Why ANSF Numbers Matter: Inaccurate and Unreliable Data, and Limited Oversight of On-Budget Assistance Put Millions of U.S. Taxpayer Dollars at Risk

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Chairman DeSantis, Ranking Member Lynch, and Members of the Subcommittee,

I am pleased to be here today to discuss SIGAR’s recent work examining the processes for collecting and verifying the accuracy of Afghan National Security Forces (ANSF) personnel and payroll data, and the Afghan government’s capacity to manage and account for U.S. on-budget assistance for ANSF salaries and other needs that is provided through direct assistance and multi-donor trust funds.¹

After 14 years, thousands of lost U.S. lives, hundreds of billions spent to support U.S. military operations, and almost $110 billion appropriated for the largest reconstruction effort in U.S. history, the United States is at a crossroads in Afghanistan. Although many U.S. troops have come home and Congress has reduced annual appropriations for Afghanistan reconstruction, there was still approximately $15 billion left to be spent for reconstruction as of March 31, 2015. Furthermore, the U.S. government has committed to spending billions more over the years to come until the Afghan government is able to sustain itself.

Managing and overseeing this massive, ongoing effort is being left to a decreasing number of U.S. military and civilian personnel in Afghanistan. With limited resources to conduct the reconstruction mission, transparency and oversight are more important than ever, especially now that we appear to have a willing partner in the new National Unity Government of President Ashraf Ghani and Chief Executive Officer (CEO) Abdullah Abdullah. Together, we must ensure that every dollar is spent as effectively and efficiently as possible and used as intended. Failing to do so decreases the chances that Afghanistan will become a secure and stable nation, thus risking all the United States, the Afghan government, and our allies have invested to date. Every dollar we spend now on training, advising, and assisting the Afghans, and on oversight must be viewed as insurance coverage to protect our nearly trillion dollar investment in Afghanistan since 2001.

In lieu of a large U.S. presence throughout Afghanistan, decision makers and implementing agencies, such as the Departments of Defense (DOD) and State, and the U.S. Agency for International Development (USAID), are becoming more and more reliant on accurate and reliable data on the reconstruction effort produced by the Afghan government and other international partners. This includes basic information on the number of ANSF personnel. However, SIGAR’s recent audits highlight concerns that neither the United States nor its Afghan allies truly know how many Afghan soldiers and police are available for duty, or, by extension, the true nature of their operational capabilities. Such basic information is especially critical now as we enter the 2015 fighting season with the Afghans fully responsible for their own security. In addition, this data forms the basis for all U.S. assistance to the ANSF.

¹ The ANSF is also known as the “Afghan National Defense and Security Forces,” or ANDSF. For consistency with our prior work, this statement refers to the ANSF.
As the United States continues to shift its funding for ANSF salaries and other needs to on-budget assistance, it is extremely important that this assistance be based on accurate and reliable data, and that the Afghan government is able to manage and account for such funds. However, as the two audits I will be discussing today and SIGAR’s other work show, the Afghan government still lacks the capacity to adequately use and oversee U.S. on-budget assistance, exposing these funds to waste, fraud, and abuse.

Background

As of March 31, 2015, Congress has appropriated $60.7 billion to equip, train, and sustain the ANSF, which consists of the Afghan National Army (ANA) and the Afghan National Police (ANP). Of this, at least $3.8 billion has been allocated to fund ANSF salaries, consisting of:

- $2.3 billion to pay Afghan National Army (ANA) salaries since 2009, and
- more than $1.5 billion to the Law and Order Trust Fund for Afghanistan (LOTFA) since 2002 to pay ANP salaries. LOTFA is administered by the United Nations Development Programme (UNDP).

For Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—the Combined Security Transition Command-

2 The Afghan transitional government created the ANA and ANP in 2002. The ANA is organized under the Ministry of Defense and consists of six regional corps, headquartered in Kabul, Balkh, Kandahar, Herat, Paktia, and Helmand provinces, and one capital division, located in Kabul. The Afghan Air Force, considered a branch of the ANA, consists of three air wings located in Kabul, Kandahar, and Herat provinces, and three air detachments located in Balkh, Herat, and Nangarhar provinces. The ANP is organized under the Ministry of Interior and consists of the Afghan Uniformed Police, the Afghan Border Police, the Afghan Anti-Crime Police, and the Afghan National Civil Order Police.

3 Unless stated otherwise, “salaries” refers collectively to salary and incentives, which include, among others, hazard and specialty pay.

4 In 2002, the United States, the Afghan government, and other international partners established LOTFA to fund ANP salaries and other payroll costs. As of September 2014, the international community had contributed $3.8 billion to LOTFA, with the United States contributing more than $1.5 billion, or about 39 percent, of the total. According to U.S. military officials, there is no data on funding provided by the U.S. government for ANA salaries prior to 2009.
Afghanistan (CSTC-A) projects it will provide $1.6 billion in direct assistance to the Afghan Ministry of Defense (MOD) to fund ANA salaries and other needs. The command intends to provide $553 million in direct assistance to the Afghan Ministry of Interior (MOI) along with an additional $114.4 million to LOTFA for ANP salaries.

The ANA and ANP are authorized 195,000 and 157,000 personnel, respectively, for a total of 352,000 personnel. In April 2015, Essential Function 4 of the North Atlantic Treaty Organization (NATO) Resolute Support mission, the entity responsible for reporting ANSF personnel figures, reported 167,024 personnel assigned to the ANA and 154,685 assigned to the ANP as of February 2015.

ANSF Personnel Data Is Critical for Determining the Forces’ Capabilities and the Level of Support Needed to Support Them

The importance of accurate and reliable ANA and ANP personnel data to the U.S. and Afghan governments, Resolute Support, UNDP, and donor nations supporting the ANSF cannot be overstated. Every professional standing military, security force, and police force begins each day by identifying how many personnel are present for duty and what abilities they have, such as trained infantry, patrolmen, medics, and mechanics. This data enables the commanders of those forces to determine their operational capabilities. In his testimony to Congress in February 2015, General John F. Campbell, Commander of Resolute Support and U.S. Forces-Afghanistan, noted that the ANSF still have capability gaps and shortfalls, and would benefit from sound leadership and strict accountability. Without a clear understanding each day of how many personnel, and with what skills, are present for duty, the capability gaps noted by General Campbell can be greatly exacerbated.

At the strategic level, ANSF personnel data has a range of uses. Data on the number of assigned personnel is one key indicator of the Afghan government’s ability to defend the country against the Taliban insurgency, provide domestic security for the population, and

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5 CSTC-A, a subordinate command of U.S. Forces–Afghanistan, is responsible for implementing the U.S. advisory and assistance mission to support the ANSF, and overseeing U.S. direct assistance funding for the ANSF.

6 Essential Function 4 assumed responsibilities for reporting on ANSF personnel on November 1, 2014, when the essential function structure was phased into operation in preparation for the NATO’s transition from the International Security Assistance Force to Resolute Support. Prior to that, CSTC-A had responsibility for reporting the data. See appendix I for a list and description of the eight essential functions.

7 These assigned numbers do not include civilian personnel in the ANA and ANP.

8 Personnel data includes names, ranks, identification information, and duty locations, which identify both individual and the total number of personnel.

9 General John F. Campbell, Statement of General John F Campbell, USA, Commander U.S. Forces—Afghanistan, Before the Senate Armed Services Committee on the Situation in Afghanistan, February 12, 2015.
prevent terrorist groups from staging new attacks from Afghan soil. In addition, this data is used as a basis for determining other requirements for the ANA and ANP, such as recruiting; facilities, training, and equipment needed; salaries; and medical care. Furthermore, data on assigned personnel help U.S. and coalition partners make decisions on the pace of their withdrawal of military personnel and capabilities while ensuring the ANSF is able to achieve its security objectives. Finally, until the Afghan government is able to fully fund and sustain its own security force, ANSF personnel data, combined with payroll data and other information, help the United States and coalition nations determine the overall amount of funding required to support the ANSF and make decisions on how much funding they will provide.10

Figure 1 illustrates why ANSF personnel and payroll data is so important to the security of Afghanistan.

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10 Payroll data includes daily attendance figures, base salary, and applicable financial incentives, all of which determine how much each individual will be paid.
Weaknesses in the Process for Collecting and Verifying ANSF Personnel and Payroll
Data Limit Assurances that Data Is Accurate

Despite the importance of personnel and payroll data to supporting and assessing the ANSF, since 2006, SIGAR, the DOD Inspector General (DODIG), the Department of State (State) Inspector General (IG), and the Government Accountability Office (GAO) have identified numerous weaknesses in fundamental ANSF practices. These weaknesses include limited U.S. and Afghan oversight of data collection processes, little or no physical verification of ANSF personnel existence and daily attendance, and lack of controls over payroll processes. For example:

- In November 2006, DODIG and State IG reported that CSTC-A reports on ANP personnel totals were unreliable, stating that the personnel numbers were “inflated and that there is no personnel accounting system in place.”

- In June 2008, GAO reported on personnel accountability problems within the ANA. GAO cited DOD officials’ statements that numbers on ANA personnel present-for-duty may differ from trained and assigned personnel numbers because of attrition, absenteeism, and casualties, and that roughly 20 percent of ANA combat personnel were not present for duty as of February 2008.

- During 2011 audit of ANP personnel systems, SIGAR found that various sources of personnel data showed total reported numbers of ANP personnel ranging from 111,774 to 125,218, a discrepancy of 13,444 personnel. SIGAR also noted that CSTC-A, UNDP, and MOI faced difficulties verifying ANP personnel and payroll data accuracy. Furthermore, SIGAR found that CSTC-A and MOI were experiencing difficulty implementing an electronic human resources system.

- In February 2012, DODIG found a lack of visibility into ANA data at the local levels, reporting that CSTC-A finance officials only visited and audited payroll data for each of the six corps twice a year and rarely performed site visits below the corps level. DODIG also reported that ANA brigade-level personnel identified by CSTC-A’s Finance Management Oversight office had altered deposit reports to shift money into colluders’ accounts, and noted difficulties CSTC-A finance officials faced in obtaining bank records in order to verify salary payments.

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13 SIGAR Audit-11-10, Despite Improvements in MOI’s Personnel Systems, Additional Actions Are Needed to Completely Verify ANP Payroll Costs and Workforce Strength, April 25, 2011.

SIGAR’s 2015 Audits Highlight Continued Problems

In SIGAR’s January and April 2015 audit reports on the processes used to collect and verify the accuracy of ANSF personnel and payroll data, SIGAR found that despite 13 years and several billion dollars spent on salary assistance, there is still no assurance that the data is accurate.\textsuperscript{15} Although all entities involved in tracking and reporting this data—specifically, CSTC-A, Essential Function 4, UNDP, and the Afghan government—have been working to develop effective personnel and payroll processes for both the ANA and ANP, those processes continue to exhibit extensive internal control deficiencies. This is due to:

- Weak controls and limited oversight over the ANA’s and ANP’s daily unit-level attendance collection processes;
- Weaknesses in personnel and payroll data systems; and
- A lack of documented procedures for verifying and reconciling ANA and ANP personnel and payroll data.\textsuperscript{16}

How the Processes Used to Collect and Report ANA and ANP Personnel and Payroll Data, and Paying Salaries Are Intended to Work

Before describing these weaknesses, it is important to understand how the processes used to collect and report ANA and ANP personnel and payroll data, and paying salaries are intended to work. ANA and ANP units are supposed to collect attendance data on their personnel daily. This attendance data forms the basis of all personnel and payroll data that MOD and MOI report. The units are supposed to report attendance data through their chains of command to the respective headquarters, which then aggregate, summarize, and provide the data to MOD for the ANA and to MOI for the ANP, as well as MOF. MOF then uses the data to calculate lump sum salary payments to be disbursed to local Afghan banks. The banks pay individuals’ salaries to the appropriate bank accounts according to data they receive from the ANA and ANP. While most ANA and ANP salaries are paid directly into bank accounts electronically, approximately 20 percent of ANP personnel and an estimated 5 percent of ANA personnel receive salaries in cash from a “trusted agent,” an individual appointed by MOD or MOI to hand deliver salaries to soldiers and police who do not have access to a bank.

\textsuperscript{15} SIGAR Audit 15-54-AR, \textit{Afghan National Army: Millions of Dollars At Risk Due to Minimal Oversight of Personnel and Payroll Data}, April 23, 2015; and SIGAR Audit 15-26-AR, \textit{Afghan National Police: More than $300 Million in Annual, U.S.-funded Salary Payments Is Based on Partially Verified or Reconciled Data}, January 7, 2015

\textsuperscript{16} See appendix II for a list of the specific weaknesses SIGAR identified in the processes for collecting and verifying the accuracy of ANSF personnel and payroll data. Appendix III lists the entities involved in collecting, verifying, and reporting ANSF personnel and payroll data, and describes their roles and responsibilities.
Weak Controls and Limited Oversight over the ANA’s and ANP’s Daily Unit-Level Attendance Collection Processes

CSTC-A, Essential Function 4, and UNDP rely on the ANA and ANP to collect their own data with oversight from MOD and MOI, respectively. However, SIGAR identified problems with the collection and oversight of ANA and ANP attendance data, which forms the basis of all ANSF personnel and payroll data. 17 The only control in place at the unit level to ensure accurate attendance reporting on a day-to-day basis—a roster individual ANA and ANP personnel sign daily—was not consistently used across locations. For example, officers used the rosters, but enlisted personnel did not.

In addition, there is no direct oversight—either consistent or ad-hoc—of the attendance processes. CSTC-A, Essential Function 4, UNDP, MOD, and MOI officials do not observe the completion of the daily rosters, do not review all rosters, and do not reconcile the rosters against other personnel or payroll data. Senior ANA and ANP officials who could provide direct oversight are not generally co-located with the unit-level officer responsible for collecting attendance data, and SIGAR found no evidence that daily attendance procedures are supervised beyond the unit-level commander.

CSTC-A officials noted that they lack sufficient staff to be present during ANA and ANP attendance data collection, and therefore must rely on ANA and ANP officials to collect and report accurate information. This lack of controls over attendance processes and oversight by the Afghan government, CSTC-A, and other international personnel could result in inaccurate reporting on personnel attendance and personnel being paid for days not worked.

Weaknesses in ANSF Personnel and Payroll Data Systems

SIGAR identified deficiencies and limitations—such as inconsistent use, incomplete or incorrect data, lack of system integration, and weak internal controls—in each of the data systems CSTC-A, Essential Function 4, UNDP, and the Afghan government use to store, access, transfer, and use ANA and ANP personnel and payroll data. 18 These weaknesses limit assurances that the data is accurate and that personnel receive accurate salaries.

ANSF personnel data systems are not used or do not function as intended. For example, despite requirements for using ANA- or ANP-issued identification cards, the cards are not used consistently or effectively for identification at ANA and ANP locations, to track attendance, to pay salaries, or to access electronic personnel records. In addition, the Afghanistan Human Resource Information System (AHRIMS), which has been under

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17 See appendix IV for a more detailed description of the ANA and ANP personnel and payroll data collection processes.

18 See appendix V for a list of the personnel and payroll data processes and systems, and a summary of the weaknesses we identified with each of them.
development since 2010, lacks key functions, such as the ability to produce reports on ANA personnel, track ANA or ANP personnel by the authorized position, and distinguish between active and inactive personnel. Because AHRIMS cannot identify all active ANA and ANP personnel, MOD and MOI use separate and fully manual processes to compile personnel totals from daily attendance records for its monthly submission to Essential Function 4.

With respect to ANSF payroll systems, MOD does not have an electronic system for determining ANA personnel salaries and calculates salaries using an entirely manual process that could be subject to error and manipulation. Although the ANP has an electronic payroll system—the Electronic Payroll System (EPS), which is administered by UNDP—that system is not fully functional in all provincial headquarters, has few controls to ensure the accuracy of data entered into it, and is not integrated with AHRIMS, the human resources system.

**Lack of Documented Procedures for Verifying and Reconciling ANA and ANP Personnel and Payroll Data**

Despite their internal requirements for ensuring the accuracy of ANA and ANP personnel data, MOD and MOI do not have documented or transparent procedures for verifying this data. In lieu of formal procedures, the MOD chief of personnel stated MOD’s process for verifying this data consists of informal visits once or twice per year to the corps level but not below, while MOI officials confirmed that any internal data verification processes that they conduct is informal.¹⁹

CSTC-A has limited insight into MOD’s and MOI’s verification efforts. For example, although MOD and MOI do conduct personnel asset inventories, which involve physical counts of ANSF personnel, to maintain accountability, it is unclear how frequently these inventories take place and the extent to which the ministries share the results with CSTC-A.²⁰ In addition, CSTC-A advisors told SIGAR they have no access to MOD and MOI IG reports, which would provide information on the level of internal oversight the two entities are providing.

Neither CSTC-A nor Essential Function 4 has written procedures documenting its verification and reconciliation process. The two standard operating procedures that CSTC-A provided as guidance for this process only describe steps to format personnel numbers into a reporting template and to analyze changes in ANA and ANP personnel totals from month to month.²¹ The procedures do not explain how Essential Function 4 or CSTC-A ensures that the numbers it receives are correct. In lieu of written procedures for verifying ANSF personnel

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¹⁹ An ANA corps consists of roughly 15,000 troops and is the equivalent of a U.S Army division.

²⁰ During a personnel asset inventory, MOD and MOI physically counts and records data for ANA and ANP personnel, respectively.

²¹ The two standard operating procedures provided by CSTC-A are the command’s assessments standard operating procedures and the ANP personnel statistics standard operating procedure.
data, CSCT-A officials used ad hoc procedures that consisted of using their own familiarity with the size of various units to identify potentially erroneous figures in MOD’s and MOI’s reporting.

UNDP contracted with Joshi & Bhandary, an independent monitoring agent, to conduct regular verification of ANP payroll data and LOTFA expenditures. However, SIGAR found that Joshi & Bhandary’s plan for sampling and physically verifying personnel was not sufficiently detailed or documented, or consistently applied. This inconsistent approach may have artificially inflated the percentage of verified personnel from 59 percent to as much as 84 percent. In addition, Joshi & Bhandary’s reports did not explain inconsistencies in its work or discuss whether needed follow-up activities had been completed. For example, a March 2013 monitoring agent report notes that individuals not available on site during Joshi & Bhandary’s visit will be verified during later months. Later reports, however, do not state whether Joshi & Bhandary conducted this follow-up.\(^22\)

The Afghan Government Continues to Lack the Capacity to Fully Manage and Account for On-Budget Assistance for ANSF Salaries and Other Needs

SIGAR continues to have concerns about the risk to U.S. funds provided to the Afghan government in the form of on-budget assistance. The United States provides on-budget assistance to the Afghan government primarily through direct assistance to Afghan ministries and contributions to multi-donor trust funds.\(^23\) Since 2002, the United States has provided nearly $8.5 billion in on-budget assistance. This includes about $4.4 billion to Afghan ministries and nearly $4.1 billion to three multi-donor trust funds, including LOTFA, which pays ANP salaries. For Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—CSTC-A, which is responsible for managing and overseeing U.S. direct assistance funding for the ANSF, expects to provide approximately $1.6 billion in direct assistance to MOD to support the ANA, and $553 million in direct assistance to MOI to support the ANP, plus an additional $114.4 million through LOTFA. Through its annual commitment letters with MOD and MOI, CSTC-A places requirements on the use of those funds and actions the ministries are to take to manage and account for the funds.

CSTC-A provides funding for ANA personnel salaries directly to MOF on a quarterly basis. MOF then disburses the funding to pay ANA personnel, primarily to a bank, which

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\(^{22}\) UNDP conducted a desk audit of its oversight of the LOTFA monitoring agent. In this review, UNDP found that it had provided unsatisfactory oversight of the monitoring agent (see UNDP Office of Audit and Investigations, *Desk Review of UNDP Afghanistan Oversight of the Monitoring Agent of the Law and Order Trust Fund for Afghanistan*, Report No. 1310, October 9, 2014).

\(^{23}\) The major multi-donor trust funds for Afghanistan are the Afghanistan Reconstruction Trust Fund, managed by the World Bank ($2.4 billion in cumulative U.S. contributions); the Afghanistan Infrastructure Trust Fund, managed by the Asian Development Bank ($105 million in cumulative U.S. contributions); and LOTFA, managed by UNDP ($1.5 billion in U.S. contributions).
electronically transfers salaries directly to individual bank accounts. The process for the ANP is similar except that CSTC-A provides funding for salaries to the UNDP-administered LOTFA, and UNDP then disburses the funding to MOF monthly.\(^{24}\) Once funds for both the ANA and ANP reach MOF, CSTC-A loses almost all direct visibility over them, making it critical for the Afghan government to be able to effectively manage and account for those funds.

Likewise, it needs to be emphasized that oversight agencies, such as SIGAR, also lose criminal jurisdiction over those U.S. taxpayer funds at the point they are disbursed to MOF. As will be described later in my testimony, up to now, when SIGAR and other U.S. law enforcement agencies have developed criminal cases of the theft or diversion of salaries or contracts funded by the U.S. taxpayer through direct assistance, our main recourse has been to rely upon the Afghan Attorney General’s office to prosecute those cases under Afghan law and in Afghan courts. This has been challenging to say the least in light of the state of corruption in the Afghan criminal justice system. That is why SIGAR and CSTC-A are cautiously optimistic with the new, more aggressive response of the new national unity government under President Ghani and CEO Abdullah to a number of criminal allegations brought by SIGAR and CSTC-A against Afghan officials and contractors for bribery, price-fixing, and corruption.

Figure 2 illustrates the flow of on-budget assistance for ANSF salaries.

**Figure 2 - Flow of U.S. On-Budget Assistance for ANSF Salaries**

![Flow of U.S. On-Budget Assistance for ANSF Salaries](image)

Source: SIGAR analysis of CSTC-A, UNDP, and Afghan government documents

Despite efforts to develop its ability to manage and account for on-budget assistance, the Afghan government still does not have the capacity to adequately manage and account for such funding for the ANSF, including direct assistance and LOTFA funding for salaries. In addition to weaknesses in ANSF personnel and payroll systems, SIGAR and other oversight

\(^{24}\) See appendix IV for more details on the ANA’s and ANP’s salary payment processes.
agencies have found numerous problems with the Afghan government’s financial management systems, internal control structures, and procurement processes.

For example, a January 2014 SIGAR audit found that USAID’s assessments of seven Afghan ministries receiving direct assistance from the U.S. government found that none of the ministries would be capable of effectively managing and accounting for those funds unless they implemented a series of required risk mitigation measures developed by USAID. In addition, I have testified several times to Congress, including to this subcommittee, on the risks associated with providing on-budget assistance to the Afghan government. SIGAR’s first High-Risk List, issued in December 2014, identifies on-budget assistance as one of seven program areas and elements of the U.S.-funded reconstruction effort in Afghanistan that are especially vulnerable to significant waste, fraud, and abuse. Failing to address and mitigate the challenges associated with on-budget assistance will increase the risks to the U.S. mission in Afghanistan.

**SIGAR and DODIG Have Found Numerous Weaknesses in MOD’s, MOI’s, and MOF’s Capacity to Manage and Account for On-Budget Assistance**

In a December 2013 review, SIGAR found that although CSTC-A had not conducted a comprehensive risk assessment of MOD’s, MOI’s, and MOF’s capacity to manage and account for on-budget assistance, the command identified some financial management and internal control challenges within MOD and MOI, such as weak accounting practices and ineffective training on accounting systems, as well as systemic literacy gaps throughout the ministries. CSTC-A officials told SIGAR that accounting practices within MOF have impacted transparency and controls over the funds. For example, MOF’s treasury office uses a different set of accounting codes than its budgeting office. This practice of utilizing different accounting codes complicates financial planning and reconciliation of expenditures between the two departments. CSTC-A officials also noted that MOF’s resistance to using more detailed accounting codes, which are intended to provide greater visibility over the use of U.S. on-budget funds, has reduced the transparency over the use of these funds. SIGAR’s report prompted the House Armed Services Committee to direct DODIG to assess MOD’s and MOI’s capacity to manage and account for U.S. on-budget funds.

More recent reports suggest that MOD, MOI, and MOF have made only limited progress in enhancing their capacity to manage and account for on-budget funds. An August 2014 DODIG report highlighted the Afghan government’s lack of accountability and transparency.

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over Afghanistan Security Forces Fund direct assistance payments. DODIG found MOD and MOI did not have adequate controls in place to ensure that they used CSTC-A contributions as intended and paid ANSF salaries appropriately. DODIG stated that these conditions in the Afghan government existed because CSTC-A has not held the Afghan government financially accountable for failures to implement controls and properly handle direct contribution funds. DODIG also found that MOI processed 4,579 potentially improper salary payments totaling $40 million due to the ministry’s lack of procedures to identify improper payments, such as duplicate payments, and MOI officials did not follow payroll procedures and modified payroll documents after the documents had been approved and signed. Further, DODIG reported that MOF could not confirm its cash balance of CSTC-A contributions.

In February 2015, DODIG reported that MOD and MOI did not have effective controls over the contract management process for U.S. on-budget funding provided to sustain the ANSF. Specifically, the ministries did not adequately develop, award, execute, or monitor individual contracts funded with U.S. direct assistance. MOF did not sufficiently oversee MOD’s and MOI’s planning, accounting, and expenditure of U.S. on-budget funding, and MOD and MOI did not develop internal compliance functions within the ministries to ensure adherence to the Afghan procurement law and their commitment letters with CSTC-A. In addition, the MOD and MOI IGs did not adequately oversee the contract management process.

In its January and April 2015 reports on ANSF personnel and payroll data, SIGAR found that MOD and MOI continue to pay salaries for some ANA and ANP personnel in cash using a ministry-appointed “trusted agent,” a process that lacks documentation and oversight. CSTC-A estimated in February 2015 that 5 percent of ANA personnel are paid this way but provided no additional details. Nearly 20 percent of ANP personnel receive their salaries from trusted agents. In response to a separate SIGAR inquiry, CSTC-A reported that corrupt practices within the trusted agent system of salary payments “could take as much as 50 [percent] of a policeman’s salary.” In an attempt to decrease the number of ANP personnel receiving salaries from trusted agents, UNDP and MOI piloted the M-Paisa mobile money method for salary transfer, which allows ANP personnel to access their money using a code they receive via text message. However, the M-Paisa pilot was not expanded, reportedly due to the cost charged per transaction, and covered less than one percent of ANP personnel.

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In addition, SIGAR identified multiple weaknesses within the Afghanistan Financial Management Information System (AFMIS), the electronic system MOF uses to track the Afghan government’s expenditures. Specifically, AFMIS only contains aggregated ANA salary expenditures; it does not record individual salary payments. As a result, CSTC-A is only able to obtain summary-level data on ANA salary expenditures, limiting its ability to review individual salary payments and reconcile them against other data sources. In addition, provincial MOF officials enter data into AFMIS manually, which increases the risk that errors will occur in the data entry process. Further, AFMIS data is ultimately based entirely on unit-level attendance data, which, as previously discussed, lacks necessary controls and oversight. These weaknesses coupled with CSTCA’s and UNDP’s limited oversight of AFMIS data limit assurances that ANA and ANP salary payments are accurate.

Recent UNDP Report Highlights MOI Internal Control Weaknesses

A recent report commissioned by the United Nations found that the MOI IG office suppressed complaints of corruption within the ANP. Specifically, the report notes that in 2014, MOI’s “119” call centers referred more than 2,000 cases to the Anti-Corruption and Anti-Bribery Directorate within MOI IG. Of these, MOI IG only processed 907 corruption cases, and it is unclear how the remaining cases were disposed. Of the 907 cases investigated, only 9 were referred for prosecution. Of these nine, no actual judicial prosecutions took place.

The report attributes this to weak internal controls within the process for processing the complaints as well as a failure of MOI IG leadership, noting that, "Systemic corruption is endemic to [MOI IG] because the leadership has not only tolerated corruption, they have facilitated it and, in many instances, participated in it.” The report concludes that the MOI IG and his senior staff were ignoring or blocking complaints. This raises broader concerns about the IG’s ability and willingness to provide much needed and effective oversight over MOI as a whole, including its management and use of on-budget funds.

Future of LOTFA Remains Unclear due to Ongoing Concerns about UNDP’s Management of the Fund and MOI’s Ability to Manage and Account for Direct Assistance Funds

In December 2014, Afghan President Ghani called for the dissolution of LOTFA and for international funding for ANP salaries to be disbursed directly to the Afghan government. Despite concerns about UNDP’s oversight of LOTFA, the United States and other donors


32 According to the report, the first 119 call center was established in Kabul in 2007. Since then, MOI has established call centers in Mazar-e-Sharif, Balkh province, Lashkar Gah, Helmand province; Kandahar; and Jalalabad, Nangarhar province. The mission of the call centers is to receive and process reports of corruption and official misconduct within MOI and the ANP. The centers operate 24 hours per day, 7 days per week, 365 days per year. Currently, there are 75 total authorized positions for the call centers.
have balked at the prospect of providing funding for ANP directly to the Afghan government, citing ongoing capacity issues and corruption within MOI, though they recognize the need to continue funding ANP salaries. As a result, instead of starting Phase VII of LOTFA on January 1, 2015, Phase VI was extended by 6 months, through June 2015, to allow for further negotiation between CSTC-A, UNDP, the Afghan government, and other donors. In addition, UNDP has not yet signed its draft commitment letter with CSTC-A for 2015. To date, no decision has been reached about the future of LOTFA or any alternative method for funding ANP salaries.

However, because the underlying problems identified by SIGAR’s audits clearly reside with the poor operations and lack of capacity of MOI, MOD, and other Afghan ministries, SIGAR does not support the direct disbursement of ANP salary funding to the Afghan government. That said, in light of UNDP’s poor performance of and its almost complete abdication of oversight and management of donor funds, SIGAR would encourage either finding another suitable, independent international agent to handle this process or a total rewriting of the LOTFA agreement to require credible management and oversight of the fund.

CSTC-A and the Afghan National Unity Government Are Taking Steps to Improve Processes for Collecting and Verifying ANSF Personnel and Payroll Data, and Oversight of On-Budget Assistance

CSTC-A and the new Afghan National Unity Government appear to be taking serious action to address weaknesses in ANSF personnel and payroll data processes, and improve MOD’s, MOF’s, and MOI’s ability to manage and account for U.S. on-budget assistance for the ANSF.

CSTC-A generally concurred with the nine recommendations in SIGAR’s two recent audit report and is taking steps to implement them. For example, CSTC-A advisors are assisting MOD in updating and enforcing a plan for verifying ANA attendance data, and the command has required MOD to load all ANA personnel records into AHRIMS and track all assigned personnel against an authorized position by June 1, 2015. CSTC-A’s also required MOI to do the same for ANP personnel records, and assessed a 1 percent penalty on its operation and maintenance funding disbursements to MOI because the ministry did not meet the March 1, 2015, deadline. CSTC-A is also working with MOI to expand the use of bank-facilitated payments where possible.

CSTC-A is also taking numerous steps to improve oversight and management of U.S. on-budget assistance for the ANSF, and the Afghan government’s ability to manage such funds. For example, CSTC-A’s commitment letter with MOI also requires the ministry to use EPS to track salary payments and stipulates that LOTFA funding will be withheld from employees not authorized for EPS payments by April 1, 2015. In addition, in response to DODIG’s

33 See appendix VI for a complete list of our recommendations.
August 2014 report, CSTC-A included requirements in its commitment letters with MOD and MOI for Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—requiring MOF to account for U.S. direct assistance funds in a separate treasury account and to provide CSTC-A with monthly bank statements displaying the balances of the accounts.

According to CSTC-A, due to fundamental problems within the Afghan government’s procurement system, the command is transferring on-budget funding for 15 contracts for goods and services, such as uniforms and individual equipment, off-budget for CSTC-A to directly administer and manage. Those 15 contracts have a value of approximately $922 million. An additional 11 contracts, valued at $85 million, that were due to transfer to the Afghan government are on hold pending an evaluation of the government’s procurement system. CSTC-A continues to assist Afghan ministries, primarily MOD and MOI, in developing effective procurement processes and systems. SIGAR is most encouraged that CSTC-A, under the leadership of Major General Todd T. Semonite is also working closely with SIGAR in reviewing a number of other suspicious direct assistance contracts, as well as in developing fraud awareness and other training for the Afghan ministries.

Unlike its predecessor, the Afghan national unity government is undertaking several efforts to improve ANSF personnel and payroll data processes and systems, and accountability for direct assistance funds. During my February 2015 trip to Afghanistan, President Ashraf Ghani voiced his support for conditionality on assistance provided to the Afghan government, adding that he plans to use conditionality to keep his government focused on meeting performance targets and prioritizing its key tasks. In addition, he informed me that he is using the results of SIGAR’s audit on ANP personnel and payroll data to push for major changes in the ANP’s salary program, and using other SIGAR audits to improve the efficiency of his government ministries.

Furthermore, as a result of SIGAR’s recent investigation into bid rigging on MOD’s approximately $1 billion contract to deliver fuel to ANA sites throughout Afghanistan and other contracts, President Ghani has fired numerous officials, opened his own investigation, and introduced much needed procurement reforms, demonstrating his commitment to combating corruption within the Afghan government. It is encouraging that President Ghani and CEO Abdullah have devoted time and attention to the direct oversight of government contracting and are sending a clear signal that past practices will no longer be tolerated.

SIGAR is pleased with CSTC-A’s and the national unity government’s positive response to its work, and commends them for taking steps to address the weaknesses identified in the

audits and MOD’s and MOI’s abilities to manage on-budget assistance. SIGAR will continue to monitor progress made in these efforts.

**Oversight of Efforts to Develop the ANSF Remain Mission Critical, Even as the U.S. Presence in Afghanistan Decreases**

In the interest of national security, the United States has spent 14 years and approximately $1 trillion, and lost thousands of lives to build a secure and stable Afghanistan that will never again be a safe haven for terrorist groups. Of that $1 trillion, almost $110 billion has been invested in attempting to create a capable ANSF that can secure the country and a competent Afghan government that can provide much needed services to its people. Since 2013 Congress has been reducing annual appropriations for the reconstruction effort. Still, almost $15 billion remains unspent as of March 31, 2015, and the United States has committed to spending billions more over the years to come. Properly overseeing these funds is essential to ensuring that this vast investment in Afghanistan since 2001 does not go to waste.

While billions are still being spent on reconstruction, the withdrawal of U.S. military and civilian personnel is making it even more challenging to manage and oversee the reconstruction effort. Both the U.S. military and Department of State (State) are considering further personnel cuts through the end of 2015 and into 2016. Figure 3 shows the amount of reconstruction funds left to be spent and the number of U.S. personnel in country. It should be noted that this does not include the billions that will be spent on the reconstruction in future years and the additional funding required to sustain U.S. military and civilian operations.
As a Result of the Military Drawdown, Resolute Support and CSTC-A Have Shifted Their Focus from Front-Line Units to the Ministerial and Regional Levels of the ANSF

As the U.S. role continues to undergo a fundamental change through the end of 2016, Afghanistan remains a fragile nation, albeit one with a new government that has thus far demonstrated its commitment to making much needed reforms to improve ministerial capacity. President Ghani and CEO Abdullah have taken visible actions to strengthen accountability, improve transparency, and combat corruption. However, with increasingly limited U.S. resources to conduct the reconstruction mission, transparency and oversight are now more important than ever to ensuring that every dollar is spent as effectively and efficiently as possible and used as intended.

With the drawdown and establishment of Resolute Support’s eight Essential Functions and the Train, Advise, and Assist Commands, U.S. and coalition forces are now limited to advising at the regional levels of the ANA and ANP, MOD, and MOI, and have no direct visibility over lower-level units that would benefit the most from direct oversight and advising.35

35 See appendix VI for more information on Resolute Support’s train, advise, and assist mission.
CSTC-A has noted its concerns about limited staffing since at least 2013. In our December 2013 report on CSTC-A’s assessments of MOD’s and MOI’s capacity to manage and account for on-budget assistance, officials told SIGAR the command was understaffed relative to its financial management oversight mission. Our observations support this. In SIGAR’s more recent reports on the processes used to collect and verify the accuracy of ANSF personnel and payroll data, CSTC-A officials echoed those concerns, specifically noting that the command has limited personnel to conduct needed ANA and ANP payroll audits.

SIGAR recognizes the challenges CSTC-A faces in assisting MOD and MOI with improving their personnel and payroll data processes, and overseeing U.S. on-budget assistance for the ANSF, particularly due to limitations in staff. Because of this, I am encouraged that in its comments on the ANA personnel and payroll data report, the Office of the Under Secretary of Defense for Policy committed to working closely with Major General Semonite and CSTC-A to ensure he receives the support he needs from DOD to achieve the level of accountability necessary to contribute to the security of Afghanistan and the protection of U.S. taxpayer funds. This support will be all the more important if CSTC-A is to successfully implement its’ plan to return critical contracting functions to the ANSF after the current fighting season. Without improvements in both capability and accountability on the part of MOD and MOI, these plans may be at risk.

SIGAR will continue to monitor the resources provided to CSTC-A and Resolute Support. Now more than ever, we must carefully assess the level of support required to best ensure the success of the U.S. mission in Afghanistan, particularly since we have a cooperative and proactive partner in the new Afghan national unity government. Too precipitous a drop in U.S. and Coalition resources to manage and oversee our 14-year investment in Afghanistan could be disastrous for a country that can barely sustain its hard gained improvements in security, rule of law, and development.

**Audit and Law Enforcement Agencies Are Reducing Their Presence in Afghanistan**

As funding for the reconstruction effort has been decreasing, audit and law enforcement agencies have substantially reduced the number of staff they have based in Afghanistan. For example, DODIG, GAO, State IG, and USAID IG, have reduced their in-country staff by 45 percent and may reduce further as State seeks to “normalize” civilian personnel staffing levels in Afghanistan. By mid-summer 2015, four investigative agencies—the Naval Criminal Investigative Service, the Air Force Office of Special Investigations, the Federal Bureau of Investigation and the Defense Criminal Investigative Service—have indicated they intend to remove their staff from Afghanistan. These agencies, which have heretofore served in a partnership within the International Joint Contract Corruption Task Force, will no longer have an oversight presence in Afghanistan.
The impact of this reduction is larger than just the loss of experienced investigators on the ground in Afghanistan. The resources that these federal law enforcement agencies bring to the oversight effort are enhanced by supporting personnel at their agency headquarters and access to a unique array of capabilities, such as unique information systems, and a cadre of established law enforcement and security relationships of the parent organization. In addition, time and experience in Afghanistan increases the investigations staff potential and probability of successfully achieving the mission. The overall synergy of bringing a host of federal law enforcement agencies to Afghanistan and dealing with challenges of oversight will be lost and gone forever.

Figure 4 shows the amount of reconstruction funds left to be spent and the U.S. audit and law enforcement presence in Afghanistan.

Figure 4 - Unspent Reconstruction Funds Compared to the U.S. IG and Law Enforcement Presence in Afghanistan from October 2012 through July 2015

Source: SIGAR analysis of DOD, State, U.S. Agency for International Development, and SIGAR’s internal data
Note: Data for July 2015 reflects staffing projection estimates.

**SIGAR Currently Has the Largest Oversight Presence in Afghanistan**

SIGAR continues to have more auditors, analysts, and investigators based in country than any other agency. SIGAR’s staff of 42 deployed personnel—consisting of 18 Audits and Inspections staff, 20 Investigations staff, and 4 Management and Support staff—are currently located at U.S. Embassy Kabul, Bagram Airfield, and Kandahar Airfield. SIGAR plans to maintain this staffing level through fiscal year 2015. Figure 5 shows the amount of
reconstruction funds left to be spent as well as SIGAR and other audit and law enforcement agencies’ staffing in Afghanistan.

Figure 5 - Unspent Reconstruction Funds Compared to the U.S. Audit and Law Enforcement Presence in Afghanistan from October 2012 through July 2015

DIMINISHING OVERSIGHT STAFFING (SIGAR/NON-SIGAR)

Source: SIGAR analysis of DOD, State, U.S. Agency for International Development, and SIGAR data

Note: Data for July 2015 reflects staffing projection estimates. For SIGAR, the projection is for 42 personnel.

SIGAR is uniquely positioned to provide oversight of the reconstruction effort in Afghanistan. SIGAR is the only oversight agency that focuses solely on the reconstruction mission in Afghanistan mission and, unlike other inspectors general, has the authority to audit, inspect, and investigate the activities of all U.S. government agencies and international organizations that receive U.S. funding for Afghanistan reconstruction. Most of SIGAR’s deployed staff serve at least 2 years in country, limiting the amount of annual turnover compared to other agencies and providing a stable knowledge base within the U.S. government’s presence in Afghanistan. Some SIGAR personnel have returned to Afghanistan for second and even third tours. SIGAR has also hired a small team of local Afghan engineers and analysts. To supplement the deployed and local staff, SIGAR personnel located at the agency’s headquarters in Arlington, Virginia, frequently travel to Afghanistan on a temporary duty basis for 2 to 8 weeks to conduct audit, inspection, and investigative work.
State Department Plans to Further Reduce Chief of Mission Staffing in Afghanistan, Including Staffing for SIGAR and Other Oversight Agencies

Since I was appointed Special Inspector General, I believe SIGAR has conducted highly effective, productive, and independent oversight. Nevertheless, within the past week, the U.S. Embassy in Kabul informed SIGAR that, because of a State Department requirement to “normalize” or “rightsize” the Chief of Mission presence in Afghanistan, we must reduce our staff by 40 percent, from 42 to 25 deployed positions, by summer 2016. SIGAR was told that this 40 percent cut is non-negotiable. This arbitrary number was developed without SIGAR’s input, and embassy officials did not provide any explanation for how they determined these cuts.

I am extremely concerned about the impact these personnel cuts will have on SIGAR’s mission and on the U.S. reconstruction mission as a whole. While the U.S. reconstruction effort may have declined compared to its high point, Afghanistan is still the largest single recipient of U.S. foreign assistance, and is projected to remain the largest single recipient for years to come. In other words, while the troops may be coming home, the checks are still going over there.

Under both SIGAR’s authorizing statute and the Inspector General Act of 1978, Congress gave SIGAR independent hiring authority and required the Departments of Defense and State to provide resources that are adequate for SIGAR to carry out its mission in Afghanistan. This principle has been recognized in the past by the U.S. Embassy in Kabul, which when deciding to reduce Mission numbers in the past, has informed SIGAR that our staffing levels were not included within the Mission cap. I will continue to work with State, Embassy Kabul, and Congress to ensure that SIGAR has the appropriate number of staff in Afghanistan to accomplish its mandated oversight responsibilities.

Beyond SIGAR, I am also concerned about the impact these staffing cuts will have on the U.S. reconstruction mission as a whole, as other agencies will also be mandated to reduce their presence in Afghanistan. As previously stated, oversight of the reconstruction effort remains critical to ensuring that the billions in U.S. taxpayer dollars already spent and the billions that remain to be spent are used as intended and protected from waste, fraud, and abuse.

Conclusion

The U.S. government has allocated at least $3.6 billion to ANSF salaries since 2002. However, despite U.S. and coalition efforts to develop effective ANSF personnel and payroll processes, those processes continue to exhibit extensive weaknesses, including

36 See National Defense Authorization Act, 2008, Public Law No. 110-181, § 1229(h)(1) and (4); Inspector General Act of 1978, as amended, § 6(b) and (c).
inconsistent use, incomplete or incorrect data, lack of integration between systems, and minimal oversight. As a result, there is limited assurance that ANSF personnel and payroll data is accurate.

With the continuing drawdown of U.S. and Coalition forces, and the responsibility for providing security now transferred to the Afghan National Security Forces, the United States and its coalition partners will continue to be almost fully reliant on data provided by MOD and MOI, even though neither ministry has procedures to verify that data. Given that the U.S. government and the international community plan to continue funding ANA and ANP salaries for the foreseeable future, it is crucial that MOD and MOI improve their ability to verify the accuracy of ANA and ANP personnel numbers and salary disbursements, and that Essential Function 4 and CSTC-A have the human and financial resources they need to develop methods to verify the data and oversee on-budget assistance. Further, as the U.S. continues to shift its funding for the ANSF to on-budget assistance, the Afghan government—specifically, MOD, MOI, and MOF—must develop the capability needed to fully manage and account for those funds, thus providing assurance to the United States that the funds will be used for their intended purposes.

With the drawdown of personnel from other audit and investigative agencies, SIGAR’s role becomes even more important. SIGAR will monitor the U.S. and Afghan government’s progress in implementing better controls over ANSF personnel and payroll processes, enhancing procedures for verifying this data, and improving oversight of U.S. on-budget assistance for ANSF salaries and other needs. SIGAR will also continue to work with DOD and Congress as it continues to oversee the critical work the United States and its coalition partners are undertaking in Afghanistan.

Thank you for the opportunity to testify today. I look forward to answering your questions.
Appendix I - NATO Resolute Support’s Eight Essential Functions

The North Atlantic Treaty Organization’s Resolute Support mission is organized along eight essential functions deemed critical for the Afghan National Security Forces (ANSF) to become a self-sustaining force that is capable of securing Afghanistan. The eight essential functions, their descriptions, and lead organizations are listed in table 1.

Table 1 - Resolute Support’s Eight Essential Functions

<table>
<thead>
<tr>
<th>Essential Function</th>
<th>Description</th>
<th>Lead Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>EF1: Multi-Year Budgeting and Execution of Programs</td>
<td>ANSF is able to conduct multi-year programming that meets sustainment requirements; align the budget with programs; and execute program within available resources</td>
<td>CSTC-A</td>
</tr>
<tr>
<td>EF2: Transparency, Accountability, and Oversight</td>
<td>Afghan government establishes a transparent and accountable fiscal stewardship posture, demonstrates the political will to fight corruption; and investigates and prosecutes suspected offenders within ANSF in accordance with international standards and Afghan law.</td>
<td>CSTC-A</td>
</tr>
<tr>
<td>EF3: Civilian Governance of the ANSF</td>
<td>ANSF operates in accordance with Afghanistan’s constitution, domestic laws, and international obligations via the integration of civilian control of the security forces</td>
<td>CSTC-A</td>
</tr>
<tr>
<td>EF4: Force Generation</td>
<td>ANSF recruits, trains, and retains sufficient qualified personnel to meet current and future requirements, while managing their employment along career paths through merit-based selection.</td>
<td>Operations/Support</td>
</tr>
<tr>
<td>EF5: Sustainment</td>
<td>ANSF develops demand-based systems that are responsive to end-user operational and strategic needs (facilities management; medical; maintenance; and logistics).</td>
<td>Support</td>
</tr>
<tr>
<td>EF6: Strategy, and Policy Planning, Resourcing, and Execution</td>
<td>ANSF is capable of planning, synchronizing, conducting and sustaining joint and combined arms operations in accordance with the current year budget, future year programming, strategic priorities, and executable resource limitations.</td>
<td>Operations</td>
</tr>
<tr>
<td>EF7: Intelligence</td>
<td>ANSF is able to plan and execute operations using Afghan derived intelligence.</td>
<td>Intelligence</td>
</tr>
<tr>
<td>EF8: Strategic Communication</td>
<td>ANSF effectively communicates internally, with the Afghan population, and with the international community.</td>
<td>Communications</td>
</tr>
</tbody>
</table>

Source: SIGAR analysis of Resolute Support documents

Notes: EF stands for essential function. CSTC-A stands for Combined Security Transition Command-Afghanistan.
Appendix II - Weaknesses in the Processes for Collecting and Verifying ANSF Personnel And Payroll Data

Table 2 lists the weaknesses SIGAR identified in the Afghan National Army’s (ANA) and Afghan National Police’s (ANP) daily unit-level attendance collection processes.

### Table 2 - Weaknesses in ANA and ANP Attendance Collection Processes

<table>
<thead>
<tr>
<th>Applicable Force (ANA/ANP)</th>
<th>Weaknesses Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA and ANP</td>
<td>Only control in place at the unit level to ensure accurate attendance reporting on a day-to-day basis—a roster individual personnel sign daily—was not consistently used across locations.</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>No direct oversight—either consistent or ad-hoc—from CSTC-A, MOD, MOI, higher level ANA and ANP, or UNDP officials during attendance data collection and reporting</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>CSTC-A, MOD, MOI, and UNDP officials do not review all rosters for verification purposes, or reconcile them against other personnel or payroll data</td>
</tr>
<tr>
<td>ANP</td>
<td>For units posted far from their provincial headquarters and for those units whose provincial headquarters lack internet connectivity, attendance data is sent by radio through the chain of command</td>
</tr>
</tbody>
</table>


Note: CSTC-A stand for Combined Security Transition Command-Afghanistan; MOD stands for Ministry of Defense; MOI stands for Ministry of Interior; and UNDP stands for United Nations Development Programme.

Table 3 lists the weaknesses SIGAR identified in the ANA’s and ANP’s personnel and payroll data systems.

### Table 3 - Weaknesses in ANA and ANP Personnel and Payroll Data Systems

<table>
<thead>
<tr>
<th>Applicable Force (ANA/ANP)</th>
<th>Weaknesses Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA and ANP</td>
<td>ANA- and ANP-issued identification numbers are not consistently or effectively used for identification at duty locations, to track attendance, to pay salaries, or to access electronic personnel records in the Afghanistan Human Resource Information System (AHRIMS).</td>
</tr>
<tr>
<td>ANP</td>
<td>MOI does not reclaim identification cards from inactive ANP personnel.</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>AHRIMS is unable to differentiate between active and inactive personnel, or track personnel by their position and identification number.</td>
</tr>
</tbody>
</table>
ANA and ANP

AHRIMS served as an electronic filing system and lacked the capability to produce automated reports.

ANA

MOD does not have an electronic payroll system and, instead, calculates salary payments manually.

ANA MOD does not have an electronic payroll system and, instead, calculates salary payments manually. The Electronic Payroll System (EPS) contains few controls to ensure the accuracy of data entered into it. Specifically:

- As of July 2014, 9 out of 34 provincial headquarters, which oversee 51 percent of all ANP personnel, did not have internet connectivity and, as a result, could not enter attendance data into web-based EPS. Instead, ANP officials had to physically transport the data via compact disc so that MOI officials could upload the data into the web-based system.

- Delays and inconsistencies in uploading data to EPS can prevent UNDP from reviewing data for over half of the ANP’s personnel until months after salary payments are made.

- Attendance data recorded and compiled below the provincial level is not subject to an official or documented quality control review before it is entered into EPS.

- EPS relies on manually-entered data and does not record where or when changes were made, who approved the changes, or why the changes were necessary.

- There is a lack of controls to ensure new recruits are entered into EPS at their authorized pay rate, or to identify and correct errors when they occur.

ANP

AHRIMS and EPS are not integrated and, therefore, cannot communicate with each other. As a result:

- There are no controls to ensure that ANP personnel are receiving proper incentive payments.

- EPS generates payroll lists at the provincial level, but it does not contain the approved staffing levels for each unit and province.

ANP

AHRIMS and EPS are not integrated and, therefore, cannot communicate with each other. As a result:

- There are no controls to ensure that ANP personnel are receiving proper incentive payments.

- EPS generates payroll lists at the provincial level, but it does not contain the approved staffing levels for each unit and province.

ANA and ANP

Weaknesses in the Afghanistan Financial Management Information System (AFMIS), the electronic system the MOF uses to track the Afghan government’s expenditures, include:

- Provincial Ministry of Finance officials enter data into the system manually.

- Data in the system is ultimately based entirely on unit-level attendance data, which lacks necessary controls and oversight.

ANA and ANP

An estimated 5 percent of ANA personnel and nearly 20 percent of ANP personnel receive their salaries in cash from through a MOD- or MOI-appointed “trusted agent,” a process that lacks documentation and accountability.


Note: CSTC-A stand for Combined Security Transition Command-Afghanistan; MOD stands for Ministry of Defense; MOI stands for Ministry of Interior; and UNDP stands for United Nations Development Programme.
Table 4 lists the weaknesses SIGAR identified in procedures for verifying and reconciling ANA and ANP personnel and payroll data.

### Table 4 - Weaknesses in Verification and Reconciliation Procedures

<table>
<thead>
<tr>
<th>Applicable Force (ANA/ANP)</th>
<th>Weaknesses Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA and ANP</td>
<td>MOD and MOI do not have documented or transparent procedures for verifying personnel data for the ANA and ANP, respectively, that they report to CSTC-A and Essential Function 4. Instead, the ministries rely largely on informal verification efforts. For example, MOD’s processes for verifying ANA data consist of informal visits once or twice per year to the corps level but not below.</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>MOD and MOI are responsible for conducting personnel asset inventories, which involve physical counts of ANA and ANP personnel. From 2013 through 2014, MOD may have conducted only one inventory based on documentation CSTC-A provided to SIGAR, and as of 2014, MOI had reportedly not conducted any such inventories “recently.”</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>CSTC-A has limited insight into MOD’s and MOI’s verification efforts, and does not have access to MOD and MOI Inspector General reports.</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>Neither CSTC-A nor Essential Function 4 has written, standardized procedures documenting their verification and reconciliation processes, resulting in the use of ad-hoc, informal procedures that might not be effective or replicable.</td>
</tr>
<tr>
<td>ANA</td>
<td>As a result of the drawdown, fewer coalition advisors are embedded with the ANA. Those who remain have limited interactions with lower-level units, limiting their ability to physically confirm personnel numbers in the locations that likely receive the least oversight.</td>
</tr>
<tr>
<td>ANA and ANP</td>
<td>CSTC-A relies on payroll data provided by MOD and MOI, and does not undertake all required actions to verify and reconcile this data. Specifically:</td>
</tr>
<tr>
<td></td>
<td>• Because data in the Afghanistan Financial Management Information System is aggregated, CSTC-A is only able to obtain summary-level data from AFMIS on salary expenditures, rather than data on individual salary payments.</td>
</tr>
<tr>
<td></td>
<td>• CSTC-A does not receive confirmations of salary payments from MOD, MOI, MOF, or the bank depositing the funds; documentation of reconciliations conducted by the banks; or copies of monthly payroll reports provided to MOF.</td>
</tr>
<tr>
<td></td>
<td>• CSTC-A stopped receiving MOF documentation after its Financial Management Oversight office had two key payroll positions eliminated.</td>
</tr>
<tr>
<td>ANA</td>
<td>From 2013 through 2014, CSTC-A’s released just two audits of the ANA payroll system—one in February 2013 and one in May 2014—reportedly because its audit division was not fully staffed until late January 2014.</td>
</tr>
<tr>
<td>ANP</td>
<td>CSTC-A conducted one audit of ANP payroll data in 2013.</td>
</tr>
<tr>
<td>ANP</td>
<td>CSTC-A does not compare or reconcile its ANP personnel totals against UNDP figures.</td>
</tr>
<tr>
<td>ANP</td>
<td>UNDP relies on MOI data due to limited LOTFA program resources and insecurity, which affect its ability to physically confirm personnel attendance at outlying locations.</td>
</tr>
</tbody>
</table>
UNDP is unable to verify ANP payroll data before releasing salary funding allotments. Instead, the monitoring agent uses Electronic Payment System data to retroactively verify select ANP salary payments.

UNDP’s contracted monitoring agent for LOTFA—Joshi & Bhandary—conducted monitoring efforts that were unsound and not sufficiently documented. Specifically:

- The methodology plan for sampling and physically verifying personnel, included in the LOTFA Monitoring Agent Audit Plan, was not sufficiently detailed or documented.
- The plan includes a verification form for the monitoring agent’s team to use during physical verification efforts, but the form includes a section intended to be filled out by ANP personnel. This assumes a level of literacy that over half of the ANP reportedly lack.
- Joshi & Bhandary inconsistently implemented and reported on its sampling methodology.
- Joshi & Bhandary’s reports for 2013 did not explain other inconsistencies in the monitoring agent’s work or discuss whether needed follow-up activities had been completed.

Neither CSTC-A nor UNDP has taken responsibility for verifying ANP personnel or payroll data. As a result, neither of these stakeholders has taken the lead to ensure that full verification procedures are conducted.


Note: CSTC-A stand for Combined Security Transition Command-Afghanistan; MOD stands for Ministry of Defense; MOI stands for Ministry of Interior; MOF stand for Ministry of Finance; UNDP stands for United Nations Development Programme; and LOTFA stands for Law and Order Trust Fund for Afghanistan.
Appendix III - Entities Involved in Collecting, Verifying, and Reporting ANSF Personnel and Payroll Data

Table 5 lists the entities involved in collecting, verifying, and reporting Afghan National Security Forces personnel and payroll data; those entities roles and responsibilities; and issues SIGAR identified with their efforts.

### Table 5 - Key Players Involved in ANA and ANP Personnel and Payroll Data Processes

<table>
<thead>
<tr>
<th>Entity</th>
<th>Responsibility</th>
<th>Issues Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coalition Forces (including U.S. Military)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Combined Security Transition Command-Afghanistan (CSTC-A) | Oversight of direct assistance funding to the MOD and MOI, including drafting of the annual commitment letter describing its own responsibilities and those of the Afghan government | • Did not fully follow its own requirements in acquiring and reconciling payroll documentation  
• Lacks procedures for verifying and reconciling payroll data  
• Had conducted a limited number of payroll audits, citing lack of staff |
| Essential Function 4 (Resolute Support) | "Force Sustainment" for the Afghan National Security Forces, including reporting personnel totals and management of the electronic human resource system, Afghanistan Human Resource Information System (AHRIMS) | • Lacks procedures for conducting verifications of personnel numbers to ensure accuracy  
• AHRIMS is not fully functional, is not used for attendance tracking or personnel totals reporting, and cannot identify active personnel |
| **United Nations** | | |
| United Nations Development Programme/Law and Order Trust Fund for Afghanistan (UNDP/LOTFA) | Oversight of Afghan National Police payroll data and salary funding and distribution, including the Electronic Payroll System (EPS) | • Lacked procedures for reconciling payroll data  
• EPS is not fully functional in all locations and does not contain final payroll data  
• Conducts limited oversight of monitoring agent; monitoring agent procedures and performance insufficient to ensure payroll oversight |
| **Afghan Government** | | |
| Ministry of Defense (MOD) | Afghan National Police (ANA) | • Does not have controls to ensure ANA salary payments are accurate  
• Does not have an auditable payroll system  
• Does not provide CSTC-A with all documents required by commitment letter |
<table>
<thead>
<tr>
<th>Ministry of Interior (MOI)</th>
<th>Afghan National Police (ANP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Does not have controls to ensure ANP attendance data and salary payments are accurate</td>
</tr>
<tr>
<td></td>
<td>• Lacks integrated systems for tracking and paying ANP personnel</td>
</tr>
<tr>
<td></td>
<td>• Does not provide CSTC-A with all documents required by commitment letter</td>
</tr>
<tr>
<td></td>
<td>• Uses minimally controlled “trusted agent” cash payments for one in five ANP personnel</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ministry of Finance</th>
<th>Controls all funding disbursed to the MOD and MOI, as well as the Afghan government finance system, the Afghanistan Financial Management Information System (AFMIS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Does not provide CSTC-A with all documents required by commitment letter</td>
</tr>
<tr>
<td></td>
<td>• AFMIS does not contain sufficient detail to ensure salary payments to Afghan personnel are accurate</td>
</tr>
</tbody>
</table>

Source: SIGAR analysis of CSTC-A, UNDP, and MOI documents; and SIGAR interviews with CSTC-A, UNDP, and ANP personnel
Appendix IV - Processes for Collecting, Transferring, and Storing ANSF Personnel and Payroll Data

The Ministries of Defense (MOD) and Interior (MOI) require the Afghan National Army (ANA) and Afghan National Police (ANP), respectively, to record personnel attendance—present and not present-for-duty—on a daily basis. Unit level commanders accomplish this through the use of daily attendance reports with check-in and check-out signatures from each individual under their command. Unit-level ANA and ANP officials pass this attendance data to their corps or provincials headquarters by hand or email on a monthly basis. This attendance data serves two purposes: (1) personnel totals, ranks, skills, and locations are used to facilitate planning and reporting for human resources needs, and (2) personnel salary levels, incentive and deduction amounts, and attendance data are used to calculate salary payments.

ANA corps and ANP provincial headquarters officials also report personnel totals to MOD and MOI, respectively. The ministries which aggregate this data and report the totals monthly by province or corps to Resolute Support’s Essential Function 4, previously the Combined Security Transition Command-Afghanistan (CSTC-A), which uses them, among other things, to develop its submission for the Department of Defense’s semiannual Report on Progress Toward Security and Stability in Afghanistan.

ANA Personnel and Payroll Data Collection Processes

Once ANA personnel and payroll data is collected, it is entered into a series of data systems using manual entry and transfer processes. ANA Recruitment Center and Kabul Military Training Center officials collect new recruit data and create a personnel record for each recruit in Afghanistan Human Resource Information Management System (AHRIMS), which is used to store human resources information.37 Human resource officials at the ANA corps headquarters are responsible for updating AHRIMS records to reflect changes in status, including rank, duty location, and training.

Battalion-level ANA officials summarize each individual’s monthly attendance and applicable incentives into a spreadsheet that they send to corps headquarters by hand or email. Corps headquarters officials manually calculate personnel salaries, deducting for absences, and create salary payment requests for personnel. These officials then pass the salary payment requests, along with payment summaries and bank transfer forms, to provincial-level representatives of the Ministry of Finance (MOF). This MOF staff subsequently enters payroll data into the Afghanistan Financial Management Information System (AFMIS), the Afghan government’s accounting system, determines the total salary amount to be sent to each ANA

37 During our audit work, corps headquarters officials were in the process of scanning hard copy ANA personnel records into AHRIMS. As of October 2014, corps officials had scanned approximately 180,000 personnel records into AHRIMS, and about 12,000 personnel records remained to be entered into the system.
location, and disburses funds monthly to one of four banks or to a “trusted agent.” The banks then electronically transfer salaries directly to individual bank accounts, while the trusted agent pays the salaries directly to the recipients in cash.

Figure 6 shows the systems used for ANA personnel and payroll data, the weaknesses in those systems, and the key players involved in the flow of ANA data.

Figure 6 - ANA Personnel and Payroll Data: Key Players, Systems and Weaknesses, and Data Flow

Source: SIGAR analysis of CSTC-A and MOD documents

**ANP Personnel and Payroll Data Collection Processes**

Like ANA personnel and payroll data, ANP personnel and payroll data is also entered into a series of data systems using a various manual entry and transfer processes. Data for new recruits, including each individual’s ANP identification number, is collected during training at regional centers and added to recruits' records in the Electronic Payroll System (EPS) and AHRIMS. Provincial headquarters staff enters each individual’s monthly attendance data into EPS, the ANP’s payroll system administered by United Nations Development Programme (UNDP), and updates personnel records in AHRIMS to reflect changes in status, including rank, duty location, and training.

MOI submits a payroll summary to MOF, which administers AFMIS, the country’s government-wide accounting system. Because AFMIS and EPS are not linked, MOF

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38 MOF disburses funding for ANA salaries to four banks authorized to handle Afghan government payrolls. These banks are the New Kabul Bank and three commercial banks—Azizi Bank, the Afghan United Bank, and Maiwand Bank.

39 Not all ANP recruits are immediately sent to a training center. Some personnel go straight to their assigned unit in the field after being recruited locally.
provincial-level staff enters data from the MOI-provided payroll summaries into AFMIS and uses the data to determine final ANP personnel salary payments.

Once MOF receives ANP salary funding from UNDP and payment requests from provincial level MOI representatives, it disburses funds monthly to one of four banks. The banks pay personnel salaries using one of two electronic systems: (1) electronic funds transfer directly to individual bank accounts, or (2) electronic funds transfer to an individual’s bank account with subsequent transfer to a mobile phone using a text message system called M-Paisa.40 In the areas without banks, provincial MOF officials transfer monthly salary payments to a trusted agent’s bank account. This agent is charged with personally delivering those funds to the recipients in cash.

Figure 7 shows the systems used for ANP personnel and payroll data as well as the key players and systems involved in the flow of ANP data.

Figure 7 - ANP Personnel and Payroll Data: Key Players, Systems and Weaknesses, and Data Flow

Source: SIGAR analysis of CSTC-A, UNDP, and MOI documents; and SIGAR interviews with CSTC-A, UNDP, and ANP personnel

40 M-Paisa, or “Mobile Money,” is a means of transferring funds via mobile phone. It is unclear whether this payment program is still operating.
Appendix V - Process and Systems Used to Store, Access, Transfer, and Use ANSF Personnel and Payroll Data

The Combined Security Transition Command-Afghanistan (CSTC-A), Resolute Support Essential Function 4, the United Nations Development Programme (UNDP), and the Afghan government—specifically the Ministry of Defense (MOD), Interior (MOI), and Finance (MOF)—use both manual processes and electronic data systems to store, access, transfer, and use Afghan National Army (ANA) and Afghan National Police (ANP) personnel and payroll data. SIGAR identified problems with each of these process and systems, including inconsistent use, incomplete or incorrect data, lack of system integration, and weak internal controls. Table 6 lists the personnel and payroll data processes and systems, and a summary of the weaknesses SIGAR identified with each of them.

Table 6 - Data Systems Used to Store and Access ANP Personnel and Payroll Data

<table>
<thead>
<tr>
<th>Data System</th>
<th>Administrator</th>
<th>Purpose</th>
<th>Identified Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA Identification System</td>
<td>Resolute Support (under a contract with Netlinks)</td>
<td>Contains a list of the unique ANA-issued identification numbers for each member of the force</td>
<td>- Lack of regular use of ANA-issued identification cards within the force</td>
</tr>
<tr>
<td>ANP Identification System</td>
<td>MOI (formerly DynCorp under a contract with CSTC-A)</td>
<td>Contains a list of the unique ANP-issued identification number for each member of the force</td>
<td>- Lack of regular use of ANP-issued identification cards within the force</td>
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<tr>
<td></td>
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<td>- Long delays in obtaining or replacing identification cards</td>
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<td>- Reportedly as many as double the number of identification cards in circulation as there are active ANP personnel</td>
</tr>
<tr>
<td>Afghanistan Human Resource Information Management System (AHRIMS)</td>
<td>MOD and MOI (under a CSTC-A-funded contract and managed by Resolute Support)</td>
<td>Storage system for data on ANA and ANP personnel education level, training, equipment, medical status, incentive pay levels, and other information</td>
<td>- Not linked with other systems</td>
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<td></td>
<td>- Not fully functional at all corps headquarters or provinces</td>
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<td>- Contains many incomplete records and data fields that need to be re-entered or verified</td>
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<td>- Unable to differentiate between active and inactive personnel</td>
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<td></td>
<td>- Contains at least 50,000 ANP entries that cannot be matched to EPS records due to incorrect identification numbers</td>
</tr>
<tr>
<td>ANA Payroll System</td>
<td>MOD</td>
<td>Series of forms for calculating and reporting ANA personnel salaries</td>
<td>- Consists of 160,000 pages of handwritten payroll records</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Not linked with other systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- All data manually entered, processed, and transferred, which can be slow and untimely</td>
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<td></td>
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<td></td>
<td>- Limited U.S. visibility into the system</td>
</tr>
<tr>
<td>System</td>
<td>Organization</td>
<td>Contains</td>
<td>Notes</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Electronic Payroll System (EPS)                  | UNDP               | ANP attendance data collected through the manual attendance collection process and uses this data to calculate monthly salary payments | - Not linked with other systems  
- Not fully functional in all provinces  
- Doesn’t always keep an automatic record of system users, dates of data entry, or changes made  
- Limited controls over manually-entered attendance data  
- Taxes and incentive pay calculated manually  
- ANP salaries are not paid directly using EPS data  
- As of May 2014, 43 percent of records lacked bank account numbers and 60 percent lacked identification numbers in the correct formats |
| Afghanistan Financial Management Information System (AFMIS) | MOF                | Afghan government expenditure data across all ministries                                         | - Not linked with other systems  
- All data manually entered  
- Limited number of line items makes oversight of detailed expenditures and tracking of funding throughout the payroll process difficult |

Source: SIGAR analysis of CSTC-A, MOD, and MOI documents
Appendix VI - SIGAR Recommendations on ANSF Personnel and Payroll Data

In its two audit reports examining the reliability of Afghan National Security Forces personnel and payroll data, SIGAR made nine recommendations to U.S. Forces-Afghanistan (USFOR-A), the command that oversees the Combined Security Transition Command-Afghanistan (CSTC-A), to improve oversight of Afghan National Army (ANA) and Afghan National Police (ANP) personnel and payroll data collection processes and to improve the accuracy and reliability of the data. CSTC-A concurred with six of the recommendations and partially concurred with the remaining three recommendations. The recommendations, with CSTC-A’s response, are listed below by report.

SIGAR 15-54-AR, Afghan National Army: Millions of Dollars At Risk Due to Minimal Oversight of Personnel and Payroll Data

To improve oversight of the ANA’s personnel and payroll data collection processes and to improve the accuracy and reliability of that data, SIGAR recommends that the Commanding General, USFOR-A, in coordination with the North Atlantic Treaty Organization (NATO) Resolute Support mission and the Ministry of Defense (MOD), as appropriate:

1. Implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify this process by December 2015. (CSTC-A response: Partially concur.)

2. Ensure that, by April 2017, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, and calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation. (CSTC-A response: Partially concur.)

3. Develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data. (CSTC-A response: Partially concur.)

To improve CSTC-A’s and Essential Function 4’s processes for verifying and reconciling ANA personnel and payroll data, and to increase oversight of funds provided to the Afghan government for ANA salaries, SIGAR recommends that the Commanding General, U.S. Forces-Afghanistan, in coordination with the NATO Resolute Support mission:

4. Develop written procedures to document required steps for verifying ANA data by July 1, 2015. This documentation should include:

a. risk-based procedures for conducting physical verification activities at ANA locations, and
b. procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary payment confirmations. (CSTC-A response: Concur.)

SIGAR 15-26-AR, Afghan National Police: More than $300 Million in Annual, U.S.-funded Salary Payments Is Based on Partially Verified or Reconciled Data

To improve oversight of ANP personnel and payroll data, provide greater assurance to U.S. and international stakeholders of the data’s accuracy, and ensure accountability of funds, SIGAR recommends that the Commander, USFOR-A, in coordination with the United Nations Development Programme (UNDP), the Ministry of Interior (MOI), and the Ministry of Finance (MOF), as appropriate:

1. Implement mandatory controls, and training as needed, on the daily, unit-level attendance process, such as a personnel sign-in process, the use of ANP identification numbers and cards, and the presence of oversight officials. (CSTC-A response: Concur.)

2. Take immediate action to achieve fully operational and integrated electronic systems by January 2016, to track and report all ANP personnel and payroll data, and ensure those systems have controls in place to prevent, to the extent possible, internal errors, external inconsistencies, and manipulation, including:
   a. Ensuring that sources of ANP personnel numbers are linked to authorized positions to prevent reporting or payment of more personnel than authorized; and
   b. Expanding the web-based Electronic Payroll System to at least 30 provincial headquarters, as called for in the UNDP and European Union’s Police Pay Action Plan. (CSTC-A response: Concur.)

3. Develop and implement a joint data verification plan by January 2015, detailing procedures by which USFOR-A, UNDP, and the MOI will coordinate to regularly and systematically verify the accuracy of ANP personnel, payroll, and Afghanistan Financial Management Information System (AFMIS) data. The joint plan should include:
   a. Descriptions of each organization’s roles and responsibilities in the verification process;
   b. Procedures by which UNDP will effectively carry out its fiduciary responsibility to administer Law and Order Trust Fund for Afghanistan (LOTFA) funding to the ANP.
   c. Requirements to reconcile ANP data—including daily attendance, payment request, payment summary, EPS, and AFMIS data, as well as salary payment reports and bank account numbers—on a monthly basis;
   d. Risk-based procedures by which coalition or UNDP personnel conduct regular spot checks to physically verify MOI-reported ANP personnel; and
e. Procedures by which issues identified during verification—including unverified personnel, inaccurate data, and fund overpayments to the ANP—are mitigated or resolved, and similar occurrences in the future are prevented. (CSTC-A response: Concur.)

4. Implement a process to ensure that ANP personnel currently obtaining their salaries via a trusted agent receive full, accurate payments. (CSTC-A response: Concur.)

To further improve oversight of U.S. and other donor funding for the ANP provided through LOTFA, SIGAR recommends that the Commander, USFOR-A, in coordination with UNDP and other donors:

5. Review LOTFA independent monitoring agent terms of reference, monitoring plans, and monitoring reports monthly or as appropriate to:
   a. Ensure the monitoring agent develops, documents, implements, and fully reports a sound and consistently-applied methodology for personnel physical verification activities. Such methodology should incorporate contingency procedures to respond to disruptions in monitoring activities due, for example, to insecurity, weather, or remote locations.
   b. Mitigate or resolve, and help prevent future occurrences of, specific problems, including reporting errors and inaccurate salary calculations, identified through monitoring. (CSTC-A response: Concur.)
Appendix VII - Relevant Reports on ANSF Personnel and Payroll Data, and Direct Assistance

**SIGAR**


**Department of Defense Inspector General (DODIG)**


Others


