



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

John F. Sopko
Special Inspector General

December 4, 2015

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:

Thank you for your letter of November 23, 2015 inquiring about SIGAR's Office of Special Projects. I appreciate your support of SIGAR and I am pleased to respond to your questions.

I created Special Projects in response to feedback I received from Members of Congress, Congressional staff (including Senate Armed Services Committee staff), former ambassadors, and senior military commanders regarding the need for timely, actionable reports that would assist Congress, DOD, and the State Department in evaluating issues and making policy determinations. When I was appointed to be Special Inspector General, I was told that I was selected because my predecessor was not aggressive enough or responsive enough, and that had to change. Special Projects is one aspect of the change I brought to SIGAR to carry out that demand, but it is not an entirely unique idea. At least 11 other inspectors general at major federal agencies also have a special projects office or equivalent function.

With your support, SIGAR has been able to identify billions of dollars in waste, conduct audits to determine the effectiveness of government spending, investigate serious crimes, and expose potentially dangerous situations resulting from incomplete or substandard construction. I am proud of the work SIGAR has done in these areas, and I am particularly proud of our Office of Special Projects, which conducts important work on emerging issues in a manner that provides Congress, federal agencies, and the military the opportunity to react to critical issues in a timely fashion.

For example, the Office of Special Projects exposed contract fraud that jeopardized the lives of U.S. military personnel in Afghanistan; alerted the military to the risk of deadly fires associated with a substance being used to construct housing for the Afghan National Army; and investigated and exposed the construction of a \$36 million command and control facility (the 64K Building) that was never used. I sincerely appreciate the public support Chairman McCain expressed in connection with the latter Special Projects report.

However, I would like to address an apparent misunderstanding. Your letter states that, "In 2012 almost 90 percent of SIGAR's publicly issued products were reports conducted in accordance with GAGAS or CIGIE standards. This has dropped to just over 50 percent in fiscal year 2015; by

contrast Special Project products represented more than 40 percent of SIGAR's publicly issued products."

This is not correct. In FY 2012, 70 percent of SIGAR products were conducted in accordance with GAGAS or CIGIE standards.¹ By FY 2015, this number actually increased, so that 73 percent of SIGAR products were conducted in accordance with GAGAS or CIGIE standards. In addition, in FY 2015 Special Projects reports and Alert Letters accounted for less than 11 percent of all SIGAR products. Because the SIGAR Office of Special Projects was not created until FY 2013, there were no FY 2012 contributions from that office. Finally, I'd like to note that since I took office in 2012, the total number of products produced annually by SIGAR more than tripled from FY 2012 to FY 2015.

As explained in detail in the attached responses to your questions, SIGAR's Office of Special Projects has performed outstanding work that has consistently benefitted Congress and the American taxpayer. I would be happy to meet with you in person to discuss the achievements of the Office of Special Projects and its ongoing work. Should you have any questions or need additional information, 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,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Enclosures:
SIGAR Response Document
Committee Request Letter (11/23/2015)
Attachment 1: Draft Report before Referencing
Attachment 2: Draft Report after Referencing
Attachment 3: Draft Report Sent to DOD for Comment
Attachment 4: Final Report

¹ This excludes Inquiry Letters, which are requests for information and therefore not subject to GAGAS or CIGIE Blue Book standards.

1. Why and when did SIGAR establish the Office of Special Projects?

SIGAR established the Office of Special Projects in 2013 in response to requests from Members of Congress, Congressional staff (including Senate Armed Services Committee staff), former ambassadors, and a former commander of U.S. forces in Afghanistan, to address emerging and critical issues in a timely fashion, and to address important issues that may not require a full audit. However, issues uncovered by a Special Projects inquiry may later result in an audit or criminal investigation.

The Office of Special Projects provides SIGAR with the flexibility to respond to Congressional inquiries, conduct an initial review of an emerging issue to determine whether it warrants further action, and to alert the Defense Department, the State Department, USAID, and others to immediate threats to life, health, safety, and security. Special projects may later result in audits or criminal investigations.

Since it was established, SIGAR's Office of Special Projects has completed a number of oversight projects that could not have been handled in a timely fashion as either an audit or an inspection. SIGAR is not the only IG office that conducts special projects. An informal survey of major Federal agency IGs indicates that at least 11 IGs, including the DOD IG and the State Department IG, have established a special projects office or equivalent function.

2. What is the organizational structure and leadership of the Special Projects office, and any differences from the other SIGAR directorates that conduct work and publish reports in support of SIGAR's mission, vision and values?

The Office of Special Projects consists of a Director, a Deputy Director, and five analysts. This staff is supplemented with individuals from other SIGAR offices as needed. Special Projects also has routine access to a variety of subject matter experts within SIGAR. Special Projects reports are subject to a rigorous fact checking process through a GAGAS-style full indexing and referencing, as well as a final legal review by the Office of General Counsel. The Office of Special Projects is headed by Jack Mitchell, who has 25 years of experience in Congressional and federal program oversight. Mr. Mitchell previously directed the Office of Special Investigations (OSI) in the Commissioner's Office at the Food and Drug Administration, and served in lead investigative positions with the Oversight of Government Management Subcommittee of the Senate Committee on Governmental Affairs (the name at the time) and the Senate Special Committee on Aging.

3. How many staff have you had working in the Office of Special Projects (broken down by each fiscal year since it was established)?

FY13 (the first year Special Projects was in operation): One Director, an Engagement Manager, four Senior Analysts.

FY14: One Director, four Senior Analysts.

FY15: One Director, one Deputy Director, four Senior Analysts.

As noted above, the Special Projects staff is regularly augmented by personnel from other SIGAR offices as needed.

4. How do you determine whether to undertake work as an Audit, Investigation, Inspection, or Special Project?

The majority of SIGAR's audits and inspections are performed pursuant to a plan that is adopted up to a year in advance and coordinated with the inspectors general of the Defense Department, the State Department, and USAID. Investigations relate to potential violations of criminal law. Investigations can result from the initiative of SIGAR's Special Agents, tips to SIGAR's fraud hotline (both in the U.S. and Afghanistan), information shared by other law enforcement organizations, information obtained from contractors, information obtained in the course of audits, inspections, or special projects, and information obtained from any other source that may indicate a potential violation of law.

Matters assigned to Special Projects normally fall outside SIGAR's scheduled audit and inspection program, or arise quickly as the result of a complaint or other unforeseen development. For example, SIGAR became aware of a potentially life-threatening situation where housing for Afghan National Army soldiers was being constructed with a highly flammable substance. The most timely and effective way to address this issue, and others like it, was to assign it to Special Projects, which reported this hazard to the Defense Department. Special Projects also issues Alert Letters, which concern the health, life, or safety of individuals. For example, SIGAR issued an Alert Letter to the Secretary of Defense when we discovered that certain culvert denial systems designed to prevent the planting of improvised explosive devices under roads in Afghanistan had not been properly installed.

5. When you begin a Special Project and request information from an agency, do you advise the agency that the work is a Special Project versus an Audit, Inspection or Investigation?

Yes. Typically, initial requests for information related to a special project are transmitted by the Director of Special Projects in the form of inquiry letters. The Director and his staff make themselves available to answer any questions concerning these inquiries. The Special Projects Director and his staff also participate in regular, biweekly calls downrange with representatives of USAID, the Embassy in Kabul and various military commands, along with SIGAR's Kabul staff. These conference calls are intended to address any questions concerning ongoing SIGAR audits, inspections, and special projects.

6. Do you conduct your Special Projects work under standards other than GAGAS or CIGIE, and if so, what are those standards?

While Generally Accepted Government Auditing Standards (GAGAS) apply only to audits (by definition), Special Projects follows GAGAS standards as closely as possible while still trying to meet urgent timeframes. Special Projects reports go through rigorous fact checking through a GAGAS-style full indexing and referencing, as well as a final legal review by the Office of General Counsel. The Office of Special Projects also issues Inquiry Letters, which are requests for information and therefore not subject to GAGAS; and Alert Letters, which, as discussed above, are used to alert an agency to immediate, potential threats to human life, health, safety, and security. Because of their unique purpose, Alert Letters also are not subject to GAGAS.

7. Please provide a list of all Special Projects reports (including Alerts) that were associated with a subsequently issued Audit, Inspection, or Investigation report (report titles and numbers).

SIGAR 14-12-SP, *Comprehensive Risk Assessments of MOD and MOI Financial Management Capacity Could Improve Oversight of Over \$4 Billion in Direct Assistance Funding*. This report resulted in a congressionally-requested audit of MOI and MOD capacity to manage U.S. Direct Assistance funding.

SIGAR 13-8-SP, *Improvised Explosive Devices: Unclear Whether Culvert Denial Systems to Protect Troops Are Functioning or Were Ever Installed*. This report led to a criminal investigation and subsequent prosecution of an individual who had failed to properly oversee the U.S. military's Culvert Denial program in Afghanistan, resulting in a U.S. fatality.

Additional special projects have resulted in criminal investigations and audits that are still open and ongoing.

8. How do you assure the quality of the publicly issued reports associated with Special Projects?

In addition to the process outlined in the response to question 6, every draft Special Project report is sent to the relevant agency for comment. Agency comments are then reviewed and incorporated in the final report, as appropriate. SIGAR requests agency comments to ensure that the facts and findings contained in the draft report are accurate. A good example of a SIGAR report in which comments were received from the agency, analyzed by SIGAR, and included and discussed in the final report is SIGAR's report on the 64K Building, *\$36 Million Command and Control Facility at Camp Leatherneck, Afghanistan: Unwanted, Unneeded, and Unused*, SP-15-57-SP, May 2015.

9. How have Special Project reports been incorporated into internal and/or external quality assurance reviews such as Peer Review?

SIGAR's Special Project reports undergo the rigorous internal review and quality assurance process described in the answers to questions 6 and 8. In addition, as noted in the response to question 8, SIGAR submits its draft Special Project reports to the relevant

agency for comment. Agency comments are then reviewed and incorporated in the final report, as appropriate.

10. Please provide in detail, the quality assurance process that was followed [for the CNG report], including, to the extent that such documentation exists: evidence of stakeholders or special expertise; type of referencing used (partial or full); versions of the draft report before and after referencing, including indexing and referencing comments; draft report with management/review signature.

In a letter to the Secretary of Defense dated May 18, 2015, the Special Inspector General requested specific information about the CNG filling station. On June 17, 2015, Principal Deputy Under Secretary of Defense for Policy Brian P. McKeon asserted that no one remained at the Department who could answer SIGAR's questions about the CNG project. While DOD cooperation would certainly have provided valuable information about TFBSO's CNG project, SIGAR was able to obtain sufficient evidence from other sources, including TFBSO contractors under subpoena, to prepare a draft report. The report was drafted by Special Projects staff, then submitted to SIGAR's quality control staff, where it was fully indexed and referenced (a copy of the referenced draft is attached). It was then reviewed by the General Counsel, the Deputy Inspector General, and the Inspector General. The draft report was then sent to DOD for review and comment on September 24, 2015. In a letter dated October 9, 2015, DOD failed to offer any comments on the facts or findings contained in the draft report. Instead, the Principal Deputy Under Secretary for Policy stated that DOD is "ready to facilitate access to TFBSO records and, reversing his June 17, 2015 representation, acknowledged that former TFBSO employees were "now working in the Department." DOD's refusal to provide information on the CNG station and unconditional access to TFBSO records is summarized in the final CNG report at pages 8-9, and copies of the relevant correspondence are provided in Appendices I-III of the final report.

Evidence of stakeholders or special expertise (for example, methodologist, economist, general counsel):

The team working on the TFBSO CNG issue has over 60 combined years of experience at the Government Accountability Office (GAO), over 60 years of legal experience, over 50 years of Congressional oversight experience, and over 25 years of law enforcement experience. More specifically, the team consists of:

SIGAR's Deputy Inspector General

The Deputy Inspector General served for 38 years with the Government Accountability Office (GAO). In his most recent position there, he served as director on the U.S. and International Nuclear Security and Cleanup Team. He has decades of experience developing, leading, and managing GAO domestic and international work. His diverse experience includes assignments with congressional committees as well as various offices within GAO. He has testified before Congress more than 50 times and was responsible for hundreds of reports while with GAO.

SIGAR's General Counsel

The General Counsel has 40 years experience as an attorney, during which he worked for the federal government, think tanks, and the private sector. He has represented the United States in large corporate litigation, served as chief counsel to two congressional committees, and spent over ten years in the property and casualty insurance industry. While on Capitol Hill, he led numerous high-profile investigations, including investigations on the implementation of economic sanctions against Iran; the transition of the U.S. effort in Iraq from the Defense Department to the State Department; the cost and capabilities of the V-22 Osprey; the rise of the Mexican drug cartels and the implications for U.S. national security; flu vaccine production and distribution; the proliferation, operation, and security of high-containment biological laboratories; food and drug safety; and a long-term investigation of the collapse of the financial services sector. He began his federal civilian service with the Congressional Research Service. He also spent four years in the U.S. Army, including a year in Vietnam (1968), and completed his service as an infantry captain.

SIGAR's Chief of Staff

The Chief of Staff previously served as SIGAR's Deputy Assistant Inspector General for Investigations, where she oversaw scores of felony investigations involving bribery, corruption, and contract fraud. Prior to that, she served as the Director of the Defense Criminal Investigative Service (DCIS) where she led the investigative efforts of over 700 Special Agents and Analysts located throughout the world. She began her career as a Naval Investigative Service (now NCIS) Special Agent where she investigated serious felony charges, including murders, rapes, drug dealing, and large scale thefts. She joined the ranks of the Senior Executive Service with DCIS and has 30 years of federal law enforcement experience.

SIGAR's Director of Special Projects

The Director of Special Projects previously served as chief investigator for the Oversight of Government Management Subcommittee of the Senate Committee on Governmental Affairs (the name at the time) and Chief of Oversight and Investigations for the Senate Special Committee on Aging. He previously served as Director of the Office of Special Investigations at the Food and Drug Administration. He held Senior Executive Service positions with the Department of Health and Human Services and with the National Science Foundation. He has over 30 years of experience in the federal government and private sector.

SIGAR's Deputy Director of Special Projects

The Deputy Director of Special Projects has almost 9 years of GAO and other auditing experience. He previously served as the Deputy Assistant Inspector General for Audits & Inspections for SIGAR in Afghanistan, where he served for 3 years. He was also a Senior Program Manager and Senior Program Analyst with SIGAR's Audits Directorate.

Senior Investigative Counsel

The Senior Investigative Counsel assigned to the CNG matter has over 20 years of experience in the federal government, state government, and the private sector. Immediately prior to joining SIGAR, he led complex, nationally publicized investigations as an Assistant Attorney General with the New York State Attorney General's Office and as a Senior Investigative Counsel with the U.S. House of Representatives, Committee on Oversight and Government Reform. He served as an Assistant Counsel to the Governor of New York, clerked for a U.S. District Court judge, and served as a staff member of the U.S. Senate Committee on Banking, Housing and Urban Affairs, and on the personal staff of a former U.S. Senator. In the private sector, he worked at an international law firm and a financial services firm in Manhattan.

Senior Analyst

SIGAR's Senior Analyst on this matter has ten years of experience producing complex analytical products concerning U.S. national security policy. He has worked for the Office of the Under Secretary of Defense (Policy) Afghanistan Desk in the Pentagon; as a deployed analyst based in Mazar-i-Sharif, Afghanistan; as an analyst on the OSD Policy Security Cooperation Reform Task Force; and as an analyst supporting the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics International Cooperation Directorate. He is a graduate of the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University.

11. Type of referencing used (partial or full):

The draft CNG report was fully indexed and fully referenced. The person who referenced it has 33 years of experience at GAO, where he most recently served as an Assistant Director. There were two phases of indexing and referencing. Please see attached drafts.

12. Versions of the draft report before and after referencing, including indexing and referencing comments: Please see attachments one and two.

13. Draft report with management/review signature: Please see attachment four.

14. Draft report that was sent to DOD for comment: Please see attachment three.

15. Reviewed and approved project management file: As noted above, the CNG report was not an audit and therefore not subject to GAGAS rules, so there is not a "project management file."

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United States Senate

COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

November 23, 2015

The Honorable John Sopko
Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, VA 22202

Dear Inspector General Sopko:

Your report issued October 22, 2015 titled, "DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-conceived \$43 Million Project" has captured media headlines and the attention of members of the Senate Armed Services Committee. The strongly worded title, the nature and tone of some of the findings and the methodology of the report have led this committee to take a particular interest in understanding the basis for its findings and conclusions.

This report is based on work conducted by your Office of Special Projects rather than the Audits or the Investigations directorates. We understand based on SIGAR's Agency Protocols that Special Project reports are not Audits, Inspections, or Investigations, and as such they are not conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) or the Council of Inspectors General on Integrity and Efficiency (CIGIE) standards.

In 2012 almost 90 percent of SIGAR's publicly issued products were reports conducted in accordance with GAGAS or CIGIE standards. This has dropped to just over 50 percent in fiscal year 2015; by contrast Special Project products represented more than 40 percent of SIGAR's publicly issued products.

Accordingly, we would like to know more about the purpose and scope of the Special Projects office and its publicly issued products in the context of SIGAR's mission, vision, and values for conducting its work in an independent and objective fashion.

Please provide a response to the following questions by December 4, 2015:

- Why and when did SIGAR establish the Office of Special Projects?
- What is the organizational structure and leadership of the Special Projects office, and any differences from the other SIGAR directorates that conduct work and publish reports in support of SIGAR's mission, vision, and values?
- How many staff have you had working in the Office of Special Projects (broken down by each fiscal year since it was established)?

- How do you determine whether to undertake work as an Audit, Investigation, Inspection, or Special Project?
- When you begin a Special Project and request information from an agency, do you advise the agency that the work is a Special Project versus an Audit, Inspection, or Investigation?
- Do you conduct your Special Projects work under standards other than GAGAS or CIGIE, and if so, what are those standards?
- Please provide a list of all Special Project reports (including Alerts) that were associated with a subsequently issued Audit, Inspection, or Investigation report (report titles and numbers).
- How do you assure the quality of the publicly issued reports associated with Special Projects?
- How have Special Project reports been incorporated into internal and/or external quality assurance reviews such as Peer Review?

In discussion with your staff on November 23, 2015, we understand that the report "DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-conceived \$43 Million Project" went through a quality assurance process that included referencing.

- Please provide in detail, the quality assurance process that was followed, including, to the extent that such documentation exists:
 - Evidence of stakeholders or special expertise (for example, methodologist, economist, general counsel)
 - Type of referencing used (partial or full)
 - Versions of the draft report before and after referencing, including indexing and referencing comments
 - Draft report with management/review signature
 - Draft report that was sent to DOD for comment
 - Reviewed and approved project management file

If you have any questions, please contact Jennifer White at [REDACTED] or Bill Monahan at [REDACTED]

Sincerely,


Jack Reed
Ranking Member


John McCain
Chairman