

# 4 OTHER AGENCY OVERSIGHT



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U.S. Army paratroopers and Air Force personnel board a helicopter at an Afghan National Army outpost after participating in a NATO train/advise/assist mission. (U.S. Air Force photo by Tech. Sgt. Joseph Swafford)

## OTHER AGENCY OVERSIGHT

SIGAR's enabling legislation requires it to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of reconstruction programs, and to submit a report to Congress on SIGAR's oversight work and on the status of the U.S. reconstruction effort no later than 30 days after the end of each fiscal quarter. Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section compiles these updates. Publicly available copies of completed reports are posted at the agencies' respective websites.

The descriptions appear as submitted, with minor changes to maintain consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, punctuation, and preferred spellings; and third-person instead of first-person construction.

These agencies perform oversight activities in Afghanistan and provide results to SIGAR:

- Department of Defense Office of Inspector General (DOD IG)
- Department of State Office of Inspector General (State OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

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## COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the four oversight projects related to reconstruction that participating agencies reported as completed this quarter.

TABLE 4.1

RECENTLY COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF JUNE 30, 2015			
Agency	Report Number	Date Issued	Project Title
DOD IG	DODIG-2015-108	4/30/2015	Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and Class V (Ammunition)
DOD IG	DODIG-2015-107	4/17/2015	Challenges Exist for Asset Accountability and Maintenance and Sustainment of Vehicles within the Afghan National Security Forces
State OIG	AUD-CG-15-33	6/30/2015	Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives
GAO	GAO-15-569R	6/22/2015	Marine Corps and Army Reset Liability Estimates
GAO	GAO-15-410	5/19/2015	Afghanistan: Embassy Construction Cost and Schedule Have Increased, and Further Facilities Planning Is Needed

Source: DOD IG, response to SIGAR data call, 6/23/2015; State OIG, response to SIGAR data call, 6/26/2015; GAO, response to SIGAR data call, 6/17/2015; USAAA, response to SIGAR data call 6/17/2015; USAID OIG, response to SIGAR data call, 6/1/2015

### U.S. Department of Defense Office of Inspector General

During this quarter, DOD IG issued two reports related to Afghanistan reconstruction.

#### **Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and Class V (Ammunition) (Report No. DODIG-2015-108, Issued April 30, 2015)**

DOD IG found that Coalition forces and Afghan National Defense and Security Forces (ANDSF) leaders recognized that development of policies and procedures for the management and accountability of fuel (class III [Bulk]) and conventional military ammunition and explosives (Class V) was crucial to long-term ANDSF operational success. Coalition force leaders and advisors and ANDSF leaders and senior logisticians identified a need for updated policy, procedures, and management controls; improved policy enforcement/implementation; and increased contract oversight.

DOD IG identified key issues regarding the management and accountability of fuel and ammunition by the ANDSF in the following four areas:

- Consumption reporting: ANDSF units ordered and received fuel and ammunition based on unit allocations instead of operations requirements, and ANDSF logisticians generated no demand history to accurately forecast future operational requirements within anticipated budgets.
- Management controls: ANDSF Ministries and units had inadequate and underdeveloped control measures for the management and accountability of fuel and ammunition, leading to gaps and

vulnerabilities that increased the probability of theft and diversion of fuels and ammunition.

- **Training:** Both Afghan National Army (ANA) and Afghan National Police (ANP) leadership were not taking full advantage of training opportunities at the ANA Combat Service Support School. They lacked awareness and understanding of the need for formal fuel and ammunition management training.
- **Contract oversight:** ANDSF Ministries were not prepared for effective oversight of the bulk fuel contract to ensure that direct financial contributions from the United States were used for the purchase of fuel in support of legitimate activities and operations.

## **Challenges Exist for Asset Accountability and Maintenance and Sustainment of Vehicles within the Afghan National Security Forces**

**(Report No. DODIG-2015-107, Issued April 17, 2015)**

DOD IG found that the Combined Security Transition Command-Afghanistan (CSTC-A), the Ministry of Defense (MOD), and the Ministry of Interior (MOI) did not have controls in place to effectively manage accountability of the approximately 95,000 vehicles procured by DOD for the ANDSF since 2005. In addition, MOD and MOI advisors were not confident that the ANDSF could effectively take over maintenance and sustainment of vehicles provided by DOD and Coalition forces.

CSTC-A did not implement an effective system to properly track and account for vehicles transferred to the ANDSF; CSTC-A did not enforce consequences to hold the MOD and MOI accountable for tracking vehicles transferred; and the MOD and MOI did not place adequate controls over the accountability of vehicles they received from DOD and Coalition forces. In addition, the MOD and MOI did not consistently follow property accountability procedures. The MOD and MOI also lacked trained personnel to perform supply chain management. Furthermore, the ANA's common practice of not maintaining vehicles has hindered its ability to successfully maintain and sustain its fleet.

As a result, there was a lack of assurance that all vehicles transferred to the MOD and MOI were used for their intended purpose. In addition, if the ANP and ANA are left to maintain vehicles without contractor assistance, their vehicles will rapidly deteriorate, reducing Afghan forces' ability to defend their country. Furthermore, DOD has spent at least \$21 million on replacement engines and transmissions for High Mobility Multi-Purpose Wheeled Vehicles that likely could have been avoided.

## U.S. Department of State Office of Inspector General-Middle East Regional Operations

During this quarter, State OIG released one report related to Afghanistan reconstruction.

### **Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives (Report No. AUD-CG-15-33, Issued June 30, 2015)**

State OIG conducted this audit to determine the extent to which the Department's grants officer representatives (GORs) were selected and trained to successfully perform their assigned grant-administration and oversight responsibilities. During FY 2013, State awarded approximately \$1.2 billion in grants and cooperative agreements for worldwide programs supporting democracy, human rights, and labor; weapons removal and abatement (demining); educational exchange programs; and public diplomacy programs. Because of this significant commitment to federal assistance, oversight of grantee performance is critical to ensure that taxpayer funds are spent prudently and for their intended purposes. State Department policies require that individuals who will be appointed as GORs be certified by the Department's Procurement Executive after successfully completing mandatory training, and that GOR appointments be limited to individuals working at State in a capacity other than as third-party contractors.

State OIG found that GORs had not always developed required monitoring plans, documented mandatory reviews of the performance reports submitted by the grantees, or requested or obtained additional documentation to verify the reported performance data for any grants. Also, the GORs did not document their reviews of mandatory financial reports submitted by the grantees for any grants. Further, in the financial reports for each grant sampled, State OIG found reporting errors that GORs had not identified. During the audit, State OIG performed a detailed review of the grantee's financial information and found areas of concern regarding documentation for two grants. Specifically, State OIG found questioned costs totaling \$7,128,858.<sup>1</sup> Because this issue required management's immediate attention, in September 2014 State OIG issued the report *Management Assistance Report—Termination of Construction Grants to Omran Holding Group* (AUD-CG-14-37).

<sup>1</sup> The \$7,128,858 noted here includes \$7,048,467 that relates to two grants, the faults of which were initially identified in Report AUD-CG-14-37. The figures noted in that Management Assistance Report totaled to a somewhat smaller figure, but the grantee returned additional funding upon receiving a termination notice for the two grants from SCA after that report was issued. State OIG used the updated figure in report AUD-CG-15-33.

## Government Accountability Office

During this quarter, GAO issued two reports related to Afghanistan reconstruction.

### **Marine Corps and Army Reset Liability Estimates**

**(Report No. GAO-15-569R, Issued June 22, 2015)**

The Marine Corps and Army have each developed their own process for producing reset liability estimates, which are the amount of funding that may be required by a service to reset—i.e., repair, recapitalize, and replace—equipment returning from operations, thereby returning the equipment to combat-ready condition. According to department officials, there is no DOD guidance for the services to use as they produce their reset liability estimates. Although there are similarities in the services' processes for estimating reset liability amounts, there are also key differences.

Specifically, the services use the same definition of reset in preparing their estimates, which is defined in a January 2007 DOD memorandum, in part, as actions taken to restore units to a desired level of combat capability commensurate with the units' future mission. However, the services apply that definition to different categories of equipment and calculate reset liability over different time periods. For example, the Marine Corps' reset liability estimate includes ground equipment, while the Army estimate includes both ground and aviation equipment. Also, the Marine Corps' reset liability estimate covers all fiscal years until reset is complete, while the Army estimate covers a two-year period (current fiscal year and next fiscal year) even though reset may not be completed within those two fiscal years.

### **Afghanistan: Embassy Construction Cost and Schedule Have Increased, and Further Facilities Planning is Needed**

**(Report No. GAO-15-410, Issued May 19, 2015)**

Cost and schedule have increased for the Kabul embassy construction project, in part due to incomplete cost and risk assessment. Cost for the 2009 and 2010 contracts has increased by about 27%, from \$625.4 million to \$792.9 million, and is likely to increase further. Projected completion has been delayed over three years, to fall 2017. The Department of State (State) did not follow its cost containment and risk assessment policies, resulting in lost opportunities to mitigate risks. These risks, such as delays in the sequencing of the two contracts, eventually materialized, increasing cost and extending schedule. Unless State follows its policy, it may be unable to avoid or mitigate risks to cost and schedule on future projects.

GAO recommends that State (1) adhere to its cost-containment and risk assessment policies, (2) consider establishing security standards or guidance for temporary buildings in conflict zones, (3) develop a strategic facilities plan for Kabul, and (4) clarify its strategic facilities and master

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planning policy. State concurred with the first, third, and fourth recommendations and partially concurred with the second.

## U.S. Army Audit Agency

The USAAA completed no audits related to Afghanistan reconstruction this quarter.

## U.S. Agency for International Development Office of Inspector General

This quarter, USAID OIG issued no audits related to reconstruction activities.

## ONGOING OVERSIGHT ACTIVITIES

As of June 30, 2015, the participating agencies reported 10 ongoing oversight activities related to reconstruction in Afghanistan. The activities reported are listed in Table 4.2 and described in the following sections by agency.

TABLE 4.2

ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF JUNE 30, 2015			
Agency	Project Number	Date Initiated	Project Title
DOD IG	D2015-D000JB-0174.000	4/20/2015	Audit of Controls over Afghanistan Ministry of Interior Fuels Contracts
DOD IG	D2015-D000FL-0026.000	10/24/2014	Examination of DOD Execution of Afghanistan National Army Trust Fund Donations to the Afghanistan Security Forces Fund
DOD IG	D2013-D00SPO-0181.000	6/13/2013	Assessment of U.S. Government Efforts to Transition Security Cooperation and Assistance Activities Supporting the Government of the Islamic Republic of Afghanistan from Department of Defense Authority to Department of State Authority
State OIG	15AUD063	4/29/2015	Audit of the Embassy Kabul Operations and Maintenance Contract
GAO	321059	2/5/2015	Afghan Special Immigrant Visa Program
GAO	351991	11/21/2014	Military Construction in a Contingency Environment
GAO	321031	7/9/2014	Securing Diplomatic Residences and Other Soft Targets Overseas
GAO	100003	2/13/2014	Mitigating Threats to Locally Employed Staff
USAID OIG	FF100315	3/31/2015	Audit of USAID/Afghanistan's Assistance in Building Afghanistan by Developing Enterprises Program
USAID OIG	FF101014	8/26/2014	Audit of USAID/Afghanistan's Strategy for Monitoring and Evaluating Its Programs Throughout Afghanistan

Source: DOD IG, response to SIGAR data call, 6/23/2015; State OIG, response to SIGAR data call, 6/26/2015; GAO, response to SIGAR data call, 6/17/2015; USAAA, response to SIGAR data call 6/17/2015; USAID OIG, response to SIGAR data call, 6/1/2015

## U.S. Department of Defense Office of Inspector General

DOD continues to face many challenges in executing its Overseas Contingency Operations (OCO). DOD IG has identified priorities based on those challenges and high risks. For FY 2015, DOD IG oversight focuses

on the areas of monitoring and oversight of acquisition and contracting processes that support training, equipping, and sustaining Afghanistan's security forces. DOD IG will also continue to review and assess the Department's efforts to train and equip Afghan National Defense and Security Forces.

The DOD IG-led Southwest Asia Joint Planning Group assists in coordinating and deconflicting federal and DOD OCO-related oversight activities. DOD IG, working with the SIGAR as well as fellow Inspectors General and Defense oversight-community members, has issued the *FY 2015 Comprehensive Oversight Plan for Southwest Asia*, October 2014. A key theme in the FY 2015 plan development is the force restructuring/draw-down of operations in Afghanistan.

DOD IG's ongoing OEF-related oversight addresses accountability of property; improper payments; contract administration and management, including construction projects; transition planning; logistical distribution within Afghanistan; and acquisition planning and controls over funding for Afghan Security Forces.

## **Audit of Controls over Afghanistan Ministry of Interior Fuels Contracts**

**(Project No. D2015-D000JB-0174.000, Initiated April 20, 2015)**

DOD IG is continuing its series of audits related to Afghanistan contract oversight. In this specific audit, DOD IG will determine whether CSTC-A and the MOI have established effective controls for oversight of MOI fuel contracts.

## **Examination of DOD Execution of Afghanistan National Army Trust Fund Donations to the Afghanistan Security Forces Fund**

**(Project No. D2015-D000FL-0026.000, Initiated October 24, 2014)**

The Deputy Comptroller (Program/Budget), Office of the Under Secretary of Defense (Comptroller), requested this examination. The Deputy Comptroller asserted that the receipts and expenditures, as of June 30, 2014, for projects fully funded from the North Atlantic Treaty Organization (NATO) ANA Trust Fund contributions and received into the Afghanistan Security Forces Fund in FY 2013 or earlier were fairly presented in all material respects. DOD IG is to determine whether the Deputy Comptroller fairly presented the receipts and expenditures from the NATO ANA Trust Fund contributions. In addition, DOD IG will review internal controls over financial reporting and compliance with laws and regulations as it relates to DOD IG's engagement objective. DOD IG's responsibility is to express an opinion based on its examination.

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## **Assessment of U.S. Government Efforts to Transition Security Cooperation and Assistance Activities Supporting the Government of the Islamic Republic of Afghanistan from Department of Defense Authority to Department of State Authority**

**(Project No. 2013-D00SPO-0181.000, Initiated June 13, 2013)**

DOD IG is assessing plans and activities that have been accomplished or implemented thus far to transfer the security-cooperation and assistance activities in Afghanistan from DOD to State Department authority, and to make recommendations to facilitate or improve the transition of these functions to the State Department in accordance with existing security-cooperation guidance and security-assistance regulations that may pertain. Specific objectives are to determine whether:

- U.S. government goals, objectives, plans, and guidance are sufficient, issued, and operative for the transition of CSTC-A security assistance activities in Afghanistan from DOD authority to a security-cooperation organization under Department of State authority
- ongoing efforts by U.S. forces to provide security assistance to GIROA are adversely impacted by the implementation of drawdown plans for U.S. Forces-Afghanistan (USFOR-A) and the transition of International Security Assistance Force (ISAF) and ISAF Joint Command (JIC) to a command organization under NATO authority

## **U.S. Department of State Office of Inspector General-Middle East Regional Operations**

State OIG has one ongoing project this quarter related to Afghanistan reconstruction.

### **Audit of the Embassy Kabul Operations and Maintenance Contract**

**(Project No. 15AUD063, Initiated April 29, 2015)**

Pacific Architects and Engineers Government Services Inc. (PAE) operates and maintains the utility systems for the U.S. embassy compound and Camp Sullivan in Kabul, Afghanistan. (Camp Sullivan is located by Kabul International Airport and provides the living quarters for the embassy's security force.) PAE provides support services 24 hours a day, 365 days a year, for electrical generation and distribution; heating and ventilation; water supply purification and distribution; fire protection; sewage and wastewater treatment; elevator maintenance; and fuel storage and distribution for generators and vehicle. PAE also provides unscheduled services to embassy offices and living quarters and escort services for subcontractors and other individuals without security clearances who work at secure sites on the embassy compound.

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This audit will be the first in a series of audits on the PAE operations and maintenance contract. An audit of the PAE operations and maintenance contract will address risk areas related to Department management and oversight of contractor performance, an area identified by OIG as a management and performance challenge. (See: *Fiscal Year 2014 Agency Financial Report*, United States Department of State; pp. 118 – 120; 11/2014) The first audit will focus on risk areas in the fuel-storage and distribution system and possibly offer the opportunity for monetary benefits. Future audits will focus on other services provided by PAE.

## **Audit of Department of State Selection, Positioning, Training, and Oversight Responsibilities of Grants Officer Representatives**

**(Project No. 14AUD034, Initiated February 11, 2014)**

Objective: To determine the extent to which the Department's grant officer representatives are selected, positioned, and trained to successfully perform their assigned grants-administration and oversight responsibilities.

## **Government Accountability Office**

GAO has four ongoing projects this quarter related to Afghanistan reconstruction.

### **Afghan Special Immigrant Visa Program**

**(Project No. 321059, Initiated February 5, 2015)**

The Afghanistan Special Immigrant Visa (SIV) program provides visas to Afghan nationals and their families who are under threat because of their work for State and USAID, or other U.S. agencies. A high rate of applications for the Afghan SIV program, coupled with short tours by State and USAID U.S. personnel in Afghanistan, could diminish the U.S. government's institutional knowledge, local relationships, and cultural understanding in that country. Key Questions: (1) How has State and USAID's workforce in Afghanistan been affected by the departure of SIV recipients? (2) To what extent, if any, have State and USAID developed plans to mitigate the departure of Afghan SIV recipients? (3) What actions, if any, have State and USAID taken to mitigate the departure of Afghan SIV recipients?

### **Military Construction in a Contingency Environment**

**(Project No. 351991, Initiated November 21, 2014)**

The audit will examine: (1) The processes DOD officials used to make decisions about military construction in Iraq and Afghanistan, to include procedures for determining whether a structure should be permanent or temporary; (2) The costs associated with decisions made about military construction in Iraq and Afghanistan, to include the sources of funding;

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(3) Any lessons the Department has learned about military construction during contingency operations based on the experiences of Iraq and Afghanistan; and (4) Any other issues related to military construction in a contingency environment that may come to light during the course of the audit.

## **Securing Diplomatic Residences and Other Soft Targets Overseas**

**(Project No. 321031, initiated July 9, 2014)**

U.S. personnel posted in diplomatic facilities overseas continue to face threats to their safety and security, including numerous attacks in high-risk locations in recent years. In particular, residences, recreational facilities, and schools used by these personnel and their families may be attractive “soft targets.” Key questions: (1) How does State manage threats and risks to residences and other soft targets under chief-of-mission authority overseas? (2) To what extent do State’s security standards for residences and other soft targets address the threats and risks faced by such facilities? (3) To what extent do State’s policies and procedures address security vulnerabilities, if any, at residences and other soft targets?

## **Mitigating Threats to Locally Employed Staff**

**(Project No. 100003, Initiated February 13, 2014)**

U.S. agencies employ more than 44,000 locally employed staff (LES)—Foreign Service nationals and U.S. citizens—at over 270 posts worldwide. LES are a key element of the U.S. presence at these posts, often performing a range of programmatic, security, monitoring, maintenance, and other duties. However, due to their association with the United States, LES can be subject to harassment, intimidation, and death threats. Threats to LES are particularly acute at posts in countries with active terrorist networks and violent extremist groups, such as Afghanistan, Iraq, Pakistan, and Yemen. Such threats can potentially hamper U.S. efforts to recruit and retain LES.

GAO was asked to review U.S. government efforts to monitor, share information about, and mitigate threats to LES serving at high-threat posts. Key questions: (1) What is the nature and extent of the threat that terrorist networks and other violent extremist groups pose to LES, including the number of threats and attacks? (2) To what extent have U.S. agencies established mechanisms to collect and disseminate information about threats to LES in an effective and timely manner? (3) What steps, if any, have U.S. agencies taken to mitigate threats to LES at high-threat posts and what barriers, if any, exist to mitigating such threats? (4) How have these threats and attacks affected the recruitment and retention of LES at high-threat posts?

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## **U.S. Army Audit Agency**

This quarter the USAAA has no ongoing audits related to Afghanistan reconstruction.

## **U.S. Agency for International Development Office of Inspector General**

This quarter USAID OIG has two ongoing audits related to reconstruction initiatives.

### **Audit of USAID/Afghanistan's Assistance in Building Afghanistan by Developing Enterprises Program**

**(Project No. FF100315, Initiated March 31, 2015)**

*Audit Objective:*

- Is USAID/Afghanistan's Assistance in Building Afghanistan by Developing Enterprises Program increasing private-sector investment, creating new jobs, and improving the business environment as planned?

### **Audit of USAID/Afghanistan's Strategy for Monitoring and Evaluating Its Programs Throughout Afghanistan**

**(Project No. FF101014, Initiated August 26, 2014)**

*Audit Objective:*

- Does USAID/Afghanistan's monitoring and evaluation strategy provide effective coverage over USAID's program activities in Afghanistan?