
Audits

Audit #09-01: Contract Oversight Capabilities of the Defense Department's Combined Security Transition Command - Afghanistan (CSTC-A) Need Strengthening. Completed May 19, 2009.

Based on our review of CSTC-A's oversight of a large training contract (\$404M), we found CSTC-A lacks effective contract oversight capabilities. To improve U.S. government oversight of contracts used to provide training and training support for the Afghan National Security Forces, SIGAR recommends that CSTC-A strengthen its contracting oversight capabilities. In doing so, CSTC-A should obtain staff that has the training and experience in contract oversight to do this work, and it should develop a program for contract oversight that includes visits to the field where the contractor is performing the services.

This report is 4 pages, with an appendix, and the Conclusions and Recommendation repeat themselves on page 4 from page 1. The audit makes no mention of whether over \$400 million in government funds were wasted or spent well and no mention of the efficacy of the overall training mission in Afghanistan, which is critical to our success there. It appears to have been written in such a way that SIGAR could say they had at least one audit complete before they were in existence for a year.

Audit #09-02: UN Action Urged to Strengthen Afghanistan Capacity to Support Future Elections. Completed July 6, 2009. *This is a draft of the full audit report #09-06, completed July 6, 2009.*

This letter report focuses on an issue that warrants immediate attention regarding the use of U.S. and international funds to support the upcoming democratic elections in Afghanistan. Specifically, we noted that a key advisor position in the United Nations Development Program's Enhancing Legal and Electoral Capacity for Tomorrow (UNDP/ELECT) project—which is critical to facilitating the institutionalization of the IEC to carry out its mandate and to establish sustainable capacity—remains unfilled as of July 2009.

This “draft letter report” is 2 pages long and simply states that the United Nations Development Program / Enhancing Legal and Electoral Capacity for Tomorrow (UNDP/ELECT) program's Capacity Development Advisor has not been hired 60 days before the election.

Audit #09-06: Strategy and Resources Needed to Sustain Afghan Electoral Capacity. Completed September 22, 2009.

The Independent Election Commission (IEC) faces significant challenges, particularly for the 2010 parliament elections, because it lacks the resources to undertake future elections without continued international support. Conducting credible and acceptable elections not only depends on the integrity of the election process but also the willingness and ability of the next Afghan

government to continue to build the Commission's capabilities so that democratic principles and the electoral processes are sustained.

The consensus of the media and even the United Nations observers state that the presidential election in Afghanistan was fraudulent.¹ SIGAR instead found that the election was 'democratic' and that the Independent Election Commission lacks the capacity to sustain the electoral process.

The only mention of fraud in the report is a blind quote from the US Embassy that said there were challenges from voter registration that increased the chance for fraud. According to the report, the conduct and the results of the election will be examined in future audits. However, SIGAR does not list these audits under their 'ongoing audits' section of their website.

The audit report correctly identifies problems in that the United Nations does not have a long term strategy to sustain the Afghan electoral capacity and that the Government of Afghanistan is neither interested in nor able to pay its election administrators between cycles. In a stark example of ownership, international donors contributed almost half a billion dollars to administer elections in Afghanistan, while the Government of Afghanistan budgeted \$1.5 million.

A key question to ask regarding these two audits is: Does SIGAR has any personnel with experience in observing international elections?

Similar to audit #09-01, there is no mention in this audit report (09-06) whether the \$500 million spent on elections was wasted or spent well. This audit report is eight pages long, not counting appendices and the title page and table of contents.

Audit #09-03: A Better Management Information System Is Needed to Promote Information Sharing, Effective Planning, and Coordination of Afghanistan Reconstruction Activities. Completed July 30, 2009.

Key U.S. agencies and commands in Afghanistan have management information systems for collecting data on their reconstruction activities, but there is no single management information system that provides complete and accurate information of all completed, underway, and planned reconstruction activities. While these U.S. entities indicated they utilize fairly mature and established management information systems for financial and accounting purposes, the availability and use of management information systems for project management varied significantly and provided little opportunity for sharing information without considerable effort.

We reviewed the management information systems used by each of these entities to collect and track information and to report on their reconstruction efforts. We did not evaluate the accuracy or completeness of data in those systems.

¹ Boone, Jon, MacAskill, Ewen, and Wintour, Patrick. "Leaders Urge Karzai to accept fraud report on Afghanistan election." Guardian, October 19, 2009. <http://www.guardian.co.uk/world/2009/oct/19/afghanistan-karzai-election-runoff>

To provide a complete view of U.S. reconstruction efforts in Afghanistan, SIGAR recommends that U.S. civilian agencies and military commands work together toward developing an integrated management information system, or comparable integrated information solution, for Afghanistan reconstruction activities that provides a common operating picture of reconstruction programs and projects.

SIGAR correctly identifies a huge problem with Afghanistan reconstruction in that it is not coordinated across the three U.S. government agencies most responsible for reconstruction in Afghanistan: Defense, State, and USAID. A lack of common history of past projects, awareness of current projects, and plans for future projects impedes the effectiveness of all three agencies in accomplishing the joint mission.

This audit report had the potential to be a very informative and effective report. However, the conclusions it reached were already recognized by the National Security Council (NSC) in late 2008. The report states that the Deputies Committee of NSC directed USAID to study the feasibility of an integrated information management system to track reconstruction projects. USAID then contracted out this responsibility (cost unavailable) and received a report in June 2009 with a recommended system strategy and design requirements. However, the USAID contractor did not include the Combined Security Transition Command – Afghanistan or the Army Corps of Engineers, between which over \$20 billion in reconstruction aid has flowed.

As in previous reports, SIGAR auditors do not state any examples of taxpayer dollars being wasted, or examples or projects that were wasteful or duplicative due to the lack of an integration information management system. While the audit report hints that there may be errors in the way the data is currently manually compiled, it provides no evidence of that in concrete examples. This audit report is nine pages long.

Audit #09-04: Actions Needed to Resolve Construction Delays at the Counter-Narcotics Justice Center. Completed August 27, 2009.

Detention facilities at the Counter-Narcotics Justice Center, which became fully operational in May 2009, have already reached capacity and narcotics-related offenders are being sent to other locations. Plans to construct additional detention and support facilities at the Center have been delayed for almost 18 months because of insufficient funding and inadequate utilities. New construction has not begun because the U.S. Army Corps of Engineers was not able to secure any construction bids within the funding amount provided by the State Department under a \$2 million interagency support agreement. In addition, according to Army and State Department engineers, new detention facilities would require upgrades to water, sewer, and electrical utilities because expansion would overtax the existing capacity of those utilities.

Although the Corps of Engineers and the State Department agreed that utility upgrades should be completed prior to the construction of the new facilities, the Corps has not proceeded with those upgrades because they were not included in the original scope of work and because of questions regarding the validity of the appropriated funds. Delays in expanding the capacity of the Counter-Narcotics Justice Center, which has exclusive nationwide jurisdiction over significant narcotics cases, could impact U.S. and Afghan government efforts to combat the illicit

drug trade in Afghanistan. Moreover, \$1.4 million in appropriated U.S. funds to support these efforts remain unused.

While the report is short (6 pages) and reviews a relatively small dollar amount (\$1.4 million), audit report #09-03 appears to both identify a problem between the Corps of Engineers and the State Department and recommend the proper way ahead to fix the problem. It also identified taxpayer dollars that are appropriated for Afghanistan reconstruction activities, but currently not being used as intended. Audit Report #09-07 also discusses the Counter-Narcotics Justice Center.

Audit #09-07: Documenting Detention Procedures Will Help Ensure Counter-Narcotics Justice Center Is Utilized As Intended. Completed September 30, 2009.

SIGAR is concerned that the current detention facility at the Center may not be utilized as intended. Specifically, during a July 2009 site visit to the Center, SIGAR auditors noted that all the detention cells were occupied by low-profile detainees, whereas, according to State and Justice Department officials, the Center was built with the intention of housing mid- and high-profile drug traffickers. Because it was filled with low-profile detainees, the Center did not have any available detention cells to hold mid- and high-profile drug traffickers. Further, SIGAR is concerned that the new detention facility, once constructed, may also become filled with low-profile prisoners, rather than the high-value targets for whom the Center was designed.

Audit report #09-07, in five pages, concludes that the Counter-Narcotics Justice Center is not being used as intended and recommends changes to policy to use it properly. It identifies no savings in reconstruction funds. It is unclear why this minor conclusion would be the status of a completely separate audit or would not be included as a side note in audit report #09-04, as it resulted from the site visit in relation to that audit.

Audit #09-05: Increased Visibility, Monitoring, and Planning Needed for Commander's Emergency Response Program (CERP) in Afghanistan. Completed September 9, 2009.

Since 2004, the Department of Defense (DOD) has funded over \$1.6 billion for the Commander's Emergency Response Program in Afghanistan (CERP), generally intended to fund small-scale projects that can be sustained by the local population or government and respond to urgent humanitarian relief and reconstruction needs.

Although DOD has established procedures to ensure control and accountability for CERP funds, we identified weaknesses in monitoring and execution procedures. DOD and U.S. Forces Afghanistan (USFOR-A) have taken steps to ensure funds are obligated for authorized uses during the CERP approval process; however, additional measures are needed to ensure adequate controls over the execution of CERP projects. We found that management has limited visibility over CERP projects, due, in part, to a lack of centrally retained physical project files and incomplete or absent electronic project records.

CERP was designed to fund primarily small-scale projects. Although the majority of CERP projects remain small in scale, funds increasingly have been obligated for large-scale projects of \$500,000 or more. While large-scale projects account for a small proportion (3 percent) of the total number of projects, they consume a majority (67 percent) of CERP funds.

To improve the management of CERP and ensure sufficient oversight of funds, SIGAR recommends that the Commander of USFOR-A develop and implement a process to systematically collect and track information on CERP projects; implement a solution for centralizing CERP records; and develop and implement a plan to address the management of large-scale projects of \$500,000 or higher.

Over four years ago the Under Secretary of Defense (Comptroller)/Chief Financial Officer issued a memorandum providing guidance on the use of CERP funds.² Audit report #09-05 fails to recognize the prior work done by oversight agencies on the CERP. There are no references to the body of work completed already on this topic.³

As a result, this audit by SIGAR merely restates the numerous problems that have plagued way CERP has been handled for the last five years: **lack of training of project officers, lack of continuity when units transfer, lack of adequate documentation for projects.**

However, audit report #09-05 did not visit any CERP sites nor did they cite any examples of wasted taxpayer dollars or funding that could have been better utilized. In addition, both SIGIR and DODIG visited actual CERP site projects in person to determine whether the funds were being used as intended. SIGAR limited its work to senior officials in reviewing the paperwork at Kabul and Bagram, leading to a much less thorough investigation and hence less useful report.

The one inspection report SIGAR has completed (below) was a CERP project, but was not mentioned in the CERP audit despite being completed several months earlier.

² Deputy Inspector General for Audit Ugone, Mary, "Testimony before the Committee on Oversight and Government Reform – Accountability over Several Funds to Support the Iraq War," House of Representatives, May 22, 2008.

³ Office of the Special Inspector General for Iraq Reconstruction Audit Report: "Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2006" (Report No. SIGIR-07-006), dated April 26, 2007.

Department of Defense Inspector General Report: "Implementation of the Commanders' Emergency Response Program in Afghanistan," (Report No. D-2007-064), dated February 28, 2007.

Office of the Special Inspector General for Iraq Reconstruction Audit Report: "Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2005" (Report No. SIGIR-05-025), dated January 23, 2006.

Office of the Special Inspector General for Iraq Reconstruction Audit Report: "Commander's Emergency Response Program: Muhalla 312 Electrical Distribution Project Largely Successful" (Report No. SIGIR-09-025), dated July 26, 2009.

Office of the Special Inspector General for Iraq Reconstruction Audit Report: "Commander's Emergency Response Program in Iraq Funds Many Large-Scale Projects" (Report No. SIGIR-08-006), dated January 25, 2008.

Office of the Special Inspector General for Iraq Reconstruction Audit Report: "Management of Commanders' Emergency Response Program for Fiscal Year 2004" (Report No. SIGIR-05-014), dated October 13, 2005.

Inspection

Inspection #09-01: Inspection of Improvements to the Khowst City Electrical Power System: Safety and Sustainability Issues Were Not Adequately Addressed. Completed July 28, 2009

In May 2009, SIGAR inspected the infrastructure improvements made to the Khowst City Electrical Power System. This project was funded by the Commander's Emergency Response Program (CERP) in the amount of nearly \$1.6 million, and implemented by the Khowst Provincial Reconstruction Team (PRT).

Due to the difficult security situation and the limited ability of PRT personnel to visit the work sites, PRT Khowst hired two local engineers to conduct quality assurance inspections. During interviews with SIGAR, the local engineers stated that they conducted such inspections, but the PRT did not provide them with copies of the contract nor give them a checklist of work required by the contracts. As a result, the inspections were cursory, as reflected in each of the three PRT quality assurance reports available for review

The PRT was not able to provide SIGAR with many of the files relating to the Khowst Electrical Power System Improvements project. According to the current Khowst PRT leadership, many of the electronic files may have been lost when the previous PRT members changed computer systems. Without additional assistance, the Khowst Power System will not be able to provide increased power to the local community over the long-term.

Inspection #09-01 is helpful in that it identifies that completed reconstruction work did not meet the contract specifications, the U.S. government representatives (the Provincial Reconstruction Team) did not perform adequate oversight, and that the Government of Afghanistan will not be able to operate and maintain this project, meaning that \$1.6 million of taxpayer dollars might have been wasted.

SIGAR has hundreds of current CERP projects that it could be conducting oversight on. While inspection #09-01 is somewhat descriptive of the problems in Afghanistan reconstruction, it made its findings long after the contract was complete and thus changes cannot be made at this point. The utility of this lone inspection report will only be felt if it forces changes in other, current CERP and Provincial Reconstruction Team projects.