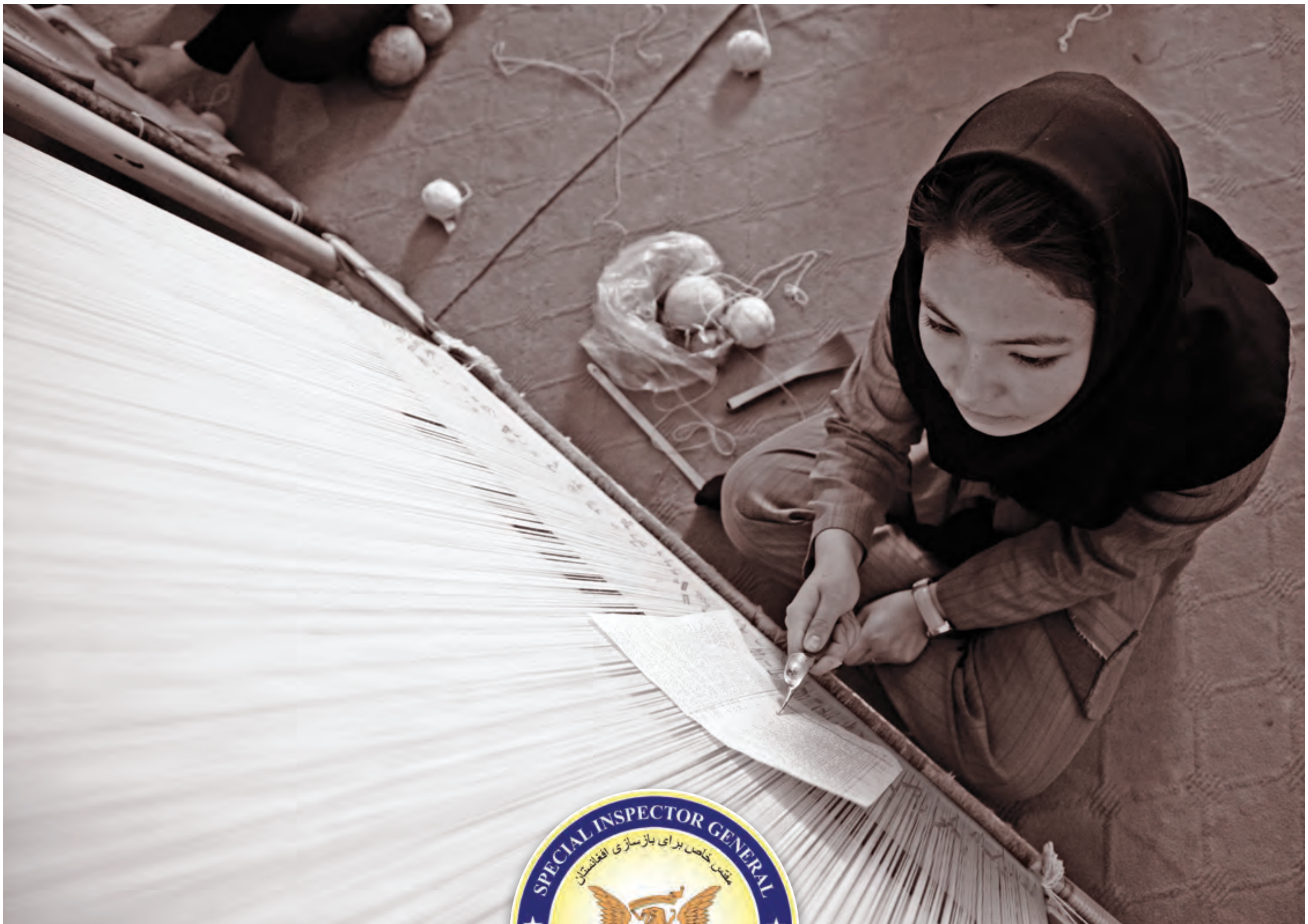
SIGAR Special Inspector General for Afghanistan Reconstruction



HEARING BRIEFING PACKET

HASC SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

REPORT FROM SIGAR: CHALLENGES TO SECURING AFGHAN WOMEN'S GAINS IN A POST-2014 ENVIRONMENT

OCTOBER 29, 2013

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SIGAR team boards a helicopter for a series of reconstruction site visits in Afghanistan, May 2013. (SIGAR photo)

About SIGAR

Created by Congress in the National Defense Authorization Act for fiscal year 2008, the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is the only independent U.S. government agency whose sole mission is to conduct oversight of U.S.-funded reconstruction activities in Afghanistan. Through its oversight operations, SIGAR works aggressively to prevent and detect waste, fraud, and abuse. It also makes recommendations to U.S. agencies to improve the efficiency and effectiveness of reconstruction efforts.

Key Oversight Issues

As of September 30, 2013, Congress has appropriated approximately $97 billion for relief and reconstruction activities in Afghanistan since fiscal year 2002. This is more than the United States has ever spent to rebuild a single country.

Despite the pending U.S. military drawdown and Afghanistan's political and security transitions in 2014, the reconstruction continues and billions remain at risk due to contracting and procurement challenges. Of the billions already appropriated for reconstruction, nearly $19 billion remained to be spent as of September 30, 2013. Federal agencies have requested more than $10.7 billion for Afghanistan reconstruction programs in the fiscal year 2014 budget, and the United States has pledged to provide many billions more for years to come. For these reasons, aggressive oversight must continue to be a priority for the U.S. government during and after the transition to ensure that precious taxpayer dollars are not lost to waste, fraud, and abuse.

More than $60 billion of the reconstruction has been provided to the Department of Defense, mostly to build, train, and equip the Afghan National Security Forces. This includes funding that will be provided to the Afghan government through direct assistance, which presents challenges for oversight.

Although this unprecedented reconstruction effort has resulted in significant progress for Afghanistan, a number of issues hinder U.S.-funded reconstruction programs and projects. During the course of its oversight work, SIGAR has identified five distinct but inter-related causes for problems that undermine the reconstruction of Afghanistan:

- Inadequate planning
- Poor quality assurance
- Poor security
- Questionable sustainability
- Corruption

SIGAR Quick Facts

- Temporary oversight agency consisting of roughly 200 personnel
- Conducts audits, investigations, and inspections, among other oversight activities
- Possesses cross-agency jurisdiction allowing it to review any U.S.-funded reconstruction program or project in Afghanistan
- Largest oversight presence in Afghanistan of any U.S. government agency
- Produces Quarterly Reports to Congress on the U.S. reconstruction effort

Oversight Access Challenges

SIGAR has been concerned about the implications of the Coalition troop drawdown for ensuring adequate oversight of the U.S.-funded reconstruction effort in Afghanistan ever since Special Inspector General John F. Sopko was appointed more than a year ago.

SIGAR personnel have already experienced difficulty obtaining military escort to travel into contested areas. For example, earlier this year SIGAR was unable to visit infrastructure projects in northern Afghanistan valued at $72 million because they are located in areas that could not be reached by U.S. civilian employees. U.S. military officials have told SIGAR that in the future they will provide civilian access only to areas within a one-hour round trip of an advanced medical facility. Although exceptions can be made, most requests to visit reconstruction sites outside of these "oversight bubbles" will probably be denied. Similarly, State Department officials have warned SIGAR that their ability to reach reconstruction sites will be extremely limited due to constraints on providing emergency medical support without assistance from the Department of Defense.

An Afghan electric-utility staffer welcomes a SIGAR team at the Kajaki Dam power plant. (SIGAR photo)

U.S. military and civilian officials are working hard to develop alternative means to help protect the U.S. taxpayers' investment. For example, the U.S. Agency for International Development (USAID) mission in Afghanistan is exploring how to use third-party monitors to help oversee reconstruction sites. Additionally, State Department personnel are contemplating how to expand oversight access by periodically deploying emergency medical and security forces to the edge of the "oversight bubbles."

To help the U.S. prepare for these challenges, SIGAR will conduct audits and begin other initiatives to examine the consequences of restricted oversight in Afghanistan. SIGAR has also written to the Secretaries of State and Defense and to the Administrator of USAID to inquire about their plans to ensure adequate oversight for the U.S.-funded reconstruction in Afghanistan. The agency also plans to convene a panel in the coming months of oversight and implementing agencies, non-governmental organizations, and others to discuss best practices for third-party monitoring, remote monitoring and other alternatives to traditional oversight.

Seven Key Questions for Decision Makers

While there has been major progress in Afghanistan, SIGAR's work since 2009 has repeatedly identified problems in every area of the reconstruction effort—from inadequate planning, insufficient coordination, and poor execution, to lack of meaningful metrics to measure progress. SIGAR has found delays, cost overruns, poor construction of infrastructure projects and U.S.-funded facilities that are not being used for their intended purposes. These problems have resulted in lost opportunities and waste, but they have also presented opportunities to learn.

The Special IG and staff meet with the Monitoring and Evaluation Committee, May 2013. (SIGAR photo)

Based on SIGAR's work and that of other Inspectors General and the Government Accountability Office, SIGAR proposes the following questions to help guide decision makers as they consider whether and how best to use the remaining reconstruction funds:

- Does the project or program make a clear and identifiable contribution to our national interests or strategic objectives?
- Do the Afghans want it and need it?
- Has it been coordinated with other U.S. implementing agencies, with the Afghan government, and with other international donors?
- Do security conditions permit effective implementation and oversight?
- Does it have adequate safeguards to detect, deter, and mitigate corruption?
- Do the Afghans have the financial resources, technical capacity, and political will to sustain it?
- Have implementing agencies established meaningful, measurable metrics for determining successful project outcomes?

To the extent agencies can answer these questions in the affirmative, a project or program has a better chance of achieving its objectives. However, if the implementing agencies cannot answer these questions in the affirmative, the project should be reevaluated. If they still choose to proceed with it, they need to clearly articulate and justify their reasons for doing so. SIGAR is considering these fundamental questions through its audits, investigations, inspections, and special projects. In addition, it is examining project justifications and urges Congress to do the same.

Women in the Afghan National Security Forces

Afghan National Army (ANA) and Afghan Air Force (AAF)

The number of women in the ANA is increasing, but the goal for women to make up 10% of the ANA and the Afghan Air Force remains distant Women make up only 0.3% of the force.

As of September 13, 2013, 502 women were serving in the ANA, according to the CSTC-A. However CSTC-A also provided SIGAR with a breakdown of the women serving – 253 officers, 238 NCOs, 61 enlisted personnel, and 90 cadets – that would indicate a total of 642. CSTC-A noted that the “discrepancy between totals and ANA number may reflect civilians who are working in the supply chain (e.g. sewing).”

In the Afghan Air Force, 33 women were serving – 20 officers and 13 NCOs.

ANA officer adjusts the sights on her weapon. Women currently make up 0.3% of the ANA. (ISAF photo)

Afghan National Police (ANP)

As in prior quarters, the number of women in the ANP is increasing, but progress has been slow toward reaching the goal to have 5,000 women in the ANP by the end of 2014. CSTC-A said that “the ANP is currently focused more on finding secure areas (i.e., positions with appropriate facilities for females) for recruits than increasing recruiting to reach this target.” Despite an increase this quarter, women make up only 1% of the force.

As of September 13, 2013, ANP personnel included 1,570 women—232 officers, 639 NCOs, and 699 enlisted personnel—according to CSTC-A.141 This in an increase of 366 women in two years (since August 22, 2011)

Ongoing SIGAR Work Related to Afghan Women and Girls

U.S.-Funded Afghan Women’s Initiatives. Since 2001, the U.S. government has engaged in activities to improve conditions for and participation of Afghan women in various aspects of society. For example, the Department of State and USAID reported that their work has helped Afghan women take on larger roles in society, citing the numbers of Afghan women in higher education and government, and the efforts of women’s organizations working to end violence and discrimination against women. From fiscal years 2003 through 2010, Congress provided $627 million in appropriated funds to the Department of State and USAID to support activities specifically for Afghan women and girls. As the transition to Afghan-led security nears, members of Congress have expressed interest in the status of women in Afghanistan and the measures in place to ensure their protection during and after the transition. SIGAR’s audit will identify U.S. government programs or initiatives to improve the rights and treatment of women in Afghanistan since fiscal year 2011. It will also assess the extent to which these programs and initiatives have been coordinated across different U.S. government agencies. Finally, the audit will identify challenges in addressing women’s issues in Afghanistan and evaluate U.S. efforts to address these challenges.

AFGHAN NATIONAL ARMY: CSTC-A LACKS KEY INFORMATION ON INVENTORY IN STOCK AND REQUIREMENTS FOR VEHICLE SPARE PARTS (SIGAR Audit 14-3, October 2013)

KEY FINDINGS

- Combined Security Transition Command-Afghanistan (CSTC-A) is placing orders for vehicle spare parts without accurate information on what parts are needed or are already in stock. CSTC-A relies on the Afghan National Army (ANA) to maintain accurate inventory records of vehicle spare parts availability and future requirements to minimize spare parts shortages. However, the ANA is not consistently using or updating its inventory to track:
    - what parts are in stock,
    - what parts have been ordered by ANA units, and
    - when and where those parts are supposed to arrive.

Uninventoried vehicle spare parts at southern Regional Logistic Supply Center. (SIGAR photo)

From 2004 through 2013, CSTC-A purchased approximately $370 million in spare parts to maintain and repair vehicles for the ANA. A reliable and integrated logistics system is needed to provide spare parts to maintain vehicle and equipment readiness for security operations. However, questions have been raised about CSTC-A's support of the ANA's logistics capabilities. For example, the ISAF Commander's Advisory and Assistance Team reported in October 2012 that CSTC-A could not account for about $230 million worth of spare parts and had ordered $138 million of additional parts without sufficient accountability. In October 2012, the ISAF Commander's Advisory and Assistance Team reported that CSTC- A could not account for approximately $230 million worth of spare parts for the ANSF and noted that, due to the lack of accountability for these parts, CSTC-A ordered additional spare parts worth more than $138 million.

The ANA did not keep fully accurate records at any of the four locations—three Regional Logistic Supply Centers (RLSC) and the Central Supply Depot (CSD)—where SIGAR conducted parts inventories. SIGAR also found that the RLSCs and the CSD are not consistently updating Afghan Ministry of Defense (MOD) forms to maintain a record of parts due to be received by and distributed to ANA units in accordance with an MOD decree. Further, the ANA is not consistently inventorying parts as they are received. RLSC-South and the CSD contain ANA vehicle spare parts that have not been inventoried. Without accurate inventories, CSTC-A does not have data to justify the number of vehicle spare parts authorized or purchased for the RLSCs and the CSD.

Moreover, the ANA continues to place orders for vehicle spare parts without demand or usage data. From 2011 through April 2013, CSTC-A modified the authorized stock quantities required at the RLSCs two times, reducing the authorized types of spare parts needed from 3,843 to 576. However, CSTC-A placed orders for $130 million worth of parts based on the initial 3,843-types authorization. Furthermore, according to CSTC-A officials, they do not have records to show how the 3,843 total was determined. In addition, CSTC-A ordered these parts without knowledge of what parts the ANA already had in stock because there is no recorded inventory of spare parts.

CSTC-A is able to track vehicle spare parts into Afghanistan for orders placed during 2010 through 2012, but could not document that the parts were transferred to the ANA. SIGAR found that CSTC-A cannot provide documentation confirming delivery or title transfer to the ANA for vehicle spare parts delivered during 2010 through 2012.

AFGHAN NATIONAL SECURITY FORCES: ADDITIONAL ACTION NEEDED TO REDUCE WASTE IN $4.7 BILLION WORTH OF PLANNED AND ONGOING CONSTRUCTION PROJECTS **(SIGAR Audit 13-18, September 2013)**

KEY FINDINGS

- The International Security Assistance Force Joint Command (IJC) has established a process to review and analyze existing coalition facilities for transfer to the Afghan government.
- Through December 2012, the coalition closed 235 facilities and transferred 352 other facilities to the ANSF and helped reduce plans to construct new ANSF facilities by 318 projects and reducing costs by approximately $2 billion.
- The Combined Security Transition Command-Afghanistan (CSTC-A) lacks a comprehensive basing plan for the ANSF that considers future ANSF reductions and excess capacity in existing facilities.

A U.S. soldier provides security at the construction site of the ANP Main Road Security Company compound. (SIGAR photo)

Since 2005, Congress has appropriated nearly $52.8 billion to equip, train, base, and sustain the Afghanistan National Security Forces (ANSF). As of April 2013, the ANSF facilities construction program had more than 400 ANSF facilities in progress or in the acquisition or planning stages. These facilities, worth $4.7 billion, are designed to support the currently approved ANSF strength of 352,000 personnel. CSTC-A is constructing new facilities for the ANSF, while at the same time the United States and coalition partners are reducing their presence in Afghanistan and, through the IJC, closing or transferring their facilities to the Afghan government. SIGAR's prior audit of ANSF facilities expressed concern that CSTC-A's lack of planning increased the risk that CSTC-A was building facilities that did not meet ANSF needs. In addition, the United States its NATO allies, and the Afghan government announced at the May 2012 Chicago Summit that the ANSF may shrink from its currently approved strength of 352,000 to 228,500 personnel, depending on security conditions.

SIGAR found that IJC has established a process to review and analyze existing coalition facilities for transfer to the Afghan government. Specifically, in April 2012, IJC instituted an Operational Basing Board that meets weekly to nominate and review existing U.S. and coalition facilities for closure or transfer to the Afghan government. The IJC board actively engages with CSTC-A and the Afghan Ministries of Defense and Interior to determine which facilities should be transferred to the ANSF. Through December 2012, the coalition closed 235 facilities and transferred 352 other facilities to the ANSF, and per CSTC-A, helped reduce plans to construct new ANSF facilities by 318 projects and reducing costs by approximately $2 billion.

CSTC-A, with IJC assistance, has responsibility for managing the construction of ANSF facilities around the country. However, CSTC-A lacks a comprehensive basing plan for the ANSF that considers future ANSF reductions and excess capacity in existing facilities. Current construction requirements reflect the currently approved 352,000 ANSF personnel level and do not take into account planned reductions in the number of ANSF personnel. As a result, when the ANSF decreases to 228,500 personnel, ANSF facilities will have excess personnel capacity. The combination of locating ANSF construction projects in dangerous areas and the downsizing and planned withdrawal of U.S. forces will make it more challenging to complete projects by the December 2014 deadline unless CSTC-A ensures that the necessary resources are available to provide oversight.

AFGHAN NATIONAL POLICE FUEL PROGRAM: CONCERTED EFFORTS NEEDED TO STRENGTHEN OVERSIGHT OF U.S. FUNDS

(SIGAR Audit 14-1, September 2013)

KEY FINDINGS

- The U.S. Central Command Joint Theater Support Contracting Command (C-JTSCC) and the Combined Security Transition Command-Afghanistan (CSTC-A) had limited oversight of fuel purchases for the Afghan National Police (ANP).
- Poor oversight and documentation of blanket purchase agreements and fuel purchases resulted in the use of higher-priced vendors and questionable costs to the U.S. government.
- CSTC-A's justification for its fiscal year 2013 request and future ANP fuel budget estimates is based on, among other things, prior fuel orders. Although CSTC-A has purchased fuel for the ANP for 6 years, it does not have reliable information on the number of ANP vehicles and generators in use, nor has it received consumption data from the Ministry of Interior (MOI).

Checking fuel-pump meters against delivery records helps detect and deter fuel theft, a multi-million-dollar problem in Afghanistan. (SIGAR photo)

Since 2005, Congress has appropriated almost $52.8 billion to train, equip, and sustain the Afghan National Security Forces (ANSF), which includes the ANP and the Afghan National Army. CSTC-A equips and trains the ANSF. CSTC-A uses the Afghanistan Security Forces Fund (ASFF) to provide the ANSF with equipment, supplies, and training, as well as facility and infrastructure repair, renovation, and construction. A portion of the ASFF has been used to purchase fuel for the ANSF. CSTC-A uses blanket purchase agreements issued by C-JTSCC. C-JTSCC, as the contracting office, executes and oversees contracts and exercises control over all contingency contracting in Afghanistan. Under the blanket purchase agreements, CSTC-A provides the contracting officer representative and is responsible for ordering and accounting for fuel purchased for the ANSF.

SIGAR found that C-JTSCC and the CSTC-A had limited oversight of fuel purchases for the ANP. Poor oversight and documentation of blanket purchase agreements and fuel purchases resulted in the use of higher-priced vendors and questionable costs to the U.S. government. In several instances, vendors charged fees for fuel deliveries that were not allowed under the blanket purchase agreements. For example, from November through December 2012, C-JTSCC approved fuel prices for 3 of the 4 ground fuel vendors for Kabul province that included transportation charges beyond what is allowed by the blanket purchase agreement. The total cost of the charges was approximately $520,000.

CSTC-A's justification for its fiscal year 2013 request and future ANP fuel budget estimates is based on, among other things, prior fuel orders. Although CSTC-A has purchased fuel for the ANP for 6 years, it does not have reliable information on the number of ANP vehicles and generators in use, nor has it received consumption data from MOI. Further, CSTC-A officials could not support the $134.6 million it requested for ANP fuel in fiscal year 2013. CSTC-A relies on past ANP fuel orders and other undocumented assumptions to calculate ANP fuel requirements. SIGAR estimates that CSTC-A will have approximately $94 million in fiscal year 2013 funds for ANP fuel available when fiscal year 2014 begins, indicating that the fiscal year 2013 ANP fuel budget was overestimated.

CSTC-A provided $26.8 million in direct budgetary contributions to the Afghan government for ANP fuel between October 2011 through December 2012; however, it did not provide evidence that it had conducted the required risk assessments to determine Ministry of Interior's capacity for managing U.S. funds to purchase fuel for the ANP.

AFGHAN SPECIAL MISSION WING: DOD MOVING FORWARD WITH $771.8 MILLION PURCHASE OF AIRCRAFT THAT THE AFGHANS CANNOT OPERATE AND MAINTAIN (SIGAR Audit 13-13, June 2013)

KEY FINDINGS

- The Department of Defense (DOD) is purchasing 48 new aircraft for the Afghan Special Mission Wing (SMW), at cost of $771.8 million, even though the Afghans lack the capacity to operate and maintain the existing and planned SMW fleets.
- DOD has not developed a plan for transferring maintenance and logistics management functions to the Afghans.
- The SMW relies heavily on DOD to fulfill its counterterrorism responsibilities, a key part of its mission.

SIGAR auditors join SMW flight crews as they prepare for a training mission in Kabul. (SIGAR photo)

In July 2012, the Afghan government established the Afghan Special Mission Wing (SMW) to provide critical air support for the Afghan National Army Special Operations Forces whose primary mission is to combat the narcotics trade and terrorism. Since then, DOD has obligated nearly $122 million to develop the SMW, awarded additional contracts totaling $771 million to purchase 48 new aircraft, and plans to spend hundreds of millions more for oversight, maintenance, training, and logistical support.

SIGAR found the Afghans lack the capacity—in both personnel numbers and expertise—to operate and maintain the existing and planned SMW fleets. For example, as of January 23, 2013, the SMW had just 180 personnel—less than one-quarter of the personnel needed to reach full strength. DOD and the NATO Training Mission-Afghanistan (NTM-A) lack a plan that identifies milestones and final dates for achieving full SMW personnel force strength to justify the approved fleet. Moreover, ongoing recruiting and training challenges have slowed SMW growth. These challenges include finding Afghan recruits who are literate and can pass the strict, 18- to 20-month U.S. vetting process which attempts to eliminate candidates that have associations with criminal or insurgent networks. The lack of agreement between the Afghan Ministry of Defense (MOD) and Ministry of Interior (MOI) on the command and control structure of the SMW is also having a negative impact on SMW growth and capacity.

Mi-17 undergoing maintenance at a SMW hanger in Kabul. (SIGAR photo)

DOD has not developed a plan for transferring maintenance and logistics management functions to the Afghans. DOD contractors perform 50% of the maintenance and repairs to the SMW's current fleet of 30 Mi-17 helicopters and 70% of critical maintenance and logistics management, as well as procurement of spare parts and material.

The SMW relies heavily on DOD to fulfill its counterterrorism responsibilities, a key part of its mission. As of January 16, 2013, only 7 of the 47 pilots assigned to the SMW were fully qualified to fly with night vision goggles, a requirement for executing most counterterrorism missions.

Despite these problems, DOD has moved forward to purchase 48 new aircraft for the SMW. In October 2012, DOD awarded a $218 million contract to Sierra Nevada Corporation for 18 PC-12 fixed-wing aircraft, and in June 2013, DOD awarded a $553.8 million contract modification to Rosoboronexport for 30 Mi-17 helicopters.

TAXES: AFGHAN GOVERNMENT HAS LEVIED NEARLY A BILLION DOLLARS IN BUSINESS TAXES ON CONTRACTORS SUPPORTING U.S. GOVERNMENT EFFORTS IN AFGHANISTAN **(SIGAR Audit 13-8, May 2013)**

KEY FINDINGS

- The Afghan Ministry of Finance (MOF) has levied over $921 million in business taxes and associated penalties on 43 contractors that support U.S. government efforts in Afghanistan, despite agreements between the U.S. agencies and the Afghan government that provide exemptions for certain Afghan taxes.
- U.S. and MOF officials disagree about the tax-exempt status of subcontractors, which has created confusion and interrupted the U.S. effort in Afghanistan.
- Contracting officers for the Department of Defense (DOD) and Department of State (State) do not fully understand Afghanistan's tax laws and, as a result, they have improperly reimbursed contractors for taxes paid to the Afghan government.

IG Sopko visiting the Hairatan border crossing in northern Afghanistan. Customs fees are a significant source of revenue for the Afghan government. (SIGAR photo)

U.S. government agencies, including DOD, State, and the U.S. Agency for International Development (USAID) have executed agreements with the Afghan government that exempt their contracts from certain Afghan business taxes. Through these agreements, the United States seeks to limit the taxes that U.S.-funded contractors pay in order to reduce the cost of projects to the U.S. taxpayer. However, SIGAR found that since 2008, the Afghan government has levied taxes and tax-related penalties on contractors supporting U.S. government contracts in Afghanistan that should be exempt from such taxes under the negotiated agreements.

Since 2008, the MOF has levied over $921 million in business taxes and associated penalties on 43 contractors that support U.S. government efforts in Afghanistan. Of this amount, $93 million represented taxes levied on business receipts and annual corporate income—a tax category that both the U.S. government and the Afghan government agree should be exempt for contractors operating under covered agreements. SIGAR identified instances where contractors were taxed despite agreements between U.S. agencies and the Afghan government that provide exemptions for certain Afghan taxes.

U.S. and MOF officials disagree about the tax-exempt status of subcontractors, which has created confusion and interrupted the U.S. effort in Afghanistan. MOF officials assert that the DOD and State agreements provide tax-exempt status only to prime contractors. U.S. government officials contend that the agreements provide tax exemption for all non- Afghan companies—both prime and subcontractors—supporting U.S. government efforts. Given the ongoing disputes and the ambiguous nature of the MOF-issued assessments, the 43 contractors in SIGAR's sample have paid approximately $67 million of the $921 million in total tax assessments. Most of them still face unresolved assessments. As a result of the outstanding assessments, the MOF has placed restrictions on some contractors and refused to renew business licenses. The Afghan government has even arrested some contractor personnel. At least nine of the contractors we interviewed had shipments of goods critical to U.S. and coalition operations delayed as a result of unresolved tax assessments; the Afghan government also revoked "freedom of movement" privileges for at least eight contractors since 2009, because they had outstanding tax assessments.

SIGAR also found that DOD and State contracting officers do not fully understand Afghanistan's tax laws and, as a result, they have improperly reimbursed contractors for taxes paid to the Afghan government. While DOD, State, and USAID have taken some steps to help their prime contractors gain tax exemption, DOD and State have not taken sufficient steps to ensure that their subcontractors obtain the required tax exemption certificates.

AFGHANISTAN'S NATIONAL POWER UTILITY: COMMERCIALIZATION EFFORTS CHALLENGED BY EXPIRING SUBSIDY AND POOR USFOR-A AND USAID PROJECT MANAGEMENT (SIGAR Audit 13-7, April 2013)

KEY FINDINGS

- U.S. Forces-Afghanistan (USFOR-A) and the U.S. Agency for International Development (USAID) have provided nearly $88 million to assist in commercializing Afghanistan's national power utility in Kabul, Kandahar, and Helmand, but poor project management has hindered U.S. efforts.
- $12.8 million of equipment purchased by the U.S. Army Corps of Engineers-Afghanistan Engineer District South (USACE-TAS) on behalf of USFOR-A was sitting unused in storage.
- USFOR-A continued to approve projects for similar equipment without an installation plan. As a result, $10.2 million of additional equipment for Helmand was left sitting unused in storage.

Unused electrical distribution equipment sitting in a Shoredam storage facility. (SIGAR photo)

Since 2008, the Afghan government has identified making improvements to its energy sector as a top priority, including increasing revenues and reducing power losses from generation through distribution. Collectively, these initiatives are referred to as commercialization. Since 2009, the U.S. government has obligated almost $88 million to help the Afghan government commercialize Da Afghanistan Breshna Sherkat (DABS), its national power utility. DABS operates and manages electric power generation, import, transmission, and distribution services throughout Afghanistan.

U.S. government projects funded by USFOR-A and USAID focus on helping DABS increase cost recovery, reduce losses, and build its capacity to manage, operate, and maintain a national power system. To date, USFOR-A and USAID have focused their efforts in Kabul, Kandahar, and Helmand Provinces. Although USAID investments resulted in some commercialization successes for DABS-Kabul in recent years, it is not able to pay its bills without an Afghan government subsidy set to expire in 2014. For example, with the assistance of a $53 million project funded by USAID to assist in the commercialization of DABS-Kabul, cash collections increased by nearly 60%.

However, DABS-Kabul—one of the best-performing electricity directorates in all of Afghanistan—is still operating at a financial loss. Further, USFOR-A and USAID have provided nearly $88 million to assist in commercializing DABS in Kabul, Kandahar, and Helmand, but poor management of commercialization projects by the U.S. agencies hindered U.S. efforts. For example, USFOR-A approved eight Commander's Emergency Response Program (CERP) projects intended to help DABS decrease losses and increase revenues from electricity sold. As identified in a SIGAR interim report in December 2012, almost $12.8 million of the equipment purchased by the U.S. Army Corps of Engineers-Afghanistan Engineer District South (USACE-TAS) on behalf of USFOR-A as part of Kandahar commercialization efforts was sitting unused in U.S. government-controlled storage.

SIGAR also found no clear plans for the equipment's installation. Although this equipment, which was approved and funded by USFOR-A, arrived without an installation plan and was placed in storage, USFOR-A continued to approve projects for similar equipment without an installation plan. As a result, $10.2 million of additional equipment for Helmand was left in storage without an approved plan for installation.

CONTRACTING WITH THE ENEMY: DOD HAS LIMITED ASSURANCE THAT CONTRACTORS WITH LINKS TO ENEMY GROUPS ARE IDENTIFIED AND THEIR CONTRACTS TERMINATED **(SIGAR Audit 13-6, April 2013)**

KEY FINDINGS

- SIGAR identified several weaknesses in the implementation of Section 841 by the Department of Defense (DOD).
- Some contracts lack a required clause prohibiting contractors from entering into subcontracts with Section 841 designees, thereby making it difficult to prevent contractors from knowing their legal requirement to avoid contracting with Section 841 designees.
- DOD has not developed a formal policy for all Heads of Contracting Activities (HCAs) to disseminate or notify prime contractors of Section 841 designations.
- SIGAR made recommendations to Congress for improving Section 841, including eliminating the $100,000 threshold value for contracts.

To reduce the risk of inadvertently contracting with individuals or entities that provide funds to groups opposing U.S. and Coalition forces, Congress included Section 841 in the FY 2012 National Defense Authorization Act (NDAA). Section 841 permits DOD to authorize an HCA to restrict, terminate, or void a DOD contract, grant, or cooperative agreement with an entity or individual determined to be actively supporting an insurgency or otherwise opposing U.S. or Coalition forces in the U.S. Central Command (CENTCOM) theater of operations, including Afghanistan.

Some contracts reviewed by SIGAR did not contain a required clause prohibiting contractors from entering into subcontracts with Section 841 designees or to notify contractors of HCAs' authorities. The agency's failure to include the clause in contracts may prevent contractors from knowing their legal requirement to avoid contracting with Section 841 designees.

HCAs have not consistently informed their prime contractors of Section 841 designations, even though the most recent Section 841 notification requests that they do so. Furthermore, DOD has not developed a formal policy for all HCAs to disseminate or notify prime contractors of Section 841 designations, leaving it to the individual HCAs to develop their own.

Because HCAs do not have full visibility over most subcontracts, they must rely on their prime contractors to identify subcontracts with Section 841 designees and take necessary steps to terminate, restrict, or void them. Currently, prime contractors are not required to formally certify that they do not hold any subcontracts with Section 841 designees.

SIGAR found areas where Section 841 could be strengthened. To ensure all contracts in Afghanistan are subject to Section 841, SIGAR recommended that Congress consider eliminating the $100,000 threshold value for contracts. To provide DOD with greater clarity on the future of designations and efforts made under Section 841, SIGAR also recommended that Congress consider providing guidance on the status of the designations once the legislation expires on December 31, 2014. Lastly, if the intent is for Section 841 designations to expire with the legislation, SIGAR stated that Congress may wish to consider requiring contracting agencies to preserve information and intelligence gathered through the Section 841 process.

AFGHAN NATIONAL ARMY: CONTROLS OVER FUEL FOR VEHICLES, GENERATORS, AND POWER PLANTS NEED STRENGTHENING TO PREVENT FRAUD, WASTE, AND ABUSE (SIGAR Audit 13-4, January 2013)

KEY FINDINGS

- The Combined Security Transition Command–Afghanistan (CSTC-A) lacked sufficient accountability in the process used to order, accept deliveries, and pay for diesel fuel, aviation fuel, and packaged fuel and firewood for the Afghan National Army (ANA).
- CSTC-A's processes for price approval, ordering, receipt, delivery and payment of fuel were beset by major vulnerabilities.
- Obligations and estimates for fuel, as well as other amounts to be funded by international donors, are not supported by validated fuel requirements or actual consumption data and may be overstated.

SIGAR agent observes off-loading of fuel in northern Afghanistan. (SIGAR photo)

Since 2005, Congress has appropriated more than $50 billion to the Afghanistan Security Forces Fund (ASFF) to train, equip and sustain the Afghan National Security Forces (ANSF), which include the ANA and the Afghan National Police. A successful transition by the end of 2014 depends on, among other things, Afghanistan's ability to provide for its own security. A logistics capacity—including the ability to purchase, track, and account for petroleum, oil, and lubricants (POL)—underpins the security forces and the transition.

SIGAR found that CSTC-A lacked sufficient accountability in the process used to order, accept deliveries, and pay for diesel fuel, aviation fuel, and packaged fuel and firewood for ANA vehicles, generators, and power plants. This lack of accountability increases the risk that U.S. funds and fuel will be stolen. For example, SIGAR found that CSTC-A records relating to fuel purchases paid for between March 2010 to February 2011 were missing and that its data on fuel purchases covering the period March 2011 to March 2012, was inaccurate and incomplete. CSTC-A also could not account for fuel that was spilled or lost.

In addition, CSTC-A's processes for price approval, ordering, receipt, delivery and payment of fuel were beset by major vulnerabilities. For instance, CSTC-A approved payments for fuel without verifying vendors' statements that they had made deliveries in full and of acceptable quality. In addition, its fuel orders were not based on required consumption data and, for power plants, the fuel orders did not follow the authorized process.

Furthermore, Congress appropriated over $1.1 billion for ANA POL from fiscal years 2007 through 2012, and CSTC-A estimates that another $3.1 billion will be required for the next six fiscal years (2013 through 2018). This $4.2 billion of appropriations and estimates for fuel, as well as other amounts to be funded by international donors, are not supported by validated fuel requirements or actual consumption data and may be overstated.

CSTC-A plans to directly contribute more than $1 billion in U.S. funds to the Afghan government to purchase ANA fuel despite CSTC-A's fuel accountability issues, assessments questioning its oversight of prior direct contributions, and reports on the Afghan government's lack of capacity. During the audit, CSTC-A officials informed SIGAR about various actions they were taking to improve the process for managing ANA POL. This included issuing new blanket purchase agreements to strengthen controls over the delivery and receipt of fuel and reducing the number of fuel delivery sites.

AFGHAN NATIONAL SECURITY FORCES FACILITIES: CONCERNS WITH FUNDING, OVERSIGHT AND SUSTAINABILITY FOR OPERATION AND MAINTENANCE (SIGAR Audit 13-1, October 2012)

KEY FINDINGS

- Despite an initial investment of $11.7 billion for facilities for the Afghan National Security Forces (ANSF), the Afghan government will likely be incapable of fully sustaining ANSF facilities after the transition in 2014 and the expected decrease in U.S. and coalition support.
- Sustainability challenges for the facilities include trouble finding maintenance personnel, inadequate Afghan government procurement systems, and budgeting issues.
- U.S. Army Corps of Engineers (USACE) contracts with ITT Exelis Systems Corporation (Exelis) to provide operation and maintenance (O&M) for ANSF facilities in northern and southern Afghanistan varied due to inconsistent implementation of quality assurance and quality control procedures by USACE and Exelis.

This Afghan National Police district headquarters in northern Afghanistan is one of many facilities built under contracts awarded by the U.S. Army Corps of Engineers. SIGAR has found some ANP facilities to be under- or unutilized. (USACE photo)

The U.S. is leading multi-billion dollar effort to build ANSF facilities. As part of this effort, the NATO Training Mission-Afghanistan (NTM-A) has developed the plan to transfer O&M of ANSF facilities to the Afghan government by the end of 2014. In an effort to ensure that the facilities are maintained until the ANSF is capable of doing so, USACE awarded two firm-fixed-price contracts to Exelis for O&M services for facilities in northern ($450 million) and southern ($350 million) Afghanistan. As of early June 2012, the contracts covered 480 facilities ranging from large corps headquarters to smaller police-district headquarters. The two contracts provide services that include O&M for the buildings and structures; utilities; and heating, ventilation, and air conditioning systems. The contracts also require Exelis to provide ANSF workers with O&M training in areas such as electrical, plumbing, and sewage treatment plant operations.

The Afghan government's capacity to sustain ANSF facilities remains questionable due to a lack of sufficient numbers and quality of Afghan personnel, as well as a lack of fully developed budgeting, procurement, and logistics systems. NTM-A and USACE have taken steps to develop the Afghan government's capacity to perform O&M on ANSF facilities after the full transfer of these facilities to the Afghan government at the end of 2014. As of August 1, 2012, 17 sites had started the transition process. However, because USACE had not yet developed a plan and procedures for removing partial facilities from the contracts and reclassifying these facilities to reduce costs, the agency continued to pay O&M costs for structures no longer covered under the contracts.

While Exelis generally provided services in accordance with the terms of the contract, factors outside the contractor's control, including the harassment of contractor personnel, poor construction quality, and irregular fuel deliveries, disrupted O&M services and may lead to increases in contract costs. Additionally, oversight varied across and within the two contracts. For example, USACE officials implemented ad hoc oversight and reporting procedures to oversee the two contracts in lieu of standardized quality assurance procedures, causing variations in the quality of reporting and frequency of site inspections.

FISCAL YEAR 2011 AFGHANISTAN INFRASTRUCTURE FUND PROJECTS ARE BEHIND SCHEDULE AND LACK ADEQUATE SUSTAINMENT PLANS

(SIGAR Audit 12-12, July 2012)

KEY FINDINGS

- Five of seven FY 2011 Afghanistan Infrastructure Fund (AIF) projects were 6 to 15 months behind schedule, and most projects will not achieve desired counterinsurgency benefits for several years.
- The Department of Defense (DOD) and Department of State (State) did not ensure the sustainability of FY 2011 AIF projects.
- Implementing agencies are developing mechanisms for joint project management. However, the lack of comprehensive and shared project information and unclear guidance on agency roles in project execution limit congressional oversight and interagency coordination.

A U.S. Army Corps of Engineers soldier trains Afghans on safely setting power poles and replacing power lines. SIGAR's audit of the Afghanistan Infrastructure Program looked at U.S. efforts to help modernize infrastructure, including power generation, transmission, and distribution. (USACE photo)

Congress established the AIF to build infrastructure in support of the U.S. counterinsurgency effort. Congress stipulated that DOD, which manages the AIF, together with State and the U.S. Agency for International Development (USAID), develop an integrated Afghanistan Infrastructure Program (AIP). The AIP was to draw on defense and foreign-operations appropriations to fund water, power, transportation, and other projects to achieve counterinsurgency objectives.

Congress appropriated $400 million for DOD in FY 2011 to create the AIF in support of the AIP and appropriated an additional $400 million in FY 2012 to continue AIP support. State and USAID were to fund AIP projects using resources appropriated from Economic Support Fund (ESF) accounts for Afghanistan.

SIGAR found that five of seven FY 2011 AIF projects were 6 to 15 months behind schedule, and that most projects will not achieve desired counterinsurgency benefits for several years. Acquisition and funding delays postponed the project execution schedules of most FY 2011 AIF projects, including all power-sector projects except the Kandahar Bridging Solution, which is providing fuel. In some instances, projects may even result in adverse counterinsurgency effects because they create an expectations-versus-reality gap in the affected population or because they lack citizen support.

DOD and State did not ensure the sustainability of FY 2011 AIF projects. For example, DOD, State, and USAID did not develop sustainment plans that included realistic cost estimates for FY 2011 AIF projects, nor did agencies communicate costs to the Afghan government. In some cases, such as the Kandahar Bridging Solution and the Southeast Power System projects, project viability and sustainability depend on the completion of additional projects that remain unidentified or unfunded, or have projected completion dates well beyond 2014. Implementing agencies are developing mechanisms for joint project management. However, the lack of comprehensive and shared project information and unclear guidance on agency roles in project execution limit congressional oversight and interagency coordination. For example, DOD plans to use $86 million of FY 2011 AIF funds to implement a project that already has funding from another donor.

Ongoing Audits

An ANA Special Forces soldier talks with a potential ALP candidate in Helmand on April 4, 2013. The ALP provides security in rural areas with limited ANSF presence. (U.S. Marine Corps photo)

ANSF Personnel Data. As of December 31, 2012, Congress had appropriated more than $51 billion to build, equip, train, and sustain the Afghan National Security Forces (ANSF) as it approaches its target strength of 352,000 by December 2014. However, SIGAR and others have reported that determining ANSF strength is fraught with challenges. U.S. and Coalition forces rely on the Afghan forces to report their own personnel strength numbers, which are often derived from hand-prepared personnel records in decentralized, unlinked, and inconsistent systems. Moreover SIGAR has reported that there is no viable method of validating personnel numbers. Accurate and reliable accounting for ANSF personnel is necessary to help ensure that U.S. funds that support the ANSF are used for legitimate and eligible costs. This audit will assess the reliability and usefulness of data for the number of ANSF authorized, assigned, and trained. It will also review the methodology for gathering data on ANSF personnel, including the extent to which Department of Defense (DOD) reviews and validates the information collected.

Transitioning Reconstruction Assets and Projects. In June 2011, President Obama announced that U.S. combat troops would be withdrawn from Afghanistan in 2014, and that the United States would remain committed to supporting the development of a sovereign Afghanistan. Given U.S. strategic goals and the resources already invested and expected to support Afghanistan in the future, it is critical that reconstruction assets and projects completed by the United States are maintained and used to meet their intended purposes. This audit will determine whether U.S. government agencies have a comprehensive, inter-agency plan in place and whether those plans address the asset-transfer process, the Afghan government's ability to maintain those assets, and the extent to which a comprehensive inventory of all U.S.-funded projects and assets has been developed and documented.

Accountability of Weapons and Equipment Provided to The Afghan National Security Forces (ANSF). Since 2009, DOD has provided more than 714,000 weapons worth approximately $1.5 billion to the ANSF. The drawdown of U.S. and Coalition forces and the transition of security responsibilities to the ANSF pose risks relating to the accountability of these weapons. CSTC-A bears primary responsibility for the training and equipping of the ANSF. It uses the Foreign Military Sales (FMS) process, which is administered by the Defense Security Cooperation Agency, to purchase most of the weapons. Both the Government Accountability Office and the DOD Inspector General conducted audits on weapons accountability for the ANSF in 2009. SIGAR will examine the action CSTC-A has taken to respond to those reports. The audit will evaluate (1) the procedures for the accountability of defense materiel and weapons procured by DOD to arm the ANSF, and (2) the visibility and controls in place for the oversight of defense materials and weapons after they have been provided to the ANSF.

ANSF Literacy Training. Illiteracy in the ANSF remains a major obstacle to effectively developing a capable and self-sustaining force that can operate independently and defend the Afghan people. The United States has funded three contracts, valued at $200 million through 2015, to provide ANSF literacy training with the goal of significantly reducing its illiteracy levels. SIGAR will evaluate the implementation and oversight of the ANSF literacy training program under the three contracts. It will assess whether the contractors provide qualified instructors and services; the extent to which CSTC-A monitored the contractors' performance and training outcomes; and the extent to which the contracts are meeting the goal of providing basic, sustainable levels of literacy for the ANSF.

Wire Transfer Fees Associated with DOD Payments to Afghan Contractors. DOD, through the Defense Finance Accounting Services, uses multiple U.S., international, and Afghan banks to execute wire transfers for payments to its Afghan contractors. These banks charge fees for processing wire transfers. The Afghan banks that ultimately receive funds through the final wire transfer are responsible for releasing those funds to the contractors. This audit will review how DOD uses wire transfers to pay its Afghan contractors and determine (1) the amount of wire transfer fees that DOD, or other U.S. government entities acting on behalf of DOD, paid between January 1, 2010, and January 1, 2013, and (2) the extent to which those fees are appropriate and reasonable based on applicable law, contracts, regulations, and standards.

Mobile Strike Force Vehicles for the Afghan National Army. In January 2011, CSTC-A began ordering Mobile Strike Force Vehicles (MSFV) to give the ANA a vehicle capable of providing protection similar to that of the Mine Resistant Ambushed Protected vehicles used by the International Security Assistance Force. MSFVs are procured through DOD's Foreign Military Sales (FMS) process. Since January 2011, obligations on these contracts have totaled more than $630 million for 634 MSFVs, spare parts, maintenance, and training. To date, more than 300 MSFVs have been delivered and are either in use by ANA battalions or fielded as part of an in-country vehicle logistics support and operator training program. The contractor is scheduled to deliver all remaining MSFVs by February 2014. This audit will (1) evaluate the effectiveness of U.S. government oversight of contracts to procure, operate, and maintain MSFVs for the ANA; and (2) determine the extent to which the ANA has the capacity to operate and maintain its current and planned MSFVs.

ANA soldiers graduate from Regional Military Training Center-North on July 5 in Mazar-e Sharif. This quarter, the United States was funding 32 training programs at a cost of $576.5 million. (Photo by Mass Communication SPC/2C Cory Rose)

For first time, Afghan appeals court hears testimony from a SIGAR Special Agent. (SIGAR photo)

IMPROVISED EXPLOSIVE DEVICES: UNCLEAR WHETHER CULVERT DENIAL SYSTEMS TO PROTECT TROOPS ARE FUNCTIONING OR WERE EVER INSTALLED **(SIGAR Special Project 13-8, July 2013)**

KEY FINDINGS

- SIGAR found insufficient evidence to determine the number of contracts that the Department of Defense (DOD) has awarded to install culvert denial systems.
- Existing documentation did not show whether culvert denial systems paid for with U.S. government funds were ever installed or, if they were, that the systems were installed properly.
- The lack of complete contract files demonstrated significant problems with quality control and quality assurance.

Culvert-denial systems like this grid of steel rods prevent insurgents from easily placing explosives beneath roads. (SIGAR photo)

Because of the serious threat posed by the placement of improvised explosive devices (IEDs) in roadway culverts, DOD has funded a number of contracts to install systems to prevent insurgents from being able to access culverts. In 2012, A SIGAR investigation found that at least two Afghan companies in one province—with contracts valued at nearly $1 million to install culvert denial systems—had either never installed the systems or had improperly installed them. The ongoing investigation is looking into whether this apparent failure to perform may have been a factor in the death and injury of several U.S. soldiers. To date, an Afghan contractor and his sub-contractor have both been arrested and charged with fraud and negligent homicide. SIGAR investigators are working with the Afghan Attorney General's Office to arrest the second contractor. SIGAR alerted DOD to the investigations findings earlier this year.

SIGAR initiated this special project review to identify the number of contracts DOD has awarded for culvert denial systems and the extent to which DOD is providing oversight of these important contracts. SIGAR found insufficient evidence to determine the number of contracts that DOD has awarded to install culvert denial systems. SIGAR identified three reasons for the lack of visibility into where these systems have been installed and at what they have cost:

- The installation of culvert denial systems is often included as a requirement in a road construction contract rather than as a separate contract.
- Military units generate very different requirements for these systems based on the threat levels in their areas.
- U.S. troops have also constructed and installed the systems.

DOD personnel have larely awarded contracts in Afghanistan that include culvert denial systems using the Commander's Emergency Response Program (CERP) and operation and maintenance funds. SIGAR identified that DOD has awarded contracts worth approximately $32 million for a variety of requirements, which include the installation of culvert denial systems, since 2009, mostly in the eastern and southern part of the country.

In addition, SIGAR has serious concerns about contract oversight for the construction and the installation of these systems. Existing documentation did not show whether culvert denial systems paid for with U.S. government funds were ever installed or, if they were, that the systems were installed properly. The lack of accurate and complete contract files demonstrated significant problems with quality control and quality assurance. Finally, SIGAR believes that it is important to know where culvert systems have been installed and what condition they are in to prevent any further loss of life from the placement of IEDs in roadside culverts.

LIMITED VISIBILITY OVER FUEL IMPORTS INCREASES THE RISK THAT U.S.-FUNDED FUEL PURCHASES COULD VIOLATE U.S. ECONOMIC SANCTIONS AGAINST IRAN **(SIGAR Special Project 13-2, January 2013)**

KEY FINDINGS

- The Department of Defense (DOD) is unable to determine if any of the $1.1 billion in fuel purchased for the Afghan National Army (ANA) between fiscal year 2007 and 2012 came from Iran, in violation of U.S. economic sanctions.
- Given the Afghan government's challenges in managing direct assistance funds, it will become more difficult for DOD to account for the use of U.S. funds.
- SIGAR concluded that the U.S. government may need to place safeguards on its direct-assistance funding—over $1 billion for Afghan National Security Forces (ANSF) fuel alone in 2013–2018—to ensure the Afghan government does not use the funds in violation of U.S. economic sanctions and national policies.

A policeman patrols alongside fuel tank rail cars in northern Afghanistan. (AFP photo)

Over the last five years, Congress has appropriated $1.1 billion to purchase fuel for the ANA. The Combined Security Transition Command–Afghanistan (CSTC-A) acquires the fuel through blanket purchase agreements with largely Afghan vendors. In turn, these vendors in some cases subcontract with different transport and delivery vendors. Although Iran is a primary supplier of Afghanistan's fuel, the U.S. economic sanctions program prohibits virtually all trade and investment activities with Iran by U.S. persons and U.S. funds.

DOD's lack of visibility—until recently—over the source of fuel purchased for the ANSF raises some concerns. DOD lacked certification procedures prior to November 2012 and had limited visibility over the import and delivery sub-contracts used by fuel vendors. As a result, DOD is unable to determine if any of the $1.1 billion in fuel purchased for the ANA between fiscal year 2007 and 2012 came from Iran, in violation of U.S. economic sanctions.

Despite the new controls established in November 2012, oversight weaknesses in the fuel acquisition process may continue to limit the ability of U.S. officials to verify the sources of fuel purchased with U.S. funds for the ANSF. Furthermore, given the Afghan government's continued challenges in overseeing and expending direct assistance funds, SIGAR found that it will become even more difficult for DOD to account for the use of U.S. funds as it begins to transfer funds directly to the Afghan government in March 2013 to purchase fuel for the ANSF. SIGAR concluded that the U.S. government may need to place safeguards on its direct-assistance funding—over $1 billion for ANSF fuel alone in 2013–2018—to ensure the Afghan government does not use the funds in violation of U.S. economic sanctions and national policies.

Ongoing Special Projects

Direct Assistance to the Afghan Ministries of Defense and Interior. The Ministries of Defense (MOD) and Interior (MOI) have already received more than $3 billion of direct assistance from the U.S. government for the Afghan National Security Forces' salaries, uniforms, and fuel. That amount is expected to increase over the coming years. As part of SIGAR's ongoing effort to monitor the use of direct assistance by U.S. agencies, this review will identify the procedures used by DOD to evaluate the capacity of MOD and MOI to properly manage and account for U.S. funds.

General Joseph F. Dunford observes ANSF training on March 18, 2013 (NTM-A photo)

64,000 Square-Foot Command and Control Facility at Camp Leatherneck. In July 2013, SIGAR alerted the Secretary of Defense and the commanders of U.S. Central Command (CENTCOM) and U.S. Forces-Afghanistan (USFOR-A) to its discovery that a $34 million, 64,000 square-foot building and related infrastructure at Camp Leatherneck may never be occupied. Documents provided to SIGAR indicated that as early as May 2010 military commanders in Afghanistan determined that the building, which was meant to serve as a command headquarters in Helmand to support the surge, was not needed. Nevertheless, the military still built the facility and continued to purchase equipment and make various improvements to the building through early 2013. In addition, SIGAR understands that U.S. military officials expect the building to be either demolished or turned over to the Afghan government as the U.S. military presence in Afghanistan declines and Camp Leatherneck is reduced in size. To better understand why construction on this facility was not stopped after it became clear that it was not necessary, SIGAR requested that the Department of Defense and senior military leadership provide detailed information about the decision to continue building the command headquarters.

Cavernous and unneeded by the U.S. military, a $34 million command-and-control complex with an acre and a half of floor space sits idle in Helmand Province, with no current plans for alternative use. (SIGAR photo)

Solid Waste Disposal Methods in Use at Camp Leatherneck. SIGAR alerted the commanders of CENTCOM and USFOR-A in July 2013 to the health dangers posed by the continuing use of open-air burn pit operations to dispose of daily waste at Camp Leatherneck in Helmand province. The toxic smoke from burning solid waste each day increases the long-term health risks for camp personnel. The camp, which currently houses 13,500 U.S. civilian and military personnel, uses a combination of incineration and open-air burn pit operations to dispose of about 54 tons of solid waste produced every day. Although Camp Leatherneck spent $11.5 million to purchase and install two 12-ton and two 24-ton capacity incinerators, SIGAR inspectors found that the 12-ton incinerators were not being used to full capacity and the 24-ton incinerators were not being used at all because a contract for their operation and maintenance had not been awarded. Consequently, in apparent violation of DOD guidance, Camp Leatherneck relies heavily on open-air burn pit operations to dispose of its solid waste. Camp officials advised SIGAR that a contract was about to be awarded for the operation and maintenance of the 24-ton incinerators and that a $1.1 million contract for hauling trash off-site to a local landfill should be in place soon. SIGAR's analysis indicates that making efficient and effective use of the incinerators should enable the camp to terminate open-air burn pits operations and possibly eliminate the need for a contract to haul trash off-site. SIGAR urged the military commanders to ensure the incinerators are used to full capacity and reevaluate the need for the contract to haul solid waste to a local landfill.

K-Span Structures Can Pose Fire and Life Safety Risk. In April 2013, SIGAR issued an alert letter warning about the safety of structures the U.S. military has built for the Afghan National Army (ANA). SIGAR reported that U.S. Army Corps of Engineers (USACE) officials have decided to continue using materials that have been linked to three fires when improperly installed. SIGAR said that USACE is using foam installation and thermal barrier systems in the construction of K-Span structures for the ANA despite knowledge that, if not properly installed, these materials pose a serious fire- and life-safety risk. DOD defines a K-Span as a rust-resistant, weather-resistant, and fireproof structure. According to USACE, K-Span structures replaced concrete/ masonry structures for many ANA projects in about 2010. But last year, three K-Span structures built for the ANA caught fire during construction, resulting in property damage.

Workers construct a K-span building at Bagram Airfield. (U.S. Army photo)

Top Ten Successes and Failures. SIGAR wrote to the Secretaries of State and Defense, and the Administrator of the U.S. Agency for International Development (USAID) in March 2013 asking that each of their agencies submit a list of their 10 most-successful and 10 least-successful projects or programs in the Afghanistan reconstruction effort, along with an explanation of the criteria used for assessment and selection. Although the agencies responded, they did not submit top-10/bottom-10 lists. They said, among other things, that many projects were conducted in cooperation with other agencies, and that performance criteria were often project-specific. The agencies did, however, present general descriptions of their efforts and pointed to various indicators of overall progress in Afghanistan. SIGAR replied, noting that they had not complied with the agency's request for information. After pointing out that 2012 Office of Management and Budget guidance for executive departments and agencies had specifically called for measures to facilitate project comparisons, SIGAR observed that some of the overall indicators the agencies cited were not prima facie evidence of program or project success. For example, the cited metric of percentage of population within an hour's walk of a health facility could partly reflect Afghanistan's increasing urbanization or even better roads and paths, as well as health-program success. SIGAR also noted that the agency responses indicated some level of program evaluation was being conducted and asked why the agencies could not compare outcomes. SIGAR repeated its earlier request, but modified it to ask for three lists of 10 more- and 10 less-successful projects or programs to avoid imposing burdensome research tasks on agency personnel to compile an absolute ranking.

A U.S. Air Force officer helps an Aghan child with a school exercise at Bagram Airfield, part of an effort to reduce insurgency through positive interactions with local people. (U.S. Air Force photo)

SIGAR reestablished its inspections program in 2012 to provide quick turnaround reviews of infrastructure and to follow up on issues identified through its audit work showing that U.S. investment in infrastructure was at risk. Through its inspections work, SIGAR is examining the quality of construction work, assessing whether the facilities are being properly maintained and operated for the purposes intended, and determining whether facilities were constructed in accordance with the terms of their contracts. Recent inspections of U.S. military and Afghan National Security Forces (ANSF) facilities and reconstruction projects built with Department of Defense (DOD) funds have identified a range of serious issues, including construction deficiencies, risks to health and safety, problems with contract oversight, and sustainability.

Failure risk at **Parwan Justice Center:** rebar bound with wire instead of being welded. (SIGAR photo)

Justice Center in Parawan Courthouse: Poor Oversight Contributed to Failed Project and Action May Be Needed to Avoid Unnecessary Costs to the U.S. Government (Inspection 14-7). Under a December 2010 agreement between the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) and the Department of Defense's Combined Joint Interagency Task Force-435 (CJIATF-435), INL agreed to provide up to $10 million to construct the Justice Center in Parwan (JCIP) complex in Parwan province. On June 13, 2011, the Bagram Regional Contracting Center (BRCC) awarded CLC Construction Company (CLC) a $2.38 million firm fixed-price contract to build the JCIP courthouse, the centerpiece of the 11 buildings in the complex. The contractor was given 155 days to complete the project after the notice to proceed was issued on July 16, 2011. On November 11, 2011, the contract was modified to increase the height of the courthouse ceilings, which increased the contract value to $2.67 million. SIGAR's inspection found that construction of the JCIP courthouse has not been completed and the workmanship of the construction that has been done to date is poor. For example, SIGAR observed numerous cracks in the concrete, incomplete pours of concrete and rebar bound with wire instead of being welded that could lead to structural failure. In June 2013, BRCC notified CLC that the JCIP courthouse contract was being terminated for convenience, which gives the U.S. government the right to terminate a contract without cause. Because the contract was terminated for convenience rather than default, CLC could have requested the amount remaining on the contract, or about $2.2 million. On October 3, 2013, and in response to a recommendation in SIGAR's draft report, CENTCOM's Joint Theater Support Contracting Command rescinded the contract's termination for convenience and issued a termination for default.

Gardez Hospital: After almost 2 Years, Construction Not Yet Completed because of Poor Contractor Performance, and Overpayments Need to be Addressed by USAID (Inspection 14-6). In January 2008, the U.S. Agency for International Development (USAID) entered into a $57 million cooperative agreement with the International Organization for Migration (IOM) to implement the Construction of Health and Education Facilities program. The program's objective was to help increase access to healthcare for Afghan citizens through the design and construction of hospitals and mid-wife training centers throughout Afghanistan, including a 100-bed hospital in the town of Gardez, Paktiya province. In May 2010, IOM awarded a contract to Sayed Bilal Sadath Construction Company (SBSCC), an Afghan company, for $13.5 million to build the new Gardez hospital. The contract's original November 24, 2011, completion date was extended to June 30, 2013, and its value increased to $14.6 million. In April 2011, USAID awarded a contract to International Relief and Development, Incorporated (IRD) for nearly $97 million—a follow-on to an existing contract—to provide independent quality assurance services for ongoing and planned design, construction, and maintenance projects, including Gardez hospital. In an April 2013 audit report on health services in Afghanistan, SIGAR noted that the Afghan government may not be able to sustain the new Gardez hospital once it is completed and that the new hospital's annual operation and maintenance costs could exceed five times the annual operating costs for the hospital it will replace. SIGAR also found that IOM did not have sufficient internal controls to detect overpayments—of at least $507,000—to Sayed Bilal Sadath Construction Company (SBSCC), which need to be returned to the U.S. government. In one instance, SIGAR found that IOM paid the contractor $300,000 for 600 gallons of diesel fuel—a cost of $500 per gallon. According to IOM officials, the market price in Afghanistan for diesel fuel should not exceed $5.00 per gallon. As a result, with a proper invoice, the fuel charge should not have exceeded $3,000. In another instance, IOM paid $220,000 for an automatic temperature control device that should have cost between $2,000 and $10,000. IOM could not provide us with a vendor invoice for either of these payments. USAID did not discover the overpayments and reimbursed IOM for these unwarranted costs.

SIGAR inspection photo at Archi District Police Headquarters: hazardous mold on walls and ceilings of living/working facilities for about 40 ANP personnel. (SIGAR photo)

Archi District Police Headquarters: Extensive Mold, Lack of Running Water and Inoperable Electrical Systems Show Facilities Are Not Being Sustained (Inspection 14-5). On March 4, 2008, the U.S. Army Corps of Engineers, Afghanistan Engineer District-North (USACE-TAN) awarded a $4.2 million firm fixed-price contract to Swiz Hewadwal Joint Venture to construct nine district police headquarters for the ANP, including $708,331 for the Archi District Police Headquarters Project. On March 12, 2009, USACE-TAN modified the contract to limit the Archi project to construction of force-protection measures—perimeter walls, guard towers, main and secondary entry-control points, a guard shack, and a guard house—which reduced the Archi project total from $703,331 to $289,185. The force-protection measures—such as the perimeter walls and guard towers appeared well constructed. However, SIGAR was unable to determine whether they had been built in accordance with contract requirements and applicable construction standards, because USACE officials could not locate the project's construction files, including important documents such as the contract's technical specifications and requirements. SIGAR found that the Archi District Police Headquarters facilities were in a state of disrepair, with an estimated 40 ANP personnel living and working in facilities with extensive mold—which can cause serious health problems—growing on the interior walls and ceilings of the barracks and bathrooms. In addition, the bathrooms were virtually unusable because of missing sink faucets, showers in disrepair, and no running water. Also, the main generator has needed repair for two years and, as a result, a small back-up generator was being used three hours per night to provide basic electricity needs. In early August 2013, Afghan police officials told SIGAR that the problems it found on its November 2012 site inspection had worsened. For example, the facility's water well no longer worked, requiring water to be trucked to the site twice a week.

Walayatti Medical Clinic: Facility Was Not Constructed According to Design Specifications and Has Never Been Used (Inspection 14-10). On February 1, 2011, Joint Task Force Kabul, within U.S. Forces- Afghanistan, awarded a $194,572 Commander's Emergency Response Program (CERP) contract to Bonyad Watan Limited Construction Company to construct a new medical clinic consisting of three structures—a single story, 11-room medical clinic; a guard tower; and a latrine—in the village of Walayatti in Kabul province. SIGAR's inspections found that none of the three structures built for the Walayatti clinic was constructed according to the design specifications. For example, the latrine was built as one room with four stalls, instead of two separate rooms with two stalls each, which would have allowed for simultaneous use by both genders. In addition, a 120-kilowatt generator and two water heaters were missing, and critical documents were missing from the project's construction files, including approvals of deviations from contract specifications and documentation of project oversight. SIGAR also found that the clinic was empty and had never been used. Joint Task Force Kabul and the Afghan MOPH signed an agreement for the MOPH to staff and equip the clinic upon official transfer of the facility to the Afghan government. However, an MOPH official told SIGAR that he was unaware of the existence of a signed agreement. Moreover, the official said the clinic was not included in MOPH's operation and maintenance plan because the U.S. government failed to coordinate with MOPH's policy and planning directorate and had not officially transferred the facility to the Afghan government. The project's files contain no documentation of the project's transfer to the Afghan government after construction was completed.

Construction deficiencies found at Bathkhak school include large gaps between bricks in the wall that support the ceiling and roof. (SIGAR photo)

Bathkhak School: Unauthorized Contract Design Changes and Poor Construction Could Compromise Structural Integrity (Inspection 13-10). In August 2012, U.S. Forces-Afghanistan (USFOR-A), through the Commander's Emergency Response Program (CERP), awarded a $262,899 contract to build an addition and improve conditions at a school located in the village of Bathkhak in Kabul Province. The contract required construction of a single-story, 10-classroom building. SIGAR found that the contractor failed to meet contract design and material requirements. This, together with poor construction, jeopardizes the structural integrity of Bathkhak School. Without U.S. government approval or knowledge, the contractor substituted building materials, using brick instead of cinderblock for the walls and a concrete slab for the roof instead of the wood-trussed framing system called for in the contract. The roof substitution raises serious safety concerns because the school sits in an area of high seismic activity. SIGAR issued a safety alert letter, in addition to the full inspection report, highlighting this issue.

Sheberghan Teaching Training Facility: U.S. Army Corps of Engineers Paid Contractors and Released them from Contractual Obligations Before Construction Was Completed and Without Resolving Serious Health and Safety Hazards (Inspection 13-9). In 2008, the U.S. Agency for International Development (USAID) and the U.S. Army Corps of Engineers (USACE) agreed to build educational facilities in Afghanistan. In February 2009, USACE-Afghanistan Engineer District North (USACE-TAN) awarded a $2.9 million contract to build three teacher training facilities in northern Afghanistan to Mercury Development, an Iraqi company. One of these facilities was to be located in Sheberghan in Jawzjan Province and completed in December 2010. USACE extended the contract to June 2011 and increased its value to $3.4 million. After four years and two separate contracts, the Sheberghan training facility remains incomplete. Water, sewage, and electrical systems have not been finished. SIGAR found the wiring in the facility does not meet U.S. electric codes. Moreover, an improper "tap" into the system presents a serious safety hazard. Despite the contractor's failure to complete construction and resolve health and safety issues, USACE-TAN closed out the contract in late 2011. Afghan teachers and students are using the unfinished Sheberghan facilities despite the lack of working systems, the health and safety issues, and being instructed not to occupy the facility. The U.S. government remains responsible for operations and maintenance because it has not yet transferred the facility to the Afghan government.

Forward Operating Base Salerno: Inadequate Planning Resulted in $5 Million Spent for Unused Incinerators and the Continued Use of Potentially Hazardous Open-Air Burn Pit Operations (Inspection 13-8). USACE awarded a $5.4 million contract to construct two 8-ton capacity incinerators and supporting facilities such as an ash landfill and a management office at Forward Operating Base (FOB) Salerno. At the time of the award, the base was primarily using open-air burn pit operations to dispose of its solid waste. SIGAR found that the incinerators and supporting facilities will likely never be used. Although construction was never fully completed due to open "punch list" items, FOB Salerno officials accepted the facilities and USACE closed the contract. Due to lack of maintenance, the facilities have fallen into disrepair. Absent the incinerators, FOB Salerno continues potentially hazardous open-air burn pit operations, an apparent violation of DOD guidelines and a CENTCOM regulation.

Solid waste incinerators constructed at FOB Salerno. (SIGAR photo)

Afghan National Police Main Road Security Company, Kunduz Province Is behind Schedule and May Not Be Sustainable (Inspection 13-6). In February 2012, USACE-TAN awarded a $1.7 million firm fixed-price contract to Bamic Global Construction Company to design and build facilities at the Afghan National Police (ANP) Main Road Security Company compound in Kunduz province. SIGAR found that the facilities will be powered by one generator with no provision for a back-up generator or connection to the local power grid. Further, at the time of the inspection, no plans existed on who would be responsible for operation and maintenance of the facilities when the site is transferred to the Afghan government.

Afghan Border Police Facilities; Imam Sahib Border Police Company Headquarters in Kunduz Province: $7.3 Million Facility Sits Largely Unused (Inspection 13-5). In March 2010, USACE-TAN awarded a $5.7 million firm fixed-price contract to Omran Construction, Consulting and Engineering Company to design and build facilities at the Imam Sahib Border Police Company Headquarters in Kunduz province. Subsequent modifications to the contract increased its total value to $7.3 million. Originally built with a capacity for 175 persons, only about 12 Afghan personnel were on site at the facility at the time of SIGAR's inspection. Most buildings appeared unused and some previously installed equipment—specifically, wood-burning stoves installed near the site's dining facility—had been dismantled. SIGAR also noted that there was neither an operation and maintenance contract nor plans to train local Afghan personnel to operate and maintain equipment, thereby raising questions about the facility's sustainability.

Kunduz Afghan National Police Provincial Headquarters: After Construction Delays and Cost Increases, Concerns Remain About the Facility's Usability and Sustainability (Inspection 13-4). In August 2010, USACE-TAN awarded a $12.4 million contract task order to ECCI-C METAG Joint Venture to design and build facilities at the ANP Provincial Headquarters in Kunduz province. SIGAR's inspection identified usability and sustainability issues with the facility. Specifically, a failure of the facility's only source of power—a single diesel generator with no back-up or connection to the local electrical grid—could lead to significant sewage overflows that threaten the health and safety of the facility and its occupants. Also, there are no plans for an operation and maintenance contract or to train Afghans to keep complex systems such as sewage treatment and electrical power in good working order.

Gamberi ANA Garrison: Site Grading and Infrastructure Maintenance Problems Put Facilities at Risk (Inspection 13-3). USACE awarded $129.8 million to various contractors to construct an Afghan National Army (ANA) garrison at Gamberi in Nangarhar Province. SIGAR's review of design documents for a culvert/bridge found hydraulic design flaws that could lead to a future structural failure. SIGAR also found that failure to mitigate site grading issues and inadequate storm drainage maintenance continued to threaten the garrison's facilities.

Wardak Province National Police Training Center: Contract Requirements Generally Met, But Deficiencies and Maintenance Issues Need to be Addressed (Inspection 13-2). The USACE-TAN had awarded a firm-fixed-price contract to Technologists Inc. to build the $98.1 million National Police Training Center (NPTC) in Wardak Province. SIGAR found some construction deficiencies, including roof leaks around the vehicle exhaust ventilation pipes and a missing storm water grate in the perimeter wall. SIGAR also noted that some buildings were not being used for their intended purpose. For example, the fire station contained no firefighting vehicles, nor had any firefighting personnel been assigned to Wardak.

Kunduz ANA Garrison: Army Corps of Engineers Released DynCorp From All Contractual Obligations Despite Poor Performance and Structural Failures (Inspection 13-1). Despite the contractor's unsatisfactory performance related to structural failures, improper grading, and sink holes at an ANA facility, USACE agreed in December 2011 to a settlement that released DynCorp from all contractual obligations to repair or remediate the structural problems. In agreeing to the settlement, USACE did not comply with the provisions of FAR 49.107(a), which require an independent audit and review of a settlement proposal exceeding $100,000. Additionally, USACE had failed to adequately mitigate the collapsible soil conditions as recommended by SIGAR in April 2010. Therefore, continued structural failures and improper site grading continue to be a serious concern.

ANP cadets receive instructions before departing for advanced training courses. (U.S. Air Force photo)

KEY QUARTERLY RESULTS

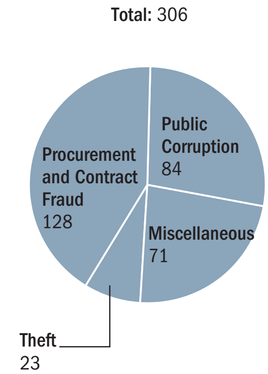
- Froze $63 million in fraudulently obtained funds.
- Protected $1.5 million in funds and recovered $344,000.
- Two arrests, three sentences, more than $95,000 in restitution ordered, two indictments, and four guilty pleas.
- Five Afghan citizens arrested in Afghanistan following SIGAR investigations.
- 14 individuals and 17 companies referred for suspension or debarment.
- 306 active investigations, including 249 in which SIGAR is the lead agency.

$63 Million in Fraudulently Obtained Criminal Proceeds Frozen. A SIGAR investigation of corruption in Afghanistan led the U.S. government for the first time to attempt to seize funds held by an Afghan contractor in an Afghan bank. The Department of Justice (DOJ) in recent months froze more than $63 million in fraudulently obtained criminal proceeds located in bank accounts held in Afghanistan and in correspondent banks in the United States and abroad. The bank accounts are owned by Hikmatullah Shadman, an Afghan trucking contractor, who allegedly defrauded the U.S. government of more than $77 million by jacking up the price to deliver U.S. military supplies. SIGAR determined that beginning as early as November 2010 and continuing until at least March 2012, Hikmatullah conspired to obtain illegal payments for transporting U.S. military supplies. The contracts to resupply the U.S. military covered at least 5,421 transportation missions, valued at $77,920,605. Hikmatullah allegedly paid bribes and kickbacks and manipulated contract bids to obtain them. A U.S. judge issued seizure warrants for more than $77 million held in Hikmatullah's accounts at Afghanistan International Bank (AIB).

A U.S. Sergeant First Class and a Former U.S. Soldier Plead Guilty to Fuel Theft Scheme. On August 29, 2013, Sergeant First Class (SFC) Bilal Abdullah pled guilty in the U.S. District Court of the Western District of Kentucky to charges of bribery and conspiracy to commit bribery, while on September 5, 2013, Stephanie Charboneau pled guilty in the U.S. District Court of Denver to the same charges. The guilty pleas from Abdullah and Charboneau, a former Specialist in the U.S. Army, make a total of five convictions resulting from a SIGAR investigation of a fuel theft scheme at Forward Operating Base (FOB) Fenty in Afghanistan. The investigation revealed that Abdullah, Charboneau, Sergeant Christopher Weaver, and Jonathan Hightower, a former contractor, all conspired with Afghan nationals to help them steal fuel from the base in exchange for cash.

U.S. Military Member Sentenced. On August 15, 2013, Christopher Chase Bradshaw was sentenced in the U.S. District Court for the Southern District of Mississippi to serve three months in prison and three years of supervised release. Bradshaw pled guilty in June to one count of conspiracy to commit wire fraud and one count of theft of government property. The first three months of his release will be on electronic monitoring, on each of the two counts, to be served concurrently. He was also ordered to pay $32,300 in restitution, $7,500 in fines, and $200 in special assessments. An Army reservist who served as a finance-office cashier at FOB Salerno in Afghanistan from April 2010 to March 2011, Bradshaw used his position to add stored cash value to his military debit card and to those of two co-conspirators. Bradshaw added about $32,300 in stored value to the cards, but failed to report those transactions in the daily transaction report which was electronically submitted daily from Afghanistan to the Federal Reserve Bank in Boston. Bradshaw was ordered to surrender himself to the authorities by November 15, 2013.

SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS, AS OF SEPTEMBER 30, 2013



Source: SIGAR Investigations Directorate, 10/10/2013.

Suspensions and Debarments

This quarter, SIGAR's suspension and debarment program referred 14 individuals and 17 companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. Of these 31 contractors, 13 individuals and seven companies were referred for debarment based on allegations that they engaged in fraud and non-performance in connection with five contracts valued at $174,687,292. An additional 10 individuals were referred for suspension based on allegations related to the payment of kickbacks and wire fraud related to transportation purchase orders valued at $77,920,605. Since 2008, SIGAR has made 358 referrals—196 individuals and 150 companies--for suspension or debarment. As of the end of September 2013, SIGAR's efforts to utilize suspension and debarment to address fraud, corruption, and poor performance in Afghanistan have resulted in a total of 61 suspensions and 94 finalized debarments of individuals and companies engaged in U.S. funded reconstruction projects.

Suspensions and debarments —actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—are an important tool for ensuring that agencies award contracts only to responsible entities. SIGAR's program addresses three challenges posed by U.S. policy and the contingency contracting environment in Afghanistan: the need to act quickly, the limited U.S. jurisdiction over Afghan nationals and Afghan companies, and the vetting challenges inherent in the use of multiple tiers of subcontractors. SIGAR continues to look for ways to enhance the U.S. government's responses to these challenges through the innovative use of information resources and investi-gative assets both in Afghanistan and the United States.

SIGAR makes referrals for suspensions and debarments based on completed investigations that SIGAR participates in. In most cases, SIGAR's referrals occur where there is no possibility of criminal prosecution or remedial action by a contracting office. Suspensions and debarments are therefore the primary remedy to address contractor misconduct. In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the documentation needed for an agency to support that decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/ or poor performance, on occasion SIGAR has found it necessary to refer individuals or companies on multiple occasions for consideration by agency suspension and debarment officials.

SIGAR increased its emphasis on suspension and debarment in 2011 in response to the contracting climate in Afghanistan. Of the 358 SIGAR referrals for suspension and debarment, 322 have been made since the second quarter of 2011. In the 15 month period between June 2012 and September 2013, SIGAR accelerated its suspension and debarment program, referring 184 individuals and companies for exclusion from contracting to agency suspension and debarment Officials. SIGAR's referrals over this period represent allegations of theft, fraud, poor performance, financial support to insurgents and mismanagement as part of reconstruction contracts valued at $417,934,161.

Reporting fraud is the goal of a SIGAR Investigations Directorate outreach campaign that includes advertisements and posters featuring the Fraud Hotline number and e-mail address. (SIGAR image)