Update on the Amount of Waste, Fraud, and Abuse Uncovered through SIGAR’s Oversight Work between January 1, 2018 and December 31, 2019
October 15, 2020

The Honorable Tim Walberg  
U.S. House of Representatives

The Honorable Peter Welch  
U.S. House of Representatives

Dear Congressman Walberg and Congressman Welch:

On July 17, 2018, SIGAR responded to your request of September 17, 2017 (see Appendix III for a copy of the letter) seeking information about the amount of waste, fraud, and abuse SIGAR had identified through its oversight work. In that report, we identified $15.5 billion of waste, fraud, and abuse that SIGAR had uncovered in our published reports and closed investigations between SIGAR’s inception in 2008 and December 31, 2017.¹ Of this total, SIGAR identified approximately $12 billion in failed whole-of-government efforts related to U.S. spending on counter-narcotics and stabilization programs in Afghanistan. We believe funds for these efforts were wasted because the programs did not achieve their intended purpose.

As promised in our July 2018 response to your request, we have updated the report to provide information on the total amount of waste, fraud, and abuse identified in SIGAR’s 111 published products and 55 closed investigations between January 1, 2018 and December 31, 2019.

This report adds nearly $3.4 billion of waste, fraud, and abuse to the previously reported amount based on our review of SIGAR’s published products and closed investigations. Of this total, we specifically identified approximately $1.5 billion in taxpayer funds that we believe were wasted, $300 million that were lost to fraud, and $34 million that we believe were lost due to abuse. The remaining $1.6 billion was allocated to counter-narcotics efforts that we believe were wasted.

As of December 31, 2019, Congress appropriated nearly $134 billion since Fiscal Year 2002 for Afghanistan reconstruction. Of that amount, SIGAR reviewed approximately $63 billion and concluded that a total of approximately $19 billion or 30 percent of the amount reviewed was lost to waste, fraud, and abuse.

SIGAR’s mandate is to review congressionally appropriated funds supporting reconstruction activities in Afghanistan and, and therefore, our analysis represents just a portion of U.S. government spending in Afghanistan.

This report summarizes the work SIGAR completed between January 1, 2018 and December 31, 2019. During that two-year period, SIGAR issued 111 reports and made 209 recommendations to address the problems we discuss in this report. As a result, we are not making any additional recommendations.

We conducted this review in Washington, D.C., in accordance with the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation. SIGAR performed this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Should you have questions about this report, I welcome you to contact me directly, or your staff may contact Robert Lawrence, SIGAR's Director of Congressional Relations and Government Affairs, at 703-545-6752 or robert.b.lawrence14.civ@mail.mil.

Sincerely,

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction
BACKGROUND

On September 27, 2017, SIGAR received a Congressional inquiry seeking information about the amount of waste, fraud, and abuse SIGAR has uncovered through its oversight work. In response to this request, SIGAR issued a report on July 17, 2018, identifying approximately $15.5 billion in waste, fraud, and abuse that it uncovered in its 766 published reports and closed investigations since SIGAR’s inception in 2008 and December 31, 2017.

To obtain these figures, SIGAR used professional judgment to apply the definitions of waste, fraud, and abuse developed by the U.S. Government Accountability Office (GAO). GAO first included a definition of waste in its 2017 Government Auditing Standards exposure draft, also known as the Yellow Book, and then modified the definition when GAO reissued its audit standards in 2018. Initially, waste was defined as

“the act of using or expending resources carelessly, extravagantly, or to no purpose. Waste involves the taxpayers not receiving reasonable value for money in connection with any government-funded activities because of an inappropriate act or omission by parties with control over or access to government resources. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.”

When GAO released the 2018 version of the Yellow Book, the definition of waste excluded the clause “taxpayers not receiving reasonable value for money in connection with any government-funded activities because of an inappropriate act or omission by parties with control over or access to government resources.”

We also used the GAO definitions for fraud and abuse in our analysis. Fraud “involves obtaining something of value through willful misrepresentation. Whether an act is, in fact, fraud is determined through the judicial or other adjudicative system and is beyond auditors’ professional responsibility.” Abuse is misusing one’s authority or position for financial gain or behaving improperly or unreasonably, and does not necessarily involve a violation of law. These definitions did not change when GAO reissued GAS in 2018.

For this review, SIGAR followed the methodology it used for its 2018 report and used the definitions of waste, fraud, and abuse developed by GAO in 2017 GAS exposure draft to apply professional judgment to SIGAR’s 111 published products and 55 closed investigative cases. SIGAR 111 published products include 15 performance audits, 2 alert and evaluations letters, 51 financial audits, 18 inspections, and 25 special projects.

SIGAR quantified the amount of waste, fraud, and abuse associated with each instance using a dollar range to capture the minimum amount and maximum amount of funds believed to be subject to waste, fraud, or abuse. Not all instances of waste, fraud, and abuse were quantifiable. According to GAO, waste can be the result of noncompliance, failures in internal control, or the result of decisions that are contrary to existing policies. As a result, waste, fraud, and abuse may not always have an associated dollar value.

To help better understand the types of waste that we uncovered, SIGAR identified and categorized the types of internal control deficiencies or other failures it found. SIGAR also reported on the total amount of savings to the U.S. taxpayer generated by SIGAR’s report recommendations and investigative work. For detailed

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2 GAO, Yellow Book 2017 Exposure Draft, GAO-17-313SP, April 2017.

3 According to a GAO official we met with who provides technical assistance on Generally Accepted Government Auditing Standards, GAO removed this part of the definition because of the subjectivity involved in determining reasonable value.

4 The change in definitions of waste between 2017 and 2018 did not fundamentally change our analysis or methodology for both reports.
information on our scope and methodology see appendix I. We used professional judgment to determine the sufficiency of evidence for this report.

**SIGAR IDENTIFIED APPROXIMATELY $3.4 BILLION IN WASTE, FRAUD, AND ABUSE IN ITS WORK BETWEEN JANUARY 1, 2018, AND DECEMBER 31, 2019**

Between January 1, 2018, and December 31, 2019, SIGAR identified approximately $1.8 billion in waste, fraud, and abuse in its 111 audits, inspections, and special projects reports, and in 55 closed investigations. SIGAR also included an additional $1.6 billion of waste related to funds allocated to programs with a counternarcotics component that we did not include in our previous report.

These totals, coupled with the $15.5 billion of waste, fraud, and abuse and failed whole-of-government efforts we reported in July 2018, bring the total amount of waste, fraud, and abuse identified by SIGAR’s work to approximately $19 billion from May 2009 through December 31, 2019. SIGAR has reviewed approximately 47 percent of the $134 billion that has been appropriated for Afghanistan reconstruction since 2002.

Of the 111 products and 55 closed investigations we reviewed over the past two years, we identified 323 instances of waste, fraud, and abuse valued in total between $769 million and $1.8 billion. Not all instances of waste we identified had an associated dollar value. Table 1 breaks down our findings by type and dollar value.

### Table 1. Total Amount and Instances of Waste, Fraud, and Abuse Identified in SIGAR’s Published Products Between January 1, 2018, and December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Instances</th>
<th>Percent Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>$438,439,187</td>
<td>$1,483,723,215</td>
<td>290</td>
<td>90%</td>
</tr>
<tr>
<td>Fraud</td>
<td>296,557,652</td>
<td>296,557,652</td>
<td>30</td>
<td>9%</td>
</tr>
<tr>
<td>Abuse</td>
<td>34,000,000</td>
<td>34,000,000</td>
<td>3</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$768,996,839</strong></td>
<td><strong>$1,814,280,867</strong></td>
<td><strong>323</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: SIGAR analysis of SIGAR published reports and closed investigations between January 1, 2018, and December 31, 2019.

**Waste**

Waste accounted for approximately 90 percent of the 323 instances of waste, fraud and abuse we identified. Of the 290 waste instances, 81 were identified through our review of closed investigations and financial audits, and 209 were identified through our review of performance audits, inspections, and special projects. See table 2 for a breakdown of the number of instances of waste and total dollar amount associated with each category.

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5 Of this $15.5 billion, $12 billion was related to whole-of-government stabilization and counternarcotic efforts that we identified as unsuccessful and failed.
Waste Identified in SIGAR Performance Audits, Inspections, and Special Projects

We found 209 instances of waste valued at approximately $1.5 billion dollars in our performance audits, inspections, and special projects. These instances included programs and projects that lacked clear program goals, performance measures, and quality data to support management decisions, as well as assets that were not used, abandoned, or posed safety hazards. For example, during our review of the Afghan Children Read program, which is among other things designed to support education service delivery by delivering books to schools, we discovered that principals and teachers at a quarter of the inspected schools found the books provided to the schools were not in usable condition. In another example, during our review of the Department of State’s Good Performer’s Initiative projects in Kunduz province, we found that a sports stadium, which was built for community use, was not being used. According to the facility director we met with, the stadium field had not been used because it was not designed correctly to host football (soccer) games and did not have a functioning irrigation system. According to responsible provincial officials, the Ministry of Counter Narcotics did not coordinate with them to ensure design requirements were met. In addition, despite the lack of use, and relative newness of the stadium, SIGAR found that the facility and grounds suffered damage because the Afghan National Directorate of Security (NDS) used the stadium as a base for military operations during a heavy period of fighting against Taliban forces from April to June 2017. SIGAR also found clear indications of poor workmanship and a lack of maintenance, including falling ceiling tiles, broken drainage grates, and unlevelled playing surfaces with incomplete water systems protruding from the football field. We discuss additional examples of waste in more detail under the section related to inadequate internal controls.

Waste Identified in SIGAR Closed Investigations

The 24 instances of waste identified through our closed investigations included instances of theft, embezzlement, and bribery valued between $13.7 million and $14.3 million. For example, SIGAR investigators found

- A transport company allegedly cut open containers and removed U.S. government property before resealing and transporting containers. The government estimated a $14 million loss, but the company and government ultimately settled for $6,653,323.75. The total value wasted was $7.3 million.
- Individuals embezzled $1,574,490 from the Afghan Ministry of Police (MOI) Cooperative Fund, causing a substantial risk to the U.S. government’s and MOI’s ability to accomplish its mission.
- An Afghan subject stole a firetruck and a pick-up truck from a U.S. military base and sold them. The combined value of the vehicles was $801,071.

SIGAR, Afghan Children Read Program: Books Distributed Were Received And Used But Problems Existed With Printing, Distribution, And Warehousing, SIGAR-19-59-SP, September 9, 2019.

**Waste Identified in SIGAR Financial Audits**

With regard to the 57 instances of waste we identified through our financial audits, we considered the total $20.2 million of ineligible and unsupported costs reported in each financial audit report as an instance of waste and totaled the amount of these findings. We did not consider final sustained costs as part the total amount of waste identified, as these costs were not always yet determined. Audited entities might, for example, produce documentation that supports costs previously identified as unsupported or ineligible. Consequently, the total amount of waste ultimately identified from financial audits may be lower than initially indicated.

**Additional Waste Identified through SIGAR’s Work**

In our 2018 report on waste, fraud, and abuse identified by SIGAR, we found approximately $12 billion was spent on two whole-of-government reconstruction efforts that appear to have failed and resulted in wasted U.S. taxpayer dollars. Specifically, we reported that the $4.7 billion spent on “stabilization programs” in Afghanistan was largely unsuccessful in building and reforming government institutions in Afghanistan, and that large sums of U.S. stabilization dollars often exacerbated conflicts, enabled corruption, and bolstered support for insurgents. Similarly, we reported that almost $7.3 billion allocated by the United States in Afghanistan on counter narcotics programs with a substantial counter narcotics focus appears to have done very little to stem the production and exportation of illicit drugs.

The U.S. government has ended funding for stabilization programs, but continues to provide some support for counter-narcotics efforts. For example, in July 2019, SIGAR reported on the unknown impact and lack of sustainability associated with $50.5 million of this amount in its review of the Department of State’s (State) Bureau of International Narcotics and Law Enforcement Affairs (INL) implementation of counternarcotic projects under the Colombo Plan.

Since fiscal year 2002, about $8.9-billion has been allocated for counter narcotics programs, or nearly 7 percent of total reconstruction funds. For this assessment, we included an additional $1.6 billion of waste related to programs with a counter narcotics component that were not included in our previous assessment of waste. We included these funds in our current assessment because SIGAR continues to place counter narcotics spending on its High-Risk List.

**Fraud**

SIGAR’s review of its closed investigations, which examined crimes involving federal procurement fraud, contract fraud, theft, corruption, bribery of government employees and public officials, and a variety of civil matters pertaining to waste and abuse of U.S. taxpayer dollars, identified 30 instances of procurement and contract fraud with a total value of $296,557,652.

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8 Stabilization is a political endeavor involving an integrated civilian-military process to create conditions where locally legitimate authorities and systems can peaceably manage conflict and prevent a resurgence of violence. Transitional in nature, stabilization may include efforts to establish civil security, provide access to dispute resolution, and deliver targeted basic services, and establish a foundation for the return of displaced people and longer-term development. See SIGAR, Stabilization: Lessons Learned from the U.S. Experience in Afghanistan, SIGAR-18-48-LL, May 2018.

9 SIGAR, Drug Treatment in Afghanistan: The Overall Impact and Sustainability of More Than $50 Million in Department of State Projects is Unknown, SIGAR-19-49-AR, July 12, 2019.

10 The total amount of U.S. reconstruction funds provided for counternarcotic efforts since 2002 was $8.96 billion. The majority of these funds, $7.3 billion, were allocated to programs with a substantial counter narcotics focus, and the remaining funds, approximately $1.6 billion, were allocated to programs with a counternarcotic component. Since January 1, 2018, an additional $273 million has been allocated to counter narcotics efforts. SIGAR, Quarterly Report to the United States Congress, January 30, 2020, p. 170.

11 SIGAR, 2019 High Risk List.
SIGAR investigators identified the majority of the total, approximately $183,200,000, as fraudulent activity associated with the Asian Development Bank’s (ADB) oversight of the completion of the Qeysar to Laman section of Afghanistan’s Ring Road in northwestern Afghanistan. The U.S provides monetary support to the Afghan government to help pay for ADB projects. The Ring Road is intended to be a continuous highway and major economic thoroughfare that connects Afghanistan’s four major cities—Kabul, Herat, Mazar-I Sharif, and Kandahar. SIGAR’s investigators found that contractors paid to finish this section of the road completed only 15 percent of the work and failed to pay subcontractors. The ADB terminated the contract for contractor poor performance.

Our investigative work also identified other instances of contractor and procurement fraud. For example,

- In one instance, our investigators found that a former translator with the U.S. Special Forces, who with the help of Special Forces members, started up a trucking and logistics company and paid $140,000 in bribes and gratuities to U.S. service members to assist him in obtaining work. Based on complaints from other Afghan vendors concerning the disproportionate amount of transportation movement requests (TMRs) for the shipment of goods to military bases awarded to the subject, SIGAR initiated an investigation and found that the subject collected approximately $70 million in proceeds from fraudulent activity associated with the TMRs. Due to SIGAR’s investigative work, SIGAR was able to recover approximately $57 million and reached a settlement agreement where the former translator was required to forfeit in excess of $25 million. As part of this effort, SIGAR also worked to debar five corporate officers and eight corporate entities associate with the fraudulent activities from doing business with the U.S. Government for a five year period.

- In another instance, our investigators in conjunction with the Defense Criminal Investigative Service (DCIS) and the U.S. Army Criminal Investigation Division (Army CID), Major Procurement Fraud Unit (MPFU) found that a contractor defrauded the North Atlantic Treaty Organization (NATO) on a food-services contract utilized specifically by U.S. Central Command (CENTCOM) entities and personnel in Afghanistan. Based on the investigation and a negotiated settlement, the U.S. Government avoided payment of claims in the amount of $6,128,062.

- In another instance, SIGAR investigators found that individuals were fraudulently selling U.S. Embassy-Kabul meal cards. Through their investigation, our investigators found that the theft had been going on for 5 years, and the Department of State lost between $50,000 and $80,000 monthly for total of a $3 million loss.

Abuse

SIGAR identified three instances of abuse, one of which we were able to value at $34,000,000. In this instance, the U.S. Agency for International Development had contracted out to support the Mining Investment and Development for Afghanistan Sustainability Program (MIDAS) under the Afghan Ministry of Mines and Petroleum (MOMP) to regulate Afghanistan’s extractive’s production. However, the contractor was unable to complete its objectives for the MIDAS program due to abuse of power by Afghan government officials. Specifically, the success of MIDAS was predicated on the expectation that an improved mining law would be passed by the Afghan parliament at project inception and that there was political will for its development. However, no such law was passed and, according to a USAID official, in many cases, Afghan government officials

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12 SIGAR’s Special Projects Directorate also completed a review of the Qeysar to Laman section of Afghanistan’s Ring Road. Special Projects found an additional $89,236,302 of waste and identified contextual factors and causes that put the project at risk. Of this total $50 million related to fees that were paid for security on a contract that was terminated and $39.2 million related to a contract that was terminated due to poor performance. For more information see SIGAR, Afghanistan’s Ring Road from Qeysar to Laman: After More Than 12 Years and Over $249 Million Spent, the Project Is Only 15 Percent Complete, SIGAR-18-57-SP, June 15, 2018.

officials did not want mines legalized because many illegal mining operations were in the hands of members of parliament, their families, or other powerful Afghans.

MOST OF THE WASTED FUNDS RELATE TO INEFFECTIVE OR INADEQUATE INTERNAL CONTROLS

We found that of the approximate $1.5 billion in wasted funds we identified, about $1.45 billion could be attributed to ineffective or inadequate internal controls. According to GAO, internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of an entity.14 Failures or deficiencies in internal control lead to waste, fraud, and abuse in government operations. SIGAR’s work identified numerous instances where internal control was lacking or deficient in government programs established to support reconstruction efforts in Afghanistan. These include, but are not limited to, a lack of clear program goals, performance measures, or quality data to support managerial decisions and ineffective monitoring or oversight of program activities and reconstruction dollars.

To help the reader better understand the types of internal control failures we identified in the government programs and spending we reviewed, we analyzed the 209 instances of waste we identified in our performance audits, inspections, and special projects to identify themes and similarities.15 We then created five categories based off of this analysis—capacity building, planning and coordination, mismanagement, judicious spending of funds, and oversight. We used professional judgment to categorize these 209 instances into one of the five categories. We believe that the categories we created for this analysis reflect the objectives of internal control as established by GAO.16 Our analysis of internal controls can be found in appendix II. An abbreviated version of our analysis is shown in table 3 below.

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14 Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. Internal control helps an entity run its operations efficiently and effectively, report reliable information about its operations, and comply with applicable laws and regulations. See GAO, Standards for Internal Control In the Federal Government, GAO-14-704G, September 10, 2017.

15 We did not include SIGAR’s financial audits in this assessment because financial audits specifically identify internal control deficiencies and material weakness as they relate to contractual costs. We also did not include SIGAR’s investigations in this analysis because, although investigations can identify internal control weaknesses in programs and contracts, the primary goal of investigations is to investigate crimes associated with reconstruction funding.

16 According to GAO, the objectives of internal control include actions to address: (1) the effectiveness and efficiency of operations, (2) the accuracy of reporting reliability for internal and external use, and (3) compliance with applicable laws and regulations. See GAO-14-704G.
The majority of instances of waste (82) included in our oversight category includes concerns related to a lack of monitoring and oversight or failure to conduct quality control or oversight of contracts. An example of waste in this category is SIGAR’s review of USAID’s Power Transmission Expansion and Connectivity Project (PTEC). For example, SIGAR found that multiple transmission line towers associated with USAID’s PTEC were poorly or dangerously constructed due to various construction and material shortcomings that should have been rectified during the quality control analysis of completed work.\(^{17}\) Despite failure to follow contract specifications, it is unknown whether the contractor was required to correct improper or hazardous construction or material deficiencies during the final warranty inspection. Another example of waste resulting from failed oversight includes SIGAR’s observations during review of the State Department’s Good Performer’s Initiative program in Baghlan Province of staircases leading to the ceilings—not the roofs—of single-story buildings.\(^{18}\) In addition, we found 62 instances valued at a maximum of $11.5 million of waste where contract requirements for buildings were not followed which we reported as causing safety hazards for inhabitants. These hazards included, among other things, the installation of counterfeit or non-approved fire-rated doors, failure to correctly install drains, failure to install manhole and terminal tags on electrical cables, and failure to connect propane gas supply pipes correctly. In one example, as part of SIGAR’s assessment of the Afghan National Army Ground Forces Complex, SIGAR found that U.S. Army Corps of Engineers (USACE) paid the contractor for non-approved fire-rated doors. We also found that due to USACE’s incomplete contract files we could not determine whether the concrete and soil throughout the complex met strength and density requirements, which may cause hazards to the stability of the facility’s foundation.\(^{19}\)

We found 50 instances of waste where agencies failed to plan or coordinate. Thirty-nine (39) of these instances of waste, valued in total between $89,754,704 and $390,754,704 related to issues where agencies did not consider the maintenance or sustainability of the project or the Afghan government’s ability to sustain the project after it had been turned over. For example, SIGAR’s Special Projects Directorate reported on


\(^{19}\) SIGAR, Afghan National Army’s Ground Forces Complex: Construction Generally Met Contract Requirements, but More Than $400,000 May Have Been Wasted, SIGAR-18-64-IP, July 30, 2018.
maintenance and sustainability issues associated with health clinics, schools, and bridges that have been turned over to the Afghan government. A large number of these facilities, while still in use, lack key components of functioning buildings, such as electricity and toilets, and have degraded over time because Afghans do not have the resources or ability to sustain them. In May 2019, SIGAR also reported on USAID’s failure to ensure that Da Afghanistan Breshna Sherkat (DABS), Afghanistan’s national power utility, had the capacity to oversee and sustain large-scale energy project projects completed and transferred to it. SIGAR found that USAID temporarily stopped more than $300 million in on budget assistance to DABS because of weaknesses in DABS’s human and financial operations, specifically related to procurement inefficiencies, integrity, and shortcomings in the utility’s management and oversight of construction activities.  

We identified 34 instances of mismanagement, of which 32 included programs and projects that failed to establish or track performance measures and data to support the success of the project, or failed to retain documents critical to contract compliance or oversight.

- Most notably, SIGAR’s audit of USACE’s Local National Quality Assurance Program found that from September 2012 through July 2017, USACE spent more than $90 million on a firm-fixed-price personal services contract with Versar Inc. Under this contract, Versar was required to provide local national quality assurance (LNQA) staff to oversee and provide on-site monitoring of USACE construction projects in Afghanistan. SIGAR found that while USACE conducted the required oversight of the contract, it did not require LNQAs to provide documentation of their inspections and, as a result, could not confirm that its contractors were conducting the full scope of work required by the contract.  
- SIGAR’s audit of the Department of Defense’s (DOD) Task Force for Business Stability Operations (TFBSO) also found multiple examples of waste due to the fact that TFBSO did not clearly articulate its intended mission, objectives, and strategy, or maintain sufficient contracting and oversight practices to obtain sufficient data to ensure that projects had met requirements and were delivered to the Afghan government as intended.

We identified 37 instances in which we believe that government funds were not spent judiciously. Specifically,

- Eleven of the 37 instances, valued at $22.9 million, were associated with capital assets that have been abandoned or are not in use. For example, SIGAR’s inspection of the $5.2 million Kang Border Patrol headquarters compound, completed in February 2013, found that compound has never been used and is not being maintained despite being allocated maintenance funds.
- Twenty Seven of the instances included findings where contract deliverables were missing, unusable, or in otherwise disrepair. For example, SIGAR’s review of the U.S. Agency for International Development’s (USAID) Promote program, which was designed to support the involvement of women in Afghan political and economic society, found USAID awarded a contract worth almost $800,000 to collect baseline data about the program. However, SIGAR found that, when completed, the survey was not designed to collect the requisite data need to establish baselines as required by USAID’s

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23 In response to a Congressional request, SIGAR is working on a separate review looking at all capital assets in Afghanistan that the U.S. government constructed, financed, or subsidized, and which we subsequently found to be unused, not used for their intended purposes, deteriorated, or destroyed. That report is scheduled to be issued later this year.
contracting guidance. In another instance, in January 2018, SIGAR found $1.6 million worth of equipment spent for a water-filtration system at the Afghan National Army’s Camp Commando facility that failed after only two months and is no longer operational.

- Five instances included in which programs where the contract was terminated or ended without producing its intended results. For example, the Asian Development Bank, who receives funds from international donors including the United States, spent $50 million on a security contract to secure areas around the construction of the Qeysar to Laman section of the Afghan Ring Road which was only partially built.

We identified six instances with no associated dollar value that related to the U.S. government’s inability to develop sustainable programs for the Afghans. For example, in our review of the Department of Defense’s UH-60 helicopter program we found that the Combined Security Transition Command-Afghanistan (CSTC–A) would not have a sufficient number of pilots trained to man the UH-60s once delivered and that the aircraft will sit idle in Afghanistan until these pilots were trained. We also found that CSTC-A did not have a program in place to train Afghan personnel to maintain the helicopters.

During this period, SIGAR also reviewed the Afghanistan Reconstruction Trust Fund (ARTF) administered by the World Bank, and found significant deficiencies in its internal controls. The ARTF is a partnership between the international community and the Afghan government to improve the effectiveness of the reconstruction effort by providing on-budget support. Our review of the ARTF found that the World Bank has not exercised effective oversight and accounting over U.S. funds provided to this trust fund and lacks meaningful performance indicators and measures to oversee the performance of projects paid for by the fund. As a result, we believe that the funds provided to the ARTF are at a high risk of being wasted due to ARTF’s oversight failures.

From 2002 to December 31, 2019, the United States has provided approximately $3.8 billion to the ARTF to support programs in Afghanistan. Quantifying the actual amount of waste related to failures in the ARTF is difficult, as oftentimes there is not an actual dollar valued associated with things such as missing objectives and performance measures, or poor managerial decisions. Given that the ARTF will be the main vehicle for supporting reconstruction efforts in the future, we believe that the limitations on, and lack of transparency into, the World Bank’s and the Afghan government’s monitoring and accounting of ARTF funding puts billions of U.S. taxpayer dollars at risk for future waste, fraud, and abuse.

SIGAR’S WORK HAS RESULTED IN APPROXIMATELY $3.2 BILLION IN SAVINGS THROUGH DECEMBER 31, 2019

SIGAR’s work through December 31, 2019, has resulted in about $3.2 billion in savings for the U.S. taxpayer. Based on our audit recommendations, we identified approximately half of this savings, or $1.6 billion, as funds that agencies, such as the DOD or the Department of State (State), could put to better use for other programs or efforts. As briefly described above, our UH-60 audit issued in January 2019 resulted in over $463 million


26 SIGAR, Afghan National Army Camp Commando Phase IV: Construction Met Contract Requirements and Most Facilities are Being Used, but Are Not Well Maintained, SIGAR 18-28-IP, January 26, 2018.

27 SIGAR, Afghanistan’s Ring Road from Qeysar to Laman: After More than 12 Years and Over $249 Million Spent, the Project is only 15 Percent Complete, SIGAR 18-57-SP, June 15, 2018.


that was returned to Afghan Security Forces Fund as the result of SIGAR’s work. \(^{30}\) In response to SIGAR’s findings, in September 2019 the Senate Appropriations Subcommittee on Defense recommended a reduction of $463,317,000 for Afghanistan Security Forces Fund UH–60 procurement for fiscal year 2020 and directed the Secretary of Defense to suspend UH–60 procurements in fiscal year 2020\(^{31}\). The Committee reported that it had longstanding concerns about the ability of DOD to ensure that it does not provide partner nations with costly, maintenance-intensive equipment that exceeds their utilization and maintenance capacities.

The other half of the $3.2 billion in savings, or $1.6 billion, reflects the results of SIGAR’s investigative work. This amount includes approximately $263 million in restitutions, fines, forfeitures, and civil judgments collected and over $1.3 billion in savings and recoveries resulting from SIGAR’s investigations. As of December 31, 2019, SIGAR’s investigative work has resulted in 129 arrests, 185 criminal charges, 147 convictions, and 142 sentencings and has led to 877 referrals of companies and individuals for suspension or debarment to prevent them from receiving U.S. contracts. \(^{32}\)

**CONCLUSION**

International donors, including the United States, provide approximately 75 percent of Afghanistan’s total public expenditures, and the World Bank has estimated that between $4.6 billion and $8.2 billion of donor funding will be required per year through at least 2024 even in a post-peace-settlement environment. Endemic corruption, widespread insecurity, and lack of accountability over on-budget assistance continue to make any investments made in Afghanistan vulnerable to waste, fraud, and abuse and may threaten the peace process as well as the perceived legitimacy and effectiveness of the Afghan government.

Failures or deficiencies in internal control lead to waste, fraud, and abuse in government operations. SIGAR’s work identified numerous instances where internal control was lacking or deficient in government programs established to support reconstruction efforts in Afghanistan. These include, but are not limited to, ineffective oversight by those charged with governance, failure by management to assess and correct a deficiency previously communicated, inadequate controls for safeguarding assets, and assigning employees or management to tasks who lack the requisite qualifications.

SIGAR has worked for more than a decade to detect, deter, and reduce waste, fraud, and abuse in the U.S.-funded reconstruction effort in Afghanistan, as well as to document operations, provide information to the U.S. government and the public, and to suggest improvements to save money and improve results. We have made over 200 recommendations in more than 100 reports issued over the two year period covered in this report. As a result we are not making any new recommendations in this report.

\(^{30}\) SIGAR-19-18-AR.

\(^{31}\) S. Rept. 116-103

\(^{32}\) In total SIGAR made 39 recommendations for debarments and five for suspensions. SIGAR also made three administrative compliance agreements during this time. Administrative compliance agreements are settlement agreements between the U.S. government and a contractor that is in danger of being debarred. They are used to provide appropriate assurances of contractor responsibility and provide the government of additional oversight of the contracting process. Administrative Compliance Agreements often remain in effect for three years, but the specific facts and circumstances of a case dictate the duration of the Agreement.
APPENDIX I – SCOPE AND METHODOLOGY

The objective of this review was to calculate the total dollar value of waste, fraud, and abuse that SIGAR has identified between January 1, 2018, and December 31, 2019. To accomplish this objective, SIGAR created an integrated project team of auditors, investigators, and program analysts to assess a total of 111 audits, inspections, special projects, investigations, alerts and evaluations published during this time frame. SIGAR did not include its Lessons Learned Program reports in its review.

For this review, SIGAR followed the methodology it used for its 2018 report and used the definitions of waste, fraud, and abuse developed by the Government Accountability (GAO) in its 2017 Government Auditing Standards (GAS) exposure draft, also known as the Yellow Book, to apply professional judgment to SIGAR’s 111 published products and 55 closed investigative cases. SIGAR 111 published products include 15 performance audits, 2 alert and evaluations letters, 51 financial audits, 18 inspections, and 25 special projects.

GAO first included a definition of waste in its 2017 Government Auditing Standards exposure draft, also known as the Yellow Book, and then modified the definition when GAO reissued its audit standards in 2018. Initially, waste was defined as

“The act of using or expending resources carelessly, extravagantly, or to no purpose. Waste involves the taxpayers not receiving reasonable value for money in connection with any government-funded activities because of an inappropriate act or omission by parties with control over or access to government resources. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.”

When GAO released the 2018 version of the Yellow Book, the definition of waste excluded the clause “taxpayers not receiving reasonable value for money in connection with any government-funded activities because of an inappropriate act or omission by parties with control over or access to government resources.” This change did not fundamentally change our analysis or methodology for both reports. We also used the GAO definition for fraud and abuse in our analysis, which did not change when the 2018 GAS was reissued. GAO’s definitions of waste, fraud, and abuse are listed in table 4 below.

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33 SIGAR removed from its review a total of 12 products. These products were either descriptive in nature or were summary reports of previously reported findings.

34 For additional information on SIGAR’s previous methodology, see SIGAR 18-60-SP.

35 GAO, Yellow Book 2017 Exposure Draft, GAO-17-313SP, April 2017.

36 According to a GAO official we met with who provides technical assistance on Generally Accepted Government Auditing Standards, GAO removed this part of the definition because of the subjectivity involved in determining reasonable value.
As in 2018, SIGAR quantified the amount of waste, fraud, and abuse associated with each instance using a dollar range to capture the minimum amount and maximum amount of funds believed to be subject to waste, fraud, or abuse. Not all instances of waste, fraud, and abuse were quantifiable. According to GAO, waste can be the result of noncompliance, failures in internal control, or the result of decisions that are contrary to existing policies. As a result, waste, fraud, and abuse may not always have an associated dollar value.

To ensure consistency in the application of the GAO definitions with the previous assessment, SIGAR assessed how GAO’s definitions of waste, fraud, and abuse were applied by team members staffed to the previous report and conducted training for current team members on how these definitions were operationalized by requiring team members to complete two sessions of training, including one session in which they were asked to apply GAO’s definitions to past reports.

To help better understand the types of waste that we uncovered, SIGAR identified and categorized the types of internal control deficiencies, or other failures that it found in the programs and spending we reviewed. To do so, we conducted an analysis of the 209 instances of waste we identified in our performance audits, inspections, and special projects to identify themes and similarities. Through our analysis we identified five main categories—capacity building, planning and coordination, mismanagement, oversight, and judicious spending of funds. We defined each category using the wording from examples of the instances of waste we found during our review of performance audits, inspections, and special projects. We then used our professional judgment to match each of the five categories to one or more of GAO’s three objectives of internal control.37 We used professional judgment to categorize the 209 instances of waste we identified into one of the 5 categories.

To identify savings to the U.S. taxpayer generated by SIGAR’s report recommendations and investigative work, SIGAR also collected updated information from audit recommendation follow-up data from the Audits and Inspections Directorate, including the amount of funds calculated by audits for funds put-to-better use between January 1, 2018, and December 31, 2019. SIGAR also collected investigative statistics collected and reported by the Investigations Directorate related to the total number of criminal fines, restitutions, forfeitures, and civil-settlement recoveries, number of arrests, criminal charges, convictions, sentencings, and suspension and debarments made between January 1, 2018 and December 31, 2019. We determined that the data was sufficient and reliable for reporting purposes.

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37 According to GAO, the objectives of internal control include actions to address: (1) the effectiveness and efficiency of operations, (2) the accuracy of reporting reliability for internal and external use, and (3) compliance with applicable laws and regulations.
APPENDIX II – INSTANCES OF WASTE BY INTERNAL CONTROL CATEGORY, DOLLAR AMOUNT, AND GAO’S OBJECTIVES OF INTERNAL CONTROL

<table>
<thead>
<tr>
<th>Internal Control Category</th>
<th>SIGAR’s Definition</th>
<th>GAO’s Objective of Internal Control</th>
<th>Instances</th>
<th>Total Minimum</th>
<th>Total Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building</td>
<td>Instances in which actions/lack of actions hampered the capacity and ability of an organization to achieve its stated goals and objectives. For example, training staff unsatisfactorily or providing institutional support, such as equipment and supplies that do not work.</td>
<td>Operations</td>
<td>6</td>
<td>Unquantifiable</td>
<td>Unquantifiable</td>
</tr>
<tr>
<td>Planning and Coordination</td>
<td>This includes projects or programs that do not meet the needs of Afghans, are redundant, were not properly planned, or projects or programs that were not coordinated with other entities to ensure that they are part of larger overall government objective. It also includes instances in which a project requires maintenance but no budget exists or a project was executed without consideration for the Afghan recipient’s ability to maintain or sustain it.</td>
<td>Operations Reporting Compliance</td>
<td>50</td>
<td>$133,634,704</td>
<td>$680,954,704</td>
</tr>
<tr>
<td>Mismanagement</td>
<td>Instances in which lack of managerial controls or failure to plan threaten program success. Includes issues such as ill-informed managerial decisions, not establishing performance metrics or other performance data, insufficient document retention, or data quality concerns with program data collected.</td>
<td>Operations Reporting Compliance</td>
<td>34</td>
<td>115,383,181</td>
<td>120,183,181</td>
</tr>
<tr>
<td>Oversight</td>
<td>Instances in which quality control or oversight are not present, are insufficient, specifically as it relates to contract oversight. Includes factors that prevent program officials from overseeing program progress and execution, such as security concerns.</td>
<td>Reporting Compliance</td>
<td>82</td>
<td>$3,694,196</td>
<td>$11,478,178</td>
</tr>
<tr>
<td>Judicious Spending of Funds</td>
<td>Funds spent extravagantly or carelessly, such as instances in which program officials did not provide justification for not competing contracts or selecting the best value in accordance with federal acquisition regulations. Also includes programs producing no tangible result and projects that were not used or are not operational.</td>
<td>Operations Compliance</td>
<td>37</td>
<td>151,756,846</td>
<td>636,544,894</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>209</td>
<td>$404,488,907</td>
<td>$1,449,160,937</td>
</tr>
</tbody>
</table>

Source: SIGAR analysis of its performance audit, inspection, and special project findings between January 1, 2018, and December 31, 2019. Not all instances of waste and abuse are quantifiable.
APPENDIX III – REQUEST LETTER FOR WASTE, FRAUD, AND ABUSE ASSESSMENT

Congress of the United States
House of Representatives
Washington, DC 20515

September 27, 2017

Mr. John F. Sopko,
Special Inspector General for Afghanistan Reconstruction (SIGAR)
2530 Crystal Drive
Arlington, Virginia 22202.

Dear Mr. Sopko,

We write to first thank you and your staff for continuing to audit, detect, and investigate waste, fraud, and abuse in Afghanistan. Your team has uncovered billions of dollars of wasteful spending in the region, and we appreciate your unrelenting work. Since the Trump administration has announced a continued presence in Afghanistan, the work of SIGAR remains imperative to saving more American taxpayer’s money in the future.

Because of the ongoing need for oversight, we are requesting an overall dollar amount of the waste, fraud, and abuse SIGAR has uncovered in Afghanistan since your inception in 2008. We believe this number will help Congress better comprehend the amount of money the federal government has misspent in the country.

Thank you again for your and your staff’s efforts uncovering wasteful spending in Afghanistan. We look forward to continue to support your critical work.

Please do not hesitate to contact our staff should you need assistance in this matter.

Sincerely,

Walter B. Jones
Member of Congress

Peter Welch
Member of Congress

Tim Walberg
Member of Congress
This project was conducted under project code SP-240.
The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

To obtain copies of SIGAR documents at no cost, go to SIGAR’s Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR’s hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
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