

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

JUL 30  
2021

QUARTERLY REPORT TO THE UNITED STATES CONGRESS





## **The National Defense Authorization Act for FY 2008 (Pub. L. No. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).**

SIGAR's oversight mission, as defined by the legislation, is to provide for the independent and objective

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations, and to prevent and detect waste, fraud, and abuse in such programs and operations.
- means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operation and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

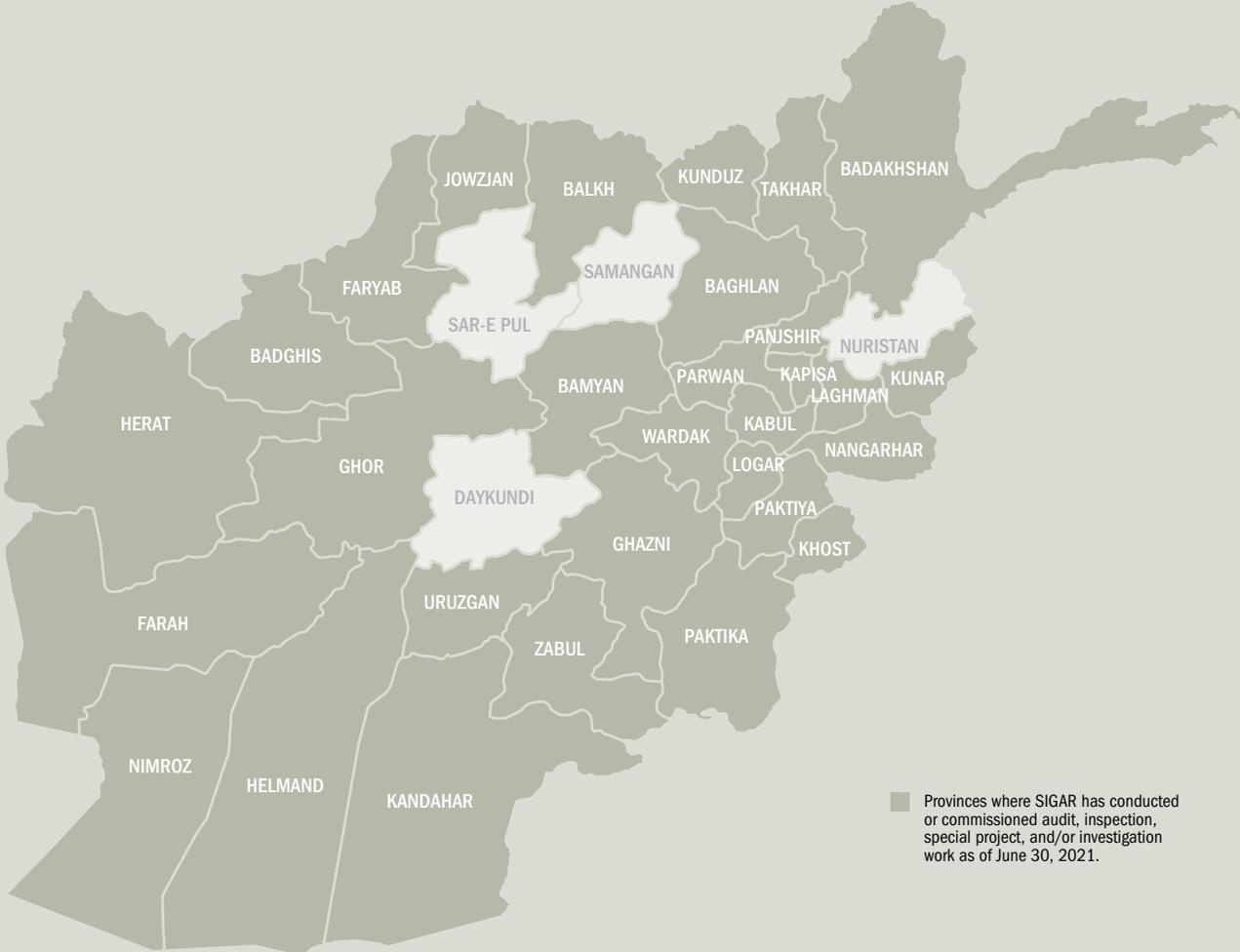
As required by the National Defense Authorization Act for FY 2018 (Pub. L. No. 115-91), this quarterly report has been prepared in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Source: Pub. L. No. 110-181, National Defense Authorization Act for FY 2008, 1/28/2008, Pub. L. No. 115-91, National Defense Authorization Act for FY 2018, 12/12/2017.

(For a list of the congressionally mandated contents of this report, see Appendix A.)

### **Cover photo:**

Afghan soldiers sit inside Bagram Airfield north of Kabul after the July 2021 departure of U.S. and Coalition soldiers. (AFP photo by Wakil Kohsar)



■ Provinces where SIGAR has conducted or commissioned audit, inspection, special project, and/or investigation work as of June 30, 2021.



SPECIAL INSPECTOR GENERAL FOR  
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, the Secretaries of State and Defense, and the American people, SIGAR's 52nd quarterly report on the status of reconstruction in Afghanistan.

This quarter, the United States and its allies withdrew nearly all of their troops from Afghanistan after almost 20 years of war. Fewer than a thousand U.S. military personnel remain there, compared to 110,000 a decade ago. President Joseph R. Biden has said that the United States will continue to provide support for Afghanistan, including for its military and police. The President's proposed FY 2022 budget includes \$3.33 billion for the Afghan National Defense and Security Forces (ANDSF) as well as \$364 million in civilian assistance. If appropriated by Congress, these funds would come in addition to the approximately \$6.68 billion already appropriated, but yet to be disbursed for Afghanistan.

The news coming out of Afghanistan this quarter has been bleak. The Taliban offensive that began early in the quarter accelerated in June and July. General Mark Milley, chairman of the Joint Chiefs of Staff, testified on June 23 that the Taliban controlled about 81 districts. Less than a month later, on July 21, he told reporters the group now controlled about half of Afghanistan's 419 districts, or more than twice as many as before. According to media reporting, the Taliban also controlled large stretches of multiple major highways, and at least six international border crossings as this report went to press. The ANDSF has retaken some districts and the Afghan government still controls all 34 provincial capitals, including Kabul, but from public reporting, the ANDSF appeared surprised and unready, and is now on its back foot. Civilian casualties hit a record high in May and June, according to the UN Assistance Mission in Afghanistan. The overall trend is clearly unfavorable to the Afghan government, which could face an existential crisis if it isn't addressed and reversed.

SIGAR's oversight mission has become both more consequential and more challenging in the absence of a major U.S. troop presence, and in light of the growing insurgent pressure on the Afghan government. Despite repeated reductions in American staff at the U.S. embassy, SIGAR remains the only U.S. oversight agency on the ground in Afghanistan, so maximizing the reach and impact of our statutory duty takes on increased importance. SIGAR issued a letter this quarter to the Administration and Congress proposing four changes that we believe, based on our 13 years of experience, would enhance the protection of continued U.S. taxpayer assistance to Afghanistan. SIGAR's recommendations and its plans for continued oversight are discussed on page 18 of this report.

A lessons-learned report released this quarter—*The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan*—explores the now two-decade-long challenge of how to properly assess the effectiveness of reconstruction. The report's key finding is that, as implemented, monitoring and evaluation (M&E) created the risk of doing the wrong thing perfectly. That is, programs could be deemed "successful" even if they had not achieved or contributed to broader, more important goals—such as creating an effective Afghan security force and a stable Afghanistan. Closely related to this finding is one of the report's central themes: the pervasiveness of overoptimism. Overall, M&E displayed a tendency to elevate good news and anecdotes over data suggesting a lack of progress. To that extent, the report is especially useful for

policymakers and practitioners seeking to understand why the Afghan security forces have continued to struggle despite the U.S. assertions of success that have been hallmarks of reconstruction.

On a more positive note, the report found that agencies generally have developed over the last 20 years relatively robust M&E—or M&E-like—policies. Key aspects of these policies have the potential to improve both programmatic and strategic outcomes, provided that they are meaningfully implemented. We believe the lessons and recommendations presented in the report are relevant not only to Afghanistan, but also to U.S. efforts to promote stability elsewhere around the world.

This lessons-learned report was one of 12 products SIGAR issued this quarter. SIGAR work to date has identified approximately \$3.84 billion in savings for the U.S. taxpayer.

SIGAR issued three evaluation reports this quarter. One evaluation reviewed the status of 467 recommendations from SIGAR's nine-year financial audit program. It found that the Departments of Defense and State, the U.S. Agency for International Development (USAID), and the U.S. Department of Agriculture had closed or implemented 376, or 81% of these recommendations, as of December 31, 2020. SIGAR's reports also called into question the allowability of \$494 million in costs incurred by these agencies. The second evaluation examined USAID's \$10 million Goldozi job-creation project and the reasons it has not achieved its goals. The third evaluation assessed the transition of ANDSF fuel-management responsibilities to the Afghan government, and CSTC-A's lack of implementation of prior SIGAR recommendations regarding ANDSF fuel.

SIGAR completed seven financial audits of U.S.-funded projects to rebuild Afghanistan that identified \$739,105 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These financial audits covered a range of topics including USAID's Civic Engagement Program, the State Department's Legal Aid through Legal Education Program, and the U.S. Air Force's support for operation and maintenance of the Afghan Air Force's A-29 ground-attack aircraft.

During the reporting period, SIGAR criminal investigations resulted in two criminal informations (a prosecutor's allegation of a crime, as distinct from a grand-jury indictment), two guilty pleas, one sentencing, \$179,708 in restitutions, and an impressive \$11.9 million in civil settlements.

As the situation in Afghanistan changes, SIGAR is adapting to the new reality. My colleagues and I look forward to working together with Congress and the Administration to continue to protect U.S. taxpayer funds in Afghanistan from waste, fraud, and abuse, and to improve the overall operations of the U.S. government in overseas contingency operations.

Sincerely,

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

John F. Sopko

# EXECUTIVE SUMMARY

**This report summarizes SIGAR’s oversight work and updates developments in four major areas of reconstruction efforts in Afghanistan from April 1 to June 30, 2021.\***

**During this reporting period, SIGAR issued 12 audits, evaluations, and other products assessing U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the production and sale of narcotics. In this period, SIGAR criminal investigations resulted in two criminal informations, two guilty pleas, one sentencing, \$179,708 in restitutions, and \$11.9 million in civil settlements.**

## SIGAR OVERVIEW

### AUDITS AND INSPECTIONS

This quarter, SIGAR issued three evaluation reports and seven financial-audit reports.

The **evaluation reports** examine:

- the status of recommendations from SIGAR’s nine-year financial audit program, which found \$494 million in questioned costs resulting from insufficient supporting documentation or noncompliance with laws and regulations
- USAID’s \$10 million Goldozi job-creation project and the reasons it has not achieved its goals

- the transition of Afghan National Defense and Security Forces fuel-management responsibilities to the Afghan government, and persistent challenges stemming from the Combined Security Transition Command-Afghanistan not implementing prior SIGAR recommendations regarding fuel accountability and oversight

The seven **financial-audit reports** identify \$739,105 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

### KEY EVENTS, MAY-JULY

April 21: Secretary of State Blinken says Administration is working with Congress to provide \$300 million more civilian assistance to Afghanistan in 2021.



# EXECUTIVE SUMMARY

## LESSONS LEARNED

SIGAR's Lessons Learned Program released its tenth **lessons-learned report** this quarter: *The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan*. This report reviews how reconstruction contracts have been monitored and evaluated in Afghanistan since 2001. It also analyzes how multiple contracts—for example, portfolios of contracts in sectors like health or education—were assessed to determine their net effect and overall impact.

The Lessons Learned Program has two projects in development: a 20-year retrospective on the reconstruction effort and the broader war in Afghanistan, and a report on the role of police in conflict.

**Investigations** highlights include:

- the guilty plea of a U.S. defense contractor for perpetrating a scheme to defraud the Afghan government of \$100 million in USAID-provided funds for construction of an electrical grid
- an \$11 million settlement from a U.S. contractor alleged to have made false claims when executing a \$500 million airlift-services contract
- the sentencing of a U.S. contractor to 51 months' imprisonment, three years' probation, and \$179,708 in restitutions, for organizing a theft ring that allowed unknown and unvetted Afghan nationals to enter a U.S. military installation and steal property

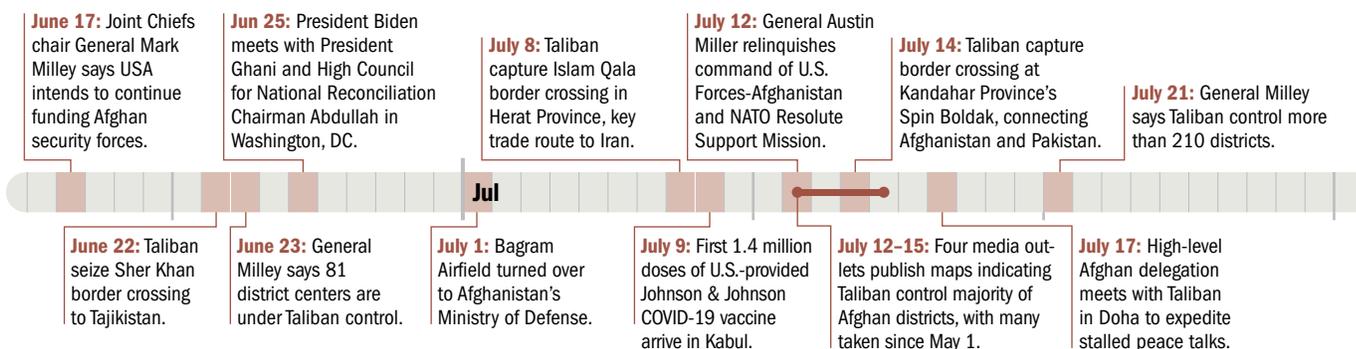
## INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in two criminal informations (a prosecutor's allegation of a crime, as distinct from a grand-jury indictment), two guilty pleas, one sentencing, \$179,708 in restitutions, and \$11.9 million in civil settlements. SIGAR initiated six new cases and closed eight, bringing the total number of ongoing investigations to 94.

## RESEARCH AND ANALYSIS

SIGAR's Research and Analysis Directorate issued its 52nd *Quarterly Report to the United States Congress*.

\* As provided in its authorizing statute, SIGAR may also report on products and events issued or occurring after June 30, 2021, up to the publication date of this report. Unless otherwise noted, all afghani-to-U.S. dollar conversions used in this report are derived by averaging the last six months of exchange-rate data available through Da Afghanistan Bank ([www.dab.gov.af](http://www.dab.gov.af)), then rounding to the nearest afghani. Data as of June 28, 2021.





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“The partnership between Afghanistan and the United States is not ending. It’s going to be sustained. And, you know, our troops may be leaving, but support for Afghanistan is not ending, in terms of support and maintenance of their military, as well as economic and political support.”

—*President Joseph R. Biden*

# 1 SIGAR OVERSIGHT



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Army Gen. Austin Scott Miller transfers responsibility for U.S. Forces-Afghanistan to Marine Corps Gen. Kenneth McKenzie, commander of U.S. Central Command, in a July 12 ceremony in Kabul as the U.S. troop withdrawal from Afghanistan continues. (DOD photo)

## SIGAR OVERSIGHT ACTIVITIES

This quarter, SIGAR issued 12 products. SIGAR work to date has identified approximately \$3.84 billion in savings for the U.S. taxpayer.

SIGAR's Lessons Learned Program issued its tenth report, *The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan*. The report examines how reconstruction contracts have been monitored and evaluated in Afghanistan since 2001. It also analyzes how multiple contracts—for example, portfolios of contracts in sectors like health or education—were assessed to determine their net effect and overall impact.

SIGAR issued three evaluation reports this quarter. One evaluation reviewed the status of recommendations from SIGAR's nine-year financial audit program, which found \$494 million in questioned costs resulting from insufficient supporting documentation or noncompliance with laws and regulations. The second evaluation examined USAID's \$10 million Goldozi job creation project and the reasons it has not achieved its goals. The third evaluation assessed the transition of Afghan National Defense and Security Forces (ANDSF) fuel-management responsibilities to the Afghan government, and persistent challenges stemming from the Combined Security Transition Command-Afghanistan (CSTC-A) not implementing prior SIGAR recommendations regarding fuel accountability and oversight.

SIGAR completed seven financial audits of U.S.-funded projects to rebuild Afghanistan that identified \$739,105 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These financial audits covered a range of topics including USAID's Civic Engagement Program, the State Department's Legal Aid through Legal Education Program, and the U.S. Air Force's support for operation and maintenance of Afghan Air Force A-29 aircraft.

During the reporting period, SIGAR criminal investigations resulted in two criminal informations (a prosecutor's allegation of a crime, as distinct from a grand-jury indictment), two guilty pleas, one sentencing, \$179,708 in restitutions, and \$11.9 million in civil settlements.

### AUDITS

SIGAR conducts performance and financial audits of programs and projects connected to the reconstruction effort in Afghanistan. This quarter, SIGAR

#### ISSUED EVALUATION REPORTS

- SIGAR 21-33-IP: SIGAR Financial Audits: \$494 Million Questioned Because of Insufficient Supporting Documentation or Noncompliance with Laws and Regulations
- SIGAR 21-37-IP: USAID's Goldozi Project in Afghanistan: Project Has Not Achieved Its Goals and COVID-19 Further Curtailed Project Implementation
- SIGAR 21-43-IP: Fuel for the Afghan National Defense and Security Forces: Additional Steps Required to Successfully Transition Fuel Responsibilities to the Afghan Government

#### ISSUED FINANCIAL AUDIT REPORTS

- Financial Audit 21-34-FA: U.S. Air Force Support for Operation and Maintenance of A-29 Aircraft for the Afghan Air Force: Audit of Costs Incurred by Sierra Nevada Corp.
- Financial Audit 21-35-FA: USAID's Conflict Mitigation Assistance for Civilians Program in Afghanistan: Audit of Costs Incurred by Blumont Global Development Inc.
- Financial Audit 21-36-FA: USAID's Afghan Civic Engagement Program: Audit of Costs Incurred by Counterpart International Inc.
- Financial Audit 21-38-FA: Department of State's Cluster Munitions Clearance Projects: Audit of Costs Incurred by the Demining Agency for Afghanistan
- Financial Audit 21-39-FA: USAID's Strengthening Civic Engagement in Elections in Afghanistan Program: Audit of Costs Incurred by the Consortium for Elections and Political Process Strengthening

*Continued on the next page*

# SIGAR OVERSIGHT ACTIVITIES

*Continued from the previous page*

- Financial Audit 21-40-FA: USAID's Emergency Water, Sanitation, and Hygiene: Assistance to Disaster Affected Populations in Afghanistan: Audit of Costs Incurred by the Agency for Technical Cooperation and Development
- Financial Audit 21-42-FA: Department of State's Legal Aid through Legal Education Program: Audit of Costs Incurred by The Asia Foundation

## ISSUED LESSONS-LEARNED REPORT

- SIGAR 21-41-LL: The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan

## ISSUED QUARTERLY REPORT

- SIGAR 2021-QR-3: Quarterly Report to the United States Congress

## ISSUED EVALUATION REPORTS

- SIGAR 21-33-IP: SIGAR Financial Audits: \$494 Million Questioned Because of Insufficient Supporting Documentation or Noncompliance with Laws and Regulations
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- SIGAR 21-43-IP: Fuel for the Afghan National Defense and Security Forces: Additional Steps Required to Successfully Transition Fuel Responsibilities to the Afghan Government

has 20 ongoing performance audits and evaluations, and 35 ongoing financial audits.

## Evaluation Reports Issued

This quarter, SIGAR issued three evaluation reports. The first reviewed the status of recommendations from SIGAR's nine-year financial audit program. The second examined USAID's \$10 million Goldozi job-creation project. The third assessed the transition of Afghan National Defense and Security Forces (ANDSF) fuel-management responsibilities to the Afghan government. A list of completed and ongoing evaluation reports and performance audits can be found in Appendix C of this quarterly report.

### Evaluation 21-33-IP: SIGAR Financial Audits

#### **\$494 Million Questioned Because of Insufficient Supporting Documentation or Noncompliance with Laws and Regulations**

SIGAR launched its financial audit program in 2012 to address Congressional and oversight community concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts, cooperative agreements, and grants awarded in support of overseas contingency operations.

Between January 1, 2012, and December 31, 2020, SIGAR issued 176 financial-audit reports, covering \$8.5 billion in costs incurred on awards funded by DOD, State, USAID, and USDA for Afghanistan reconstruction. In those reports, SIGAR made 467 recommendations, of which DOD, State, USAID, and USDA have closed and implemented 376, or 81%, as of December 31, 2020. Further, as of December 31, 2020, 42 recommendations remained open awaiting action from the respective agency. These open recommendations include \$77 million in questioned costs.

SIGAR's reports called into question the allowability of over \$494 million in costs incurred by DOD, State, USAID, and USDA. These reports included recommendations that agency contracting officers and agreement officers (CO/AO) determine the allowability of questioned costs and recover them when appropriate. These reports questioned incurred costs for three reasons: (1) insufficient supporting documentation, (2) noncompliance with laws and/or regulations, and (3) costs incurred outside of the award terms.

Federal guidelines require implementing partners, as award recipients, to comply with these audits, including by preparing a schedule of incurred costs for their award and providing supporting documentation related to those costs and access to their accounting records. However, the costs SIGAR questioned resulted from implementing partners' failure to provide sufficient documentation to show that costs were allowable and in compliance with federal laws, regulations, and award terms. Forty-one percent of SIGAR financial audits included either a disclaimer or modified opinion on the implementing partner's Special Purpose Financial Statements,

meaning their financial data was grossly misstated, not prepared according to accounting standards, or could not be deemed accurate. DOD and USAID awards accounted for 87% of the questioned costs.

As of December 31, 2020, contracting officers and agreement officers at DOD, State, USAID, and USDA made determinations on \$417 million of the \$494 million in questioned costs identified in SIGAR's financial audits, disallowing \$28 million and allowing \$389 million. In determining the allowability of those questioned costs, the CO/AO generally requests supporting documentation from the implementing partner. While agency CO/AO determination letters state the basis for their decisions (i.e., that they received sufficient support), the letters do not specify what supporting documentation COs/AOs reviewed in making their determinations.

To determine the reason funding agencies allowed or disallowed questioned costs, SIGAR examined all its financial audits that questioned more than \$5 million of costs and where the CO/AO made a determination on the allowability of those costs. SIGAR identified 12 such reports, which accounted for 71% of all the costs questioned in its financial audits. Agency COs/AOs wrote 18 determination letters examining the questioned costs, wherein they made 67 determinations that generally fell into the following four categories: (1) implementing partners subsequently provided sufficient supporting documentation for questioned costs; (2) services were provided to the government; (3) costs were determined to comply with federal law, regulations, and award terms; and (4) costs were shown to have been approved prior to being incurred.

SIGAR made no recommendations in this report because clear criteria already exist that require implementing partners to provide all documentation to federal auditors related to costs incurred on federal awards. Nevertheless, given the issues it identified, this report urges contracting officers and agreement officers at DOD, State, USAID, and USDA to reemphasize to implementing partners the importance of these requirements at the outset of awards.

## **Evaluation 21-37-AR: USAID's Goldozi Project in Afghanistan Project Has Not Achieved Its Goals and COVID-19 Further Curtailed**

### **Project Implementation**

In June 2017, USAID initiated the Afghanistan Job Creation Program to generate revenue for the Afghan government, and to create sustainable jobs by supporting value-chain development. This program funded multiple project awards, with values ranging from \$2 million to \$10 million. On April 5, 2018, as part of this Afghanistan Job Creation Program, USAID awarded Family Health International 360 (FHI 360), a U.S.-based non-profit organization, a four-year cooperative agreement valued at about \$9.7 million to initiate and support the Goldozi Project. Goldozi, the Dari word for embroidery, has a long history in Afghanistan and is a source of revenue for many low-income

# SIGAR OVERSIGHT ACTIVITIES

Afghan households. FHI 360 was responsible for launching the Goldozi Project, achieving project objectives, and administering USAID funding.

USAID provided FHI 360 about \$4.96 million to fund the first two years of the Goldozi Project; the remaining \$4.76 million was to be provided incrementally, pending approval by the USAID agreement officer's representative. As of February 10, 2021, USAID had disbursed nearly \$5.1 million for FHI 360 to fund Goldozi Project activities, leaving \$4.6 million in remaining program funds. The project is scheduled for completion on April 4, 2022.

During the Goldozi Project's first three years, SIGAR found that FHI 360 did not achieve its targets for training sales agents, improving employment opportunities and conditions, or increasing incomes of embroiderers. Although FHI 360 was successful in training 140 certified sales agents from FY 2018 through FY 2020, the target was 430 agents. In addition, FHI 360 has provided new or better employment to only 870 program participants, falling 80% short of the project's target for the first three years. Further, the Goldozi Project never had a year in which it reported improved incomes for program participants, and at the end of FY 2020, the overall incomes of participating embroiders had decreased.

While the Goldozi Project has not met any of these targets, USAID noted that achieving targets was made more difficult when project activities were severely curtailed by the COVID-19 pandemic beginning in March 2020.

In addition, the Goldozi Project monitoring plan established two performance indicators to help monitor progress toward meeting its objective of supporting trade promotion and increasing exports of embroidered products. The first performance indicator, the number of private sector engagement initiatives established, tracked the number of private organizations that joined the Goldozi Partnership Network and would be available to raise the profile of Afghan embroidery. The Goldozi Partnership Network is a collection of private businesses, trade and financial organizations, and non-governmental organizations that assist FHI 360 in promoting the embroidery trade and improving the lives of Afghan embroiderers. The second performance indicator tracked the sales of embroiderers assisted by the Goldozi Project.

FHI 360 met neither performance indicator for FY 2018 through FY 2020. Specifically, the Goldozi Project conducted 81% of the targeted number of private-sector engagements for FY 2018 through FY 2020, and achieved only 17% of its sales target in FY 2020 (the only year that included a specific target).

According to USAID, the COVID-19 pandemic severely impacted the Goldozi Project's activities in 2020; activities were suspended from mid-March 2020 through October 2020. In August 2020, FHI 360 submitted a revised monitoring plan to USAID that proposed lowering the total sales target for the program's life to \$5.2 million, a difference of about 68%, because of the Goldozi Project's inability to meet the established sales target. In

March 2021, USAID told SIGAR that it was in the process of determining if the current monitoring plan's sales target was "binding and realistic."

SIGAR made one recommendation to help ensure that the Goldozi Project achieves its program objectives while safeguarding USAID funding. SIGAR recommended that the USAID Mission Director for Afghanistan consider withholding or delaying future funding disbursements until USAID makes a determination whether to continue funding the Goldozi Project, thereby potentially saving \$4.6 million in taxpayer funds.

## **Evaluation 21-43-IP: Fuel for the Afghan National Defense and Security Forces**

### **Additional Steps Required to Successfully Transition Fuel Responsibilities to the Afghan Government**

In 2005, Congress appropriated funds for the Afghanistan Security Forces Fund (ASFF) to train, equip, and provide related assistance to the ANDSF, supporting its development, effectiveness, and sustainability. Within DOD, CSTC-A had primary responsibility for managing the ASFF. CSTC-A used ASFF funds to, among other things, purchase equipment, construct and repair infrastructure, pay personnel, and purchase fuel for the ANDSF. DOD also tasked CSTC-A to help train and advise the ANDSF on fuel management, including requesting fuel in an emergency, and using consumption reports to identify the amount of fuel used as a way to help forecast future fuel needs.

From FY 2010 through FY 2020, DOD spent \$3.74 billion on fuel for the ANDSF; DOD plans to spend an additional \$1.45 billion through FY 2025. This fuel was required to operate more than \$9.82 billion in vehicles and aircraft DOD procured for the ANDSF, and to provide power to ANDSF bases and installations.

In April 2018, a SIGAR report highlighted serious issues with DOD's management and oversight of the fuel provided to the ANDSF. SIGAR made six recommendations to CSTC-A's commanding general to address its concerns. However, in October 2019, CSTC-A told SIGAR that it was transitioning responsibility for ANDSF fuel to the Afghan government within three years. CSTC-A did not explain how the Afghan government's inability to effectively manage and oversee ANDSF fuel activities, which SIGAR identified in 2018, had been mitigated.

Although CSTC-A developed a timeline for transitioning fuel responsibility to the Afghan government, SIGAR found that CSTC-A did not develop a transition plan in accordance with DOD guidance to ensure adequate controls and systems were in place so the Afghan government could effectively manage and oversee the ANDSF's fuel activities. Despite recommendations in DOD guidance, CSTC-A's timeline did not specify efforts for monitoring and collecting information on the transition's status, evaluating progress toward achieving objectives, or recommending and directing action for

# SIGAR OVERSIGHT ACTIVITIES

improvement. In addition, CSTC-A's timeline was not accompanied by any analysis of the Afghan government's ability to manage and oversee ANDSF fuel activities.

CSTC-A is relying on multiple factors for transition success—increased economic growth in Afghanistan leading to the Afghan government spending more on its national defense, connection to the electrical grid, and processes to protect against fuel corruption. However, each of these factors faces challenges that threaten transition success.

In addition, SIGAR found that CSTC-A has made little progress in addressing its prior ANDSF fuel recommendations. Specifically, in April 2018, SIGAR reported on oversight and accountability weaknesses associated with CSTC-A's provision of fuel to the ANDSF. SIGAR made six recommendations to help improve accountability and safeguard U.S.-funded fuel for the ANDSF. However, CSTC-A did not implement five of the six recommendations and did not fully address issues SIGAR identified.

CSTC-A's implementation of only one of SIGAR's six recommendations from 2018 further threatens the successful transition of fuel responsibilities to the Afghan government. CSTC-A's successor has time to take action, but must act with a greater sense of urgency if the transition is to be complete by 2025. DOD shut CSTC-A down in June 2021 and transferred many of its responsibilities to DOD's newly created Defense Security Cooperation Management Office-Afghanistan (DSCMO-A).

SIGAR made seven recommendations in the 2021 report. To enhance accountability and help ensure transition of responsibility for U.S.-funded fuel to the ANDSF, SIGAR recommended that the commanding general of DSCMO-A (1) develop a transition plan that includes metrics for assessing performance, the risks associated with different courses of action, and cost-benefit analysis for the transition of fuel responsibility to the Afghan government.

In addition, because previous CSTC-A leadership did not implement SIGAR's 2018 report recommendations to improve fuel accountability, oversight, and the transition of fuel responsibilities to the ANDSF, and the issues prompting those recommendations remain largely unchanged, SIGAR recommended that the commanding general of DSCMO-A; (2) develop a plan for using remote monitoring methods or other technology-based solutions to provide visibility and accountability throughout the fuel process; (3) establish a formal agreement with the Ministry of Defense (MOD) and Ministry of Interior (MOI) requiring the ANDSF to regularly submit accurate fuel consumption data to DSCMO-A; (4) develop a plan to expand and standardize the trainings for ANDSF fuel personnel below the corps level on fuel quality testing methods and fuel handling procedures; (5) reconsider the feasibility of working with the MOD and MOI to develop and implement a plan to upgrade and repair infrastructure and equipment at ANDSF fuel sites; (6) document actions DSCMO-A takes with the MOD and MOI to help

# SIGAR OVERSIGHT ACTIVITIES

improve fuel accountability and oversight. Lastly, to enhance oversight for the current fuel responsibility until responsibilities fully transition to the Afghan government, SIGAR recommends that the commanding general, Army Contracting Command, (7) reinforce reporting requirements to Army Contracting Command contracting officials to help ensure that contract terms are followed and required documents are included in the file.

## 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 duplicative efforts.

This quarter, SIGAR completed seven financial audits of U.S.-funded projects to rebuild Afghanistan, in addition to 35 ongoing financial audits with over \$522 million in auditable costs, as shown in Table 1.1. A list of completed and ongoing financial audits can be found in Appendix C of this quarterly report.

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 \$502 million in **questioned costs** and \$366,718 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of June 30, 2021, funding agencies had disallowed \$28 million in questioned amounts, which are thereby subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, final disallowed-cost determinations remain to be made for several of SIGAR's issued financial audits. SIGAR's financial audits also have identified and reported 608 compliance findings and 665 internal-control findings to the auditees and funding agencies.

## Financial Audit Reports Issued

The seven financial audits completed this quarter identified \$739,105 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

TABLE 1.1

SIGAR'S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
193 completed audits	\$8.66
35 ongoing audits	0.52
<b>Total</b>	<b>\$9.17</b>

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

Source: SIGAR Audits and Inspections Directorate.

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

**Questioned costs:** Costs determined to be potentially unallowable. The two types of questioned costs are (1) ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc. or an unnecessary or unreasonable expenditure of funds); and (2) unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

# SIGAR OVERSIGHT ACTIVITIES

## ISSUED FINANCIAL AUDIT REPORTS

- Financial Audit 21-36-FA: USAID's Afghan Civic Engagement Program: Audit of Costs Incurred by Counterpart International Inc.
- Financial Audit 21-42-FA: Department of State's Legal Aid through Legal Education Program: Audit of Costs Incurred by The Asia Foundation
- Financial Audit 21-38-FA: Department of State's Cluster Munitions Clearance Projects: Audit of Costs Incurred by the Demining Agency for Afghanistan
- Financial Audit 21-40-FA: USAID's Emergency Water, Sanitation, and Hygiene: Assistance to Disaster Affected Populations in Afghanistan: Audit of Costs Incurred by the Agency for Technical Cooperation and Development
- Financial Audit 21-34-FA: U.S. Air Force Support for Operation and Maintenance of A-29 Aircraft for the Afghan Air Force: Audit of Costs Incurred by Sierra Nevada Corp.
- Financial Audit 21-35-FA: USAID's Conflict Mitigation Assistance for Civilians Program in Afghanistan: Audit of Costs Incurred by Blumont Global Development Inc.
- Financial Audit 21-39-FA: USAID's Strengthening Civic Engagement in Elections in Afghanistan Program: Audit of Costs Incurred by the Consortium for Elections and Political Process Strengthening

### **Financial Audit 21-36-FA: USAID's Afghan Civic Engagement Program Audit of Costs Incurred by Counterpart International Inc.**

On December 4, 2013, USAID awarded a \$70 million cooperative agreement to Counterpart International Inc., to support the Promoting Afghan Civic Engagement Program; the name of the program was later changed to the Afghan Civic Engagement program. The program's objective was to promote Afghan civil-society and media engagement to influence public policy, government accountability, and political reform. After 18 modifications, the agreement's total funding increased to \$79,120,000, and the period of performance was extended from December 3, 2018, through February 15, 2020. The original agreement also included a cost-share component requiring Counterpart to provide \$2,461,116 for the program; subsequent modifications to the agreement decreased the cost share to \$2,389,495.

SIGAR's financial audit, performed by Davis Farr LLP, reviewed \$13,270,330 in costs charged to the agreement, and \$731,781 in Counterpart's shared costs from October 1, 2018, through February 15, 2020. The auditors identified three significant deficiencies in Counterpart's internal controls, and three instances of noncompliance with the terms of the agreement. Davis Farr identified \$630,418 in questioned costs charged to the agreement related to these issues.

### **Financial Audit 21-42-FA: Department of State's Legal Aid through Legal Education Program**

#### **Audit of Costs Incurred by The Asia Foundation**

On April 1, 2015, the U.S. Department of State awarded a \$3 million cooperative agreement to The Asia Foundation to support the Legal Aid through Legal Education program. The program's objectives were to increase access to justice, support the Practical Legal Education Program, and to ensure sustainability of the increasing access to the justice system. After seven modifications, the agreement's total funding increased to \$10,535,003, and the period of performance was extended from September 30, 2016, to February 29, 2020.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$10,056,772 in costs charged to the agreement from April 1, 2015, through February 29, 2020. The auditors identified three significant deficiencies in The Asia Foundation's internal controls and three instances of noncompliance with the terms of the agreement. Conrad identified \$101,378 in questioned costs charged to the agreement related to these issues.

### **Financial Audit 21-38-FA: Department of State's Cluster Munitions Clearance Projects**

#### **Audit of Costs Incurred by the Demining Agency for Afghanistan**

The U.S. Department of State's Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded the Demining Agency for

Afghanistan (DAFA) four grants between 2017 and 2020 in support of cluster-munitions clearance projects throughout Afghanistan. The grants' objectives were, among other things, to prevent the loss of life and limb, and return land and infrastructure to productive use by clearing land mines and other explosive remnants of war. The combined budget for the grants totaled \$5,165,000, with a period of performance from September 25, 2017, through June 19, 2020. After five modifications to the grants, total funding increased to \$6,332,146, and the period of performance was extended to July 31, 2020.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$5,292,192 in costs charged to the grants from April 1, 2018, through July 31, 2020. The auditors identified three deficiencies in DAFA's internal controls and four instances of noncompliance with the terms of the grants. Conrad identified \$6,888 in questioned costs charged to the grants related to these issues.

**Financial Audit 21-40-FA: USAID's Emergency Water, Sanitation, and Hygiene Assistance to Disaster Affected Populations in Afghanistan  
Audit of Costs Incurred by the Agency for Technical Cooperation and Development**

On January 19, 2018, USAID's Office of U.S. Foreign Disaster Assistance awarded a \$3 million cooperative agreement to the Agency for Technical Cooperation and Development (ACTED) to provide emergency water, sanitation, and hygiene assistance to populations affected by disaster and conflict in Afghanistan's Balkh, Takhar, and Badakhshan Provinces. The agreement's initial period of performance was from December 1, 2017 (over a month before USAID/OFDA issued the award), through May 31, 2019. After two modifications, the agreement's scope of services expanded to include Faryab and Jawzjan Provinces, the total funding increased to \$4 million, and the end date was extended from May 31, 2019, to August 31, 2019.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$4 million in costs charged to the award from December 1, 2017, through August 31, 2019. The auditors identified four deficiencies in ACTED's internal controls, and three instances of noncompliance with the terms of the cooperative agreement. Crowe identified \$421 in questioned costs charged to the agreement related to these issues.

**Financial Audit 21-34-FA: U.S. Air Force Support for Operation and Maintenance of A-29 Aircraft for the Afghan Air Force  
Audit of Costs Incurred by Sierra Nevada Corp.**

On April 1, 2019, the Department of Defense's Air Force Life Cycle Management Center awarded Sierra Nevada Corp. a task order for \$53,998,440 to supply logistics and engineering support for the Afghan Air Force to operate and maintain its A-29 attack aircraft. The task order's period of performance was from April 1, 2019, through September 30, 2019.

# SIGAR OVERSIGHT ACTIVITIES

It was modified three times, ultimately decreasing the contract value to \$50,507,052, with no change to the period of performance.

SIGAR's financial audit, performed by Castro & Company LLC, reviewed \$27,853,454 in reimbursable costs and fixed fees from April 1, 2019, through September 30, 2019. The auditors found one deficiency in IAP's internal controls, and two instances of noncompliance with the terms of the task order. Castro did not identify any questioned costs charged to the task order related to these issues.

## **Financial Audit 21-35-FA: USAID's Conflict Mitigation Assistance for Civilians Program in Afghanistan**

### **Audit of Costs Incurred by Blumont Global Development Inc.**

On March 12, 2018, USAID awarded a cooperative agreement to Blumont Global Development Inc. to support the Conflict Mitigation Assistance for Civilians program in Afghanistan. The program provides assistance to support Afghan families suffering from military operations, to conduct advocacy and outreach, and for other related activities. The award's initial amount was \$8.5 million, but after four modifications, the amount increased to over \$26 million. The period of performance for the award was unchanged by the modifications. The program is ongoing, with a planned end date of March 11, 2023.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$9,120,738 in costs charged to the agreement from January 1, 2019, through December 31, 2019. The auditors found five material weaknesses and one significant deficiency in Blumont's internal controls, as well as two instances of non-compliance with the terms of the agreement. Crowe did not identify any questioned costs charged to the agreement related to these issues.

## **Financial Audit 21-39-FA: USAID's Strengthening Civic Engagement in Elections in Afghanistan Program**

### **Audit of Costs Incurred by the Consortium for Elections and Political Process Strengthening**

On August 8, 2018, USAID awarded a \$14 million cooperative agreement to the Consortium for Elections and Political Process Strengthening (CEPPS) to support the Strengthening Civic Engagement in Elections in Afghanistan program. The program's objective is to promote the integrity of Afghan elections by improving the understanding and application of international standards, and by enhancing coordination and engagement among Afghan civil society organizations and election management entities. The period of performance for the agreement was from August 9, 2018, through August 8, 2021. After four modifications, the agreement's total funding increased to \$18,253,000, but its period of performance was unchanged.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$5,190,993 in total revenue and incurred costs charged to the agreement from October

# SIGAR OVERSIGHT ACTIVITIES

1, 2019, through September 30, 2020. The auditors identified two material weaknesses and two significant deficiencies in CEPPS's internal controls, and two instances of noncompliance with the terms of the agreement. Crowe identified \$67,311 in questioned costs. However, SIGAR did not recommend that the responsible agreement officer consider disallowing the \$67,311 questioned in Crowe's report because CEPPS had already made appropriate adjustments with USAID.

## INSPECTIONS

SIGAR issued no inspection reports this quarter. A list of ongoing inspections can be found in Appendix C of this quarterly report.

## 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 18 recommendations contained in 11 performance-audit, inspection, and financial-audit reports.

From 2009 through June 2021, SIGAR issued 420 audits, alert letters, and inspection reports, and made 1,176 recommendations to recover funds, improve agency oversight, and increase program effectiveness.

SIGAR has closed 1,073 of these recommendations, about 91%. Closing a recommendation generally indicates SIGAR's assessment that the audited agency either has implemented the recommendation or has otherwise appropriately addressed the issue. In some cases, where the agency has failed to act, SIGAR will close the recommendation as "Not Implemented"; SIGAR closed a total of 241 recommendations in this manner. In some cases, these recommendations will be the subject of follow-up audit or inspection work.

SIGAR is also required to report on any significant recommendations from prior reports on which corrective action has not been completed. This quarter, SIGAR continued to monitor agency actions on 103 open recommendations. Of these recommendations, 33 have been open for more than 12 months because the agency involved has not yet produced a corrective-action plan that SIGAR believes would resolve the identified problem, or has otherwise failed to appropriately respond to the recommendation(s).

For a complete list of open recommendations, see [www.sigar.mil](http://www.sigar.mil).

## LESSONS LEARNED

SIGAR's Lessons Learned Program (LLP) was created to identify lessons and make recommendations to Congress and executive agencies on ways to improve current and future reconstruction efforts.

### ISSUED LESSONS-LEARNED REPORT

- SIGAR 21-41-LL: The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan

# SIGAR OVERSIGHT ACTIVITIES

The program has issued 10 lessons-learned reports to date, including one report this quarter: *The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan*. In addition, the program will issue its eleventh report in August, a 20-year retrospective on the reconstruction effort and broader war in Afghanistan. Another report, which focuses on the role of police in conflict, is currently scheduled to be released later this year.

On May 10, LLP staff briefed their recently issued elections report to nearly 30 officials within the United Nations Assistance Mission in Afghanistan (UNAMA), representing diverse parts of the mission including Political Affairs, the Elections Division, the Office of the Special Representative to the Secretary General, Donor Coordination, Judicial Affairs, and Human Rights. The briefing was tailored to UNAMA's interest in constraints and opportunities concerning donor influence over elections.

On May 19, LLP staff briefed their recently issued gender-equality report to 10 officials from UNAMA, the United Nations Entity for Gender Equality and the Empowerment of Women, and the United Nations Office on Drugs and Crime. On June 3, LLP staff briefed the gender report's findings, program analysis, lessons, and recommendations to 10 Ottawa-based officials from Global Affairs Canada. These discussions also focused on what donor entities could do to safeguard women's rights after the U.S. troop withdrawal.

## **SIGAR 21-41-LL: The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan**

On July 15, SIGAR issued its tenth Lessons Learned Program report, *The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan*. The report examines how reconstruction contracts have been monitored and evaluated in Afghanistan since 2001. It also analyzes how multiple contracts—for example, portfolios of contracts in sectors like health or education—were assessed to determine their net effect and overall impact.

As U.S. efforts to reconstruct Afghanistan evolved, contractors became a prominent feature of the reconstruction landscape, substantially augmenting U.S. government capacity. However, heavy reliance on contracts also presented significant challenges. Widely documented by SIGAR and others, contingency contracting is notoriously vulnerable to waste, fraud, and abuse. In unpredictable and chaotic environments such as Afghanistan, poor oversight or improper implementation can threaten relationships with local communities, endanger the lives of U.S. and Afghan government personnel and civilians, and undermine strategic goals. Consequently, proper monitoring and evaluation (M&E)—broadly defined as the processes used

# SIGAR OVERSIGHT ACTIVITIES

to determine the performance and effectiveness of programs and projects—are vital.

SIGAR found that agencies placed far more emphasis on tracking program activities and outputs than on assessing outcomes and impacts. Although monitoring and evaluation processes generally evolved and improved over time in response to widespread concerns about corruption and a lack of reconstruction progress, M&E systems that existed on paper were not always put into practice. In many cases, M&E became a “work-maker” that generated an excess of data, not all of which were relevant to the broader goals contracts were supposed to advance. Moreover, although agencies developed processes to change course on projects that were not working, these processes were not always fully used. This shortcoming undermined the basic purpose of M&E.

Most importantly, the report found that M&E systems were not always used in ways that allowed agencies to periodically revalidate the theories and assumptions underlying their programs. The absence of periodic reality checks created the risk of doing the wrong thing perfectly: A project that met contracted deliverables and performance-indicator targets would be considered “successful,” whether or not it had achieved or contributed to broader, more important goals. On a more positive note, SIGAR found that agencies generally have relatively robust M&E—or M&E-like—policies in place. Consequently, key aspects of these extensive M&E systems have the potential to improve both programmatic and strategic outcomes, if they are fully embraced and implemented.

## INVESTIGATIONS

During the reporting period, SIGAR’s criminal investigations resulted in two criminal informations (a prosecutor’s allegation of a crime, as distinct from a grand-jury indictment), two guilty pleas, one sentencing, \$179,708 in restitutions, and \$11.9 million in civil settlements. SIGAR initiated six new cases and closed eight, bringing the total number of ongoing investigations to 94.

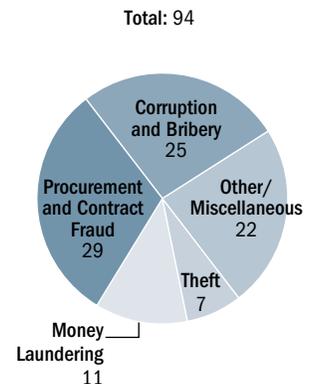
To date, SIGAR investigations have resulted in 160 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlements, and U.S. government cost savings and recoveries total over \$1.6 billion.

### U.S. Contractor Pleads Guilty in Scheme to Defraud Afghan Government on Contract to Build Power Substations

On April 27, 2021, in the Central District of California, Saed Ismail Amiri pleaded guilty to a criminal information charging wire fraud in connection to a scheme to defraud the government of Afghanistan of more than \$100 million. The funds were provided by USAID for the purpose of constructing an electric grid in Afghanistan, in connection with U.S. efforts to strengthen the country’s infrastructure.

FIGURE 1.1

SIGAR INVESTIGATIONS:  
NUMBER OF OPEN INVESTIGATIONS



Source: SIGAR Investigations Directorate, 6/30/2021.

# SIGAR OVERSIGHT ACTIVITIES

Amiri was at various times either the owner or senior consultant of Assist Consultants Incorporated (ACI). In 2015, USAID authorized the national power utility of Afghanistan, Da Afghanistan Breshna Sherkat (DABS), to solicit contract bids for the construction of five electric-power substations to connect Afghanistan's Northeastern and Southeastern electric grid systems. The contract criteria required bidders, such as ACI, to have previously worked on two electric substations of 220 kilovolts or more. Amiri, ACI employees, and others engaged in a scheme to obtain the contract by submitting a false work history and fraudulent supporting documents to deceive DABS into believing that ACI met the required contract criteria.

When Amiri met with U.S. law enforcement at the U.S. Embassy in Kabul, he falsely stated among other things, that he had learned ACI had bid on the contract during the prior month. Shortly thereafter, Amiri withdrew ACI's bid. In a subsequent interview with law enforcement, Amiri also stated that another ACI employee had submitted the false documents to DABS, when in fact, Amiri had emailed the false documents himself.

SIGAR is leading the investigation.

## **Army National Guardsman Pleads Guilty to Theft of U.S. Government Property**

On May 12, 2021, in the Western District of Tennessee, Michael Jason McCaslin pleaded guilty to a one-count criminal information charging theft of government property.

In 2017 and 2018, McCaslin was a senior supply sergeant with the Tennessee Army National Guard, based in Humboldt, Tennessee. While deployed to Kandahar Airfield, Afghanistan, McCaslin's duties included ordering supplies for U.S. troops. Military personnel discovered that McCaslin had ordered multiple items that were never received at Kandahar. When military personnel intercepted a Conex shipping container sent from Kandahar and addressed to McCaslin's unit in Humboldt, it was discovered that McCaslin had signed the shipping forms and arranged for the delivery. Various items were inside the container, including computers, tools, headsets, and furniture.

Further investigation revealed McCaslin had used U.S. government funds to purchase other items that were never received at Kandahar.

SIGAR and Defense Criminal Investigative Service (DCIS) are jointly conducting the investigation.

## **U.S. Contractor Agrees to Pay \$11 Million to Settle False Claims Act Allegations and to Pay Penalties Assessed by the FAA**

On June 30, 2021, AAR Corporation, based in Wood Dale, Illinois, and its subsidiary, AAR Airlift Group Inc. (Airlift), in Melbourne, Florida, agreed to

pay the United States \$11,088,000 to resolve False Claims Act allegations in connection with aircraft maintenance services on U.S. Transportation Command (TRANSCOM) contracts in Afghanistan and elsewhere. The contracts, valued at over \$500 million, were for major intra-theater airlift services for the U.S. military, including supplies and mail.

AAR and Airlift also agreed to pay \$429,273 to resolve a separate Federal Aviation Administration (FAA) matter citing deficiencies in Airlift's helicopter maintenance.

The investigation, initiated in 2015, revealed that AAR claimed and submitted invoices indicating its aircraft were "fully mission capable" when in fact they were not, due to AAR's failure to fulfill certain maintenance requirements. The primary investigative focus relative to Afghanistan was the neglected use or acquisition of critical equipment required by aircraft manufacturers to achieve mission-ready status.

The investigation was led by Air Force OSI and supported by SIGAR, FAA, DCIS, U.S. Army Criminal Investigation Command (CID), Naval Criminal Investigative Service, Department of Transportation OIG, and the Defense Contract Audit Agency.

## **U.S. Contractor Sentenced for Theft of Government Equipment on Military Base in Afghanistan**

On April 27, 2021, in the Eastern District of Virginia, Varita V. Quincy was sentenced to 51 months' imprisonment and three years' supervised probation, and ordered to pay \$179,708 in restitutions. In October 2020, Quincy pleaded guilty to one count of conspiracy to defraud the United States and commit theft of property of value to the United States; one count of theft of property of value to the United States; and one count of false statements.

During 2015, Quincy and her co-conspirator, Larry Green, participated in an organized theft ring responsible for the theft of equipment, including generators and vehicles, from Kandahar Airfield, Afghanistan. Quincy used her position as a security badging and escort pass supervisor to create or cause to be made false official documents. The false official documents facilitated both the entry of unknown and unvetted Afghan nationals and their vehicles onto the military installation and effectuated the removal of the stolen property from the installation. The falsified documents were used to deceive security officers and gate guards, thereby compromising the security of U.S. military and civilian personnel on the installation.

Green was sentenced on November 19, 2020, to 41 months' imprisonment and two years' supervised probation. He was ordered to forfeit \$11,480 and pay restitutions totaling \$179,708.

SIGAR led this investigation, with assistance from the CID.

## SIGAR LOOKS AHEAD TO OVERSIGHT AFTER THE U.S. TROOP WITHDRAWAL

The withdrawal of U.S. and Coalition military forces and reductions in other U.S. personnel in Afghanistan complicate the critical task of overseeing U.S. funds still intended for reconstruction programs in that country. Some \$6.7 billion is currently appropriated and awaiting disbursement, with additional billions expected to follow.

Conducting oversight against waste, fraud, and abuse of taxpayer funds “will be much more difficult,” SIGAR said in a June 1, 2021, letter to Congress, but it can be done: “SIGAR has been conducting oversight in Afghanistan since 2009 and operating ‘outside the wire’ for years, including after major troop drawdowns began in 2014.”

The letter, titled “Protecting U.S. Assistance to Afghanistan Following the Withdrawal of U.S. and Coalition Forces,” offered four recommendations for Congress and the Administration to maintain effective oversight after the military withdrawal in keeping with the watchdog mission mandated by SIGAR’s 2008 authorizing statute. Summarized, the four recommendations are:

1. Congress and the Administration should strictly condition U.S. funding and other assistance to Afghanistan on the Afghan government’s granting SIGAR and other oversight organizations access to Afghan government ministries and their records.
2. Congress and the Administration should strictly condition U.S. funding and other assistance funneled through trust funds administered by international organizations like the World Bank on their granting SIGAR and other oversight organizations access to all records pertaining to the use of such funds. Some such intermediaries have resisted SIGAR data requests.
3. Congress should direct the Administration to reestablish an Afghanistan Threat Finance Cell to identify, disrupt, and eliminate illicit financial networks in Afghanistan, particularly those involved in narcotics trafficking, illicit financial transactions, and terrorist networks.
4. DOD and the State Department should consider establishing a traditional Security Cooperation Office at the U.S. Embassy in Kabul to provide security assistance to the Afghan government.

The U.S. House Appropriations Committee has already taken a step forward on the first recommendation. The committee report accompanying the proposed State, Foreign Relations, and Related Appropriations Bill, 2022, contains language requiring State to submit within 90 days of final bill enactment a strategy on conditionality in granting or withholding aid based on three factors. One of the factors is whether the Afghan government provides “access to data and information on the implementation of U.S. assistance for independent oversight entities such as SIGAR and GAO.”

SIGAR is both the only oversight agency with auditors and law enforcement investigators stationed in Afghanistan and the only one with whole-of-government statutory authority to examine any federal agency using U.S. funds for Afghanistan reconstruction. In addition to its own in-country staff of auditors and investigators, SIGAR makes use of informants, contract accounting firms, non-governmental organizations, and contacts with Afghan government officials to gather information on U.S.-funded reconstruction activities. SIGAR intends to expand its use of these ancillary information sources.

SIGAR will also continue using geospatial imaging and GPS-location technology to help monitor development projects in insecure areas, and is prepared to co-locate a small staff with any “over the horizon” security-assistance office for Afghanistan that the Department of Defense may establish after the military withdrawal from the country is complete.

In addition, SIGAR will increase the timeliness and utility of its audits and evaluations narrowing objectives and scopes, and by focusing on ongoing rather than completed programs, thereby offering immediately actionable findings and recommendations. Meanwhile, SIGAR investigators will expand their work with U.S.-based Afghans and international law-enforcement officials to fight activities like corruption, narcotics production and trafficking, and money laundering.

# SIGAR OVERSIGHT ACTIVITIES

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## **SIGAR BUDGET**

SIGAR is funded through September 30, 2021, under H.R. 133, Consolidated Appropriations Act, 2021, signed into law on December 27, 2020. This Act provides \$54.9 million to support SIGAR's oversight activities and products by funding SIGAR's Audits and Inspections, Investigations, Management and Support, and Research and Analysis Directorates, and the Lessons Learned Program.

## **SIGAR STAFF**

SIGAR's staff count has remained steady since the last report to Congress, with 174 employees on board at the end of the quarter. SIGAR currently has five staff members assigned to the U.S. Embassy Kabul, Afghanistan. SIGAR also employed five Afghan nationals in its Kabul office to support the Forward Operations, Investigations, and Audits Directorates. SIGAR supplemented its resident staff this quarter with one employee on short-term temporary duty in Afghanistan.

“There are risks entailed to the decision of ending NATO’s military mission in Afghanistan. We have been very transparent and clear-eyed about that.”

—*NATO Secretary General Jens Stoltenberg*