



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

John F. Sopko
Special Inspector General

March 31, 2016

The Honorable John McCain, Chairman
The Honorable Jack Reed, Ranking Member
Senate Committee on Armed Services
Russell Senate Office Building, Room 228
Washington, D.C. 20510

Dear Chairman McCain and Ranking Member Reed:

I am writing in response to your letter of March 1, 2016, requesting additional information about SIGAR's Special Project report, *DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project* (referred to as the "CNG Report"), and SIGAR's Office of Special Projects. We very much appreciate your interest in SIGAR's work.

On January 20, 2016, we had the opportunity to discuss the CNG Report and related SIGAR work on DOD's Task Force on Business and Stability Operations ("TFBSO"), at a hearing of the Senate Armed Services Subcommittee on Readiness and Management Support, chaired by Senator Ayotte. In the course of that hearing, Subcommittee Chair Ayotte and other members of the committee requested SIGAR to initiate a full performance audit and a full financial audit of TFBSO. I am happy to report that SIGAR has already begun work on both. I would like to assure you that the results of both audits will be reported in full and in public, as required by law.

Regarding the CNG Report, your March 1 letter requests copies of SIGAR's *Special Project Policies and Procedures Manual* and copies of draft versions of the CNG Report. We have already provided your staff with copies of the *Special Project Policies and Procedures Manual* and it is also publicly available on our website.

With regard to the request for earlier draft versions of the CNG Report, I was concerned by the statement in your letter that, "we have yet to receive any documents responsive to our request." In fact, on December 4, 2015, we delivered to your staff multiple versions of the draft report, including the following: a copy of the fully referenced and indexed draft of the CNG report, showing all of the comments and notations made by the SIGAR reviewers; a copy of the draft sent to DOD for comment; and a copy of the final draft. Members of my senior staff then met with your staff on December 16, 2015, and again on January 15, 2016, to walk them through the drafts and respond to any questions they had. As we explained to your staff, editorial changes were made to the draft prior to it being finalized. The copies we provided to your staff show how the draft report evolved into the finished product. Nevertheless, we are again including those drafts with this response, including copies of other available iterations of the draft as it was developed. (See enclosures.)

We are aware that not all members of the committee staff were happy with the findings in the CNG Report, particularly the \$43 million cost figure. However, it is important to note two things: (1) the \$43 million cost figure was computed by DOD, not SIGAR; and (2) the \$43 million figure was later confirmed by an employee of the Defense Security Cooperation Agency (“DSCA”) as “the best available number.”

None of the facts contained in the CNG Report have been shown to be incorrect. DOD did not dispute the facts when it commented on our draft report on October 9, 2015. Moreover, we specifically asked the committee staff at the December 16 meeting whether they were aware of any factual inaccuracies in our final report, and they indicated they were not. In addition, the factual accuracy of the CNG Report was examined at the January 20 hearing, and no evidence was produced to controvert any of the findings in the report. As we explained to your staff, we would be happy to correct any factual inaccuracies in the report, but at this point neither DOD nor anyone else has shown that any of the facts, figures, data, or statements in the CNG Report are incorrect.

Finally, your letter requests additional explanation with regard to the information contained in our December 4, 2015 response to your November 23, 2015 letter, in which we provided data showing that the proportion of SIGAR products conducted in accordance with Generally Accepted Government Auditing Standards (“GAGAS”) or Council on Inspectors General on Integrity and Efficiency (“CIGIE”) standards had increased over time. We reviewed the data again and realized that our earlier response understated the number of SIGAR products that were conducted in accordance with GAGAS or CIGIE standards by failing to fully take into account all non-GAGAS products. In fact, every report, review, and alert SIGAR issues is conducted in accordance with CIGIE’s *Quality Standards for Federal Offices of Inspector General*, including all special projects and other SIGAR products. Moreover, since I took office in 2012, the total number of SIGAR products more than tripled from FY 2012 to FY 2015. We apologize for any confusion about this.

To further clarify, it should be noted that not every SIGAR product is subject to GAGAS. For example, SIGAR’s statutorily mandated quarterly reports to Congress are SIGAR products, but they are not subject to GAGAS, for the simple reason that they are not audits. However, they are conducted in accordance with CIGIE’s *Quality Standards for Federal Offices of Inspector General*. Similarly, inquiry letters are requests for information and do not contain findings or recommendations. They are by definition not audits (they are not even reports), and therefore they are not subject to GAGAS. Nevertheless, to be transparent about our activities, SIGAR posts all of its products, including inquiry letters, on its public website.¹ But inquiry letters are not reports, and therefore it would not be accurate to say that this shows SIGAR is now producing a smaller proportion of work that meets GAGAS or CIGIE standards.

Again, I very much appreciated the opportunity to discuss SIGAR’s work at the January 20th hearing. SIGAR’s Office of Special Projects has performed outstanding work, which I believe has saved lives as well as money. I am also happy to report that just this month SIGAR’s Audits Directorate received CIGIE’s highest rating as the result of an independent peer review.

¹ Except those containing classified information; sensitive, security-related information; or as otherwise prohibited by law.

Should you have further questions about this or other SIGAR work, I would be happy to meet with you in person. Should you have any additional questions, please do not hesitate to contact me directly, or your staff may contact Jaryd Bern, SIGAR's Director of Congressional Relations and Government Affairs, at [REDACTED] or [REDACTED].

Sincerely,

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

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Enclosures:
Draft Reports