommendation will be the subject of follow-up audit work.

The Inspector General Act of 1978, as amended, also requires SIGAR to report on any significant recommendations from prior reports on which corrective action has not been completed. In this quarter, SIGAR continued to monitor agency actions on recommendations in 35 audit and five inspection reports. In this quarter there were no recommendations over 12 months old where the agency had yet to produce a corrective-action plan that SIGAR believes would resolve the identified problem. However, there are five audit reports over 12 months old where SIGAR is waiting for the respective agencies to complete their agreed-upon corrective actions.

SIGAR recently completed audits of the status of SIGAR recommendations made to DOD, State, and USAID. Specifically, the audits identified and assessed the status of SIGAR recommendations and reviewed actions taken or planned by the agencies to address them. In January 2015, SIGAR issued its report on the status of recommendations to DOD, identifying a more than 75% implementation rate. Previously, SIGAR issued final reports for State (identifying a nearly 75% implementation rate) and USAID (identifying a more than 80% implementation rate).

SPECIAL PROJECTS

The Inspector General's Office of Special Projects was created to examine emerging issues and deliver prompt, actionable reports to federal agencies and the Congress. The team conducts a variety of assessments, producing reports on all facets of Afghanistan reconstruction. The directorate is made

SIGAR OVERSIGHT ACTIVITIES

COMPLETED SPECIAL PROJECTS

- Special Project 15-31-SP: Inquiry Letter: Second Request for TFBSO Documents
- Special Project 15-34-SP: Inquiry Letter: ANSF Force Structure
- Special Project 15-35-SP: Referral Letter: Tank Truck Offload Facilities
- Special Project 15-37-SP: Inquiry Letter: Afghan Customs Revenue
- Special Project 15-38-SP: Inquiry Letter: Afghan Customs Revenue
- Special Project 15-39-SP: Inquiry Letter: Afghan Customs Revenue
- Special Project 15-40-SP: Fact Sheet: DOD Contract Obligations
- Special Project 15-42-SP: Inquiry Letter: TFBSO Documents
- Special Project 15-44-SP: Inquiry Letter: USAID's Promoting Gender Equity in National Priority Programs
- Special Project 15-45-SP: Inquiry Letter: Afghan Budget Shortfall
- Special Project 15-46-SP: Inquiry Letter: Essential Functions
- Special Project 15-47-SP: Inquiry Letter: Reliable and Sustainable Electric Power for Kandahar City
- Special Project 15-48-SP: Inquiry Letter: Transfer of U.S. Military Bases to the Afghan National Security Forces
- Special Project 15-49-SP: Fact Sheet: CERP Priorities and Spending in Afghanistan FY 2004-FY 2014

up of auditors, analysts, investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions.

This quarter, SIGAR's Office of Special Projects issued two fact sheets. One analyzed contract-award data submitted from DOD, which accounted for \$21 billion of the approximately \$66 billion appropriated to DOD for Afghanistan reconstruction from FY 2002 to FY 2014. The second fact sheet analyzed CERP projects in Afghanistan.

The Office of Special Projects also wrote to DOD, State, and USAID to request information in support of the ongoing review of the TFBSO, to inquire about the analysis underlying the current and future size and structure of the ANSF, to express concerns about apparent wasteful construction at current and former U.S. military bases in Afghanistan, and the impact of projected decreases in Afghan customs revenue on the government's ability to meet budgetary obligations. Additional letters inquired about USAID's ability to effectively implement, monitor, and assess the impact of its Promote women's empowerment program, the Afghan government's need for additional budget bailouts, the way RSM will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF, the availability of reliable and sustainable electric power for Kandahar City, and the transfer of U.S. military bases to the ANSF.

Inquiry Letter 15-31-SP: Second Request for TFBSO Documents

On January 29, 2015, SIGAR wrote a letter to the Secretary of Defense requesting documents and information for its ongoing review of TFBSO. This is SIGAR's second request for documents, and is a result of analysis performed on data received in response to an inquiry letter sent on December 10, 2014 (see Inquiry Letter 15-23-SP).

Inquiry Letter 15-34-SP: ANSF Force Structure

On February 19, 2015, SIGAR sent a letter to the Commanders of RSM and CSTC-A to request information regarding the analysis underlying the current and future size and structure of the ANSF. SIGAR's oversight responsibilities include overseeing and accounting for funds from the Afghanistan Security Forces Fund (ASFF), which has been the source of over \$50 billion disbursed in support of the ANSF.

The size and force structure of the ANSF are important factors in determining the costs associated with supporting Afghan soldiers and police officers. However, there are differing views on optimal ANSF end strength. SIGAR is particularly concerned about the apparent discrepancy between assessments of requisite ANSF end-strength, as it raises questions regarding the U.S. government's ability to anticipate future costs associated with support of these forces.

Referral Letter 15-35-SP: Tank-Truck Offload Facilities

SIGAR wrote to the Deputy Commander of USFOR-A on February 19, 2015, to alert him about what appears to be a significant amount of wasteful construction at current and former U.S. military bases in Afghanistan. Initial research conducted by SIGAR staff indicates that USACE spent \$36 million to construct three tank-truck offload facilities (TTOFs) that were significantly underused or never used at all. SIGAR referred this issue to USFOR-A because these were not Afghanistan-reconstruction projects, but projects supporting the U.S. military.

Major General John Murray, Deputy Commander, Support, of USFOR-A responded to Special Inspector General Sopko on March 10 that “My staff is now conducting a thorough review into those TTOF’s,” and added that his office would share the results of their inquiry. Recently, SIGAR’s Afghanistan office was informed that the review is near completion.

Inquiry Letters 15-37-SP, 15-38-SP, and 15-39-SP: Afghan Customs Revenue

On March 5, 2015, SIGAR wrote to DOD, State, and USAID to share concerns raised by many U.S. Embassy Kabul officials during Special Inspector General Sopko’s recent trip to Afghanistan. The officials warned of the Afghan government’s inability to meet its budgetary obligations in the current and future fiscal years due to projected decreases in revenue. Representatives from the embassy’s economics section noted that a large portion of the decline in revenue could be attributed to concerns that approximately half of the customs duties for Afghan fiscal year 1393 are believed to have been stolen.

According to Afghanistan’s 1393 and 1394 national budget statements, for Afghan fiscal years 1390 through 1393, taxes on international trade and transactions—a revenue category that includes customs revenue—produced between \$410 million and \$660 million annually, accounting for 24% to 36% of total domestic revenue. The Afghan government’s ongoing challenges in collecting customs revenue are of great concern, given that customs revenue regularly accounts for over a third of the Afghan government’s domestic revenue.

Fact Sheet 15-40-SP: DOD Contract Obligations

On March 18, 2015, SIGAR published its analysis of DOD’s data submissions responding to SIGAR’s February 2013 inquiry for comprehensive information on all contracts, grants, and cooperative agreements awarded for reconstruction activities between FY 2002 through May 2014.

SIGAR’s analysis found that while DOD received approximately \$65 billion in appropriations from FY 2002 to FY 2014 (and had obligated a total of \$56 billion as of June 30, 2014), their data submission accounts for only \$21 billion in total contract awards. The discrepancy is due to how DOD



Afghan Border Police officer looks through a bag in a boy’s wheelbarrow at Torkham Gate on the Afghanistan/Pakistan border. SIGAR is concerned about the impacts of the Afghan government’s difficulty in collecting customs revenue. (DOD photo)

executed funding, and how it was tracked within DOD and federal accounting systems. It is also due to the fact that reconstruction funds that are transferred between DOD entities, to another U.S. government agency, or to an Afghan government entity were not included in the submission.

Inquiry Letter 15-42-SP: TFBSO Documents

SIGAR wrote to the Secretary of Defense on March 18, 2015, to inquire about the status of the preservation of TFBSO records for SIGAR's ongoing review of the agency. SIGAR's December 10, 2015, inquiry letter requested that all records be preserved prior to the end of TFBSO's existence (see Inquiry Letter 15-23-SP).

Inquiry Letter 15-44-SP: USAID's Promoting Gender Equity in National Priority Programs

On March 27, 2015, SIGAR wrote to USAID to request additional information regarding USAID's plans for implementing and overseeing Promoting Gender Equity in National Priority Programs (Promote), particularly in light of SIGAR's recent work on USAID's efforts to support Afghan women, briefings SIGAR personnel received about the program, and information SIGAR received in response to past data calls. Concerns remain about USAID's ability to effectively implement, monitor, and assess the impact of Promote. Furthermore, SIGAR is concerned that some very basic programmatic issues remain unresolved and that the Afghan women engaged in the program may be left without any tangible benefit upon completion.

On April 10, 2015, SIGAR received USAID's response to the inquiry letter and will continue to monitor Promote's progress.

Inquiry Letter 15-45-SP: Afghan Budget Shortfall

On April 15, 2015, SIGAR wrote a letter to the U.S. Ambassador to Afghanistan and the Special Representative for Afghanistan and Pakistan to request additional information about the \$100 million bailout provided by U.S. taxpayers in response to the Afghan government's request for assistance in addressing budget shortfalls. SIGAR first raised concerns about this budget bailout in a September 2014 inquiry letter (see SIGAR 14-101-SP).

SIGAR is encouraged that \$25 million (of the \$100 million) was disbursed after the Afghan government met conditions, including granting State personnel access to the Afghanistan Financial Management Information System. However, SIGAR also noted that Afghanistan's fiscal problems are unlikely to be resolved in the near future. As such, SIGAR requested that the State Department provide information about the \$100 million bailout, the predicted FY 1394 shortfall, and the implications of not providing the entire \$537 million requested by the Afghan government.

Inquiry Letter 15-46-SP: Essential Functions

SIGAR wrote to the commanders of USFOR-A and CSTC-A on April 15, 2015, to request information about how the Resolute Support Mission will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF and the Afghan Security Institutions (ASI). According to the Resolute Support Security Force Assistance handbook, efforts to develop the ANSF and ASI will consist of “advise and measure” responsibilities, and will focus on eight essential functions (EF). These eight essential functions will be critical to the future success of any effort to bolster the ANSF and ASI.

Inquiry Letter 15-47-SP: Reliable and Sustainable Electric Power for Kandahar City

In an April 17, 2015, letter to USAID, DOD, and State officials, SIGAR reiterated its past concerns about electricity availability in Afghanistan by requesting specific information about how the United States intends to ensure reliable and sustainable electrical power for Kandahar City.

Inquiry Letter 15-48-SP: Transfer of U.S. Military Bases to the Afghan National Security Forces

On April 17, 2015, SIGAR wrote to the Secretary of Defense to inquire about the transfer of hundreds of former U.S. military bases in Afghanistan to the ANSF. Since 2010, the United States has transferred 813 bases to the ANSF. Given the substantial expense associated with their construction and their potential either to go unused by the ANSF or to be compromised by insurgent forces, SIGAR is seeking information regarding the processes DOD follows when transferring these bases.

Fact Sheet 14-49-SP: CERP Priorities and Spending in Afghanistan FY 2004–FY 2014

SIGAR published a fact sheet on April 17, 2015, detailing its analysis of CERP in Afghanistan, which received \$3.7 billion in appropriations from FY 2004 to FY 2014. As of June 2014, the U.S. military obligated \$2.3 billion of these funds. SIGAR’s fact sheet provided more detail on the decline of CERP activity, beginning in FY 2012, as well as the reduction in obligation rates for CERP funds. The fact sheet also provided analysis of the purpose and location of many CERP projects in Afghanistan. Finally, the fact sheet explained that DOD does not maintain actual costs of CERP projects, and did not provide sufficient disbursement data to SIGAR.

LESSONS LEARNED

Last quarter SIGAR announced the creation of its new Lessons Learned Program (LLP). The LLP will conduct a comprehensive analysis of the

reconstruction effort in Afghanistan from 2001 onwards to identify best practices and lessons to help address systemic issues facing U.S. reconstruction efforts in Afghanistan. The LLP has two ongoing projects which are examining interagency coordination on strategy and planning, and U.S. coordination with external partners in administering aid to Afghanistan. A Lessons Learned project announced this quarter will review the efficacy of counternarcotics efforts—in terms of strategy, coordination, programs, and outcomes—within Afghan reconstruction.

In March 2015, the LLP and the U.S. Institute of Peace convened a workshop with representatives of lessons learned organizations from the State Department, Defense Department, USAID, NATO, the UN, and the 9/11 Commission. The objective of the workshop was to have participants discuss and help inform LLP on the best ways to (1) identify meaningful lessons from reconstruction efforts in Afghanistan that are applicable to future conflicts; and (2) work with stakeholders in order to institutionalize these lessons. The workshop also included discussion between participants on how different agencies may be able to work together to ensure that lessons that span across multiple agencies can be learned.

NEW LESSONS LEARNED PROJECT

· Counternarcotics in Afghanistan Reconstruction

New Lessons Learned Project

This quarter the LLP announced a project that will review the efficacy of counternarcotics efforts within Afghan reconstruction.

Counternarcotics in Afghanistan Reconstruction

The U.S. government has spent over \$8 billion since 2001 on a diverse set of counternarcotics initiatives aimed at reducing the amount of opium poppy that is grown in Afghanistan; reducing the assistance insurgent forces receive from the proceeds of opium trafficking; and reducing the consumption and export of opium products. Counternarcotics initiatives include eradicating opium poppies in farmers' fields; seizing and destroying harvested opium and refined heroin; arresting and prosecuting drug traffickers; providing alternative crops and income sources to the people who rely on poppy cultivation for their livelihood; campaigning to reduce local demand for opium; and building Afghan capacity to reduce poppy cultivation with less international assistance. However, these efforts have not achieved the overarching objective of reducing the supply of opium in Afghanistan. In fact, opium poppy cultivation has risen dramatically from 8,000 hectares in 2001 to 224,000 hectares in 2014.

This does not mean that every aspect of the counternarcotics effort failed. Progress was made at local levels in many areas and on specific aspects of the narcotics problem in Afghanistan. Poppy growth patterns have shifted over time, leaving some areas poppy free while other areas have more than made up the difference. Significant arrests and seizures were made, although clearly major trafficking operations remain. Conflict

SIGAR OVERSIGHT ACTIVITIES

and governance dynamics have also changed over the past 14 years, raising questions about whether counternarcotics strategies were adequate for the context or responsive to changes in conditions on the ground. It is also important to recognize that counternarcotics initiatives were conducted in concert with other major reconstruction activities—some complementary and some that worked at cross purposes—and the priority accorded to counternarcotics within the overall U.S. and international strategy for stabilizing Afghanistan varied over time. Drawing lessons for future counternarcotics efforts in Afghanistan and other dynamic conflict environments therefore requires a careful evaluation of many factors considered against actual data on poppy cultivation and opium production.

This Lessons Learned product will examine the efficacy of the U.S. government’s counternarcotics effort in Afghanistan at the strategic as well as the operational level. It will establish whether there was the appropriate balance between the different component parts of the drug control effort, whether these components were appropriately tailored to local contexts, and establish whether these elements held together as a coherent strategy and as a component of the larger reconstruction effort. Based on the project’s findings, SIGAR will provide recommendations for making future complex counternarcotics efforts more successful.

Specifically, SIGAR plans to: (1) identify and describe the counternarcotics strategies, policies, priorities, and goals over the course of SIGAR’s reconstruction engagement in Afghanistan and how these compared to the priorities of Afghan and international partners regarding counternarcotics and with the wider USG Afghanistan reconstruction effort; (2) determine the effectiveness of rural/alternative development programs aimed at reducing opium poppy cultivation; (3) determine the effectiveness of eradication efforts to reduce opium supply and deter future opium poppy cultivation; (4) determine the effectiveness of efforts aimed at engaging the national and provincial authorities in drug control efforts and how sustainable these were; (5) determine the impact of security on the effectiveness of counternarcotics efforts; and (6) determine the effectiveness of law enforcement efforts in disruption and severing the nexus between the drug trade and the insurgency.

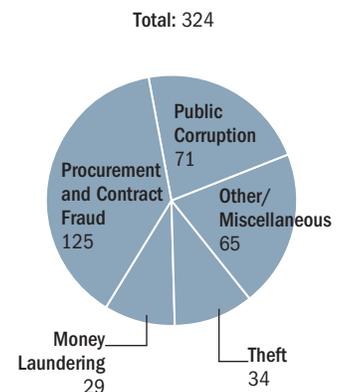
INVESTIGATIONS

During the reporting period, SIGAR initiated 29 new investigations and closed 36, bringing the total number of ongoing investigations to 324, as shown in Figure 2.1. SIGAR investigations resulted in three arrests, five criminal informations, seven convictions, four sentencing, and over \$1.1 million in fines, restitutions, and forfeitures. In Afghanistan, two individuals were excluded from U.S. military installations.

The accomplishments of the quarter bring the cumulative total in criminal fines, restitutions, forfeitures, civil settlement recoveries, and U.S.

FIGURE 2.1

SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS, AS OF MARCH 31, 2015



Source: SIGAR Investigations Directorate, 4/8/2015.

government cost savings from SIGAR's ongoing investigations to \$571.6 million. Investigative outcomes include 96 arrests, 120 criminal charges, 86 convictions, and 64 sentencing.

Former U.S. Military Member Sentenced for Fuel Theft Scheme

On January 14, 2015, in the Eastern District of North Carolina, U.S. Army Specialist Alexander Swim was sentenced to 10 months in federal prison and ordered to pay \$422,303 in restitution for his role in the theft of military-appropriated fuel. Following the completion of his incarceration, Swim will serve an additional three years' supervised probation. On October 6, 2014, Swim pled guilty to theft and conversion of public property and aiding and abetting.

From January 2012 until October 2012, Swim was deployed to Afghanistan under the Combined Joint Special Operations Task Force at Forward Operating Base (FOB) Sharana. During his deployment, Swim served as an advanced operating base mechanic with responsibility for overseeing the maintenance of vehicles and the distribution of fuel to Special Operations Forces. On multiple occasions during his deployment, Swim participated in a conspiracy to steal military-appropriated fuel from FOB Sharana by escorting Afghan-national-operated fuel trucks onto the installation to be loaded with fuel, and then escorting them off the base. Because of Swim's actions, the U.S. government suffered a loss of over \$400,000 in stolen fuel.

U.S. Army National Guard Sergeant Pleads Guilty to Conspiracy

On March 23, 2015, in the Middle District of Pennsylvania, U.S. Army National Guard Staff Sergeant Timothy H. Albright pled guilty to a one-count criminal information charging him with conspiracy to receive and accept bribes.

The plea relates to a bribery investigation focusing on Afghan contractors paying U.S. military personnel in return for government contracts associated with the Humanitarian Aid Yard (HA Yard) at Bagram Airfield (BAF). The HA Yard functions as a storage facility for large quantities of clothing, food, school supplies, and other items available to military units in support of humanitarian aid for the Afghan people. The HA Yard, through the Commander's Emergency Response Program, enables U.S. military commanders to respond to urgent humanitarian relief needs.

From January 2008 until October 2008, Albright, in his position as a commercial-vendor services specialist at BAF, conspired to accept approximately \$25,000 in illegal bribes from an Afghan interpreter to expedite and ensure the successful processing of a particular Afghan vendor's invoices submitted for work performed at the HA Yard. Albright sent the money he received from the vendor to his wife in Lebanon, Pennsylvania, through the U.S. Postal Service. He would typically ship the money in boxes

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containing DVDs by placing the money in greeting card envelopes and inserting the envelopes between the DVDs. The cards usually contained approximately \$1,000.

U.S. Military Members Plead Guilty to Bribery and Money Laundering

On February 10, 2015, subsequent to a criminal information filed in the Middle District of Georgia, U.S. Army Sergeant Seneca Hampton pled guilty to conspiracy to commit bribery and money laundering.

On February 11, 2015, subsequent to a criminal information filed in the Middle District of Georgia, U.S. Army Sergeant First Class James Norris pled guilty to conspiracy to commit bribery and money laundering.

SIGAR initiated the investigation of Hampton and Norris based on reports of missing fuel at FOB Gardez. The investigation identified a total loss of 59,000 gallons of fuel valued at \$600,000. Hampton and Norris were identified as having been involved in a bribery scheme in connection to the fuel loss. The soldiers subsequently admitted to accepting approximately \$2,000 per day from local Afghan drivers in exchange for permitting the drivers to take thousands of gallons of fuel from the base. Both individuals shipped the bribery proceeds to the U.S. by concealing them in their personal effects.

Further, Hampton and Norris admitted to purchasing vehicles with cash derived from the bribery scheme. As part of their plea agreements, both individuals agreed to forfeit the proceeds received from the bribery to include the vehicles, as well as full restitution.

Sentencing for both men is scheduled for May 21, 2015.

Afghan National Arrested for Bribery

Abdul Mobin Shafiq was arrested on December 30, 2014, after being summoned to the Afghan Attorney General's Office (AGO) by Prosecutor Abdul Ghafur on suspicion of bribery.

Shafiq was an interpreter for the U.S. Army at BAF in 2008. During that time, Shafiq acted as an intermediary in providing cash payments from an Afghan vendor to U.S. military members, who are subjects of a separate SIGAR investigation, in return for favorable consideration in the awarding of contracts.

SIGAR and the U.S. Army Criminal Investigation Command (CID) met with Prosecutor Ghafur at BAF and provided him with facts and circumstances pertaining to Shafiq's complicity in bribery. The meeting and the investigative documents provided to Prosecutor Ghafur prompted his decision to arrest Shafiq and pursue local prosecution.

Shafiq was subsequently released on bond and additional investigation into the matter is pending.



Deputy Assistant Inspector General for Investigations Sharon Woods, right, and Special Agent in Charge Lindy Savelle, left, attended a meeting at the Presidential Palace in Afghanistan this quarter. (SIGAR photo)

Two Sentenced for Conspiracy to Commit Money Laundering

On January 9, 2015, in the Western District of Tennessee, Jimmy Wayne Dennis was sentenced to 41 months' incarceration, followed by 24 months' supervised release, and ordered to forfeit \$115,000 for conspiracy to commit money laundering. Also, on January 9, 2015, Jerry Dennis was sentenced to two years' probation, including six months of home confinement, and ordered to forfeit \$110,000 for conspiracy to commit money laundering.

Jimmy Dennis and Jerry Dennis were both subjects of a bribery investigation focusing on Afghan contractors paying U.S. military personnel in return for government contracts associated with the HA Yard at BAF. From March 2008 through March 2009, Jimmy Dennis, a U.S. Army first sergeant assigned as a paying agent in the HA Yard, helped steer contracts to certain Afghan vendors in return for approximately \$250,000 in cash bribes. On numerous occasions, Jimmy Dennis shipped cash inside containers to two individuals in the United States, namely his father, Jerry Dennis, and James C. Pittman, a former U.S. Army friend. Jimmy Dennis sent the money with the understanding that the cash would be deposited and run through Pittman's landscaping business in Chattanooga, Tennessee. The funds deposited in the business account would subsequently be paid to Jimmy and Jerry Dennis in the form of salary checks.

In September 2014, Pittman was sentenced to 12 months' prison time, 12 months' probation, and ordered to pay \$25,000 in restitution.

Afghan National Convicted for Embezzling Over \$530,000

On December 31, 2014, following a one-day trial, the Islamic Republic of Afghanistan found Abdul Khalil Qadery guilty of stealing more than a half million dollars. On the same day, he was sentenced to five years and one month imprisonment and ordered to pay restitution of \$539,173.

Qadery was formerly employed by Development Alternatives Inc. (DAI), an international company based in Bethesda, Maryland, and responsible for implementing the USAID Agricultural Credit Enhancement (ACE) project. The primary purpose of ACE is to help the Afghan government establish and manage the \$100 million USAID-funded Agricultural Development Fund (ADF) program. The program is designed to help Afghanistan's Ministry of Agriculture, Irrigation, and Livestock support small farmers with loans to be repaid after harvest.

As the credit-administration accountant of ACE, Qadery's responsibility was to provide the Afghanistan International Bank (AIB) with a fund-transfer application and the ACE loan agreement between ACE and the approved loan applicant. The documentation is authorization required by AIB to wire money to the ADF loan recipient. Qadery embezzled \$539,173 by setting up a fictitious company, forging the paperwork, and using the authority of his position to facilitate the illegal wire transfer. On the same day, he withdrew the entire amount in cash. Qadery was arrested by the ANP in

Mazar-e-Sharif on April 2, 2014. The subsequent conviction is the result of long-standing collaboration maintained by SIGAR, the AGO, and USAID OIG, throughout the investigation.

Afghan National Arrested

On March 11, 2015, Prosecutor Abdul Ghafur of the AGO arrested an Afghan contractor, Sayad Abbas Shah Marshal, at BAF on suspicion of fraud.

An investigation was initiated when representatives of the Complex Resolution Division (CRD) and BAF Regional Contracting Center (BRCC) reported to the International Contract Corruption Task Force (ICCTF) that Marshal submitted a suspicious claim for payment. Marshal had sent an email to CRD/BRCC stating he had a partnership with the owner of Amanullah Ahmadzai Construction Co. Ltd. (AACC) and that AACC was never paid \$97,500 on a portable-toilet cleaning service contract at FOB Sharana. The investigation determined that Marshal had no affiliation with AACC and that AACC had already been paid for services rendered. The determination resulted in a savings of more than \$97,000 for the U.S. government as payment for the claim was prevented.

On March 4, 2015, SIGAR contacted Prosecutor Ghafur to apprise him of the facts regarding the fraudulent activity perpetrated by Marshal. Prosecutor Ghafur was provided with a translated summary of the offense, and with copies of the bank remittance instructions and payment invoices Marshal used in attempting to transfer \$97,000 to his personal bank account. Prosecutor Ghafur asked to be notified immediately when Marshal entered BAF again so he could arrange to take him into custody.

On March 11, 2015, after processing through BAF entry point security, Marshal was turned over to SIGAR and other representatives of the ICCTF. Upon notification of Marshal's location, Prosecutor Ghafur arrested him. The investigation is ongoing.

Former U.S. Air Force Captain Pleads Guilty

On March 10, 2015, in the Northern District of Iowa, U.S. Air Force Captain Adam J.J. Pudenz pled guilty to a two-count criminal information charging him with making a materially false statement and violating the restriction on post-employment communication and appearances.

This investigation was initiated based on a complaint from the Brigadier General Senior Contracting Officer-Afghanistan. According to the complaint, Pudenz, served as a contracting official in the Kabul Regional Contracting Center, Afghanistan, and shortly after leaving the U.S. Air Force, began representing companies, including Kabul Milli Trading Company (KMTC) on government contracts for which he had served as a contracting official.

In addition, during the investigation Pudenz lied to investigators regarding the time periods he began communicating with KMTC in order to conceal his improper relationship, namely his post-employment restrictions.

Discovery of Fuel Theft Leads to Afghan National Being Barred from Military Installation

On January 12, 2015, the U.S. Army Garrison Commander at BAF issued a military base barment letter for a Lego Afghanistan Logistics (LAL) fuel-truck driver, barring his access to the installation. The Afghan national had driven onto BAF with a transportation movement request dated several months prior and authorizing the download of 1,713 gallons of fuel. The truck contained only 273 gallons of fuel and the driver could not explain the discrepancy or the time lapse. The driver was turned over to Parwan police for questioning and confessed to stealing the fuel. LAL agreed to absorb the cost of the missing fuel and the Afghan authorities did not pursue prosecution against the truck driver.

Suspensions and Debarments

This quarter, SIGAR's suspension and debarment program referred 22 individuals and 22 companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. Four of these individuals were referred for suspension based upon criminal charges being filed against them based on misconduct related to or affecting reconstruction contracting in Afghanistan. As shown in Figure 2.2, these referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 608, encompassing 326 individuals and 282 companies to date.

As of the end of March 2015, the efforts of SIGAR to utilize suspension and debarment to address fraud, corruption and poor performance in Afghanistan have resulted in a total of 102 suspensions, 308 finalized debarments, and 28 **special entity designations** of individuals and companies engaged in U.S.-funded reconstruction projects. The ability to use special entity designations 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.

An additional 14 individuals and companies have entered into administrative compliance agreements with the government in lieu of exclusion from contracting since the initiation of the program. During the first quarter of 2015, SIGAR's referrals resulted in nine suspensions, 12 finalized debarments, and 28 special entity designations of individuals and entities by agency suspension and debarment officials and DOD.

Suspensions and debarments are an important tool for ensuring that agencies award contracts only to responsible entities. SIGAR's program addresses three challenges posed by U.S. policy and the contingency contracting environment in Afghanistan: the need to act quickly, the limited U.S. jurisdiction over Afghan nationals and Afghan companies, and the

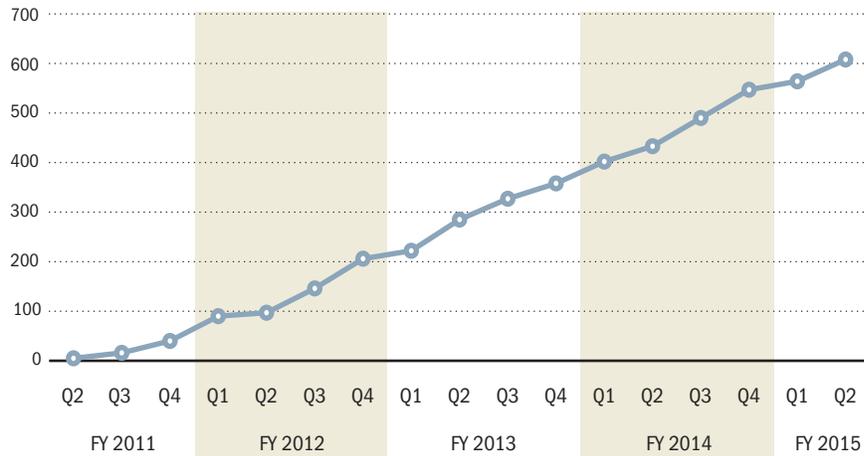
Special entity designations: exclusions in the GSA SAM based upon identifications by the CENTCOM Commander of individuals and entities that are or have the potential to engage in contracting and have provided material support to insurgent or terrorist groups in accordance with Section 841 of the 2015 National Defense Authorization Act. Special entity designations are for an indefinite period and act as notice that contracts and subcontracts awarded to individuals and entities identified by the CENTCOM Commander may be restricted, terminated or voided as a matter of public policy. For more information, see page 54 of this report.

Source: SIGAR suspensions and debarment program.

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FIGURE 2.2

SIGAR INVESTIGATIONS: CUMULATIVE REFERRALS FOR SUSPENSION AND DEBARMENT, Q3 FY 2011–Q2 FY 2015



Source: SIGAR Investigations Directorate, 4/2/2015.

vetting challenges inherent in the use of multiple tiers of subcontractors. SIGAR continues to look for ways to enhance the government's responses to these challenges through the innovative use of information resources and investigative assets both in Afghanistan and the United States. SIGAR makes referrals for suspensions and debarments—actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—based on completed investigations that SIGAR participates in.

In most cases, SIGAR's referrals occur in the absence of acceptance of an allegation for criminal prosecution or remedial action by a contracting office and are therefore the primary remedy to address contractor misconduct. In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the supporting documentation needed for an agency to support that decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/or poor performance, on occasion SIGAR has found it necessary to refer individuals or companies on multiple occasions for consideration by agency suspension and debarment officials.

SIGAR's current emphasis on suspension and debarment is exemplified by the fact that of the 608 referrals for suspension and debarment that have been made by the agency to date, 581 have been made since the second

quarter of 2011. During the 12-month period prior to April 1, 2015, referrals by SIGAR's suspension and debarment program resulted in the exclusion of 208 individuals and companies from contracting with the government. SIGAR's referrals over this period concern allegations of theft, fraud, poor performance, financial support to insurgents, and mismanagement as part of reconstruction contracts valued at over \$841 million.

Special Entity Designations in the System for Award Management Implement the “Never Contract with the Enemy Act”

Since September of 2012, SIGAR has worked to ensure that contractors identified as having provided support to insurgents and terrorist organizations are excluded from contracting as a common sense application of the overall goal of safeguarding reconstruction monies in Afghanistan. As part of these efforts, based on Section 841 of the 2012 National Defense Authorization Act (NDAA), SIGAR referred 43 individuals and entities to the Department of the Army for debarment. In doing so, SIGAR sought to utilize the suspension and debarment process to achieve these exclusions as a means of protecting the procurement process and, at the same time, publicly advocated for the immediate exclusion of all individuals and entities that would be identified in the future as having supported insurgents and terrorist organizations.

Simultaneously, SIGAR's Audits Directorate conducted a comprehensive review of how DOD implemented Section 841, resulting in SIGAR's Audit 13-6, *Contracting with the Enemy: DOD Has Limited Assurance that Contractors with Links to Enemy Groups are Identified and their Contracts Terminated*, released April 11, 2013. This audit identified multiple weaknesses in the implementation of Section 841, including lack of notice to contracting activities and prime contractors of which individuals and entities had been identified as providing support to insurgents, and incomplete guidance regarding what actions should be taken by contracting activities and prime contractors once that notice was received. The DOD, in its September 2014 update to the DOD Supplement to the Federal Acquisition Regulation, specifically cited SIGAR's audit findings as the basis for five specific changes to how it implemented Section 841, including required monthly checks by contracting officers to ensure that contracts were not being performed by or were awarded to individuals and entities identified under Section 841. (See: Office of the Undersecretary of Defense Policy Memorandum, “Class Deviation - Prohibition on Contracting with the Enemy,” DARS Tracking Number 2014-O0020, September 17, 2014.)

Due to SIGAR's advocacy, its audit report, and Congressional interest in improving Section 841, revisions were made as part of the 2014 NDAA and in the 2015 NDAA's “Never Contract With the Enemy Act,” which expanded this authority to all combatant commanders, significantly

improving the ability to exclude parties seeking to use the proceeds of contracts to support insurgents and terrorist organizations. (See: 2015 National Defense Authorization Act, Pub. L. No. 113-291, Section 841, December 19, 2014.)

As part of the ongoing implementation of Section 841 and SIGAR's recommendations, beginning in late 2014, DOD, via the GSA SAM began listing individuals and contractors subject to restriction, termination, or voiding of contracts awarded to them in its publicly available database. (See: System for Award Management Website, www.sam.gov.) These listings, described as "special entity designations," provide the notice to contracting officers and prime contractors of identifications necessary to implement Section 841 as envisioned by Congress and SIGAR.

In the past quarter, SIGAR has reviewed the materials on SAM. Of the 43 individuals and entities referred in September 2012, 26 are in excluded status, addressing the majority of the individuals and primary businesses originally referred by SIGAR to the Department of the Army. These special-entity designations are indefinite in duration and, as they provide notice equivalent to suspension and debarment actions taken by contractors, provide a satisfactory means to address SIGAR's concerns about protecting the procurement process and providing notice to contracting officers and prime contractors. 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.

Suspension of Three Individuals and Two Companies Indicted for Attempting to Illegally Export Radios Used to Control Unmanned Aerial and Ground Vehicles

On January 26, 2015, the Army suspension and debarment official suspended Ayman Wazne, Adeeb Nagib Sobh, and Wazne's companies, Stallion Construction and Engineering Group, International Contracting and Development, and Wazne Group Inc., from contracting with the government based on the indictment of Wazne and Sobh in the U.S. District Court for the District of Columbia on one count of conspiracy to violate the Arms Export Control Act (AECA) and the International Traffic in Arms Regulation (ITAR) and to defraud the United States, one count of attempted unlawful export, and one count of aiding and abetting the violation of the AECA and ITAR. Specifically, Wazne and Sobh, through the Wazne Group Inc., attempted to purchase FBGR115RC-2 radios, used to control unmanned aerial and ground vehicles, for the purpose of exporting them to South Sudan via Beirut, Lebanon, and the United Arab Emirates. Both were taken into custody in March 2012 based on an investigation by federal law enforcement in Detroit, Michigan.

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In addition to his business interests in Detroit, Wazne is also the owner of Stallion Construction and Engineering Group, a construction contractor that has been awarded multiple awards of contracts and subcontracts at Kandahar Airfield between 2009 and 2012. This work included the construction of a \$3.2 million ANA Air Corps aircraft parking apron, four laundry and mission-support buildings, valued at over \$750,000, and a new wall around the USACE compound, valued at \$336,000. Stallion Construction and Engineering Group has also received at least one subcontract to construct residential units associated facilities in Chad for use of UN personnel working in northern Africa. Wazne, Sobh, Stallion Construction and Engineering Group, International Contracting and Development, and Wazne Group Inc., will remain in suspended status pending completion of criminal proceedings in the U.S. District Court for the District of Columbia.

OTHER SIGAR OVERSIGHT ACTIVITIES THIS QUARTER

SIGAR Submits Written Testimony to Senate Appropriations Subcommittee

On February 24, Special Inspector General Sopko submitted written testimony to the Senate Appropriations Subcommittee on the Department of State, Foreign Operations, and Related Programs. Sopko's testimony summarized SIGAR's FY 2016 budget request, recent successes from SIGAR's ongoing work, the challenges SIGAR has in accomplishing its mission, and steps being taken to overcome these challenges. In addition, the testimony described key management and program challenges facing State and USAID, as well as DOD, by highlighting areas of high risk that SIGAR has identified.

In summarizing SIGAR's accomplishments, Sopko pointed out that since 2008, the agency had identified over \$1.6 billion in savings, and that SIGAR's investigations have saved the U.S. government more than \$550 million. At the time of the written testimony, forfeitures, fines, and restitutions resulting from criminal investigations totaled over \$18 million. Furthermore, SIGAR's investigative work led to the conviction of over 80 subjects, 64 of whom have been sentenced.

In addition, Sopko's testimony highlighted that SIGAR completed 188 audit and inspection reports and made 540 recommendations that identified nearly \$1.1 billion in questioned costs, funds that can be put to better use, and funds identified for potential recovery. Of that \$1.1 billion, SIGAR's financial-audit program had identified approximately \$107 million in questioned costs, \$11.5 million of which has been sustained by the agencies so far. Of the 540 recommendations, State, USAID, and DOD had implemented 374, or almost 70%, with 100 recommendations still open.

TESTIMONY GIVEN

- Testimony 15-36-TY: Statement for the Record-Improving the Effectiveness of U.S. Reconstruction Efforts in Afghanistan by Enhancing Oversight and Addressing Key Areas of High Risk

Sopko also explained that, to help guide SIGAR during a period of rapid change in Afghanistan and address, among other things, how the office will conduct its oversight mission with less direct access to program and project sites, SIGAR developed a transition plan for 2014 through 2016. The plan ensures that SIGAR's transition activities are synchronized with its strategic plan and other U.S. agencies' transition plans. Over time, and as appropriate, SIGAR will adjust its functions, methods, products, and practices, adopting new ones when necessary, to continue to provide seamless, independent oversight of the reconstruction effort. Further, SIGAR will take all measures necessary to uphold government standards of quality in carrying out its oversight.

In his testimony, Sopko also discussed SIGAR's High-Risk List, which built on the seven questions the agency developed in early 2013 to guide decision makers as they consider whether and how best to use the remaining reconstruction funds. The High-Risk List called attention to program areas and elements of the U.S.-funded reconstruction effort in Afghanistan that are especially vulnerable to significant waste, fraud, and abuse. With the list, SIGAR highlighted program areas it believes agencies such as State, USAID, and DOD, need to focus on and discuss how specific agencies are failing to mitigate risks in areas under their purview. In addition to driving agencies to evaluate and address their own operations, SIGAR intends to use the list as an internal tool for planning its own oversight work.

Finally, Sopko concluded by articulating that much remains to be done before Afghanistan becomes a country that can ensure its own stability and security with a capable and self-sustaining ANSF, and has a stable government that can provide necessary services, such as rule of law and education, to its citizens. The success of this effort greatly hinges on the U.S. government's ability to efficiently and effectively provide reconstruction assistance to Afghanistan and ensure that funds are not wasted or abused in what is the most costly rebuilding program for a single nation in U.S. history. Sopko reiterated SIGAR's commitment to assisting Congress, U.S. agencies, and other stakeholders by continuing to provide aggressive and independent oversight of the reconstruction effort.

Department of Homeland Security Investigations (HSI) Collaborates with SIGAR

This quarter, the Department of Homeland Security Investigations (HSI) recognized SIGAR's collaborative case efforts which are exclusively focused on investigations pertinent to Afghanistan and incorporate the core money-laundering principle of "following the money."

At the request of Assistant Director Derek N. Benner, HSI Domestic Operations, and Assistant Director Lev J. Kubiak, HSI International Operations, a message was sent to all HSI Assistant Directors, Deputy Assistant Directors, Special Agents in Charge, and Attachés, informing them

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of SIGAR's interest in a partnership with HSI to tap into its expertise in illicit financial and public corruption investigations.

In the message, SIGAR was acknowledged for having conveyed a trend in which illicit proceeds from various forms of fraud schemes involving U.S. government funding are being sent to the United States and laundered. Collaboration between HSI and SIGAR was recognized as an opportunity for HSI to work with another agency whose mission is exclusively focused on investigations pertinent to Afghanistan. In the message, employees were encouraged to contact SIGAR to coordinate investigations relative to Afghanistan, involving illicit proceeds derived from crimes involving federal procurement fraud, contract fraud, theft, corruption, bribery of government employees, and matters pertaining to waste and abuse of U.S. taxpayer dollars.

This collaboration is an example of SIGAR leveraging its law-enforcement capabilities to work with other agencies to more successfully carry out its oversight mission. It is also an acknowledgement by HSI of SIGAR's in-country, boots-on-the-ground expertise. This is significant as this is the first quarterly reporting period after the transition to the new military mission of Operation Freedom's Sentinel and it shows that SIGAR is increasingly becoming the face of U.S. law enforcement in Afghanistan.

SIGAR Participates in International Women's Day Celebration

On March 8, 2015, representatives from SIGAR's Embassy Kabul office attended the International Women's Day celebration sponsored by the Canadian Embassy. Canadian Ambassador Deborah Lyons spoke to the group about her experiences as a woman in leadership. Attendees included



Three of SIGAR's female employees were invited to attend the Canadian Embassy's International Women's Day celebration in March, and are pictured here with colleagues representing the United States, Canada, Norway, Spain, and Afghanistan, among others. (SIGAR photo)

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women representatives from various international donor countries, as well as women from Afghanistan. The celebration provided an opportunity to network among female colleagues, share experiences, and celebrate women's achievements throughout the world. During the event, Special Agent in Charge Lindy Savelle met with several embassy representatives to brief them on an ongoing SIGAR investigative matter.

SIGAR BUDGET

SIGAR received a budget of \$56.9 million for FY 2015 in the Consolidated and Further Continuing Appropriations Act from Congress. The budget supports SIGAR's oversight activities and products by funding SIGAR's five directorates: (1) Audits and Inspections, (2) Special Projects, (3) Investigations, (4) Management and Support, and (5) Research and Analysis.

SIGAR STAFF

SIGAR had 192 employees on board at the end of the quarter. SIGAR maintains 42 U.S. civilian positions and employs several local nationals in Afghanistan. Most work at U.S. Embassy Kabul, but some are at other in-country locations. SIGAR is also assisted by local national staff in its Kabul office to support the Investigations and Audits directorates. In addition, SIGAR supplements its Afghanistan resident staff with U.S.-based personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 11 employees on temporary duty in Afghanistan for a total of 256 days.



Special Agent in Charge Lindy Savelle (left) met with French Ambassador to Afghanistan Jean-Michel Marlaud in February. (SIGAR photo by Mike Foster)

“As the current phase of our relationship draws to a close, our appreciation for the depth of America’s contribution to our people cannot be measured in words alone, but it can be seen quite literally in the number of Afghans whose futures have been changed thanks to America and its allies.”

—*Afghan President Ashraf Ghani*