



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

May 13, 2014

Helen Clark  
Administrator, United Nations Development Programme

Dear Ms. Clark,

During my most recent trip to Afghanistan, I met with officials from several European countries and representatives from the Combined Security Transition Command-Afghanistan (CSTC-A). These officials raised concerns about the United Nations Development Programme's (UNDP) administration of the Law and Order Trust Fund-Afghanistan (LOTFA).

Specifically, I was told that there may be insufficient accounting and records for a 2.5% deduction taken by the Ministry of Interior from some Afghan National Police (ANP) employees' salaries. Apparently the funds taken by this deduction are transferred into what has been called a "miscellaneous" or "police cooperative" fund. However, it is my understanding that the Ministry has not given a satisfactory explanation for how it uses this fund. Additionally, I have reason to believe there are insufficient oversight and controls for a 5% "pension" or "retirement" deduction also taken from ANP salaries. These two salary deductions could total more than \$200 million of LOTFA funding over the past 12 years. Finally, it appears that a number of high-ranking officials in the ANP are currently serving in positions suitable for more junior-level staff. These officials, however, are still drawing the pay of their higher rank, resulting in LOTFA donors overpaying senior-level staff to fulfill less-demanding jobs.

SIGAR is currently conducting an audit assessing the reliability, accuracy, and consistency of ANSF personnel and payroll data. Additionally, I recently sent a letter to the commanding generals of CSTC-A and the NATO Training Mission-Afghanistan inquiring about evidence of "ghost workers" and other forms of financial mismanagement in the administration of LOTFA.<sup>1</sup> However, given my recent discussions in Afghanistan, I fear there may also be larger problems with the administration of LOTFA.

I understand that the UNDP has undertaken new efforts to improve oversight of the distribution of LOTFA funds. During a February 28, 2014 meeting between UNDP officials and my staff, the Deputy Assistant Administrator and Deputy Regional Director of the UNDP mentioned that the UNDP is hiring new payroll specialists, terminating contracts with suspect vendors, and conducting internal audits of its own operations. However, I believe that more robust measures are needed in order to fully understand how donor money is flowing from the trust fund through the Afghan banking system.

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<sup>1</sup> SIGAR Letter to Major Generals Kevin Wendel, Harold Greene, and Dean Milner (February 19, 2014).

As you are aware, the United States has contributed \$1.21 billion to LOTFA since the fund's inception. Accordingly, please provide the following information:

- (1) How is UNDP controlling expenditures for the "miscellaneous" and "retirement" funds mentioned above? Please provide a detailed list of all purposes for which these funds may be used by the Ministry of Interior. Please provide details of actions that UNDP is taking to ensure these funds are spent only for legitimate purposes. Please also provide a detailed description of the internal controls that govern the spending for these accounts;
- (2) What controls does the UNDP have in place to ensure that ANP officers serve in positions that require their rank? Please provide any information and records concerning the number of generals in the ANP, the number of generals serving in positions that do not require a general's rank, and the number of any other officers in the ANP currently serving in a position that is below their rank. Please also detail any efforts taken to reconcile rank, pay, and current positions for senior-level ANP officials.

We ask that you respond to these requests for information no later than May 27, 2014. Should you have any questions regarding this matter, please contact me directly, or have your staff contact Jack Mitchell, Director of Special Projects at [REDACTED] or [REDACTED].

Sincerely,



John F. Sopko  
Special Inspector General  
For Afghanistan Reconstruction

cc:

The Honorable John F. Kerry  
Secretary of State

Nicholas Rosellini  
Deputy Assistant Administrator and Deputy Regional Director  
United Nations Development Programme

Mark Bowden  
Deputy Special Representative of the Secretary-General,  
United Nations Assistance Mission in Afghanistan