

**AFGHANISTAN AND PAKISTAN: ACCOUNTABILITY  
COMMUNITY OVERSIGHT OF A NEW INTER-  
AGENCY STRATEGY**

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**HEARING**

BEFORE THE  
SUBCOMMITTEE ON NATIONAL SECURITY  
AND FOREIGN AFFAIRS  
OF THE  
COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES

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**AFGHANISTAN AND PAKISTAN: ACCOUNT-  
ABILITY COMMUNITY OVERSIGHT OF A  
NEW INTERAGENCY STRATEGY**

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**WEDNESDAY, SEPTEMBER 9, 2009**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN  
AFFAIRS,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 9:33 a.m., in room 2154, Rayburn House Office Building, Hon. John F. Tierney (chairman of the subcommittee) presiding.

Present: Representatives Tierney, Murphy, and Quigley.

Staff present: Adam Hodge and Catherine Ribeiro, communications directors; Mariana Osorio, Daniel Murphy, Ken Cummings, and Robyn Russell, legislative assistants; Andy Wright, staff director; Elliot Gillerman, clerk; Talia Dubovi and Scott Lindsay, counsels; Brendan Culley and Steven Gale, fellows; Dan Blankenburg, minority director of outreach and senior advisor; Adam Fromm, minority chief clerk; Seamus Kraft, minority deputy press secretary; Tom Alexander, minority senior counsel; Christopher Bright, minority senior professional staff member; Lieutenant Glenn Sanders, minority Defense fellow; and Bob Bordon, minority general counsel.

Mr. TIERNEY. Good morning, everyone. A quorum being present, the Subcommittee on National Security and Foreign Affairs' hearing entitled, "Afghanistan and Pakistan: Accountability Community Oversight of a New Interagency Strategy," will come to order.

Before we begin the hearing, I would just like to quickly address one piece of business that is left over from the subcommittee's June 6, 2009 hearing that was entitled, "U.S. Contributions to the Response to Pakistan's Humanitarian Crisis: The Situation and the Mistakes." After that hearing, I received a request of the U.S. Agency for International Development to submit a statement for the record. I would note that USAID received an invitation to submit a statement prior to the hearing but declined to do so. However, given the relevance of their statement to the subject matter of the hearing, I ask unanimous consent that the hearing record be reopened, USAID statement be submitted for the record, and that the hearing record then be reclosed. Without objection, so ordered.

I ask unanimous consent that only the chairman and ranking member of the subcommittee be allowed to make opening statements. And without objection, so ordered.

I ask unanimous consent that the hearing record be kept open for 5 business days so that all members of the subcommittee be allowed to submit a written statement for the record. Without objection, so ordered.

So once again, good morning to everybody here. I've already explained to the people on our panel that I'm sure there is no sign of disrespect from Members to the people that are kind enough to come and testify, and that those Members that don't get here to the hearing will certainly read the testimony for the record and the transcript afterwards. But I know that at least on the Democratic side, there is a caucus going on, as I indicated, probably some discussion about health care if I'm not mistaken. So we just want to express that.

In other words, the hearing today probably couldn't be more timely than it is, because in the coming days the commanding general in Afghanistan, Lieutenant General Stanley McChrystal, is expected to request that President Obama provide significant additional numbers of troops for our effort there.

Meanwhile in the coming weeks, Congress will consider final passage of a bill to triple U.S. aid to Pakistan to almost \$1½ billion a year. In short, the United States is on the verge of doubling down on a commitment of troops and treasure to Afghanistan and Pakistan.

As we have learned in Iraq, however, a sudden increase in conflict resources exponentially increases the likelihood of waste, fraud and abuse. Unfortunately, some of our programs in Afghanistan and Pakistan to date have been flawed and have lacked basic accountability measures. For example, last year the subcommittee and the Government Accountability Office conducted major investigations of the Coalition Support Funds Program by which the United States reimburses Pakistan for expenses it incurs in certain counterterrorism operations. This program has represented the bulk of the U.S. aid to Pakistan in the past 7 years, some \$6.7 billion to date.

The investigations found that there were no receipts for a significant portion of the U.S. reimbursements to Pakistan and that the program lacked basic accountability provisions. Further, the reimbursement program isn't really designed to improve the Pakistani military's capabilities for counterterrorism and counterinsurgency operations.

In Afghanistan in January 2009, the Government Accountability Office report brought attention to the significant lack of accountability for 242,203 small arms provided to the Afghan National Security Forces. The Department of Defense's Combined Security Transition Command in Afghanistan [CSTC-A], could not provide records, did not track serial numbers, or could not locate a significant portion of the weapons provided. In addition, the report drew attention to the inability of the Afghan National Security Forces to safeguard those weapons.

While we are at a crossroads in U.S. policy here in Washington, DC, it appears that we are also at a crossroads on the ground in Afghanistan and Pakistan. Trends in Afghanistan have not been good. The Taliban is resurgent from Kandahar to Kunduz. Three weeks ago, Afghanistan held presidential and provincial elections

in the middle of this deteriorating security situation. The results of that election are not final, but there are credible reports of widespread fraud. Any cloud over the legitimacy of Afghanistan's President would add a sense of insecurity that threatens international efforts there.

In Pakistan, the story is more mixed. After years of inconsistent attention to the threat posed by extremist militants, Pakistan civilian leadership and military forces seem to have gathered the resolve necessary to confront the challenges they face. They harnessed the political will and manpower to retake the Swat Valley and the adjoining areas of the Malikan region. Many Pakistani soldiers paid the ultimate sacrifice during this campaign. Unfortunately it stalled at the border of south Waziristan, by all accounts a hotbed of militancy, including senior al Qaeda leadership.

The killing last month of Baitullah Mehsud was a significant development, but it must be followed by concerted efforts by the Pakistanis themselves to bring security and to reassert the authority and services of their government in these troubled regions.

In Afghanistan, the United States and international reconstruction and aid efforts face a daunting challenge trying to rebuild a war-torn country in the midst of active insurgency.

In Pakistan, security challenges and political sensitivities currently restrict inspectors general from the mobility, access and presence necessary to do the task.

The principal question guiding today's hearing is whether the accountability community is prepared to ramp up its own efforts to mirror the massive increase in resources that the United States will devote to Pakistan and Afghanistan in the coming years.

Frankly, I have serious concerns about the community's collective ability to provide comprehensive oversight coverage that keeps pace with the rapid boom in U.S. activities in the region, especially given the enormous burdens already borne by those offices.

The threshold challenge they face is security. After numerous trips to Afghanistan and Pakistan, I'm acutely aware of the strict limits imposed on personnel in country. However, a sustained physical presence in Afghanistan and Pakistan is crucial to establishing the relationships necessary to receive tips of waste, fraud and abuse. Three-week rotations are not enough to establish the informal interactions that can provide vital information about flawed and fatal activities.

Another concern I have is the accountability community's coverage of the U.S. aid to Pakistan. Security challenges in Pakistan make U.S. aid efforts all the more vulnerable to waste, fraud and abuse. In particular, I have serious questions regarding oversight coverage of aid efforts in the Northwest Frontier province and the Federally Administered Tribal Areas.

Finally, I would like all the panelists' thoughts on Ambassador Eikenberry's call to "Afghanize" more of our aid efforts in order to build Afghan Government capacity.

How will the U.S. Government accountability community navigate its role in overseeing such aid programs? We count on the inspectors general and the GAO as bulwarks against waste, fraud and abuse. Especially in these difficult economic times, we must

demand absolute transparency and accountability for every last taxpayer dollar. Thank you.

[The prepared statement of Hon. John F. Tierney follows:]



**Statement of John F. Tierney  
Chairman  
Subcommittee on National Security and Foreign Affairs  
Committee on Oversight and Government Reform  
U.S. House of Representatives**

**Hearing on “Afghanistan and Pakistan: Accountability Community  
Oversight of a New Interagency Strategy”**

**As Prepared for Delivery**

**September 9, 2009**

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Good morning. Today’s hearing could not be more timely. In the coming days, the commanding general in Afghanistan, Lt. Gen. Stanley McChrystal, is expected to request that President Obama provide significant additional numbers of troops for our effort there. Meanwhile, in the coming weeks, Congress will consider final passage of a bill to triple U.S. aid to Pakistan – to almost \$1.5 billion per year.

In short, the United States is on the verge of doubling down on its commitment of troops and treasure to Afghanistan and Pakistan.

As we learned in Iraq, however, a sudden increase in conflict resources exponentially increases the likelihood of waste, fraud, and abuse. Unfortunately, some of our programs in Afghanistan and Pakistan to date have been flawed and have lacked basic accountability measures.

For example, last year, the Subcommittee and GAO conducted major investigations of the Coalition Support Funds program by which the United States reimburses Pakistan for expenses it incurs in certain counter-terrorism operations. This program has represented the bulk of U.S. aid to Pakistan in the past seven years – over \$6.7 billion to date. The investigations found that there were no receipts for a significant portion of U.S. reimbursements to Pakistan and that the program lacked basic accountability provisions. Further, this reimbursement program is not designed to improve the Pakistani military’s capabilities for counterterrorist or counterinsurgency operations.

In Afghanistan, a January 2009 GAO report brought attention to the significant lack of accountability for 242,203 small arms provided to the Afghan National Security Forces. DoD’s Combined Security Transition Command-Afghanistan (CSTC-A) could not provide records, did not track serial numbers, or could not locate a significant portion of the weapons provided. In addition, the report drew attention to the inability of the Afghan National Security Forces’ to safeguard these weapons.

While we are at a crossroads in U.S. policy here in Washington, D.C., we are also at a crossroads on the ground in Afghanistan and Pakistan. Trends in Afghanistan have not been good. The Taliban is resurgent from Kandahar to Kunduz. Three weeks ago, Afghanistan held presidential and provincial elections amid this long deteriorating security situation. The results of that election are not final, but there are credible reports of widespread fraud. Any cloud over the legitimacy of Afghanistan's president would only add to the sense of insecurity that threatens international efforts there.

In Pakistan, the story is more mixed. After years of inconsistent attention to the threat posed by extremist militants, Pakistan's civilian leadership and military forces seem to have gathered the resolve necessary to confront the challenges they face. They harnessed the political will and manpower to retake the Swat valley and the adjoining areas of the Malakand region. Many Pakistani soldiers paid the ultimate sacrifice during this campaign. Unfortunately, it stalled at the border of South Waziristan – by all accounts a hotbed of militancy, including senior al Qaeda leadership. The killing last month of Baitullah Mehsud was a significant development, but it must be followed by concerted efforts by the Pakistanis themselves to bring security and reassert the authority, and services, of its government in these troubled regions.

In Afghanistan, U.S. and international reconstruction and aid efforts face a daunting challenge trying to rebuild a war-torn country in the midst of an active insurgency. In Pakistan, security challenges and political sensitivities currently restrict inspectors general from the mobility, access, and presence necessary to the task.

The principal question guiding today's hearing is whether the accountability community is prepared to ramp up its own efforts to mirror the massive increase in resources that the U.S. will devote to Afghanistan and Pakistan in the coming years. Frankly, I have serious concerns about the community's collective ability to provide comprehensive oversight coverage that keeps pace with the rapid bloom in U.S. activities in the region, especially given the enormous burdens already borne by these offices.

The threshold challenge they face is security. After numerous trips to Afghanistan and Pakistan, I am acutely aware of the strict limits imposed on personnel in-country. However, a sustained physical presence in Afghanistan and Pakistan is crucial to establishing the relationships necessary to receive tips of waste, fraud, and abuse. Three-week rotations are not enough to establish the informal interactions that can provide vital inside information about flawed and failed activities.

Another concern I have is the accountability community's coverage of U.S. aid to Pakistan. Security challenges make U.S. aid efforts all the more vulnerable to waste, fraud, and abuse. In particular, I have serious questions regarding oversight coverage of aid efforts in the Northwest Frontier Province and the Federally Administered Tribal Areas.

Finally, I would like your thoughts on Ambassador Eikenberry's call to "Afghanize" more of our aid efforts in order to build Afghan government capacity. How

will the U.S. government accountability community navigate its role in overseeing such aid programs?

We count on the Inspectors General and GAO as bulwarks against waste, fraud, and abuse. Especially in these difficult economic times, we must demand absolute transparency and accountability for every last taxpayer dollar.

Mr. TIERNEY. With that, I will ask Mr. Flake for his opening remarks.

Mr. FLAKE. I thank the chairman. I want to mention also that Republicans are caucusing as well. I apologize. Both of us have to slip away. But I have the same concerns as the chairman with regard to the oversight community's ability to police and to make sure that there isn't significant waste, fraud and abuse.

I think with the backdrop here of a commitment to step up our troop levels there, with what Michael Mullen and others have described as a serious and deteriorating situation in Afghanistan, makes this kind of hearing very important to see what safeguards are in place and if you have the resources and the tools to ensure that our money is being well spent. So with that, I look forward to hearing the witnesses.

Mr. TIERNEY. Thank you. The subcommittee will now receive testimony from the panel before us today. I will give a brief introduction of each of the panelists, and thankfully it is brief, because if we really read all of your credentials, it would probably take up the rest of the hearing.

We have a very distinguished panel here today that has been doing great service to the country, which we appreciate, and we understand also the difficulty of what you're asked to do.

To my far left is Major General Arnold Fields, who serves as the Special Inspector General for Afghanistan Reconstruction [SIGAR]. From 2007 to 2008, he served as the Deputy Director of the Africa Center for Strategic Studies in the Department of Defense. He retired from the U.S. Marine Corps in 2004 and previously served as the Deputy Commander of the Marine Corps forces in Europe. General Fields holds a B.S. from South Carolina State University and an M.A. from Pepperdine University.

Mr. Gordon Heddell serves as the Inspector General for the Department of Defense. From 2001 to 2009, he served as the Inspector General at the Department of Labor. Prior to this position, he served in the U.S. Secret Service for 29 years, where he worked as the assistant director leading the Secret Service's inspection in internal affairs programs worldwide. Mr. Heddell holds a B.A. from the University of Missouri and an M.A. From the University of Illinois.

Mr. Donald Gambatesa, serves as the Inspector General of the U.S. Agency for International Development and concurrently holds this position at the Millennium Challenge Corp. and the U.S. Africa Development Foundation and the Inter-American Foundation. Prior to this post, Mr. Gambatesa served as the Deputy Director of the U.S. Marshals Service. He previously spent 24 years as a Special Agent in the U.S. Secret Service and he holds a B.A. From John Carroll University.

Ambassador Harold Geisel serves as the Acting Inspector General for the Department of State. From 2002 to 2003, he served as the head of delegation for negotiations for the People's Republic of China on the construction of new embassies. Prior to assuming this post, he served for more than 25 years in the U.S. Foreign Service. He holds a B.A. From John Hopkins University and an M.S. From the University of Virginia.

Ms. Jacquelyn Williams-Bridgers serves as the Managing Director of International Affairs and Trade in the U.S. Government Accountability Office. From 2002 to 2004, she led the strategic planning and external liaison unit in the Government Accountability Office. Prior to this position, she served as the Inspector General of the U.S. Department of State and the U.S. Arms Control and Disarmament Agency and the U.S. Information Agency and the Broadcasting Board of Governors.

I want to thank you all again for being witnesses here today and making yourselves available with your substantial expertise. As you all know, it is the policy of this committee to swear witnesses in before they testify. So I ask you to please stand and raise your right hands. If there is anybody else that will be testifying with you, I ask that they also do the same.

[Witnesses sworn.]

Mr. TIERNEY. The record will indicate that all the witnesses answered in the affirmative. I do tell you that all of your written statements will be put on the record. I know some of you were kind enough to file extensive written statements. You needn't feel compelled to stick just to that. We're happy to have comments for 5 minutes, if we can, and then we will go to questions and answers. So why don't we start with you, General? Thank you again for being here.

**STATEMENTS OF MAJOR GENERAL ARNOLD FIELDS, RETIRED, SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION; GORDON HEDDELL, INSPECTOR GENERAL, DEPARTMENT OF DEFENSE; DONALD GAMBATESA, INSPECTOR GENERAL, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT; HAROLD GEISEL, INSPECTOR GENERAL, DEPARTMENT OF STATE; AND JACQUELYN WILLIAMS-BRIDGERS, MANAGING DIRECTOR, INTERNATIONAL AFFAIRS AND TRADE, GOVERNMENT ACCOUNTABILITY OFFICE**

**STATEMENT OF MAJOR GENERAL ARNOLD FIELDS**

General FIELDS. Good morning, Chairman Tierney, Ranking Member Flake, and other members of this subcommittee. Thank you very much for inviting me to participate at this hearing. In keeping with our mandate which focuses on Afghanistan, my opening remarks this morning will be provided accordingly.

I have provided a written statement and I wish to at this time highlight a few of the elements of that statement. As the newest organization at this table, it was less than a year ago that SIGAR obtained funding. We continue to aggressively build our organization to conduct reviews of our reconstruction projects and to provide findings and recommendations that will serve the Congress and the administration appropriately.

Congress has appropriated about \$38 billion since 2002 to rebuild Afghanistan. The President's fiscal year 2010 budget request includes additional funding for Afghanistan, which would bring funding for Afghanistan to about \$50 billion through 2010. Together with my colleagues at this table, SIGAR certainly is committed to providing the oversight needed to prevent waste, fraud and

abuse, and to promote the effective implementation of the reconstruction program in Afghanistan.

We are members of the Southwest Asia Joint Planning Group and its Pakistan/Afghanistan Subcommittee on Afghanistan and Pakistan, which serve as forums for coordinating our work. I want to stress that we do coordinate. Also in our investigations work, we collaborate with the National Procurement Task Force and the International Contract Corruption Task Force.

SIGAR has grown from an office of 2 to an office of 46, with an additional 17 prospective employees in the pipeline. We have offices in Arlington, VA, and in Afghanistan, where we have offices in Kabul. Today, 12 personnel are located at the Embassy in Kabul, and we are leaning toward 20, which we have negotiated by way of the NSDD process with the Ambassador and the Department of State.


We have personnel or office space in several other locations in Afghanistan, including Bagram Airfield, as well as Kandahar Airfield; Bagram, the province of Parwan, and Kandahar, the province of Kandahar.

While growing, we have watched closely as the U.S. Government has developed and expanded policy in Afghanistan. And I wish to note the extraordinary work of Ambassador Holbrooke who recently testified before this very committee. He has consistently highlighted the importance of oversight in the new Afghanistan-Pakistan strategy.

[The information referred to follows:]

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### US 'needs fresh Afghan strategy'

**A top US general in Afghanistan has called for a revised military strategy, suggesting the current one is failing.**



In a strategic assessment, Gen Stanley McChrystal said that, while the Afghan situation was serious, success was still achievable.

The report has not yet been published, but sources say Gen McChrystal sees protecting the Afghan people against the Taliban as the top priority.

The general's report will not carry a direct call for extra troops

The report does not carry a direct call for increasing troop numbers. "The situation in Afghanistan is serious, but success is achievable and demands a revised implementation strategy, commitment and resolve, and increased unity of effort," Gen McChrystal said in the assessment.

Copies of the document have been sent to Nato Secretary General Anders Fogh Rasmussen and US Defence Secretary Robert Gates.

Mr Gates said that although he had not yet seen the report he expected it to show that there were "challenges that remain before us... and areas where we can do better" in Afghanistan.

FROM BBC WORLD SERVICE

**Afghan deputy minister of rural rehabilitation and development, Wais Barmak: "Must engage with people on the ground"**

00:05 / 01:43 SHARE

"There is no question that we have a tough fight ahead of us, but by the same token a lot of positive things have been happening," Mr Gates said.

More from BBC World Service

He highlighted the increase in US and other troops and Afghanistan's recent presidential election, despite continuing violence in the country, but warned that casualties were going to rise as troops tackled the Taliban.

The report came as further results from last week's presidential election were released, with ballots now counted from almost 48% of polling stations.

President Hamid Karzai is leading so far, with 45.8% of the votes counted.

The independent Electoral Complaints Commission says that of more than 2,100 allegations of wrongdoing during voting and vote-counting, 618 have been deemed serious enough to affect the election's outcome, if proven.

**Crisis of confidence**

Gen McChrystal's blunt assessment will say that the Afghan people are undergoing a crisis of confidence because the war against the Taliban

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has not made their lives better, says BBC North America editor Mark Maddell.

The general says the aim should be for Afghan forces to take the lead - but their army will not be ready to do that for three years and it will take much longer for the police.

And he will warn that villages have to be taken from the Taliban and held, not merely taken.

Responding to Gen McChrystal's review, Afghanistan's deputy minister of rural rehabilitation, Wais Barmak, said Afghans should have been consulted about military strategy from the start.

"We would have had better achievements, better results, if the Afghans were consulted right from the beginning," he told the BBC's Newshour programme.

He said the government and development agencies should provide services for the people in the aftermath of the military operation.

"That is one way to engage with the people on the ground and re-establish the trust and confidence of the people in their government."

Gen McChrystal also wants more engagement with the Taliban fighters and believes that 60% of the problem would go away if they could be found jobs.

More than 30,000 extra US troops have been sent to Afghanistan since President Barack Obama ordered reinforcements in May - almost doubling his country's contingent and increasing the Western total to about 100,000.

This report does not mention increasing troop numbers - that is for another report later in the year - but the hints are all there, our correspondent says.

But when Gen McChrystal's report lands on Mr Obama's desk he will have to ponder the implications of increasing a commitment to a conflict which opinion polls suggest is losing support among the American people.

The latest Washington Post-ABC news poll suggests that only 49% of Americans now think the fight in Afghanistan is worth it.

In a recent BBC interview, Gen McChrystal said that he was changing the whole approach to the conflict in Afghanistan - from what he described as a focus on "body count", to enabling the Afghans to get rid of the Taliban themselves.

#### Nato partners

On Saturday, British Prime Minister Gordon Brown promised more support for UK troops in Afghanistan, during a surprise visit to the country.

During the visit he met Gen McChrystal. Correspondents say the pair discussed the need to speed up the pace of training of Afghan troops.

The British Ministry of Defence said it would look closely at any recommendations from Gen McChrystal.

"The UK conducted a review of policy earlier this year and the prime minister set out a new strategy on Afghanistan and Pakistan on 29 April.

"General McChrystal's work will be an important input to further planning, and we will work closely with him and our Nato partners moving forward," an MoD spokesman added.

• An earlier version of this article suggested that General McChrystal's report was expected to liken the American military in Afghanistan to a bull charging at a matador [the Taliban] - slightly weakened each time it is "cut".



“What what we need to do is to correct some of the ways we operated in the past”

General Stanley McChrystal  
(in recent BBC interview)

Afghan president leading in vote  
Nato's new approach

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In fact this remark was part of a more general commentary on US counterinsurgency policy, made by Gen McChrystal in his Counterinsurgency Guidance to units in the field, issued last week.

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## Contractors outnumber US troops in Afghanistan: report

September 2, 2009


Civilian contractors working for the Pentagon in Afghanistan not only outnumber the uniformed troops, according to a report by a Congressional research group, but also form the highest ratio of contractors to military personnel recorded in any war in the history of the United States. On a superficial level, the shift means that most of those representing the United States in the war will be wearing the scruffy cargo pants, polo shirts, baseball caps and other casual accouterments favored by overseas contractors rather than the fatigues and flight suits of the military. More fundamentally, the contractors who are a majority of the force in what has become the most important American enterprise abroad are subject to lines of authority that are less clear-cut than they are for their military colleagues. What is clear, the report says, is that when contractors for the Pentagon or other agencies are not properly managed — as when civilian interrogators committed abuses at Abu Ghraib in Iraq or members of the security firm Blackwater shot and killed 17 Iraqi citizens in Baghdad — the American effort can be severely undermined. As of March this year, contractors made up 57 percent of the Pentagon's force in Afghanistan, and if the figure is averaged over the past two years, it is 65 percent, according to the report by the Congressional Research Service. The contractors — many of them Afghans — handle a variety of jobs, including cooking for the troops, serving as interpreters and even providing security, the report says. The report says the reliance on contractors has grown steadily, with just a small percentage of contractors serving the Pentagon in World War I, but then growing to nearly a third of the total force in the Korean War and about half in the Balkans and Iraq. The change, the report says, has gradually forced the American military to adapt to a far less regimented and, in many ways, less accountable force. The growing dependence on contractors is partly because the military has lost some of its logistics and support capacity, especially since the end of the cold war, according to the report. Some of the contractors have skills in critical areas like languages and digital technologies that the military needs. The issue of the role of contractors in war has been a subject of renewed debate in Washington in recent weeks with disclosures that the Central Intelligence Agency used the company formerly known as Blackwater to help with a covert program, now canceled, to assassinate leaders of Al Qaeda. Lawmakers have demanded to know why such work was outsourced.

The State Department also uses contractors in Iraq and Afghanistan, although both the department and the C.I.A. have said they want to reduce their dependence on outside workers. Responding to the Congressional research report, Frederick D. Barton, a senior adviser to the Center for Strategic and International Studies in Washington, said it was highly questionable whether contractors brought the same commitment and willingness to take risks as the men and women of the military or the diplomatic services. He also questioned whether using contractors was cost effective, saying that no one really knew whether having a force made up mainly of contractors whose salaries were often triple or quadruple those of a corresponding soldier or Marine was cheaper or more expensive for the American taxpayer. With contractors focused on preserving profits and filing paperwork with government auditors, he said, "you grow the part of government that, probably, the taxpayers appreciate least." Congress appropriated at least \$106 billion for Pentagon contractors in Iraq and Afghanistan from 2003 through the first half of the 2008 fiscal year, the report says. The report said the combined forces in Iraq and Afghanistan still had more uniformed military personnel than contractors over all: 242,657 contractors and about 282,000 troops as of March 31.

<http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/International/02-Sep-2009/Contractors-outnumber-US-troops-in-Afghanistan-report>

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## U.S. Embassy probes 'deviant' guards' conduct

- Story Highlights
- U.S. Embassy in Kabul to join inquiry into conduct of private security guards
- Watchdog: Contractor providing security guards allowed "deviant hazing, humiliation"
- Video showed naked man, another man apparently drinking liquid poured down back
- ArmorGroup, North America has contract until July 2010

**KABUL, Afghanistan (CNN)** -- The U.S. Embassy in Kabul said it is joining the inquiry into claims that some of its private security guards practiced hazing rituals, sexual activity and intimidation.

"A full review of local guard force policies and procedures is under way and a full investigation is ongoing," said an embassy statement released Thursday.

"Embassy officials continue to interview guard force personnel as a part of the investigation, to assess the need for possible suspensions and terminations."

Along with the investigation, the embassy has also banned alcohol at Camp Sullivan, the facility at which the guards live.

The allegations about the guards' behavior were reported by the watchdog group Project On Government Oversight.

The group sent a letter Tuesday to U.S. Secretary of State Hillary Clinton, and briefed reporters on its findings, which it said were based on e-mails and interviews with more than a dozen guards who had worked at the U.S. compound in the Afghan capital. Should initiation rituals such as hazing be allowed? Sound off below

The company for which the guards work, ArmorGroup, North America, has a security contract with the State Department to provide services through July 2010, and has been cited several times for shortcomings in the security required by the contract.

A U.S. Senate panel two months ago was critical of the State Department for not closely supervising ArmorGroup, after a series of warning letters from the State Department in the year leading up to the panel's inquiry. Should initiation rituals such as hazing be allowed? Sound off below

POGO says two weeks ago it began receiving whistleblower-style e-mails, some with graphic images and videos, that are said to document problems taking place at a non-military camp for the guards near the U.S. diplomatic compound in Kabul.

"This is well beyond partying," said Danielle Brian, POGO's executive director, after showing a video of a man with a bare backside, and another man apparently drinking a liquid that had been poured down the man's lower back.

She told CNN that ranking supervisors were "facilitating this kind of deviant hazing and humiliation, and requiring people to do things that made them feel really disgusted."

The U.S. Embassy in Afghanistan said along with the investigation, it was banning alcohol, and "Embassy diplomatic security staff have been assigned to the camp on a full-time basis."

It promised to work closely with the investigation being conducted by the State Department's Office of the Inspector General, and said it would "continue to take every possible step to ensure the safety and security of American Embassy personnel, while respecting the values of all Afghans, Americans and contract employees and visitors from other countries."

**Find this article at:**

<http://www.cnn.com/2009/WORLD/asiapcf/09/03/afghanistan.embassy.contractors/index.html?iref=newssearch>

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## Security assigned to watch guards at Kabul embassy

By JASON STRAZIUSO  
Associated Press  
2009-09-04 01:02 AM

The U.S. Embassy in Afghanistan has banned alcohol and assigned American personnel to watch the embassy's security guards following allegations of lewd behavior and sexual misconduct at their living quarters.

The announcement of the crackdown on embassy guards came as NATO reported the deaths of two U. S. service members in southern Afghanistan. A British soldier was also killed, according to the U.K. military.

The two U.S. personnel were killed by a bomb while on patrol in the region, which has seen some of the most intense fighting of the war. No other details have been released.

The British soldier from 2nd Battalion The Mercian Regiment was shot dead while on patrol in Afghanistan's southern Helmand Province.

The U.S. Embassy announced its new security measures Thursday after an independent watchdog group charged that guards hired by a private contractor were threatened and intimidated by supervisors.

The alleged mistreatment occurred at their offsite living quarters.

Meanwhile, photos were released of guards and supervisors in various stages of nudity at parties flowing with booze.

The State Department inspector general is leading an investigation of the contractor, ArmorGroup North America.

Ambassador Karl Eikenberry held a meeting with his staff on Thursday to discuss the situation, said embassy spokeswoman Caitlin Hayden.

"We've already started to make changes to remedy some of the problems," Hayden said.

Alcohol has been prohibited at Camp Sullivan \_ the offsite location where ArmorGroup guards live \_ and diplomatic security staff have been assigned to the camp, the embassy said.

The embassy "will continue to take every possible step to ensure the safety and security of American Embassy personnel, while respecting the values of all Afghans, Americans and contract employees and visitors from other countries," a statement said.

The ArmorGroup security personnel guard the gates to the embassy road and perimeter and screen visitors. The Project on Government Oversight, an independent watchdog group, said the nearly 450 ArmorGroup guards live and work in an oppressive environment in which they are subjected to hazing and other inappropriate behavior by supervisors.

In at least one case, supervisors brought prostitutes into the quarters where the guards live, a serious breach of security and discipline, the group said this week. In other instances, members of the guard force drew Afghans into activities forbidden by Muslims, such as drinking alcoholic beverages, it said.

The situation led to a breakdown of morale and leadership that has compromised

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Supporters from Northern Afghanistan of Abdullah Abdullah, top challenger against President Hamid Karzai in presidential election, listen to a speaker during a meeting in Kabul, Afghanistan, Wednesday, Sept. 2, 2009. Supporters and elders from northern Afghanistan provinces were gathered to complain about widespread irregularities and fraud in recent held elections and to reiterate their support to Abdullah Abdullah. (AP Photo/Manish Swarup)

Associated Press

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A U.S. soldier stands guard near the site of a suicide attack in Mehterlam, the capital of Laghman province, east of Kabul, Afghanistan on Wednesday, Sept. 2, 2009. A Taliban suicide bomber detonated his explosives as Afghanistan's deputy chief of intelligence visited a mosque east of Kabul on Wednesday, killing the Afghan official and 22 others. (AP Photo/Rahmat Gul)

Associated Press

security at the embassy, where nearly 1,000 U.S. diplomats, staff and Afghan nationals work, according to the nonprofit group.

The embassy has been targeted in insurgent rocket attacks, and suicide bombs have exploded at or near its gates. Militant attacks have risen across Afghanistan the last three years.

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# POLITICO

## US Embassy memo: 'Afghan First'

By: Laura Rozen  
September 5, 2009 03:01 PM EST

U.S. Ambassador to Afghanistan, retired Gen. Karl Eikenberry, has distributed an unclassified memo to U.S. diplomatic and foreign assistance personnel, obtained by POLITICO, which calls for the "Afghanization" of foreign assistance to that country.

The memo says that Afghan-led development will build local capacity and "ensure that Afghans lead, not follow, in their path to a secure and economically viable Afghanistan."

It calls for "a significant change in contracting, management, resources, and focus of our foreign assistance, to overcome the 'trust deficit', [and] help us engage the Afghan people in ways that demonstrate our commitment to promote a responsive and capable Afghan government. Additional assistance to Afghanistan must be accompanied by new contracting principles and delivery mechanisms to mitigate risks, and to ensure greater accountability, immediate action, and sustained commitment."

It also describes development initiatives as part of the U.S. counterterrorism strategy in the country. "At the regional level, there is an explicit recognition that the [US Government] is pursuing development within the context of a broader U.S. counter-insurgency strategy. One of our primary objectives is consolidation of a government and

society that are stable, secure and confident enough to be an effective partner of the U.S. Essential initiatives are in the East and South where we will target areas (e.g. Nangarhar, bordering Pakistan's Federally Administered Tribal Areas) in coordination with the U.S. interagency, the U.S. Forces - Afghanistan, the International Security Assistance Force (ISAF), the Government of the Islamic Republic of Afghanistan (GIROA), and donors."

"SRAP [The Office of Special Representative for Afghanistan and Pakistan] is hugely frustrated with the pace of project implementation and I suspect that SRAP is the motivating force behind the Ambassador's memo," a former senior U.S. official who has worked in the region told POLITICO.

The memo discusses Afghan government institutions and mechanisms for determining their capacity for absorbing foreign assistance, but makes no mention of specific leaders including

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incumbent president Hamid Karzai. Afghanistan's August presidential elections results are still being determined, Karzai claims the lead, but there are widespread claims of fraud. U. S. officials have also complained that Karzai has fostered a permissive environment for corruption.

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General FIELDS. Over the past several months, SIGAR has met regularly with senior government officials in both Washington and Afghanistan. In Kabul, we have attended the meetings at the Embassy. We have also built a strong network among the agencies, the international community, and the military components throughout Afghanistan. These meetings, together with our ongoing work, help us monitor the administration's development of a new approach in Afghanistan. And, of course, we are using this information as a basis to adapt and expand our oversight plans.

We work continuously with members of the oversight community to make sure that oversight work is coordinated and not duplicative; targets the highest priority areas; aims to produce positive change; and does not overburden the U.S. civilian and military personnel who are implementing the reconstruction programs.

We are keenly aware that it is our job to find and document waste, fraud and abuse with the express purpose of working to improve the U.S. assistance program and identify wrongdoers. Likewise, we are poised to identify lessons learned.

Our mission is difficult. It has taken time to hire staff capable and willing to do this work in a dangerous environment; however, we have made considerable progress. As of last week, we have issued four mandated quarterly reports to this Congress and five audit and inspection reports, each with recommendations for improved processes and corrective action. Another three draft reports are currently at the agencies for comment as we speak. We have 21 ongoing audits and inspections and we expect to issue 5 or more reports before the end of this month.

SIGAR's investigative work has resulted in over \$4 million in cost avoidance in one case and the guilty pleas of two people offering \$1 million in bribes for contracts in another. Our investigators are working 25 other active cases as we speak. Our work has identified problems with contract oversight, the lack of integrated information on reconstruction activities and concerns with sustainment capacity.

The impact of oversight cannot be measured solely by statistics. We believe that being on the scene is a real deterrent to waste, fraud and abuse. We also operate a hotline giving U.S. coalition partners and the Afghan citizens various methods by which to report allegations of waste, fraud and abuse related especially to the reconstruction efforts. The hotline has produced a number of credible leads that we, of course, are pursuing.

We are working hard to produce and provide the robust oversight substantial for the successful implementation of reconstruction programs in Afghanistan. And I welcome your questions there unto pertaining. Thank you.

Mr. TIERNEY. Thank you, sir.

[The prepared statement of General Fields follows:]

Testimony by Arnold Fields  
Special Inspector General for Afghanistan Reconstruction  
Before the  
Subcommittee on National Security and Foreign Affairs  
Committee on Oversight and Government Reform

*Afghanistan and Pakistan: Accountability Community  
Oversight of a New Interagency Strategy*

September 9, 2009

Chairman Tierney, Ranking Member Flake, Members of the Subcommittee:

Thank you for inviting me to appear before you today to discuss oversight of the U.S. government's new interagency strategy in Afghanistan and Pakistan. The Special Inspector General for Afghanistan Reconstruction (SIGAR) was established to provide oversight of U.S. funds made available for the reconstruction of Afghanistan. Therefore, I will discuss my office's audits, inspections, and investigations work on Afghanistan reconstruction, showing that SIGAR is ramping up its oversight. I will also describe how SIGAR coordinates its work with other oversight agencies.

Over the last year, SIGAR has grown from an office of 2 to an office of 46 and will continue to grow so that it can do the oversight that the Congress expects. We have established offices in Arlington, Virginia, and Kabul, Afghanistan, and have office space in three other locations in Afghanistan. We have hired auditors, inspectors, and investigators and are producing results.

While ramping up, we have watched closely as the U.S. government has developed a new, larger, and more aggressive policy in Afghanistan. We have also worked with other members of the oversight community to make sure that oversight work is coordinated and not duplicative, targets the highest priority areas, produces positive changes, and does not overburden the U.S. civilian and military personnel who are implementing the reconstruction programs.

The new U.S. strategy in Afghanistan seeks to expand and integrate civilian and military efforts to stabilize the country. Its top priority is to help the Afghan people build the capacity they need to provide for their own security and to govern effectively and transparently at the local, provincial, and national levels. The strategy calls for more money. The U.S. Congress has appropriated about \$38 billion to rebuild Afghanistan from fiscal years 2002 through 2009. The President's fiscal year 2010 budget request includes additional resources for Afghanistan which would bring U.S. funding for the reconstruction to about \$50 billion through fiscal year 2010. In addition, more than 70 other countries, the United Nations, the World Bank, the International Monetary Fund, and other international organizations have pledged more than \$25 billion for Afghanistan's reconstruction over the past seven years.

SIGAR has met regularly with senior U.S. government officials in both Washington and Afghanistan over the last several months as the new U.S. strategy has evolved. In Kabul, we

attend, as observers, the U.S. Embassy's weekly country team meeting, as well as meetings held by the rule-of-law working group, the executive working group, and the anticorruption working group. These meetings, and our ongoing audits and inspections, have helped us monitor the Administration's development of a new approach in Afghanistan, and we are using the information we receive as a basis to adapt and expand our oversight plans.

In developing our oversight plans, SIGAR has taken into account the evolving U.S. strategy, including the need to consider assistance from other donors and not just U.S.-funded programs. SIGAR has also considered the Afghanistan National Development Strategy, or the ANDS, which the U.S. government and the international community support. The ANDS established broad goals in three inter-dependent reconstruction pillars: Security, Governance, and Development. In addition to these three pillars, the ANDS identified six cross-cutting issues including regional cooperation, counter-narcotics, anticorruption, gender equality, capacity, and the environment. The new U.S. strategy affects each of these pillars and cross-cutting issues. As a result, SIGAR formulated its audits and inspections plans to target high priority areas that have the greatest impact on the broader goals set forth by the President.

I will now turn to our work, beginning with what we have done and what we are planning to do in the area of security. Although we have much more to do, this work shows that we are well on our way in ramping up to provide effective oversight of the expanding reconstruction programs in Afghanistan.

#### SECURITY IS ESSENTIAL TO RECONSTRUCTION

The current security situation is neither conducive to building and repairing infrastructure, nor to developing Afghan government capacity to hold elections, provide justice, or meet the basic needs of the Afghan people. This is why U.S. policy focuses heavily on security. An essential part of the new strategy is to develop significantly larger Afghan military and police forces capable of providing security for the Afghan population. But training and equipping Afghan forces is expensive and these programs have not been very effective in part because they have been replete with accountability problems. A major emphasis of SIGAR's work will be on assessing the effectiveness of these security assistance programs and ensuring that accountability measures are in place.

A substantial portion of the U.S. reconstruction funds—some \$15 billion—has been allocated through the Afghanistan Security Forces Fund to train and equip the Afghanistan National Army and the Afghanistan National Police. The new U.S. strategy seeks to increase dramatically the number of Afghan troops and police. In response, SIGAR is devoting a large amount of its resources to the review of security issues.

SIGAR's first audit assessed the contract oversight capabilities of the Combined Security Transition Command-Afghanistan (CSTC-A). Combining USFOR-A, the Afghanistan government and U.S. coalition partners, CSTC-A is the joint command responsible for the management of U.S. programs to develop the Afghan National Army and Police. SIGAR's review of CSTC-A's management of a \$404 million contract for training and mentoring of the Afghan security forces found that, despite the importance of the training mission, CSTC-A did

not have the capability to ensure that U.S. funds were managed effectively and spent wisely. Because a lack of oversight increases the likelihood of taxpayer dollars not being used as intended, SIGAR recommended that CSTC-A strengthen its oversight capabilities. As a result of this audit, the Defense Contract Management Agency (at the request of CSTC-A) dispatched a team of contract specialists in July to conduct a review of the contract management and oversight for U.S.-funded CSTC-A contracts. This example demonstrates how a targeted audit immediately improved oversight of contracts that are critical to the U.S. mission in Afghanistan. Later this year, SIGAR will return to CSTC-A to review what it has done to strengthen contract oversight.

As the U.S. government expands funding to train and equip Afghan Security Forces, SIGAR is also expanding its oversight coverage. In early September, SIGAR initiated an audit to evaluate the capabilities of the Afghan security forces, including methods used to assess readiness and the reliability of capability ratings. At the end of this month SIGAR plans to begin another audit which will look at how the U.S. government accounts for the payments to Afghan Security Forces to ensure that salaries are not paid to ghost employees, as happened in Iraq. In October, we plan to commence a series of inspections of the \$45 million construction project at the Afghan National Police Support Facilities near Kandahar, later expanding similar inspections to other parts of Afghanistan. Finally, we have been approached by the International Security Assistance Force<sup>1</sup> in Afghanistan asking for our help in auditing various issues with the Afghan National Army and the Afghan National Police.

Because serious security problems exist throughout much of Afghanistan, the U.S. government employs security personnel through private contracts. In addition, contractors receiving U.S. funds employ security guards so that they can carry out construction and other projects. There have been reports including one received through our Hotline from a U.S. contractor that some of the security is provided by people connected to the Taliban and that U.S. reconstruction funds are flowing through those sources to the Taliban. Today, SIGAR has three auditors in Afghanistan reviewing how the U.S. government and reconstruction contractors are providing for contractor and project security. We are looking at how each U.S. agency contracts for its security needs and the degree of oversight it exercises over its contractors. Based on our preliminary work there are at least 14,000 private security contractors working directly for U.S. agencies. But the U.S. government does not know how many other persons are providing protection services to contractors working on reconstruction activities or who these people are. This is a major concern that needs extensive oversight. Over time, we expect our work to identify policy issues associated with private security contractors, as well as issues associated with specific contracts, such as contract management and contractor performance and compliance with requirements for transparency and accountability.

#### GOVERNANCE AND ECONOMIC DEVELOPMENT

The U.S. strategy calls for increased investment in programs to improve governance and spur economic development, accompanied by a surge of civilian personnel. It also calls for greater

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<sup>1</sup> The International Security Assistance Force (ISAF) is led by NATO and supports the Afghan Government with military and security assistance.

Afghan participation in the reconstruction of their country. Since the President announced the new U.S. strategy, the Administration has focused on two governance issues. The first was supporting the Afghan effort to conduct credible presidential and provincial council elections. The United States viewed last month's elections, the first to be managed by the Afghans, as a key strategic event in Afghanistan. The second issue is corruption, which is seen as undermining every aspect of the reconstruction effort as well as the overall credibility of the Afghan government.

SIGAR is providing oversight in both these areas. We just completed an audit of the election process and we have launched an anti-corruption initiative that will assess the performance and capability of various Afghan government institutions at the national and provincial level to apply internal controls, mitigate risks of corruption, and improve accountability over U.S. and other donor funds. Today, I have two auditors looking at the capabilities and performance of Afghanistan's High Office of Oversight and what the United States and other donors are doing to strengthen it.

SIGAR is also assessing U.S. management controls and oversight of key programs, assessing coordination and effectiveness of development projects and program sectors, inspecting infrastructure construction and management of Provincial Reconstruction Teams, investigating criminal misconduct, and measuring Afghan perceptions.

#### Assistance to Elections

SIGAR has followed the election process closely and we provided an initial report to the U.S. Embassy in Kabul in July 2009. Our second report on the election process, which will be issued later this month, identified international assistance for Afghanistan's 2009 elections and the extent to which this assistance was used to strengthen the capacity of Afghanistan's Independent Election Commission.

U.S. and donor assistance for the elections was about \$485 million. The United States, a major donor, contributed over half – about \$260 million. SIGAR reported that the Afghan electoral institution faces significant challenges, particularly for the 2010 district and parliament elections, because it lacks expertise and resources to conduct future elections without continued international support. Sustainable electoral capacity is of key importance in lessening dependence on international aid for future elections. SIGAR is making recommendations to the U.S. Ambassador in Afghanistan to assist the Afghan government to jointly develop, with the United Nations and key stakeholders, an overall strategy and detailed plan for building and sustaining electoral capacity.

In October, SIGAR expects to issue a report on the participation of women in the presidential and provincial council elections. Early next year we plan to complete a final report on the results and conduct of the August 2009 elections, including lessons learned.

Afghan Internal Controls, Accountability, and Anti-corruption

The U.S. government has determined that strengthening Afghanistan's institutional ability to prevent corruption is a priority of the reconstruction program. The government of Afghanistan has also appealed to various U.S. government officials to help strengthen its capacity to establish internal controls and improve accountability, both of which are important deterrents to corruption. In fact, the President of Afghanistan and the Minister of Interior directly asked the Special Inspector General for help in this area. Because SIGAR believes that internal controls, effective anti-corruption measures, and strong accountability, together, are essential to the success of the reconstruction effort, we have launched a major initiative to review what the U.S. and other international donors are doing to build anti-corruption measures within the Afghan institutions. In addition, our work will assess the internal controls and accountability exercised by key Afghan governing institutions at the provincial and national level.

Earlier this month SIGAR began an audit of U.S. and other donor efforts to strengthen the capabilities of Afghanistan's High Office of Oversight.<sup>2</sup> This office coordinates and implements both the country's anti-corruption strategy and its administrative reforms. During the conduct of this and similar audits of other Afghan government institutions, we believe that our oversight will help inform Afghan officials of areas of deficiency in oversight and accountability. Although SIGAR will not conduct training, our audit process will help Afghan officials, as well as U.S. and other international donor personnel, to better understand the importance of internal controls, accountability, and strong anti-corruption measures.

In August, SIGAR issued the first in what will be a series of reports on aspects of U.S. efforts to deter corruption and strengthen the rule of law. This report found that insufficient funding and inadequate provision for utilities delayed construction of detention facilities urgently needed at the Counter-Narcotics Justice Center in Kabul. As a result, funds meant to build essential prison cells had not been used. This center, a critical component of the U.S. and Afghan counter-narcotics efforts, has exclusive nationwide jurisdiction over significant narcotics cases. Delays in expanding its capacity could adversely affect U.S. and Afghan government efforts to combat the illicit drug trade in Afghanistan. Both the State Department and the U.S. Army Corps of Engineers concurred with SIGAR's assessment and indicated they would work closely together to overcome obstacles so that construction of needed facilities can proceed.

Management and Oversight of Key Programs

SIGAR is tackling this issue through a series of audits that assess management controls. SIGAR just issued a report on the Commander's Emergency Response Program (CERP) in Afghanistan, which is intended to fund primarily small-scale humanitarian and reconstruction programs at the local level. The Defense Department has provided \$1.6 billion for CERP projects in Afghanistan since 2004. SIGAR found that while the Defense Department has established procedures to

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<sup>2</sup> The High Office of Oversight (HOO) is an Afghanistan Government entity reporting to the President that oversees the implementation of the Anti-Corruption Strategy and coordinates the implementation of administrative procedural reform in the country.

ensure proper controls and accountability for CERP funds, those procedures have not been consistently implemented. In addition, the management of CERP has insufficiently focused on the monitoring of project completion and results, in favor of meeting the requirements for the obligation of funds. To improve the management of CERP and ensure sufficient oversight of funds, SIGAR has recommended that the Commander of USFOR-A develop a process to systematically collect and track information on CERP projects; implement a solution for centralizing CERP records; and develop a plan to address the management of large-scale projects of \$500,000 or higher. Our report will be issued this week.

#### Coordination and Effectiveness of Reconstruction Programs

U.S. and other donor funds are essential to rebuilding Afghanistan. As the amount of funding increases, so does the importance of coordinating activities. Without an effective management information system or other means to provide a complete view of reconstruction efforts undertaken by the various entities operating in Afghanistan, there is an increased chance of duplication of efforts, conflicting ventures, and wasted resources. In July, we recommended that the U.S. civilian agencies and military commands work together toward developing an integrated management information system to provide a common operating picture of reconstruction programs and projects.

In addition to coordinating among U.S. agencies, the U.S. strategy calls for greater coordination and cooperation with the international community. This is one reason why we have initiated a series of audits of individual development sectors. In our first audit of this type, we are reviewing U.S. and other donor assistance to the energy sector and how effective it has been. Our report will be issued in October.

#### Infrastructure Construction

Billions of dollars have been spent to construct roads and buildings in Afghanistan, and U.S.-funded construction continues in many parts of Afghanistan. We have hired engineers, inspectors, and auditors to work together to inspect the infrastructure projects to determine whether or not the construction meets articulated standards and that the facilities are being used as intended. Our initial observation is that there has been too little attention paid to sustainment of these projects following the handover. Our first infrastructure inspection of the Khowst Power Plant identified this as a concern and recommended that sustainment be considered for each contract going forward. Investing U.S. taxpayer dollars in projects that are not maintained will be wasteful and will not contribute to U.S. goals for Afghanistan.

SIGAR is currently completing draft reports for agency comment of five infrastructure inspections. These include a \$6.6 million road project, and a series of four different school projects. We will release these reports in the fall.

SIGAR has just completed a site visit of the Kabul Power Plant and Switchyard and has three inspectors who are reviewing the development of contract requirements, including involvement of Afghan government officials, contractor compliance with contract terms and specifications,

and whether or not the Afghans have the capacity to maintain the facility, which represents a major investment of U.S. taxpayer funds.

#### Management of Provincial Reconstruction Teams

The U.S. strategy relies heavily on Provincial Reconstruction Teams (PRTs) to improve governance and development throughout the country. Under the new strategy, additional U.S. civilian personnel will be sent to work at the PRTs. SIGAR is inspecting the management and operational capabilities of these teams. We will issue reports on these inspections next month. SIGAR auditors will also assess the effectiveness of the PRT concept in bringing governance and development to the provinces. This oversight by our inspectors and auditors will enable SIGAR to assess the impact of the civilian surge on governance and economic development over time.

#### Criminal Misconduct

Identification, investigation, and prosecution of fraud, waste, and abuse are integral components of SIGAR's oversight mission. SIGAR, in concert with the federal law enforcement community, through the International Contract Corruption Task Force, is aggressively pursuing allegations to ensure that the United States achieves maximum results on criminal, civil, and contractor debarment remedies. SIGAR is committed to maximizing recoveries to the United States and cost avoidance. Between SIGAR and the Task Force partner agencies, there are approximately 24 agent investigators in Afghanistan. SIGAR investigators have initiated over 30 criminal inquiries 25 of which are active cases. At least 35 federal prosecutions have been opened against either individuals or contractors. One recent investigation resulted in the conviction of two Afghan-Americans offering bribes related to fuel shipments. Another case, related to logistics support, has resulted in cost avoidance for the United States of over \$4 million. As investigations increase, we expect convictions, recoveries, and contractor debarments to increase.

#### Afghan Perceptions

The U.S. strategy includes the development of a communications plan to reach out to the Afghan public as part of the counter-insurgency effort. SIGAR recognizes that how Afghans perceive reconstruction is critical to the success of the new U.S. strategy. We are currently developing a poll designed to elicit Afghan views of the U.S. and international effort to rebuild their country. The survey results will supplement our oversight work to better focus the reconstruction effort.

#### COORDINATION OF OVERSIGHT

The Inspectors General community is acutely aware of the need to coordinate our work to avoid duplication, reduce demands on the agencies operating out of the U.S. Embassy and the PRT's and elsewhere, while also ensuring broad oversight. SIGAR is a member of the Southwest Asia Joint Planning Group (SWAJPG) as well as the Pakistan/Afghanistan subcommittee of the SWAJPG that coordinates oversight activity in Afghanistan and Pakistan. In addition, SIGAR notifies the Inspectors General community and the Government Accountability Office in advance of the scope and objectives of our planned audits and inspections. This process has proved very effective and enabled SIGAR to alter the objectives and scope prior to starting work,



based on information from other oversight institutions on their ongoing and planned work. This has avoided duplication of work.

#### SIGAR IS ACHIEVING RESULTS

We are a new organization. SIGAR received its initial funding about a year ago. Our mission is difficult and dangerous as much of our work is conducted in a war zone. It has taken time to establish our offices and hire the people who are capable and willing to do this work. Notwithstanding, we have made huge strides and we are producing results. As of September 4, 2009, we have issued four quarterly reports required by our legislation, and five audit and inspection reports--each with recommendations for change. Another two draft reports are at U.S. agencies for comment. We have over 12 ongoing audits and inspections and we expect to issue five or more reports before the end of this month. SIGAR's investigative work has resulted in over \$4 million in cost avoidance and incarcerating 2 people; and our investigators are working 25 active cases. We have 19 staff in Afghanistan asking questions, developing evidence, and writing reports. And we have a Hotline in the U.S. and Afghanistan so that people can report allegations of fraud, waste, and abuse.

But our impact is more than just this. U.S. agencies in Afghanistan and in Washington and their civilian and military personnel know we are looking at the reconstruction programs—how the programs are managed, if they are effective, and if they are subject to waste and corruption. The Afghan Government also knows that we are on the scene. This presence, we believe, has a deterrent effect.

My office is currently providing oversight of many of the priority issues that the U.S. government has identified as central to its new strategy. We believe that robust oversight is essential for the successful implementation of reconstruction programs in Afghanistan and we are working hard to provide it.

I welcome your questions.

Mr. TIERNEY. Mr. Heddell.

**STATEMENT OF GORDON S. HEDDELL**

Mr. HEDDELL. Chairman Tierney, Ranking Member Flake and members of the subcommittee, thank you for the opportunity to appear before you this morning.

Mr. Chairman, oversight in Southwest Asia, with emphasis on Afghanistan and Pakistan, is one of my top priorities. It is my goal to ensure the health, safety and the welfare of our troops and to ensure that taxpayer dollars are being spent wisely.

Our current efforts include increased oversight by enhancing our in-theater presence and ensuring comprehensive and effective interagency coordination. The oversight we provide through audits, investigations, inspections and assessments truly make a difference, especially in such an unstable and dangerous region where Department of Defense operations and troop levels are increasing.

Earlier this year, President Obama announced a comprehensive new strategy to disrupt, dismantle and defeat al Qaeda in Pakistan and Afghanistan, and to prevent their return to either country in the future. This strategy will involve several departments and agencies in our government.

We have conducted oversight on Pakistan in 2003 and again in 2009, and started oversight efforts in Afghanistan in 2004. And we are increasing our resources in the region to ensure proper oversight and staffing in regard to the new strategy and the buildup of U.S. forces and programs in Afghanistan.

To support our oversight, we have established field offices in strategic locations in Southwest Asia. We also utilize an expeditionary work force model to support our efforts. This helps facilitate timely reviews and reporting of results while minimizing disruption to the warfighter.

Our central field office in the region is located at Bagram Airfield. With the support and endorsement of the Commander of U.S. Central Command, we have staffed new offices in Kandahar and Kabul with 14 deployed personnel, 6 investigators and 8 auditors.

In addition, our staff travel as needed for field work in Afghanistan. Currently there are five auditors and two engineers, for instance, on temporary travel in Afghanistan. And I will be traveling there myself in the near future to meet with General McChrystal and other commanders in theater.

I have created a new key position within the DOD Office of Inspector General to ensure that there is effective coordination and communication within the oversight community within Southwest Asia. This position, the Special Deputy Inspector General for Southwest Asia, will report directly to me and act on my behalf to coordinate and deconflict oversight efforts.

The DOD IG is the lead oversight agency for accountability in the Department. For Southwest Asia, including Afghanistan and Pakistan, there are three critical coordination and planning mechanisms: the Southwest Asia Joint Planning Group, the Comprehensive Oversight Plan for Southwest Asia, and our many investigative task forces.

In addition, in May 2009, the Joint Planning Group established a new subcommittee to coordinate audit and inspection work solely

in Afghanistan and Pakistan. This subcommittee, chaired by the Inspector General for the U.S. Agency for International Development, Mr. Gambatesa, issued in August 2009 the Afghanistan-Pakistan Comprehensive Oversight Plan.

I thank the committee for the opportunity to discuss our ongoing efforts and I look forward to continuing our strong working relationship with Congress and all oversight organizations engaged in Afghanistan and Pakistan.

Mr. TIERNEY. Thank you very much.

[The prepared statement of Mr. Heddell follows:]

September 9, 2009



Expected Release  
9:30 a.m.

The Honorable Gordon S. Heddell

Inspector General  
Department of Defense

before the

House Oversight and Government Reform Committee  
Subcommittee on National Security and Foreign Affairs

on

"Afghanistan and Pakistan: Accountability Community  
Oversight of a New Interagency Strategy"

Chairman Tierney and distinguished members of this committee, thank you for the opportunity to appear before you this morning to discuss oversight supporting the new interagency strategy on Afghanistan and Pakistan and the coordination mechanisms and interaction within the respective oversight community.

Earlier this year, President Obama announced a comprehensive, new strategy, “to disrupt, dismantle and defeat al Qaeda in Pakistan and Afghanistan, and to prevent their return to either country in the future.” The strategy has economic, political, diplomatic and military elements that will involve several departments and agencies in the U.S. Government. Providing adequate oversight of the programs, operations, and budget associated with executing this strategy is a significant challenge confronting the oversight community.

The Department of Defense Inspector General is fully committed to providing effective oversight of this effort. It is our goal to build upon our current oversight activities and assume a lead role in ensuring that taxpayer dollars are being spent wisely and appropriately while also ensuring the health, safety, and welfare of our troops. We have conducted oversight on Pakistan in 2003 and in 2009, and started oversight efforts in Afghanistan in 2004. We have considerable experience conducting audits, investigations, inspections, and assessments in-theater while working with both host nation officials and U.S. military commanders and U.S. civilian leaders. The DoD IG has also led efforts to develop interagency cooperation within the oversight community and to ensure that oversight efforts are leveraged effectively by sharing information and coordinating projects.

Oversight of Overseas Contingency Operations, including those in Southwest Asia, is one of my top priorities. We are also increasing our resources

in the region to ensure proper oversight and staffing in regard to the new strategy and the build up of U.S. forces and programs in Afghanistan. Currently, more than half of our oversight mission staff and one third of our investigators are dedicated to work on Southwest Asia.

### **DoD IG Oversight**

The DoD IG currently maintains field offices in Afghanistan, Iraq, Qatar, and Kuwait. Within Afghanistan we have increased our presence and have field offices at Bagram and Kandahar Air Fields and Camp Eggers in Kabul.

Currently, we have 21 ongoing oversight reviews and 48 open investigations related to Afghanistan. Details of these projects are included in the appendix of this statement. We are also in our planning cycle for FY 2010 and are developing our projected deployments and temporary travel duties for SWA. Further, within the Department substantial oversight in Southwest Asia is also provided by the Army, Navy, and Air Force audit agencies, Defense Contract Audit Agency (DCAA), and the Military Inspectors General. I will discuss later how we plan and coordinate the full spectrum of oversight in Southwest Asia.

But first I will talk a little about the DoD IG and our work in Southwest Asia, specifically in Afghanistan and Pakistan. Prior to March 2006, our work in Afghanistan and Pakistan was performed either by staff on temporary duty or conducted by staff in the United States. In March 2006, the DoD IG opened its Qatar field office, staffed with up to 7 auditors. In addition to traveling to Iraq to perform oversight, the auditors in Qatar also deployed to Afghanistan to look at the Commanders' Emergency Response Program. In June 2007, the DoD IG established a field office in Bagram, Afghanistan, staffed with three auditors and has since, expanded our presence in Afghanistan to three field offices with 14 deployed personnel (6 investigators and 8 auditors). In addition, there are

6 auditors and 2 engineers on temporary travel in Afghanistan, and I will travel to Afghanistan for the second time in the near future. We also have 44 DCIS special agents in the Continental United States and Outside the Continental United States participating in Afghanistan-related investigations.

As of September 1, 2009, the DoD IG had a total of 460 audit personnel, 109 special agents, 14 inspectors, 24 assessment staff, and 8 intelligence analysts assigned to Operation Enduring Freedom and Operation Iraqi Freedom projects.

In May 2009, we issued a classified report that provided an assessment of the DoD-managed programs in Pakistan. Our oversight efforts in Afghanistan include such issues as:

- the safety of personnel;
- accountability of weapons and other sensitive items;
- controls over cash, common access cards, and contractor and military property;
- the training, equipping, and sustaining the Afghanistan Security Forces;
- the controls over planning for and the use of Afghanistan Security Forces Funds, and the funds used to support the Commander's Emergency Response Program; and
- contract administration of contingency contracts including construction efforts.

Investigative efforts are focused on technology protection, contract and procurement fraud, and public corruption, which include bribery and kickbacks. We also perform oversight efforts that indirectly support the Afghanistan mission such as our reviews of armoring capabilities, such as our audits on body armor and armored vehicles. The results of these efforts pertain to the safety of not only those deployed into Afghanistan but throughout the world.

### **Effective and Efficient Oversight Coordination**

The DoD IG is the lead oversight agency for accountability in DoD, and as such, is committed to maintaining an effective working relationship with other oversight organizations to minimize duplication of efforts and to provide more comprehensive coverage, including other federal agency oversight as well. In order to optimize this commitment, working with their oversight activities, we have established mechanisms to coordinate, report, and share our plans, activities, and results.

Effective interagency coordination, collaboration, and partnerships within the oversight community are essential to providing comprehensive reviews of wartime expenditures to identify whether critical gaps exist and recommend actions to address those gaps. For Southwest Asia, including Afghanistan and Pakistan, the three critical coordination and planning mechanisms are: the Southwest Asia Joint Planning Group, the Comprehensive Oversight Plan for Southwest Asia, and our participation in the investigative task forces. We also initiated support to the Afghanistan Inspector General.

**Southwest Asia Joint Planning Group.** As the U.S. Government's efforts in Southwest Asia expanded and the various federal agencies' mission and efforts became interwoven, the DoD IG recognized the need for a federal interagency joint planning group that covered all of Southwest Asia efforts. In April 2007, the



DoD IG jointly established, and still chairs, the interagency Southwest Asia Joint Planning Group. The Joint Planning Group, which meets quarterly or more frequent as needed, allows for coordination and cooperation among the organizations toward the common objective of providing comprehensive Southwest Asia oversight.

Today, there are over 25 DoD and federal oversight agencies or functional components that are members and guests of the Joint Planning Group. This unity of effort includes Government Accountability Office, the Inspectors General of State and the U.S. Agency for International Development, the Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, the Military Inspectors General and Service Auditors General, Combatant Commands Inspectors General and supporting component Inspectors General, the Defense Contract Audit Agency, the Defense Finance and Accounting Service, and the Defense Contract Management Agency. In May 2009, the Chief of Staff, U.S. Forces-Afghanistan requested to participate in these quarterly meeting. The Southwest Asia Joint Planning Group facilitates the compilation and issuance of the Comprehensive Oversight Plan for Southwest Asia in response to the FY 2008 National Defense Authorization Act, as well as the summary report for challenges impacting Operations Enduring and Iraqi Freedom.

**Southwest Asia Comprehensive Oversight Plan.** The DoD IG, in coordination with multiple federal Inspectors General and DoD oversight agencies, issues the comprehensive oversight plan for Southwest Asia which includes the individual oversight plans of the Inspectors General of the Department of Defense, Department of State, and the U.S. Agency for International Development; Special Inspector General for Iraq Reconstruction and Special Inspector General for Afghanistan Reconstruction. The plan also includes the planned audit work of the U.S. Army Audit Agency, Naval Audit Service, Air

Force Audit Agency, and Defense Contract Audit Agency. The plan can be considered a nearly complete source for oversight matters within Southwest Asia. Oversight for security related matters is included in a plan issued by Special Inspector General for Iraq Reconstruction.

In June 2008, on behalf of the Federal and DoD Southwest Asia oversight members, the DoD IG issued the first Comprehensive Oversight Plan for Southwest Asia. Subsequently, we issued the current plan in April 2009, which includes the planned and ongoing oversight efforts of the Special Inspector General for Afghanistan Reconstruction and Section 852 required oversight efforts within the Defense oversight community.<sup>1</sup> Starting in FY 2010, we will update the Comprehensive Plan annually with adjustments noted as part of the minutes of the Southwest Asia Joint Planning Group and the Pakistan/Afghanistan Subcommittee meetings. For the FY 2010 update, we are working to further expand the plan to include other oversight agencies such as the Government Accountability Office, U.S. Central Command Inspector General and its supporting IGs, possibly Service IGs, and the Defense Logistics Agency.

**Afghanistan-Pakistan Subgroup.** Because of the current focus on Afghanistan and Pakistan, the large amounts of U.S. resources that will be expended, and the supplemental funding that several of the statutory inspectors general received specifically for the oversight of program activity, it is imperative that the oversight community remains connected and coordinated on a constant basis. Accordingly, in May 2009, the Southwest Asia Joint Planning Group established a new subgroup to coordinate audit and inspection work solely in Afghanistan and Pakistan. The subgroup, chaired by the Inspector General for the U.S. Agency for International Development, first met in June 2009 and then in

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<sup>1</sup> P.L. 110-417) Section 852, "Comprehensive Audit of Spare Parts Purchases and Depot Overhaul and Maintenance of Equipment for Operations in Iraq and Afghanistan," October 14, 2008.

August 2009. The subgroup issued the Afghanistan-Pakistan Comprehensive Oversight Plan, a subset of the Comprehensive Oversight Plan for Southwest Asia.

**Summary Report.** On July 18, 2008, the DoD IG issued a summary report entitled, “Challenges Impacting Operations Iraqi Freedom and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2007.” The summary effort compiles 302 reports and testimonies given by the Defense oversight community and Government Accountability Office. Our analysis identified that over the course of conducting Operations Enduring Freedom and Iraqi Freedom, DoD experienced, at times, significant and recurring challenges in contract management, logistics, and financial management. As we note in the report, some of these areas have been reported as longstanding challenges within DoD.

The summary report includes initiatives that the DoD has implemented to address some of the challenges identified during operations in Iraq and Afghanistan. These DoD initiatives include issuing updates to the Federal Acquisition Regulation (FAR) and DoD policies regarding the oversight of deployed contractors; increasing oversight of contractors performing logistical support work; deploying Defense Finance and Accounting Service personnel to support financial operations; and assessing which business operations can be removed from the dangerous areas in theater and be performed elsewhere.

The initial summary report issued July 2008 covers reports and testimonies issued by the Defense oversight community and Government Accountability Office from FY 2003 through FY 2007. However, in response to a recommendation made by the Commission on Wartime Contracting during our last Southwest Asia Joint Planning Group meeting, we are working with the Southwest Asia Joint Planning Group members to expand the summary report to include

oversight by all Southwest Asia Joint Planning Group members, thus creating a federal level summary report. The next update will also include reports issued in fiscal years 2008 and 2009.

**Investigative Task Forces.** The Defense Criminal Investigative Service, (DCIS) the criminal investigative arm of the DoD Inspector General, has been engaged in investigating waste, fraud, abuse, and corruption pertaining to the Southwest Asia theater since the beginning of Operation Enduring Freedom, and will continue to prioritize investigations involving Afghanistan and Pakistan. DCIS plays a significant and pivotal role with partner agencies in the National Procurement Fraud Task Force (NPFTF) and the International Contract Corruption Task Force (ICCTF). Under the auspices of the Department of Justice, the NPFTF was created in October 2006 to promote the prevention, early detection, and prosecution of procurement fraud nationwide and abroad. This multi-disciplinary and multi-agency coalition comprised of agencies from the federal Inspectors General, U.S. Attorneys Offices, and federal law enforcement agencies such as the FBI, has been extremely effective in fostering and better coordinating procurement fraud investigations.

The ICCTF was formed in November 2006 to specifically target fraud and corruption involving Southwest Asia, and combines the resources of multiple investigative agencies to effectively and efficiently investigate and prosecute cases of contract fraud and public corruption related to U.S. Government spending in Iraq, Kuwait, and Afghanistan. Formation of the ICCTF has resulted in unprecedented cooperation in detecting, investigating, and prosecuting corruption and contract fraud. The ICCTF established a Joint Operations Center in furtherance of achieving maximum interagency cooperation. The Joint Operations Center coordinates intelligence gathering, de-conflicts case work and deployments, disseminates intelligence, and provides analytical and logistical support, such as laboratory services, polygraphs, and specialized equipment. The

Joint Operations Center is the vital link into the intelligence community and provides a repository from which to disseminate intelligence indicators of criminal activity. Case information and criminal intelligence are shared without reservation, and statistical accomplishments are reported jointly. The agency heads meet regularly to collectively provide policy, direction, and oversight.

In addition to investigating allegations of fraud, waste, and abuse, in May 2005, DCIS launched a proactive interagency project that will analyze more than \$14 billion in payment vouchers related to U.S. Army purchases in Iraq and Afghanistan. The vouchers are currently stored at the Defense Finance and Accounting Service, Rome, NY. The project is being coordinated with and supported by Defense Finance and Accounting Service, the DoD IG Auditing component, the Defense Contract Audit Agency, the U.S. Army Audit Agency, and the FBI. The project will attempt to identify fraudulent activity related to the war effort in Iraq and Afghanistan through data mining techniques. The auditors and investigators have identified and referred questionable transactions for preliminary review or further investigation. In addition to these analytical efforts to develop cases, the investigative team assigned to the project is also supporting ongoing investigations involving fraud and corruption in Iraq and Afghanistan.

**Capacity Building of Afghanistan Inspectors General.** In addition to its oversight activities, the DoD IG also mentors and supports the establishment and operation of Inspector General organizations within the Afghanistan national government. In November 2008, I met with Maj. Gen. Sardar Mohammad Abul Fazil, the Afghanistan Ministry of Defense Inspector General, and Brig. Gen. Abdul Rashid, Deputy Inspector General for the Afghan National Army to discuss organizations and programs upon which their agencies are modeled. The DoD IG has already engaged the respective Inspectors General within the Ministries in Iraq to assist in assessing the accountability of weapons and other sensitive items in Iraq and we are examining measures to engage the respective Inspectors

General in Afghanistan as well. For example, in addition to meeting with the senior Afghanistan Inspectors General as previously stated, our staff has participated in at training courses sponsored by the Combined Security Transition Command-Afghanistan staff discussing accountability of goods and services for the Afghanistan Security Forces. As the DoD IG has done in Iraq, we plan to eventually incorporate the Afghanistan Security Forces Inspectors General as part of the overall spectrum of oversight of the coalition efforts in Afghanistan.

**Other Coordinating Activities.** In addition to Southwest Asia Joint Planning Group, we participate in the tri-weekly U.S. Forces-Afghanistan oversight Shura. This forum provides another opportunity for each of the oversight community in-country representatives to update the status of their current and planned projects. The Command also encourages the oversight community to use this forum to notify U.S. Forces-Afghanistan and the Combined Security Transition Command-Afghanistan of findings so that corrective action can be taken immediately instead of waiting for the report to be issued. The Shura is chaired by the Chief of Staff for U.S. Forces Afghanistan. The Command also uses the Shura as an opportunity to brief the oversight community on Command programs. For example, at the August 28 Shura, the Command provided a briefing on its Commander's Emergency Response Program, an area in which the DoD IG, Army Audit Agency, and the Special Inspector General for Afghanistan Reconstruction are coordinating future oversight.

**Special Deputy Inspector General for Southwest Asia.** To ensure there is effective coordination and interaction within the Defense and Federal oversight community, I have created a senior official position within the DoD IG, the Special Deputy Inspector General for Southwest Asia, who reports directly to me and acts on my behalf to coordinate and deconflict oversight efforts within Southwest Asia. This initiative has been widely accepted by the U.S. Central

Command, and the Defense and Federal oversight community. As I recently discussed with the Service Auditors General, the duties of the Special Deputy Inspector General for Southwest Asia are to communicate and coordinate in an effort to identify oversight requirements. The Special Deputy Inspector General for Southwest Asia will be primarily forward deployed to Southwest Asia and will further improve the communications within the Defense and federal oversight community offering a definitive source to coordinate and facilitate the various efforts within the legal authorities of the DoD IG.

### **Summary**

The U.S. and coalition efforts to establish, support, and maintain a sovereign, free and democratic Afghanistan requires a broad spectrum of U.S. and coalition capabilities, both military and civilian. The oversight organizations within their respective statutory authorities and standing expertise need to be proactively engaged. It is absolutely essential that the full spectrum of the supporting oversight community (Inspectors General, Service Audit Agencies, GAO, and others) work in concert to ensure effective and efficient oversight.

I want to assure the committee that we are intensifying our oversight in Afghanistan and Pakistan and providing leadership in an effort to ensure inter-service and interagency collaboration. Fostering an open dialogue and coordinating and integrating our efforts within the oversight community are critical components of providing effective oversight of the strategy in Afghanistan and Pakistan.

My office is committed to overseeing operations in Afghanistan and Pakistan as the principal oversight agency within the Department while providing timely and relevant work products that add value to the Department.

We thank the Committee for the opportunity to discuss our ongoing efforts and observations and look forward to continuing our strong working relationship with all oversight organizations engaged in Afghanistan and Pakistan.



**APPENDIX**

**Ongoing Efforts and Completed Work on  
Afghanistan and Pakistan**

<b>DoD IG Issued Reports Directly Related to Afghanistan or Pakistan</b>		<b>Date Issued</b>
1	Afghanistan Security Forces Fund Phase III - Accountability for Equipment Purchased for the Afghanistan National Army (D-2009-099)	12-Aug-09
2	Assessment of Electrical Safety in Afghanistan (SPO-2009-005)	24-Jul-09
3	Contracting for Nontactical Vehicles in Support of Operation Enduring Freedom (D-2009-085)	8-Jun-09
4	Afghanistan Security Forces Fund Phase III-U.S. Army Corps of Engineers Real Property Accountability (D-2009-076)	21-May-09
5	(U) Assessment of DoD-Managed Program in Support of the Government of Pakistan <b>CLASSIFIED REPORT</b> (SPO-2009-004)	20-May-09
6	Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia (D-2009-078)	4-May-09
7	Afghanistan Security Forces Fund Phase III-Accountability for Weapons Distributed to the Afghanistan National Army (D-2009-075)	14-Apr-09
8	Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Trust Fund (D-2009-063)	24-Mar-09
9	Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund (D-2009-050)	5-Feb-09
10	Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund (D-2009-031)	29-Dec-08
11	Procurement and use of Nontactical Vehicles at Bagram Air Field, Afghanistan (D-2009-007)	31-Oct-08
12	Assessment of Arms, Ammunition, and Explosives Accountability and Control; Security Assistance; and Sustainment for the Afghan National Security Forces (SPO-2009-001)	24-Oct-08

<b>DoD IG Issued Reports Directly Related to Afghanistan or Pakistan</b>		<b>Date Issued</b>
13	Internal Controls Over Army General Fund, Cash and Other Monetary Assets Held Outside of the Continental United States (D-2009-003)	9-Oct-08
14	Contingency Construction Contracting Procedures Implemented by the Joint Contracting Command-Iraq/Afghanistan (D-2008-119)	29-Sep-08
15	Summary of Issues Impacting Operations Iraqi Freedom and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2007 (D-2008-086)	18-Jul-08
16	Department of Defense/Veteran's Affairs Care Transition Process for Service Members Injured in OIF/OEF (IE-2008-005)	12-Jun-08
17	(U) Contractor Support To The Joint Improvised Explosive Device Defeat Organization In Afghanistan, <b>CLASSIFIED REPORT</b> (D-2008-056)	11-Mar-08
18	DoD Support to the NATO International Security Assistance Force, <b>RESTRICTED REPORT</b>	5-Feb-08
19	Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund (D-2008-012)	5-Nov-07
20	Implementation of the Commanders' Emergency Response Program in Afghanistan (D-2007-064)	28-Feb-07
21	Equipment Status of Deployed Forces Within the U.S. Central Command (D-2007-049)	25-Jan-07
22	Interagency Assessment of Afghanistan Police Training and Readiness (IE-2007-001)	14-Nov-06
23	Contracts Awarded to Assist the Global War on Terrorism by the U.S. Army Corps of Engineers (D-2006-007)	14-Oct-05
24	Combined Forces Command-Afghanistan Management Decision Model, Assistance Visit (IE-2005-A004)	7-Jul-05
25	Coalition Support Funds, <b>CLASSIFIED REPORT</b> (D-2004-045)	14-Jan-04

**DoD IG Investigative Results Directly Related to  
Afghanistan**

The completed investigative efforts as of August 31, 2009, for  
Afghanistan GWOT investigations:

**TOTAL RECOVERIES**

Restitution to U.S. Government	\$ 29.2 Million
Recovered Government Property	\$ 1.72 Million

**TOTAL PROSECUTIVE ACTIONS**

Federal Criminal Indictments:	27
Federal Criminal Informations	11
Convictions	22
Fines and Penalties Levied	\$800
Years of Confinement	23.1 years
Years of Probation	14 years

	<b>DoD IG Ongoing Projects Directly Related to Afghanistan or Pakistan</b>	<b>Date Initiated</b>
1	<p><b>Construction of New Kabul Compound Facilities for U.S. Forces-Afghanistan (D2009-D000JB-0241.000).</b> This audit was requested by the Commission on Wartime Contracting in Iraq and Afghanistan. The DoD OIG is determining whether the U.S. Army Corps of Engineers, Afghanistan Engineer Division (USACE AED) and U.S. Forces-Afghanistan procured construction services and administered the contract for construction of facilities at the New Kabul Compound in accordance with the Federal Acquisition Regulation and other applicable laws and regulations. Specifically, we will determine whether U.S. Forces-Afghanistan selected the location for New Kabul Compound facilities using appropriate site-planning criteria; whether USACE AED properly monitored contractor performance during construction of facilities at the New Kabul Compound; and whether USACE AED has taken or should take recourse against the original prime contractor because of latent defects, negligence, or fraud.</p>	15-Jun-09
2	<p><b>Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom (D2009-D000LC-0237.000)</b> The DoD OIG is reviewing whether air cargo transportation contracts in support of OIF and OEF are administered in accordance with applicable Federal and DoD regulations. Specifically, we will determine whether the decision to use air transportation was justified, whether delivery orders were awarded in accordance with vendor selection criteria, and whether the cargo transported by air was delivered within required time frames.</p>	15-Jun-09
3	<p><b>Interagency Audit on DoD Obligations and Expenditures of Funds Provided to DoS for the Training and Mentoring of the Afghan National Police (D2009-D000JB-0230.000) (DoS OIG Project No. 09MER03009)</b> The Inspectors General of the Department of Defense and Department of State are performing this joint audit in response to a congressional request. Our objective is to review the status of Afghanistan Security Forces Fund money that the Department of Defense has provided to the Department of State for the training of the Afghan National Police. Specifically, we will review a copy of the contract, appropriate task orders, statements of work, and any contract or task order modifications for training and mentoring to ensure they comply with all relevant Federal regulations and meet the needs of the Department of Defense. Further, we will review copies of contractor invoices to ensure that claimed costs are allowable, allocable, and reasonable for the services received. The Department of State Office of Inspector General will be assisting us on this audit and will be assessing the staffing, training, contract management, and contract effectiveness of the civilian police trainers.</p>	5-Jun-09

<b>DoD IG Ongoing Projects Directly Related to Afghanistan or Pakistan</b>		<b>Date Initiated</b>
4	<b>Building Materials Received by U.S. Forces-Afghanistan at Kandahar Air Base (D2009-D000JB-0228.000)</b> The DoD OIG is determining whether the U.S. Forces-Afghanistan has received adequate building materials for construction projects in the Kandahar area. Specifically, we will determine whether adequate quality control and quality assurance provisions are contained in the construction contracts and whether suppliers are delivering products in accordance with those provisions.	22-May-09
5	<b>Disposal and Sanitization of Excess Information Technology Equipment at Camp Eggers (D2009-D000JB-0222.000)</b> The DoD OIG is conducting a series of audits to determine whether DoD bases operating in Afghanistan are disposing of and sanitizing excess information technology equipment in accordance with Federal and DoD security and environmental regulations. Specifically, at Camp Eggers, we will determine whether DoD organizations are properly safeguarding sensitive information residing on excess DoD information technology equipment by properly sanitizing the equipment before forwarding it to the Defense Reutilization and Marketing Service.	18-May-09
6	<b>Disposal and Sanitization of Excess Information Technology Equipment at Bagram Air Base (D2009-D000JB-0221.000)</b> The DoD OIG is conducting a series of audits to determine whether DoD bases operating in Afghanistan are disposing of and sanitizing excess information technology equipment in accordance with Federal and DoD security and environmental regulations. Specifically, at Bagram Air Base, we will determine whether DoD organizations are properly safeguarding sensitive information residing on excess DoD information technology equipment by properly sanitizing the equipment before forwarding it to the Defense Reutilization and Marketing Service.	18-May-09
7	<b>FY 2008 Marine Corps Global War on Terror-Related Costs Processed through the Standard Accounting, Budgeting and Reporting System (D2009-D000FG-0183.000)</b> The DoD OIG is determining whether the Marine Corps accurately reported FY 2008 costs related to the Global War on Terror. We will review whether Marine Corps documentation substantiates operation and maintenance obligations processed through the Standard Accounting, Budgeting and Reporting System.	7-Apr-09

<b>DoD IG Ongoing Projects Directly Related to Afghanistan or Pakistan</b>		<b>Date Initiated</b>
8	<b>Contract Administration of the Prime Vendor Program for Subsistence in Support of Operation Enduring Freedom (D2009-D000LD-0126.000)</b> The DoD OIG is evaluating the contract administration of the Prime Vendor Program for subsistence in support of Operation Enduring Freedom. Specifically, we will review whether the assignment of Contracting Officer Representatives and execution of the quality assurance surveillance plans and procedures were effective for assessing contractor performance.	2-Feb-09
9	<b>U.S. European Command Civilian Staffing Procedures (D2009-D000JB-0109.000)</b> The DoD OIG is performing this audit at the request of the U.S. European Command Chief of Staff. The DoD OIG is determining whether the U.S. European Command civilian staffing efforts provide adequate staffing to support their Operation Enduring Freedom activities. Specifically, we will determine whether staffing actions were performed in a timely manner and whether the staffing levels were affected by restrictions in the position announcements. We will also review implementation of the management controls applicable to this area.	28-Jan-09
10	<b>Reannouncement of the Audit of Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund (D2007-D000FD-0198.001)</b> Based on our observations during our audit fieldwork under the originally announced project (D2007-D000FD-0198.000), we determined an additional project was required to separately discuss relevant issues identified during our fieldwork. Accordingly, under the original project number, we are addressing the transfer of funds to the FMS Trust Fund and the collection of administrative fees from these funds. Under the second announced project (D2007-D000FD-0198.001), we will sustain the originally announced overall audit objective to determine whether the funds appropriated for the security, reconstruction, and assistance of Afghanistan and Iraq and processed through the Foreign Military Sales Trust Fund, are being properly managed. However, we have reduced our sub-objectives to determining whether the appropriated funds transferred into the Foreign Military Sales Trust Fund are properly accounted for, used for the intended purpose, and properly reported in DoD financial reports.	10-Oct-08

<b>DoD IG Ongoing Projects Directly Related to Afghanistan or Pakistan</b>		<b>Date Initiated</b>
11	<b>Management and Accountability of Property Purchased at Regional Contracting Centers in Afghanistan (D2008-D000JC-0273.000)</b> The DoD OIG will be performing an audit at Bagram Airfield, Afghanistan. We will begin the subject audit in September 2008. The objective of the audit is to evaluate the management and accountability of property purchased through the regional Contracting Centers in Bagram Air Field, Afghanistan. Specifically, we will determine whether accountable property is properly recorded in the Theater Property Book Office at Bagram Air Field, Afghanistan. This audit is part of the Inspector General's oversight efforts related to Section 842 of the 2008 National Defense Authorization Act and will provide coverage to support the warfighting effort.	3-Sep-08
12	<b>Contracts Supporting the DoD Counter Narcoterrorism Program (D2008-D000AS-0255.000)</b> The DoD OIG is determining whether contracts supporting the DoD counter narcoterrorism program were properly managed and administered. Specifically, we will determine whether the contracts complied with Federal and DoD policy.	31-Jul-08
13	<b>Class III Fuel Procurement and Distribution in Southwest Asia (D2008-D000JC-0186.000)</b> The DoD OIG is determining whether fuel used for ground operations in Southwest Asia to support Operations Iraqi Freedom and Enduring Freedom is procured and distributed efficiently and effectively. Specifically, we will determine whether fuel is procured at fair and reasonable prices, whether fuel is distributed economically and efficiently to operational commands, and whether fuel supply points maintain accurate inventories. A series of reviews are planned.	23-Apr-08
14	<b>Internal Controls over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia (D2008-D000FP-0132.000)</b> The DoD OIG is reviewing whether internal controls for Army, General Fund, Cash and Other Monetary Assets held in Southwest Asia are effectively designed and are operating to adequately safeguard, account, document, and report cash and other monetary assets. The DoD OIG originally planned to include Southwest Asia aspects of the announced objectives in Project D2007-D000FP-0122.000, "Internal Controls over Army, General Fund, Cash and Other Monetary Assets Held outside of the United States," however the Southwest Asia portion of that project was deferred due to the IG Munitions Assessment in the AOR.	25-Feb-08



<b>DoD IG Ongoing Projects Directly Related to Afghanistan or Pakistan</b>		<b>Date Initiated</b>
15	<b>Controls Over the Contractor Common Access Card Life Cycle in Southwest Asia (D2007-D000LA-0199.002)</b> The overall objective of this audit is to determine whether controls over Common Access Cards provided to contractors are in place and work as intended. Specifically, we will determine whether DoD officials (a) verify the continued need for contractors to possess Common Access Cards, (b) revoke or recover Common Access Cards from contractors in accordance with DoD policies and procedures, and (c) ensure the proper use of the Common Access Card by contractors.	24-Jan-08
16	<b>Afghanistan Security Forces Fund - Phase III (D2007-D000LQ-0161.002)</b> The DoD OIG is conducting the third phase of a multiphase audit in response to Public Law 109-234, which directed the Inspector General to provide oversight of Afghanistan Security Forces. The overall objective is to determine whether organizations in Southwest Asia that the U.S. Central Command assigned with the responsibility for managing the Afghanistan Security Forces Fund properly accounted for the goods and services purchased for the Afghanistan Security Forces using the Afghanistan Security Forces Funds and whether the goods and services were properly delivered to the Afghanistan Security Forces. The final report in a series of reports expected soon. Issued reports in this series are: D-2009-096, D2009-076, D-2009-075, D-2009-050, and D-2009-031.	10-Dec-07
17	<b>Review of the Joint Task Force Guantanamo Inclusion of Detainee Mental Health Information in Intelligence Information Reports (D2009-DINT01-0203.000)</b> The DoD OIG is reviewing the contents of DoD Intelligence Information Reports published by Joint Task Force Guantanamo to determine whether source information was properly caveated and to determine possible impact upon analytical judgments.	10-Jun-09
18	<b>Investigation of Possible Use of Mind Altering Substances by DoD Personnel during Interrogations of Detainees and/or Prisoners Captured during the War on Terror (D2007-DINT01-0092.005)</b> . In response to a request from members of the U.S. Senate, the DoD OIG is reviewing whether DoD personnel conducted, facilitated, or otherwise supported interrogations of detainees and/or prisoners using the threat or administration of mind altering drugs. The DoD OIG began this project during the 3rd Quarter of FY 2008.	10-Jun-08
19	<b>Assessment of the Accountability and Control of Arms, Ammunition, and Explosives (AA&amp;E) Provided to the Security Forces of Afghanistan (D2009-D00SPO-0148.000)</b> The DoD OIG is determining whether the current accountability and control of U.S.-supplied AA&E provided to the Afghan National Security Forces is adequate and effective. In addition, we will follow-up on the status of the implementation of recommendations made during our	3-Feb-09

<b>DoD IG Ongoing Projects Directly Related to Afghanistan or Pakistan</b>		<b>Date Initiated</b>
	initial assessment of the accountability and control of AA&E in Afghanistan (DoD OIG Report No. SPO-2009-001, "Assessment of Arms, Ammunition, and Explosives Control and Accountability; Security Assistance; and Sustainment for the Afghan National Security Forces," October 24, 2008). The DoD OIG began this project during the First Quarter of FY 2009.	
20	<b>Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Afghan National Security Forces (D2009-D00SPO-0113.000)</b> The DoD OIG is determining whether U.S. government, coalition, Afghan Ministry of Defense, and Afghan Ministry of Interior goals, objectives, plans, and guidance to train, equip, and field the expanded Afghan National Army and the Afghan National Police are prepared, issued, operative, and relevant. The DoD OIG began this project during the 2nd Quarter of FY 2009.	3-Feb-09
21	<b>Assessment of U.S. and Coalition Efforts to Develop the Medical Sustainment Capability of the Afghan National Security Forces (D2009-D00SPO-0115.000)</b> The DoD OIG is determining whether U.S. government, coalition, Afghan Ministry of Defense, and Afghan Ministry of Interior goals, objectives, plans, and guidance to develop and sustain the current and projected Afghan National Security Forces (ANSF) health care system are issued and operative; previous DoD, Office of the Inspector General, recommendations regarding developing and sustaining the ANSF health care system have been implemented (DoD OIG Report No. SPO-2009-001, "Assessment of Arms, Ammunition, and Explosives Control and Accountability; Security Assistance; and Sustainment for the Afghan National Security Forces," October 24, 2008); and ongoing efforts to develop an enduring health care system for ANSF are effective. The DoD OIG began this project during the 2nd Quarter of FY 2009.	17-Dec-08

### DoD IG Ongoing Investigations Directly Related to Afghanistan

*(as of August 31, 2009)*

**Public corruption**

- Bribery		
- Gratuities		
- Conflicts of Interest	21	DCIS, FBI, ICE, IRS-CID, DoJ, SIGIR, SIGAR, USACIDC, NCIS, AFOSI, AID-OIG, PIS, NCIS, Other Foreign Agencies
- Kickbacks		

**Procurement fraud**

- False claims & statements		
- Undelivered products		
- Defective products	14	DCIS, FBI, ICE, IRS CID, ATF, SIGIR, SIGAR, DOS-OIG, USACIDC, NCIS, AFOSI, AID- OIG, DOC-OIG, USDA-OIG, Other Federal OIG
- Cost/labor mischarging		
- Bid rigging		

**Theft & technology protection**

- Theft of funds, property, equipment, and supplies	8	DCIS, FBI, ICE, SIGIR, SIGAR, ATF, IRS CID, GSA, NCIS, USACIDC, DOC-OEE, DOS-OIG, Other Federal Agency
- Export violations: U.S. technology & vehicles		

**Miscellaneous**

- Terrorism related or not defined	5	DCIS, FBI, ICE, IRS CID, NCIS, USACIDC
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**Planned Afghanistan Efforts**

- 1 **Asset Accountability in Afghanistan (a series of reviews)**
- 2 **Use of Contractor Support to Provide Ground Transportation**
- 3 **Followup: Contracting for Non-tactical Vehicles (NTVs) in Support of Operation Enduring Freedom**
- 4 **Follow-up: Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia**
- 5 **Operation and Maintenance of Permanent Facilities**
- 6 **Accountability of Night Vision Devices Provided to the Afghan National Security Forces**
- 7 **Accountability of Sensitive Equipment Items Provided to the Afghan National Security Forces**

Mr. TIERNEY. Mr. Gambatesa.

**STATEMENT OF DONALD A. GAMBATESA**

Mr. GAMBATESA. Good morning, Chairman Tierney, Ranking Member Flake, members of the committee. Thank you for inviting me here to testify today on behalf of the Office of the Inspector General for the U.S. Agency for International Development. I'm pleased to be here along with my colleagues from other oversight organizations with whom we work closely as we execute our audit inspection and investigative responsibilities in Afghanistan and Pakistan.

Historically my office has overseen programs in these countries from our regional office in the Philippines, increasing our staffing levels there as USAID funding in Afghanistan and Pakistan have increased. We recently established a full-time presence of Foreign Service officers in these countries, placing an auditor and a criminal investigator in Kabul and two auditors and a criminal investigator in Islamabad. These employees will be in addition to those currently providing oversight from our office in the Philippines.

We also have a request for three additional positions in Afghanistan. To date in Afghanistan, we have conducted 27 program performance audits in which we have made 84 recommendations for operational improvement of USAID programs. Moreover, we have issued nearly 30 financial audits that have identified more than \$8 million in questioned costs of which \$1.3 million was sustained.

In addition to conducting audit, we investigate allegations of fraud and waste in these countries. In Afghanistan, we have opened 44 investigations that have resulted in 8 indictments, 9 arrests and 3 convictions and savings and recoveries have totaled \$87 million.

I want to mention just two of our recent investigations involving security contracts in Afghanistan. In one, a defendant pled guilty to conspiracy this past week for his role in a scheme to solicit kick-backs in connection with the awarding of private security contracts. In another investigation, four individuals and a security company they worked for were indicted after they obtained reimbursement for fraudulent expenses. The company and the individuals charged have also been suspended indefinitely from doing business with the government. One former employee is serving a 2-year sentence and more than \$24 million has been saved in connection with this investigation.

In Pakistan, since 2002 we have conducted five program performance audits and made 12 recommendations for program improvements. Our 23 financial audits conducted in Pakistan identified approximately \$6 billion in questioned costs, of which \$3.5 billion was sustained, and we have several ongoing investigations in Pakistan.

We in the oversight community have been working diligently for several years to coordinate our oversight activities in Afghanistan. Our criminal investigators work closely with the National Procurement Task Force, which was established by the Department of Justice to identify and prosecute fraud associated with government contracting. We are also members of the International Contract Corruption Task Force and Interagency Law Enforcement Group

that coordinates contract and procurement fraud investigations in high-risk international locations such as Iraq and Afghanistan.

A new coordination group which Mr. Heddell mentioned, which we chair, was formed in June 2009 in response to the administration's focus on Afghanistan and Pakistan. This subgroup of the Southwest Asia Planning Group consists of representatives from the organizations you see with me here today. The Afghanistan-Pakistan subgroup issued an oversight plan in August 2009. I have submitted a copy of the plan with my written testimony and ask it be made part of the record.

This plan corresponds to the strategies developed by the U.S. Government for assisting Afghanistan and Pakistan in addressing high-priority issues. The five areas addressed in the plan are security, governance, rule of law, human rights, economic and social development, contracting oversight and performance and cross-cutting programs. The subgroup will monitor this plan and make adjustments as necessary during quarterly meetings.

The members of the Afghanistan-Pakistan subgroup have been working together to address oversight in this region for several years and I'm confident that we are effectively coordinating with one another to provide the best oversight possible. I want to emphasize, however, that oversight is a shared responsibility—that of the inspector general community and the agencies we oversee, as well as the contractors and grantees who implement foreign assistance programs. We must all be vigilant to ensure that tax dollars are not wasted.

Thank you again for inviting me here to testify. I look forward to answering your questions.

[The prepared statement of Mr. Gambatesa follows:]

TESTIMONY OF DONALD A. GAMBATESA  
INSPECTOR GENERAL  
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBMITTED TO:  
THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES

AFGHANISTAN AND PAKISTAN:  
ACCOUNTABILITY COMMUNITY OVERSIGHT OF A  
NEW INTERAGENCY STRATEGY

SEPTEMBER 9, 2009

Chairman Tierney, Ranking Member Flake, and Members of the Committee, thank you for inviting me to testify today on behalf of the Office of Inspector General (OIG) for the U.S. Agency for International Development (USAID). I am pleased to be here along with my colleagues from other oversight organizations, with whom we work closely as we execute our audit, inspection, and investigative responsibilities in

Afghanistan and Pakistan. We appreciate the subcommittee's interest in the oversight of U.S. development and reconstruction funds that are provided to these two countries. We also acknowledge your expectation that these funds be spent wisely, not only to provide for effective security and economic development in those countries but also to enhance our own national security.

#### **USAID Universe and Resources**

USAID devotes substantial funding to this region, obligating nearly \$11 billion from fiscal year 2002 through 2009: \$8 billion for Afghanistan and approximately \$2.8 billion for Pakistan. In addition, we have been informed that USAID plans to maintain its staff and recruit new employees to achieve a total of 334 positions in Afghanistan and 243 in Pakistan. This represents the Agency's largest recruitment effort in almost 20 years.

#### **OIG Staffing and Leverage of External Resources**

Our staff of approximately 210 Foreign Service Officers and Civil Service employees oversees U.S. foreign assistance programs that exceed \$15 billion. These programs are being implemented in about 100 countries around the world by USAID, the Millennium Challenge Corporation, the United States African Development Foundation, and the Inter-American Foundation.



Since fiscal year 2003, OIG has spent over \$4.3 million in base appropriations and supplemental funding to oversee USAID's activities in Afghanistan. In Pakistan, we expect to spend approximately \$3 million on oversight operations in fiscal years 2009 and 2010 alone. Historically, we have provided general oversight of these countries from our regional office in the Philippines, increasing our staffing levels there as USAID funding in Afghanistan and Pakistan have increased.

To further enhance our oversight efforts, we recently established a full-time presence of Foreign Service officers in Afghanistan and Pakistan, placing an auditor and a criminal investigator in Kabul and two auditors and one criminal investigator in Islamabad. These employees will be in addition to those currently providing oversight in these two countries from our office in the Philippines.

In Kabul, we have assigned senior personnel who have prior experience conducting audits and investigations in Afghanistan. Through our contacts with local public accounting firms in Afghanistan, we have developed a list of eight firms that are eligible to perform audits of USAID-funded programs under our supervision. These firms help us expand audit coverage of locally incurred costs that are highly vulnerable to waste and misuse. We have provided financial audit training to representatives of

five of these firms as well as to the Government of Afghanistan's supreme audit institution. Our excellent relationship with the USAID mission in Afghanistan, which has developed over many years, facilitates open communication, and in fact the mission staff approaches us frequently with problems or questions.

In Islamabad, we have assigned one of our most senior criminal investigators, who has many years of USAID experience and who recently completed an assignment to the Commission on Wartime Contracting in Iraq and Afghanistan—an independent, bipartisan commission established to study contracting practices in these two countries. We have also assigned two senior auditors, one of whom has 4 years of experience conducting audits in the region and another who has extensive worldwide experience and is fluent in Urdu, one of Pakistan's official languages. We have access to 10 local public accounting firms who can assist with audits or perform financial audits under our supervision. We have provided financial audit and related training to 143 participants from these audit firms, the Government of Pakistan's supreme audit institution, and other organizations. We have entered into a memorandum of understanding with the supreme audit institution to better ensure that USAID budget support funding provided to Government of Pakistan ministries can be audited. As

additional USAID funds flow to the Government of Pakistan, this relationship will be increasingly important. As in Afghanistan, we have an excellent relationship with the USAID mission in Pakistan, and our offices engage in extensive formal and informal communication.

In the event that Congress passes legislation to significantly increase foreign assistance to Pakistan in the next several years, we would seek to open a regional office in Pakistan or in another country within the region. Meanwhile, we are continuing our efforts to increase our staffing in Afghanistan and have requested the Department of State to authorize three additional Foreign Service officers in the country.

#### **Accomplishments<sup>1</sup>**

To date in Afghanistan, we have conducted 27 program performance audits, in which we have made 84 recommendations for operational improvement of USAID's programs. Moreover, we have issued nearly 30 financial audits that have identified more than \$8 million in questioned costs, of which \$1.3 million was sustained.

In addition to conducting audits, we investigate allegations of fraud and waste in these countries. In Afghanistan, we have opened 44 investigations that have resulted in 8 indictments, 9 arrests, and 3

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<sup>1</sup> See <http://www.usaid.gov/oig> for more detailed OIG performance data.

convictions, and savings and recoveries have totaled \$87 million. We have had two recent investigations involving security contracts in Afghanistan. In one, a defendant pled guilty to conspiracy this past week for his role in a scheme to solicit kickbacks in connection with the awarding of private security contracts.

In the other, a seven-count indictment was returned on September 30, 2008, involving four individuals who had obtained reimbursement for inflated expenses submitted for rental vehicles, fuel, and security personnel. The company and the individuals charged have been suspended indefinitely from doing business with the U.S. Government, and one of the former employees of the contractor is serving a 2-year sentence for his involvement with the fraud. To date, more than \$24 million has been saved in connection with this investigation.

You may be aware of our recent investigation involving the United Nations Development Program. This investigation revealed that the grant recipient had improperly withdrawn \$6 million from a USAID letter of credit and spent nearly \$2 million in additional funds without authorization. We identified several construction projects that the grant recipient had not completed and others that had construction defects. In addition to issuing

bills of collection amounting to more than \$8 million, USAID saved close to \$14 million by canceling contracts related to the cooperative agreement.

In Pakistan since 2002, we have conducted 5 program performance audits and made 12 recommendations for operational improvement. Our 23 financial audits conducted in Pakistan have identified approximately \$6 million in questioned costs, of which \$3.5 million was sustained, and we have several ongoing investigations in Pakistan.

#### **Coordination of Activities**

With respect to coordinating interagency operations, we have been working continually with staff at USAID and the office of Ambassador Richard Holbrooke, as well as with the Ambassadors to Afghanistan and Pakistan to keep them informed about our upcoming plans and coordination efforts.

We in the oversight community have been working diligently for several years to coordinate our oversight efforts in Afghanistan.

Our criminal investigators work closely with the National Procurement Fraud Task Force, created by the Department of Justice, to identify procurement fraud associated with Government contracting activity that relates to national security and other programs. We are also members of the International Contract Corruption Task Force, an

interagency law enforcement group that works to investigate contract fraud and dismantle corruption related to U.S. overseas contingency operations, such as those in Afghanistan.

In August 2007, the Inspectors General of USAID, the State Department, and the Department of Defense, along with the Government Accountability Office (GAO), issued to Congress a joint audit plan for Afghanistan. In 2008, this interagency working group joined the Southwest Asia Joint Planning Group. Chaired by the Department of Defense, this group issued its first Comprehensive Audit Plan for Southwest Asia in June 2008, which included plans for Afghanistan and Pakistan.

A new coordination group chaired by my office was formed in June 2009 in response to the administration's focus on Afghanistan and Pakistan. This subgroup of the Southwest Asia Planning Group consists of representatives from the Offices of Inspectors General for the Department of Defense, the Department of State, the U.S. Agency for International Development, and the Government Accountability Office, as well as the Special Inspector General for Afghanistan Reconstruction.

The subgroup members have been working to minimize overlapping efforts and reduce the burden that the oversight process places on program management staff. Whenever feasible, the subgroup will:

- Work jointly on assignments to ensure that areas of mutual concern are examined most efficiently.
- Sequence oversight assignments to facilitate the sharing of information among oversight organizations.
- Share information (program documentation, analyses, findings, conclusions, and reports) with one another to reduce information requests to program management staff.
- Propose that program management staff establish “e-rooms” or other shared network spaces where program management staff can create, edit, and store program documentation and make program documentation available to oversight organizations.

There may be instances in which subgroup members will be required to conduct audits or inspections that cover programs or sources of funding that are closely related yet must be reviewed separately because they are governed by different legislative or administrative mandates. In these cases, the members will seek opportunities to conduct in-country fieldwork

at the same time to minimize the number of separate visits by oversight organizations.

#### **FY 2010 Oversight Plans**

The Afghanistan-Pakistan Subgroup issued an oversight plan in August 2009, which I have attached for the record. This plan corresponds to strategies developed by the U.S. Government for assisting Afghanistan and Pakistan in addressing high-priority issues. The five areas addressed in the plan are (1) security; (2) governance, rule of law, and human rights; (3) economic and social development; (4) contracting oversight and performance; and (5) crosscutting programs. The subgroup will monitor this plan and make adjustments as necessary during quarterly meetings.

Under the oversight plan, USAID/OIG is involved primarily with overseeing programs that support economic and social development in Afghanistan and Pakistan, but we are also conducting an audit of private security contractors.

#### **Oversight of Private Security Contractors in Afghanistan**

Like other agencies, USAID relies on private firms to supply a wide variety of services in Afghanistan. Private security contractors are vital to U.S. efforts to stabilize and reconstruct Afghanistan. Nevertheless, USAID's funding of armed contractors raises concerns about transparency



and accountability, including concerns about the organizations and individuals being contracted to provide security, their level of training, and their awareness of policies and regulations applicable to them.

My office is conducting an audit of private security contractors in Afghanistan to determine whether USAID is providing effective oversight of these contractors (to include whether the contractors are employing responsible personnel and reporting all incidents) and reviewing USAID's expenses for private security services. We will be coordinating our efforts with the Special Inspector General for Afghanistan Reconstruction as that office undertakes related audits.

### **Economic and Social Development**

In the year ahead, we will oversee various economic and social development programs. In Afghanistan, we will be reviewing programs that are designed to increase production of legal crops and decrease poppy production, support economic growth, improve health and education services, improve infrastructure (such as power, water, and transportation), and improve the quality of governance. We plan to conduct 10 audits of these programs in Afghanistan in the remainder of this fiscal year and in the coming year.

For example, we will be reviewing a \$57 million USAID program in Afghanistan to construct hospitals, midwife training centers, and provincial teacher resource colleges in order to increase access to quality medical care and education for all Afghans. The program intends to place special emphasis on promoting equitable access for women and girls.

We also will audit the USAID program titled “Afghanistan Vouchers for Increased Production in Agriculture,” which is expected to be funded at \$360 million. This program is designed to distribute wheat seed and fertilizer to small farmers through a voucher and training program. Target beneficiaries will be vulnerable but viable small farmers with 2 hectares of arable land or less.

In Pakistan, we will also audit USAID programs designed to promote economic and social development. Three of the seven audits planned for these program areas in Pakistan affect the federally administered tribal areas, or FATA.

One of the three programs involves a \$43 million initiative in the FATA to help the Government of Pakistan, civil society, and the private sector to improve economic and social indicators. Another FATA program, funded by \$300 million, intends to create jobs, increase incomes and teach employable skills, improve infrastructure, and support the

business community. Complementing these efforts is a \$150 million program to increase access to education, health care, clean water, and sanitation in the FATA.

I want to emphasize that, in both Afghanistan and Pakistan, dangerous security conditions often pose great challenges to effective oversight. Security issues and restrictions can make field visits difficult, and security arrangements for these visits can change at the last minute.

We have taken steps to mitigate these difficulties and maximize the impact of our oversight efforts. For example, local public accounting firms sometimes have access to areas that are off limits to U.S. Government personnel because of security conditions. As previously mentioned, we have arrangements in place to access the capabilities of 18 accounting firms in Afghanistan and Pakistan. Our memorandum of understanding with the Auditor General of Pakistan provides us access to Government of Pakistan audit resources as well.

### **Conclusion**

We know that the success of USAID programs in Afghanistan and Pakistan is critically important to the administration and Congress. We will continue to work with our colleagues to provide timely, effective oversight of foreign assistance programs in Afghanistan and Pakistan.

The members of the Afghanistan-Pakistan Subgroup have been working together to address oversight in this region for several years, and I am confident that we are effectively coordinating with one another to provide the best oversight possible. I want to emphasize, however, that oversight is everyone's responsibility: that of the Inspector General community, the agencies we oversee, and contractors and subcontractors who implement foreign assistance programs. We must all be vigilant to ensure that tax dollars are not wasted.

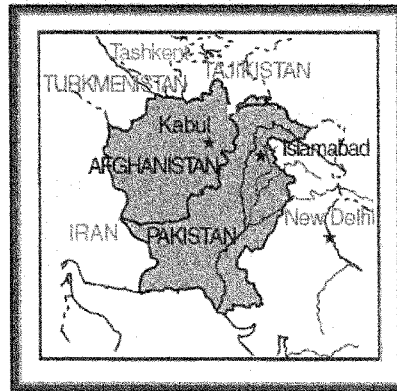
I would be happy to answer any questions you may have at this time.



## **Comprehensive Oversight Plan**

### **Afghanistan–Pakistan**

**Fourth Quarter Fiscal Year 2009 Through Fiscal Year 2010**



**August 2009**

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## FOREWORD

### *Background*

In June 2008, the Southwest Asia Joint Planning Group—which then consisted of Offices of Inspector General for the Department of Defense, the Department of State, and the U.S. Agency for International Development; the Defense Contract Audit Agency; the Government Accountability Office; and the Special Inspector General for Iraq Reconstruction—issued its first Comprehensive Audit Plan for Southwest Asia. The group was subsequently expanded to include the Special Inspector General for Afghanistan Reconstruction, whose anticipated oversight activities were included in the April 2009 update of the joint plan.

### *Moving Forward*

Because of the administration's renewed regional focus on Afghanistan and Pakistan, the large amounts of U.S. resources that will be expended, and the supplemental funding that several of the statutory inspectors general received specifically for the oversight of program activity in Afghanistan and Pakistan, the responsible oversight agencies need to coordinate their efforts more closely. Accordingly, a new subgroup of the Southwest Asia Joint Planning Group was created to coordinate audit and inspection work solely in those two countries.

The subgroup held its first meeting in June 2009, and members intend to meet quarterly to coordinate, integrate, and update oversight plans. This plan, which is a subset of the Comprehensive Oversight Plan for Southwest Asia, incorporates oversight activities of the Government Accountability Office; the Inspectors General of the Department of Defense (to include the efforts of the Air Force Audit Agency, the Army Audit Agency, and the Naval Audit Service), the Department of State, and the U.S. Agency for International Development; and the Special Inspector General for Afghanistan Reconstruction.

The audits listed in this plan address five main areas, which correspond to U.S. strategies to assist Afghanistan and Pakistan in addressing high-priority issues, as well as to specific administrative and legislative branch interests: (1) security; (2) governance, rule of law, and human rights; (3) economic and social development; (4) contracting oversight and performance; and (5) crosscutting programs.

### *Minimizing Overlapping Efforts*

The subgroup members will take a number of actions to minimize overlapping efforts and reduce the burden that the oversight process places on program management staff. Whenever feasible and unless otherwise prohibited, the subgroup will:

- Work jointly on assignments to ensure that areas of mutual concern are examined most efficiently.

- Sequence oversight assignments to facilitate sharing information among oversight organizations.
- Share information (program documentation, analyses, findings, conclusions, and reports) with one another to reduce information requests to program management staff. In communications with program managers, the subgroup members will describe the information that has been shared.
- Propose that program management staff establish “e-rooms” or similar shared network spaces where program management staff can create, edit, and store program documentation. By keeping all of the program documentation in one shared space, program managers can more easily provide oversight organizations with access to the relevant documentation and reduce the time spent responding to documentation requests.

Subgroup members must respond to separate legislative mandates, and sometimes subgroup members will be required to perform audits or inspections that have different objectives or cover different programs or sources of funding yet are closely related. In these cases, subgroup members will seek opportunities to conduct in-country fieldwork at the same time to minimize the number of separate visits by oversight organizations.





/s/

The Honorable Gordon S. Heddell  
Inspector General  
Department of Defense



/s/

The Honorable Harold W. Geisel  
Acting Inspector General  
Department of State



/s/

The Honorable Donald A. Gambatesa  
Inspector General  
U.S. Agency for International Development



/s/

Major General Arnold Fields (Ret.)  
Special Inspector General for Afghanistan Reconstruction



/s/

Mrs. Jacquelyn Williams-Bridgers  
Managing Director, International Affairs and Trade  
U.S. Government Accountability Office

## ABBREVIATIONS

AAA	-----	Army Audit Agency
AFAA	-----	Air Force Audit Agency
DoD	-----	Department of Defense
DOS	-----	Department of State
GAO	-----	Government Accountability Office
NAS	-----	Naval Audit Service
OIG	-----	Office of Inspector General
SIGAR	-----	Special Inspector General for Afghanistan Reconstruction
USAID	-----	U.S. Agency for International Development

## SECTION 1: SECURITY

The administration's priority goals to achieve stability and to disrupt, dismantle, and defeat terrorist organizations in Afghanistan and Pakistan are supported by multiple organizations working in those countries.

Audits under this category focus not only on stabilization of conflict areas but also on the security of U.S. Government personnel assigned in the region. Subjects of these audits include accountability and maintenance of equipment, training and equipping national security forces, warfare support, and oversight of physical security and personnel security.

### *Accountability and Maintenance of Equipment*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
Assessment of the Accountability and Control of Arms, Ammunition, and Explosives Provided to the Security Forces of Afghanistan	Afghanistan	DoD/OIG	Ongoing
Asset Accountability (a series of audits in Afghanistan and other locations)	Afghanistan	DoD/OIG	Ongoing
Followup of Deployed Assets—Afghanistan	Afghanistan	DoD/OIG (AFAA)	Ongoing
U.S. Air Forces Central (AFCENT) Deployed Locations Information Technology Equipment Accountability and Control	Afghanistan	DoD/OIG (AFAA)	Ongoing
Accountability of Night Vision Devices Provided to the Afghan National Security Forces	Afghanistan	DoD/OIG	Planned
Accountability of Sensitive Equipment Items Provided to the Afghan National Security Forces	Afghanistan	DoD/OIG	Planned
Asset Accountability (a series of audits in Afghanistan and other locations)	Afghanistan	DoD/OIG	Planned

*Physical Security and Personnel Security*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
De-mining Programs in Afghanistan	Afghanistan	DOS/OIG	Ongoing
Diplomatic Security Management of Worldwide Personal Protective Services In Afghanistan	Afghanistan	DOS/OIG	Ongoing
Personal Security Detail Contracts—Afghanistan (USTC)	Afghanistan	DOS/OIG	Ongoing
Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan	Afghanistan	USAID/OIG	Ongoing
Agencies' Use of Security Contracts	Afghanistan	SIGAR	Ongoing
Diplomatic Security Armored Vehicle Procurement—Afghanistan	Afghanistan	DOS/OIG	Planned
Kabul Embassy Security Force	Afghanistan	DOS/OIG	Planned
Emergency Action Plan of Embassies Baghdad, Kabul, and Islamabad	Afghanistan Pakistan	DOS/OIG	Planned
Islamabad Embassy Security Force	Pakistan	DOS/OIG	Planned

*Training and Equipping National Security Forces*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
Afghanistan National Police Training and Mentoring Program	Afghanistan	DoD/OIG DOS/OIG	Ongoing
Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Afghan National Security Forces	Afghanistan	DoD/OIG	Ongoing
Assessment of U.S. and Coalition Forces to Develop the Medical Sustainment Capability of the Afghan National Security Forces	Afghanistan	DoD/OIG	Ongoing
Foreign Military Sales	Afghanistan	DoD/OIG (AAA)	Ongoing
Review of U.S. Efforts to Implement the Security Development Plan for Pakistan's Federally Administered Tribal Areas and Frontier Region	Pakistan	GAO	Ongoing
Afghan Security Forces: Follow-on Review of U.S. Efforts to Build a Fully Capable Afghan National Army	Afghanistan	GAO	Planned
Rating of Readiness and Capabilities of Afghan National Security Forces	Afghanistan	SIGAR	Planned
Salary Payments to Afghanistan National Security Forces	Afghanistan	SIGAR	Planned
U.S. Training Program for Afghanistan Female Police	Afghanistan	SIGAR	Planned

*Warfare Support*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
Class III Fuel Procurement and Distribution in Southwest Asia	Afghanistan	DoD/OIG	Ongoing
Selection of Mode of Transportation of Materials in Support of Operation Iraqi Freedom and Operation Enduring Freedom	Afghanistan	DoD/OIG	Ongoing

U.S. Air Forces Central (AFCENT) Munitions Management—Afghanistan	Afghanistan	DoD/OIG (AFAA)	Ongoing
Controls and Accountability for the Commander's Emergency Response Program (CERP)	Afghanistan	SIGAR	Ongoing
Availability of Trained and Ready Forces to Support Military Operations in Iraq and Afghanistan	Afghanistan	GAO	Planned
Combat Skills Training for Support Units	Afghanistan	GAO	Planned
Department of Defense Efforts to Adjust Training Capacity to Support Ongoing Operations	Afghanistan	GAO	Planned

## SECTION 2: GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS

The United States is working to strengthen constitutional governments in the region so that they respond to their citizens' needs, build the capacity of justice systems and respect for the rule of law, and support human rights and advocacy programs. Key areas for which oversight is provided involve government capacity building, programs to address corruption and promote human rights, and refugee assistance.

### *Government Capacity Building*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
U.S. Assistance for the Preparation and Conduct of Presidential and Provincial Council Elections in Afghanistan	Afghanistan	SIGAR	Ongoing
Public Diplomacy Programs in Afghanistan	Afghanistan	DOS/OIG	Planned
USAID/Afghanistan's Support to the Electoral Process in Afghanistan (STEP) Activity	Afghanistan	USAID/OIG	Planned
USAID/Afghanistan's Support for Increased Electoral Participation in Afghanistan Activity	Afghanistan	USAID/OIG	Planned
Public Diplomacy Programs in Pakistan	Pakistan	DOS/OIG	Planned

### *Anticorruption*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
U.S. and Other Donor Efforts to Address and Build Afghanistan's Capacity to Address Corruption	Afghanistan	SIGAR	Ongoing
U.S. and Other Donor Efforts to Address and Build Afghanistan's Capacity to Address Corruption in the Provincial Governments	Afghanistan	SIGAR	Ongoing

*Human Rights*

<b>Project Title</b>	<b>County</b>	<b>Agency</b>	<b>Status</b>
Review of Deewa Radio	Afghanistan Pakistan	DOS/OIG	Planned
Trafficking in Persons	Afghanistan	DOS/OIG	Planned
Trafficking in Persons	Afghanistan	USAID/OIG	Planned

*Refugee Assistance*

<b>Project Title</b>	<b>County</b>	<b>Agency</b>	<b>Status</b>
Afghanistan Refugee and Internally Displaced Persons Program	Afghanistan	DOS/OIG	Planned
Pakistan Internally Displaced Persons	Pakistan	DOS/OIG	Planned



### SECTION 3: ECONOMIC AND SOCIAL DEVELOPMENT

Economic and social development priorities include enhancing regional trade, encouraging private sector expansion, rehabilitating infrastructure, providing access to health and education services, and encouraging licit agricultural development. The coordinating oversight organizations conduct audits of a wide range of programs that contribute to economic and social development: agriculture and counternarcotics; education and health care; infrastructure to provide energy, transportation, and other services; and reconstruction.

#### *Agriculture and Counternarcotics*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
U.S. Alternative Development and Good Performers Initiative Program in Afghanistan	Afghanistan	GAO	Ongoing
Afghan Counternarcotics: U.S. Eradication, Interdiction, Justice and Public Diplomacy Pillars	Afghanistan	GAO	Ongoing
Effectiveness of Counter Narcotics Programs in Afghanistan	Afghanistan	DOS/OIG	Ongoing
Effectiveness of Counter Narcotics Programs in Pakistan	Pakistan	DOS/OIG	Ongoing
USAID/Afghanistan's Alternative Development Program Expansion, North and West	Afghanistan	USAID/OIG	Planned
USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program	Afghanistan	USAID/OIG	Planned
Status of Reconstruction Funding for Afghanistan (U.S. and Other Donor Funding)	Afghanistan	SIGAR	Planned
Transportation Modes and Procedures for the Reliable Delivery of Reconstruction Goods and Supplies, Including Controls and Accountability	Afghanistan	SIGAR	Planned
U.S. and International Donor Programs to Assist Afghanistan's Agricultural Sector	Afghanistan	SIGAR	Planned

*Education and Health Care*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
USAID/Afghanistan's Basic Education Program	Afghanistan	USAID/OIG	Ongoing
USAID/Afghanistan's School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program	Afghanistan	USAID/OIG	Ongoing
USAID/Afghanistan's Construction of Health and Education Facilities Program	Afghanistan	USAID/OIG	Planned
USAID/Afghanistan's Partnership for Community-Based Education in Afghanistan Program	Afghanistan	USAID/OIG	Planned
USAID/Afghanistan's Support to the American University of Afghanistan Activity	Afghanistan	USAID/OIG	Planned
U.S. and International Assistance to Afghanistan's Education Sector	Afghanistan	SIGAR	Planned
USAID/Pakistan's Family Advancement for Life and Health Program	Pakistan	USAID/OIG	Planned
USAID/Pakistan's Links to Learning: Education Support to Pakistan Program	Pakistan	USAID/OIG	Planned
USAID/Pakistan's Pre-Service Teacher Education Program	Pakistan	USAID/OIG	Planned
USAID/Pakistan's Primary Health Care Revitalization, Integration, and Decentralization in Earthquake-Affected Areas Program	Pakistan	USAID/OIG	Planned

*Infrastructure*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
USAID/Afghanistan's Infrastructure Rehabilitation Program—Power Sector	Afghanistan	USAID/OIG	Ongoing
Afghanistan Infrastructure Project Inspections	Afghanistan	SIGAR	Ongoing
U.S. and International Donor Programs to Assist Afghanistan's Energy Sector	Afghanistan	SIGAR	Ongoing
Afghanistan Water Sector	Afghanistan	GAO	Ongoing
Electrical Infrastructure in Afghanistan	Afghanistan	DoD/OIG	Ongoing
U.S. Development Efforts in Pakistan's Federally Administered Tribal Areas and Frontier Region	Pakistan	GAO	Ongoing
USAID/Afghanistan's Infrastructure Rehabilitation Program—Transport Sector	Afghanistan	USAID/OIG	Planned
USAID/Afghanistan's Water, Agriculture, and Technology Transfer	Afghanistan	USAID/OIG	Planned
U.S. and Other Donor Efforts to Develop Afghanistan's Private Sector	Afghanistan	SIGAR	Planned
USAID/Pakistan's Capacity-Building Development Program	Pakistan	USAID/OIG	Planned
USAID/Pakistan's Federally Administered Tribal Areas Livelihood Development Program as Implemented by the Academy for Educational Development	Pakistan	USAID/OIG	Planned
USAID/Pakistan's Federally Administered Tribal Areas Livelihood Development Program as Implemented by CHF International	Pakistan	USAID/OIG	Planned
Use and Effectiveness of Funds Provided to the Federally Administered Tribal Areas in Pakistan	Pakistan	DOS/OIG	Planned

*Reconstruction*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
USAID/Afghanistan's Afghan Civilian Assistance Program	Afghanistan	USAID/OIG	Ongoing
Building Materials Received by U.S. Forces—Afghanistan at Kandahar Air Force Base	Afghanistan	DoD/OIG	Ongoing
USAID/Afghanistan's Human Resources and Logistical Support Activity	Afghanistan	USAID/OIG	Planned

## SECTION 4: CONTRACTING OVERSIGHT AND PERFORMANCE

The administration and Congress are concerned that funds be spent appropriately and that the U.S. Government obtains value for the services and commodities it purchases. In addition, oversight of these funds is crucial, particularly in an environment in which there are difficulties with providing contracting staff and technical personnel to oversee contracts. Oversight in this area will focus on equipment and property, funds control and contract management, and services.

### *Equipment and Property*

Project Title	Country	Agency	Status
Management and Accountability of Property Purchased at Regional Contracting Centers in Afghanistan	Afghanistan	DoD/OIG	Ongoing

### *Funds Control and Contract Management*

Project Title	Country	Agency	Status
Contracting Operations at the Joint Contracting Command—Iraq/Afghanistan—Bagram	Afghanistan	DoD/OIG (AAA)	Ongoing
Contracting Operations at the Joint Contracting Command—Iraq/Afghanistan—Regional Contracting Commands Kandahar and Salerno	Afghanistan	DoD/OIG (AAA)	Ongoing
Contracting Operations at the Joint Contracting Command—Iraq/Afghanistan—Regional Contracting Commands Kabul and Jalalabad	Afghanistan	DoD/OIG (AAA)	Ongoing
Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund—Phase III	Afghanistan	DoD/OIG	Ongoing
Fiscal Year 2008 Marine Corps Global War on Terror-Related Costs Processed through the Standard Accounting, Budgeting, and Reporting System	Afghanistan	DoD/OIG	Ongoing

Agencies' Management, Oversight, Procedures, and Practices for Reconstruction Funds and Projects	Afghanistan	SIGAR	Ongoing
Contractor Performance and Agency Oversight of U.S. Government Contracts in Afghanistan with Louis Berger Group	Afghanistan	SIGAR	Ongoing
Agency Oversight of Contractors Managing and Administering Other Contracts or Grants in Iraq and Afghanistan	Afghanistan	GAO	Ongoing
Annual Mandated Review of Contracting in Iraq and Afghanistan	Afghanistan	GAO	Ongoing
Accountability and Controls for U.S. Funds for Salaries of Afghanistan's Civil Servants	Afghanistan	SIGAR	Planned
Contractor Performance, Cost, and Agency Oversight of U.S. Government Contracts in Afghanistan with Chemonics	Afghanistan	SIGAR	Planned
Contractor Performance, Cost, and Agency Oversight of U.S. Government Contracts in Afghanistan with MPRI	Afghanistan	SIGAR	Planned
Controls and Accountability of U.S. Funds for the Afghanistan National Solidarity Program	Afghanistan	SIGAR	Planned

*Services*

<b>Project Title</b>	<b>Country</b>	<b>Agency</b>	<b>Status</b>
Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom	Afghanistan	DoD OIG	Ongoing
Contract Administration of the Prime Vendor Program for Subsistence in Support of Operation Enduring Freedom	Afghanistan	DoD/OIG	Ongoing
Logistics Civil Augmentation Program (LOGCAP) IV Operations in Support of Operation Enduring Freedom	Afghanistan	DoD/OIG (AAA)	Planned
Operation and Maintenance of Permanent Facilities in Afghanistan	Afghanistan	DoD/OIG	Planned

Use of Contractor Support to Provide Ground Transportation of Supplies and Materials to and Within Afghanistan	Afghanistan	DoD/OIG	Planned
Controls and Accountability of U.S. Funds for the Basic Package of Health Services	Afghanistan	SIGAR	Planned

## SECTION 5: CROSSCUTTING PROGRAMS

Included in this section are audits of programs that span multiple program areas or are implemented by several different agencies.

Project Title	Country	Agency	Status
Construction of New Kabul Compound Facilities for U.S. Forces—Afghanistan	Afghanistan	DoD/OIG	Ongoing
Deployable Air Traffic Control and Landing System	Afghanistan	DoD/OIG (AFAA)	Ongoing
Disposal and Sanitization of Information Technology Equipment at Bagram Air Force Base	Afghanistan	DoD/OIG	Ongoing
Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund	Afghanistan	DoD/OIG	Ongoing
Information Assurance in Southwest Asia—Afghanistan	Afghanistan	DoD/OIG (AAA)	Ongoing
Joint Expeditionary Taskings Program	Afghanistan	DoD/OIG (AFAA)	Ongoing
Project Depot Overhaul, Maintenance, and Spare Parts for the Department of Navy Equipment in Afghanistan	Afghanistan	DoD/OIG (NAS)	Ongoing
U.S. Air Forces Central (AFCENT) Area of Responsibility Commercial Tender	Afghanistan	DoD/OIG (AFAA)	Ongoing
U.S. Air Forces Central (AFCENT) Area of Responsibility Office of Special Investigations Confidential Investigative Contingency Funds	Afghanistan	DoD/OIG (AFAA)	Ongoing
Inspection of Embassy Kabul	Afghanistan	DOS/OIG	Ongoing
Inspections of Provincial Reconstruction Teams' Management and Operation Capabilities	Afghanistan	SIGAR	Ongoing
USAID/Pakistan's Financial Statement Data for Fiscal Year 2009	Pakistan	USAID/OIG	Ongoing



Followup: Contracting for Nontactical Vehicles in Support of Operation Enduring Freedom	Afghanistan	DoD/OIG	Planned
Followup: Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia (Afghanistan and other locations)	Afghanistan	DoD/OIG	Planned
Economic Support Fund—Afghanistan	Afghanistan	DOS/OIG	Planned
Effectiveness of Provincial Team Strategy and Programs	Afghanistan	SIGAR	Planned
Reconstruction Staffing Strategy	Afghanistan	SIGAR	Planned
Strategic Assessment of U.S. Political, Military, and Economic Goals for Afghanistan	Afghanistan	SIGAR	Planned
Overseas Building Operation Contract for Consulate Karachi (Pakistan) Classified New Office Annex	Pakistan	DOS/OIG	Planned
Overseas Building Operation Contract for Consulate Karachi (Pakistan) Unclassified New Office Annex	Pakistan	DOS/OIG	Planned
Overseas Building Operation Contract for Consulate Karachi (Pakistan) Unclassified New Office Annex and Staff Housing	Pakistan	DOS/OIG	Planned

For questions concerning specific activities referenced in this report, please contact the individual agencies as appropriate:

Office of Inspector General, Department of Defense  
703-604-9142  
<http://www.dodig.mil/>

Office of Inspector General, Department of State  
202-663-0378 or 202-284-2668 (Washington, DC)  
011-962-6590-6464 (Amman, Jordan)  
<http://oig.state.gov/>

Office of Inspector General, U.S. Agency for International Development  
202-712-1020  
<http://www.usaid.gov/oig/>

Special Inspector General for Afghanistan Reconstruction  
703-602-3840  
<http://www.sigar.mil/>

Comptroller General, Government Accountability Office  
202-512-3000  
<http://www.gao.gov/>

APPENDIX--SCHEDULE OF ACTIVITIES  
 Comprehensive Oversight Plan for Afghanistan-Pakistan  
 Fourth Quarter FY 2009 - FY 2010

Activity by Sector	Agency	Initiation Date (Actual or Projected)								Completion Date (Projected)									
		1st Quarter FY 2009	2nd Quarter FY 2009	3rd Quarter FY 2009	4th Quarter FY 2009	1st Quarter FY 2010	2nd Quarter FY 2010	3rd Quarter FY 2010	4th Quarter FY 2010	4th Quarter FY 2009	1st Quarter FY 2010	2nd Quarter FY 2010	3rd Quarter FY 2010	4th Quarter FY 2010					
<b>Security</b>																			
U.S. Air Forces Central (AFCENT) Deployed Locations Information Technology Equipment Accountability and Control--Afghanistan	AFAA	Prior to 2009																	
U.S. Air Forces Central (AFCENT) Munitions Management--Afghanistan	AFAA	Prior to 2009																	
Assessment of the Accountability and Control of Arms, Ammunition, and Explosives Provided to the Security Forces of Afghanistan	DoD/OIG																		
Foreign Military Sales	AAA																		
Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Afghan National Security Forces	DoD/OIG																		
Assessment of U.S. and Coalition Forces to Develop the Medical Sustainment Capability of Afghan National Security Forces	DoD/OIG																		
Class III Fuel Procurement and Distribution in Southwest Asia	DoD/OIG																		
Diplomatic Security Management of Worldwide Personal Protective Services in Afghanistan	DOS/OIG																		
Personal Security Detail Contracts in Afghanistan	DOS/OIG																		
Followup of Deployed Assets--Afghanistan	AFAA																		
Review of U.S. Efforts to Implement the Security Development Plan for Pakistan's Federally Administered Tribal Areas and Frontier Region	GAO																		

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<b>Security (continued)</b>														
Agencies' Use of Security Contracts	SIGAR			●										
Afghanistan National Police Training and Mentoring Program	DOS/OIG DoD/OIG			●										
De-mining Programs in Afghanistan	DOS/OIG			●										
Controls and Accountability for the Commander's Emergency Response Program (CERP)	SIGAR			●										
Afghan Security Forces: Follow-on Review of U.S. Efforts to Build a Fully Capable Afghan National Army	GAO						●							●
Availability of Trained and Ready Forces to Support Military Operations in Iraq and Afghanistan	GAO						●							●
Combat Skills Training for Support Units	GAO						●							●
Department of Defense Efforts to Adjust Training Capacity to Support Ongoing Operations	GAO						●							●
Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan	USAID/OIG						●							●
Salary Payments to Afghanistan National Security Forces	SIGAR									●				●
U.S. Training Program for Afghanistan Female Police	SIGAR									●				●
Diplomatic Security Armored Vehicle Procurement -Afghanistan	DOS/OIG													●



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 Fourth Quarter FY 2009 - FY 2010

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		1st Quarter FY 2009	2nd Quarter FY 2009	3rd Quarter FY 2009	4th Quarter FY 2009	1st Quarter FY 2010	2nd Quarter FY 2010	3rd Quarter FY 2010	4th Quarter FY 2010	4th Quarter FY 2009	1st Quarter FY 2010	2nd Quarter FY 2010	3rd Quarter FY 2010	4th Quarter FY 2010
<b>Governance, Rule of Law, and Human Rights (continued)</b>														
Asset Accountability (Afghanistan and other locations)	DoD/OIG				•				•					
U.S. and Other Donor Efforts to Address and Build Afghanistan's Capacity to Address Corruption in the Provincial Governments	SIGAR				•									•
Afghanistan Refugee and Internally Displaced Persons	DOS/OIG									•				
Pakistan Internally Displaced Persons	DOS/OIG									•				
Trafficking in Persons	DOS/OIG									•				
Trafficking in Persons	USAID/OIG									•				
USAID/Pakistan's Capacity Building for the Federally Administered Tribal Areas (FATA) Development Program	USAID/OIG									•				
Public Diplomacy Programs in Afghanistan	DOS/OIG											•		
Public Diplomacy Programs in Pakistan	DOS/OIG											•		
USAID/Afghanistan's Support to the Electoral Process in Afghanistan (STEP) Activity	USAID/OIG											•		
USAID/Afghanistan's Support for Increased Electoral Participation (IEP) in Afghanistan Activity	USAID/OIG												•	FY 2011

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 Comprehensive Oversight Plan for Afghanistan-Pakistan  
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Activity by Sector	Agency	Initiation Date (Actual or Projected)								Completion Date (Projected)								
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<b>Economic and Social Development</b>																		
Afghan Counternarcotics: U.S. Eradication, Interdiction, Justice and Public Diplomacy Pillars	GAO		•												•			
U.S. Alternative Development and Good Performers Initiative Program in Afghanistan	GAO		•												•			
U.S. Development Efforts in Pakistan's Federally Administered Tribal Areas and Frontier Region	GAO		•												•			
Effectiveness of Counter Narcotics Programs in Pakistan	DOS/OIG		•													•		
USAID/Afghanistan's Afghan Civilian Assistance Program	USAID/OIG		•													•		
Building Materials Used Received by U.S. Forces--Afghanistan at Kandahar Air Force Base	DoD/OIG			•												•		
Electrical Infrastructure in Afghanistan	DoD/OIG			•												•		
Afghanistan Water Sector	GAO			•												•		
Afghanistan Infrastructure Project Inspections	SIGAR			•											•			
U.S. and International Donor Programs to Assist Afghanistan's Energy Sector	SIGAR			•											•			
Effectiveness of Counter Narcotics Programs in Afghanistan	DOS/OIG			•												•		

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 Fourth Quarter FY 2009 - FY 2010

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<b>Economic and Social Development (continued)</b>																		
USAID/Afghanistan's Basic Education Program	USAID/OIG			•										•				
USAID/Afghanistan's Infrastructure Rehabilitation Program—Power Sector	USAID/OIG			•									•					
USAID/Afghanistan's School and Health Clinic Buildings Completed Under the Schools and Clinics Refurbishment Program	USAID/OIG				•									•				
Status of Reconstruction Funding for Afghanistan (U.S. and Other Donor Funding)	SIGAR									•					•			
USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program	USAID/OIG									•					•			
USAID/Afghanistan's Alternative Development Program Expansion, North and West	USAID/OIG									•					•			
USAID/Pakistan's Capacity-Building Development Program	USAID/OIG									•					•			
USAID/Pakistan's Primary Healthcare Revitalization, Integration, and Decentralization in Earthquake-Affected Areas (PRIDE) Program	USAID/OIG									•					•			
U.S. and Other Donor Efforts to Assist Afghanistan's Agricultural Sector	SIGAR														•			•







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Activity by Sector	Agency	Initiation Date (Actual or Projected)								Completion Date (Projected)								
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<b>Contracting Oversight and Performance (continued)</b>																		
Contracting Operations at the Joint Contracting Command--Iraq/Afghanistan--Regional Contracting Commands Kabul and Jalalabad	AAA		•												•			
Contract Administration of the Prime Vendor Program for Subcontractors in Support of Operation Enduring Freedom	DoD/OIG		•												•			
Agency Oversight of Contractors Managing and Administering Other Contracts or Grants in Iraq and Afghanistan	GAO		•												•			
Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom	DoD/OIG				•											•		
Fiscal Year 2008 Marine Corps Global War on Terror-Related Costs Processed through the Standard Accounting, Budgeting and Reporting System	DoD/OIG				•											•		
Contractor Performance and Agency Oversight of U.S. Government Contracts in Afghanistan with Louis Berger Group	SIGAR				•										•			
Logistics Civil Augmentation Program (LOGCAP) IV Operations in Support of Operation Enduring Freedom	AAA								•							•		
Contractor Performance, Cost and Agency Oversight of U.S. Government Contracts in Afghanistan with Chemonics	SIGAR								•							•		
Contractor Performance, Cost, and Agency Oversight of U.S. Government Contracts in Afghanistan with MPRI	SIGAR								•							•		

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<b>Contracting Oversight and Performance (continued)</b>																		
Controls and Accountability of U.S. Funds for the Afghanistan National Solidarity Program	SIGAR				•												•	
Agencies' Management Oversight, Procedures, and Practices for Reconstruction Funds and Projects	SIGAR					•												•
Controls and Accountability of U.S. Funds for the Basic Package of Health Services	SIGAR					•												•
Accountability and Controls for U.S. Funds for Salaries of Afghanistan's Civil Servants	SIGAR									•								•
Use of Contractor Support to Provide Ground Transportation of Supplies and Materials to and Within Afghanistan	DoD/OIG										•							•
Operation and Maintenance of Permanent Facilities in Afghanistan	DoD/OIG												•					•
<b>Crosscutting Programs</b>																		
Funds Appropriated for Afghanistan and Iraq Processed through the Foreign Military Sales Trust Fund	DoD/OIG	•																•
Construction of New Kabul Compound Facilities for U.S. Forces--Afghanistan	DoD/OIG			•														•
Deployable Air Traffic Control and Landing System	AFAA			•														•
Disposal and Sanitation of Information Technology Equipment at Bagram Air Force Base	DoD/OIG			•														•
Joint Expeditionary Taskings Program	DoD/OIG			•														•

APPENDIX--SCHEDULE OF ACTIVITIES  
 Comprehensive Oversight Plan for Afghanistan-Pakistan  
 Fourth Quarter FY 2009 - FY 2010

Activity by Sector	Agency	Initiation Date (Actual or Projected)								Completion Date (Projected)				
		1st Quarter FY 2009	2nd Quarter FY 2009	3rd Quarter FY 2009	4th Quarter FY 2009	1st Quarter FY 2010	2nd Quarter FY 2010	3rd Quarter FY 2010	4th Quarter FY 2010	4th Quarter FY 2009	1st Quarter FY 2010	2nd Quarter FY 2010	3rd Quarter FY 2010	4th Quarter FY 2010
<b>Crosscutting Programs (continued)</b>														
U.S. Air Forces Central (AFCENT) Area of Responsibility Commercial Tender	DoD/OIG			•										•
U.S. Air Forces Central (AFCENT) Area of Responsibility Office of Special Investigations Confidential Investigative Contingency Funds	AFAA			•										•
Inspection of Provincial Reconstruction Teams' Management and Operation Capabilities	SIGAR				•		•			•				
Inspection of Embassy Kabul	DOS/OIG				•									•
USAID/Pakistan's Financial Statement Data for Fiscal Year 2009	USAID/OIG				•								•	
Followup: Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia (Afghanistan and other locations)	DoD/OIG									•				•
Followup: Contracting for Nonlethal Vehicles in Support of Operation Enduring Freedom	DoD/OIG									•				•
Effectiveness of Provincial Reconstruction Team Strategy and Programs	SIGAR									•				•
Depot Overhaul, Maintenance, and Spare Parts for the Department of Navy Equipment in Afghanistan	Naval Audit Service									•				•
Reconstruction Staffing Strategy	SIGAR													•



Mr. TIERNEY. Thank you.  
Mr. TIERNEY. Ambassador Geisel.

**STATEMENT OF HAROLD W. GEISEL**

Mr. GEISEL. Chairman Tierney, Ranking Member Flake, members of the subcommittee, thank you for inviting me to discuss the Department of State OIG oversight plan and our coordination and planning efforts with other IGs to provide oversight of U.S. resources and projects in Pakistan and Afghanistan. I also led this office from 1994 to 1995 and am very pleased with the significant increase in oversight that OIG is conducting around the world. The State Department OIG is an original member of the Southwest Asia Joint Planning Group responsible for coordinating the work of IGs active in this broad geographic region.

This past spring, the Pak-Af subgroup was formed to better focus on oversight related to Pakistan and Afghanistan. I'm pleased to report the Pak-Af subgroup is working quite well. In addition to formal regularly scheduled monthly meetings, members take part in weekly and sometimes daily discussions. We are acutely aware of the difficulties in working in Pakistan and Afghanistan and the burden that our staffs can place on U.S. personnel working in those countries; therefore, we are committed to avoiding redundancy and maximizing our effectiveness.

Let me begin with Pakistan. Our Middle East Regional Office, MERO, will conduct a review this fall of the current management control environment at Embassy Islamabad in anticipation of a significant increase in funding and program implementation during the next 5 years. MERO will assess risk and vulnerability associated with achieving current and new program objectives. Our plan is to use this risk and vulnerability assessment to drill down and conduct more thorough examinations of those programs and activities designated as most vulnerable to waste, fraud and abuse. As we learned from Iraq assistance programs in 2004 and 2005, effective management controls are needed at the initial stages of assistance implementation.

Additionally, in 2008, MERO completed the review with a Fulbright program in Afghanistan. Our Office of Inspections will conduct a full post inspection of Embassy Islamabad in calendar year 2010. Post inspections thoroughly cover every aspect of Department activity managed by the Embassy. In August, OIG and Embassy Islamabad agreed to have MERO open a five-person office at the Embassy to monitor Department programs. Our auditors and analysts will be stationed in Pakistan, supplemented as needed with additional OIG staff to provide the necessary oversight. MERO has effectively used this staffing model at Embassy Baghdad and plans to open a similar-sized office at Embassy Kabul this month. We expect to have our MERO office in Pakistan to open in early 2010 as funding levels permit.

Now I will talk about Afghanistan. Our Office of Inspections will be in Kabul this October inspecting the mission, and should issue a report later in 2009. About 12 inspectors, including a highly experienced team leader a former Ambassador will conduct the post inspection of all mission aspects, including contracting, mission programs, consular affairs, security and protection. Additionally, the

Office of Inspections will issue a report later this month on the Department's demining program in Afghanistan.

In August we released a MERO report covering the performance of U.S. Training Center, formerly Blackwater, under the terms of its Afghanistan contract. MERO also is participating in joint State-DOD audit of the Afghan national police training and mentoring program. They will report at the end of this year.

Looking forward to 2010, MERO plans to work on a number of Department-funded programs, including the following: refugees and internally displaced programs, public diplomacy and the Embassy's Guard forces.

Regarding investigations: In 2009, we created the Middle East Investigative Branch to conduct investigations in support of the Department's expanding Middle East and South Asia missions. MEIB's primary mission is to respond to criminal allegations and support investigative activities concerning Department programs, employees, and contractors from Pakistan to Morocco, with focused concentration on high-value, high-risk areas of Iraq, Pakistan and Afghanistan.

To date, six criminal investigators are assigned to MEIB, with five posted overseas and one in Arlington, Virginia. We can move our personnel easily from these forward bases in the region, as needed, to Islamabad, Kabul, or other priority posts.

We plan to increase MEIB staff at current posts, adding one in Baghdad, and one in Amman, as 2011 funding permits. In 2010, we plan to add two staff to MEIB based in D.C. MEIB completed construction and staffing of its Cairo office in 2009.

During fiscal year 2009, MEIB's investigative activities in Afghanistan include six open investigations and four preliminary inquiries, covering a number of alleged criminal violations.

The committee asked how we would plan our oversight should the pending bills for increased foreign assistance to Pakistan provide an additional 1½ billion each year over 5 years. There is clear congressional intent for an in-country presence by OIGs in Pakistan. We've been staffing Kabul and Islamabad with temporary deployments, and we'll increase staff there as necessary. Successful funding either way will gratefully improve our financial position for our office in Islamabad which opens in 2010.

The priorities set in the current bill—governance, economic development and investing in people-could touch on a number of State programs that we oversee and some that we share with the USAID-OIG. This includes rule of law, international narcotics and law enforcement, education and cultural affairs, and democracy, human rights and labor.

Thank you for the opportunity to present this information to you today. I would be happy to answer any questions.

Mr. TIERNEY. Thank you, Ambassador.

[The prepared statement of Mr. Geisel follows:]



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TESTIMONY OF HAROLD W. GEISEL  
INSPECTOR GENERAL (ACTING)

U.S. DEPARTMENT OF STATE AND BROADCASTING

BOARD OF GOVERNORS

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS

ON

AFGANISTAN AND PAKISTAN: ACCOUNTABILITY COMMUNITY OVERSIGHT  
OF A NEW INTERAGENCY STRATEGY

SEPTEMBER 9, 2009

Chairman Tierney, Ranking Member Flake, members of the Committee, thank you for inviting me to discuss the State Department Office of Inspector General's (OIG) oversight plan and our coordination and planning efforts with other Inspectors General (IGs) to provide oversight of U.S. resources and projects in Pakistan and Afghanistan.

I also led this office from 1994 to 1995 and am very pleased with the significant increase in oversight that OIG is conducting around the world.

The State Department OIG is an original member of the Southwest Asia Joint Planning Group responsible for coordinating the work of IGs active in that broad geographic region. This past spring, the Pakistan-Afghanistan (Pak-Af) Subgroup was formed in order to better focus on oversight related to Pakistan and Afghanistan.

The Pak-Af Subgroup includes the IGs for the Department of State and Defense, U.S. Agency for International Development (USAID), the Special Inspector General for Afghanistan Reconstruction (SIGAR), and the Government Accountability Office (GAO). Pak-Af held its first meeting in May 2009. In July, member agencies signed a charter, committing to inform each other about the status of ongoing and planned projects, discuss and resolve any coordination issues, and de-conflict activities.

I am pleased to report that the Pak-Af Subgroup is working well. In addition to formal, regularly scheduled monthly meetings, members take part in weekly, and sometimes daily, discussions. Members work together during the meetings and informally to improve oversight within their jurisdiction and eliminate redundant oversight. At times, agencies work jointly on oversight projects, such as the joint State / Defense review of the Afghanistan police training program. IGs in Pak-Af also focus on different aspects of one effort.

For example, our Middle East Regional Office (MERO) and GAO coordinated their respective reviews of counternarcotics efforts in Afghanistan to avoid a duplication of information in our reports.

We are acutely aware of the difficulties of working in Pakistan and Afghanistan and the burden that our staffs can place on U.S. civilian and military personnel working in those countries. Therefore, we are committed to avoiding redundancy and maximizing our effectiveness.

### **Pakistan**

At the request of Ambassador Anne Patterson, MERO will conduct a review this fall of the current management control environment at Embassy Islamabad in anticipation of a significant increase in funding and program implementation during the next five years. MERO will assess program risk and vulnerability associated with achieving current and new program objectives.

The review will determine the state of management control activities, communications, and monitoring systems for Department funds to be provided to the Federally Administered Tribal Areas of Pakistan, commonly known as FATA. Furthermore, we plan to evaluate the capabilities of Pakistani agencies and non-governmental organizations (NGOs) currently receiving U.S. funds or that may receive funds, to ensure they have the proper management controls in place and funds are used as intended.

Our plan is to use this risk and vulnerability assessment, when necessary, to “drill down” and conduct more thorough examinations, during 2010, 2011 and beyond, of those programs and activities designated as most vulnerable to waste, fraud, and abuse. As we learned from Iraq assistance programs in 2004 and 2005, effective management controls are needed at the initial stages of assistance implementation. The lack of effective management controls by

civilian and military agencies at the outset in Iraq led to widespread waste and misappropriation of U.S. assistance.

Our goals are to:

- Get in on the ground floor of the Department's expanding assistance program in Pakistan,
- Map and fully understand the management control systems used by Embassy Islamabad and its Pakistani implementing partners, and
- Concurrently monitor high-risk and high-value activities.

Our Office of Inspections plans to add a full post inspection of Embassy Islamabad in Calendar Year 2010. Post inspections thoroughly cover every aspect of Department activity managed by the Embassy.

In August, OIG and Embassy Islamabad agreed to have MERO open a five-person office at the Embassy to monitor Department programs. A dedicated core of auditors and program analysts stationed in Pakistan, supplemented as needed with additional OIG personnel, will provide the necessary oversight.

MERO has effectively used this staffing model at Embassy Baghdad and plans to open a similar-sized office at Embassy Kabul in September 2009. Obtaining housing, office space, and other support services in an already overcrowded embassy compound has been and will continue to be a challenge; however, we expect to have our team up and running in Pakistan in early 2010. In the meantime, we will continue to provide audit coverage in Pakistan with personnel from our offices in Amman, Cairo, Kabul and Washington, DC.

### **Afghanistan**

Our Office of Inspections initiated its post inspection of Kabul this summer and should report later in 2009. About 12 inspectors, including a highly experienced team leader and former ambassador, is conducting the post

inspection, which will include contracting, mission programs, consular affairs and security and protection.

The Office of Inspections will also issue a report later this month on the Department's de-mining program in Afghanistan.

Our MERO group had originally planned to open a four-person office at Embassy Kabul at the beginning of 2009. However, we agreed to delay our arrival until this fall because of housing and office shortages. Currently, we are set to open our office in Kabul later this month. In the meantime, MERO has been conducting fieldwork there on 3- to 4-week temporary duty visits.

In August, we released a MERO report covering the performance of U.S. Training Center (formerly Blackwater) under the terms of its Afghanistan contract to ensure the safety of chief of mission personnel while operating outside the Embassy.

MERO also is participating in a joint State / Defense audit of the Afghan National Police Training and Mentoring Program. An eight-person team of auditors and program analysts will determine whether costs submitted by contractors are allowable, allocable, and reasonable for the services received. The joint audit team also is assessing the staffing, training, contract management, and contract effectiveness of the police trainers and will report at the end of this year.

Looking forward to FY 2010 - 2011, MERO plans to open work on a number of Department-funded programs including refugees and internally displaced persons, public diplomacy, the embassy's local security guard forces, and the rightsizing (staffing) of Embassy Kabul. The present environment in Afghanistan is very fluid, so MERO remains prepared to respond quickly to emerging needs of the Embassy, the Department, and Congress.

**Investigations**

In FY 2009, along with the establishment of MERO, the Office of Investigations created the Middle East Investigative Branch (MEIB) to conduct investigations in support of the Department's expanding Middle East and South Asia mission. MEIB's primary mission is to respond to criminal allegations and support investigative activities concerning Department programs, employees, and contractors from Pakistan to Morocco with focused concentration on high-value, high-risk areas of Iraq, Pakistan, and Afghanistan.

To date, six criminal investigators are assigned to MEIB with five posted overseas and one in Arlington, Virginia. The five investigators in the Middle East are assigned to Amman, Baghdad, and Cairo. We can move our personnel easily from these forward bases, as needed, to Islamabad or Kabul

We plan to increase MEIB staff at current posts, adding one in Baghdad, and one in Amman, assuming congressional support for our expanded mission in these critical regions. In FY 2010, Investigations plans to add two MEIB staff based in Washington, D.C.

MEIB completed construction of its Cairo office, the third of three in the region, in June 2009. One of the Cairo-based agents will be assigned as the Regional Agent in Charge (RAC) and is scheduled to report in September 2009. The RAC will manage all investigative operations and MEIB staff in the region.

In an effort to leverage law enforcement resources and share investigative information, the MEIB is also an active member of the International Contract Corruption Task Force, which includes nine federal agencies, chaired by the FBI. The Task Force was created in mid-2007 by the Department of Justice to coordinate a comprehensive approach to international corruption and procurement fraud cases.

We cannot discuss open investigations, however, during fiscal year 2009, the MEIB's investigative activities in Afghanistan include: Six (6) open investigations and four (4) preliminary inquiries, covering alleged criminal violations such as Fraud, False Statements, Conspiracy to Distribute a Controlled Substance, Sexual Exploitation of a Minor, Sexual Exploitation of a Third Country National, Unlawful Arrest/Detention, Reprisal, Assault, Embezzlement, Kickbacks, International Traffic in Arms violations, Human Trafficking, and Federal Acquisition Regulations violations.

#### **Potential Increase in Pakistan Foreign Assistance**

The Committee asked how we would plan our oversight should the pending bills for increased foreign assistance to Pakistan become law and provide an additional \$1.5 billion each year over the next 5 years.

Currently, there are two versions of the bill and I can at least address what we understand are the consistent elements of both bills.

First, there is clear Congressional intent for an in-country OIG presence in Pakistan. We have been staffing Kabul and Islamabad with temporary deployments to both countries and we will increase staff there as necessary. Our office in Kabul opens this month and the Islamabad office will be opened by spring 2010.

Since the middle of 2008, MERO has begun a review of internal controls for all Department programs with activity in Pakistan and finished a review of the Fulbright Program earlier this year.

Lastly, the priorities set forth in the current bills – governance, economic development and investing in people - could touch on a number of State programs that we oversee and some that we share with USAID OIG. This

includes Rule of Law, International Narcotics and Law Enforcement, Education and Cultural Affairs and Democracy, Human Rights and Labor.

Mr. Chairman, we expect that USAID would likely receive the lion's share of this new foreign assistance funding. Nevertheless, we will remain watchful, as the legislation moves through Congress and then follow the Department's decision on how it will allocate this new funding.

The Committee also asked how we intend to overcome the challenges of providing effective oversight of Department programs in the Federally Administered Tribal Areas (FATA). First, all U.S. oversight staff are under Chief of Mission authority in both countries and travel to the FATA is controlled by the embassy Regional Security Office. Foreign Assistance in the FATA is being accomplished with the use of Non-U.S. implementers.

Ideally, all of the IGs here would hope for enough stability to enable travel to all regions of FATA. Today, that is rarely possible. Even without stability, it is possible to evaluate procurements without entering FATA, but field work for performance reviews or audits will be more challenging.

I believe it would be possible to engage non-U.S. personnel to monitor program progress.

Thank you for the opportunity to present this timely information to you today. I would be happy to answer any questions you may have.



Mr. TIERNEY. Ms. Williams-Bridgers.

**STATEMENT OF JACQUELYN WILLIAMS-BRIDGERS**

Ms. WILLIAMS-BRIDGERS. Chairman Tierney and Mr. Flake and members of the subcommittee, thank you very much for inviting me to testify to discuss our oversight in Afghanistan and Pakistan alongside my colleagues in the accountability community.

Since 2003, GAO has issued more than 30 reports and testimonies on U.S. efforts to disrupt, defeat and destroy terrorism in Afghanistan and Pakistan. Our work has identified the need for greater attention on issues such as the development of a comprehensive interagency plan for Pakistan, building the Afghan national security forces, accountability over billions of U.S. assistance to Afghanistan and Pakistan, contract management and oversight of contractors and U.S. counter narcotics efforts.

GAO's past work has recommended specific improvements needed in U.S. efforts that should be considered in the administration's future strategic planning and implementation. GAO found that several existing conditions such as worsening security, poor infrastructure and the limited institutional capacity of the Afghan Government continue to create challenges for U.S. efforts to assist with securing, stabilizing and rebuilding Afghanistan and combating terrorism in Pakistan.

To address these challenges, GAO has recommended that State, DOD and USAID improve their planning, enhance interagency coordination, and increase police mentors for training the ANP.

As you noted in your opening statement, Mr. Tierney, we have also recommended increased oversight of weapons provided to the ANSF and the coalition support funds provided to Pakistan.

We also reported on the need for improvements in contract management and the numbers of oversight personnel with experience in contingency operations.

Recently, the administration announced a new integrated civilian military campaign plan for Afghanistan, and we understand that the plan for Pakistan is being completed. State and DOD have coordinated their plans for Afghan National Security Force capacity building. In addition, DOD has taken steps to improve accountability for weapons provided to Afghanistan and coalition support funds provided to Pakistan.

GAO has several ongoing reviews addressing a wide range of issues such as the deteriorating condition in Afghanistan, building the Afghan Army, U.S. contracting, and creating sustainable development programs in both countries. Like our colleagues in the accountability community, GAO works to improve the performance and accountability of government.

GAO's authority, of course, extends beyond single departments or agencies in order to provide assistance and support to the Congress to make informed policy and funding decisions across government. GAO's policy and agency protocols require us to coordinate our oversight with other members of the accountability community, and we enjoy a very good working relationship with them.

For example, as a member of the Subgroup of Southwest Asia, a joint planning group, GAO meets quarterly with the IGs and we submit our ongoing work for publication and respective documents.

In addition to these more formal consultations, we regularly communicate with colleagues in various offices to ensure our work is coordinated and overlap is minimized.

Inevitably, however, in developing our audit plans, we often find that our planned work is quite similar in scope. Given the statutory mandates of our respective organizations to conduct audits and evaluate programs and activities that involve multiple agencies, the overlap in our planning is not surprising. However, we find that through the coordination groups, we have enjoyed fluid communication that occurs across our office, and we are able to deconflict and avoid potential overlap.

We have enjoyed particularly a very strong working relationship with SIGAR as it has stood up its organization over the past year. That is not surprising since many of the employees of SIGAR are former employees of GAO and my team in particular.

U.S. personnel face enormous challenges working in Afghanistan and Pakistan. The security situation limits their movements and their ability to monitor projects, and the surge of civilian and military personnel has strained housing and other logistical supports. It is in that environment that GAO and our colleagues in the audit community enter our Embassies and our military bases in Afghanistan and Pakistan. As such, we work to minimize the burden that oversight places on program management staff. However, with additional U.S. resources and attention focused by this Congress and this administration on Afghanistan and Pakistan, there should be additional oversight to ensure accountability of U.S. efforts.

GAO relies on testimonial evidence, documentation, as well as onsite verification to conduct our work. GAO has visited Afghanistan and Pakistan over 10 times in the past 2 years to ensure the integrity of our own work. Nevertheless, we have faced some challenges in conducting oversight in-country due to the unstable security environment and the limited housing available to temporary duty travelers. We take steps to mitigate these limitations by taking advantage of opportunities to meet with key officials in more secure locations and when individuals travel to Washington. We also, whenever possible, take advantage of technologies such as video conferencing.

To enhance our ability to conduct our work, however, GAO has established a steady presence in Iraq. We have been there since January 2008. We have three staff that are stationed there on a 6-month rotational basis. This has proved invaluable to our ability to conduct oversight in Iraq.

With the challenges confronting the U.S. Government for a successful drawdown in Iraq, and the significant increase in troop presence and resources planned to execute our new strategy in Afghanistan and Pakistan, GAO has recently initiated an assessment to determine our requirements in the region as a whole. We plan to explore several options, including alternative TDY locations in Afghanistan and Pakistan.

In closing, we recognize that carrying out oversight responsibilities in insecure areas will never be easy or without risk. As importantly, we recognize that the men and women, both civilian and military, serving our country there endure hardships and risks to perform the work critical to achievement of our national security

and foreign policy goals. My colleagues at this table and I know that we must be judicious in our presence and mindful of any unintended additional burden on our diplomats and service personnel.

GAO stands ready to assist the Congress in its oversight efforts and will continue to closely coordinate with our colleagues in the accountability community. I stand ready to answer any questions you may have.

Mr. TIERNEY. Thank you.

[The prepared statement of Ms. Williams-Bridgers follows:]

United States Government Accountability Office

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**GAO**

Testimony  
Before the Subcommittee on National  
Security and Foreign Affairs, Committee  
on Oversight and Government Reform,  
House of Representatives

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For Release on Delivery  
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**AFGHANISTAN AND  
PAKISTAN**

**Oversight of U.S.  
Interagency Efforts**

Statement of Jacquelyn Williams-Bridgers  
Managing Director, International Affairs and Trade



September 9, 2009

## AFGHANISTAN AND PAKISTAN

### Oversight of U.S. Interagency Efforts



Highlights of GAO-09-1015T, a testimony before the Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform, U.S. House of Representatives

#### Why GAO Did This Study

GAO has identified Afghanistan and Pakistan as two of the most urgent issues facing this Administration and this Congress. In March, the President announced a strategy for Afghanistan and Pakistan, with a broad strategic goal of disrupting, dismantling, and defeating Al-Qaeda in Afghanistan; destroying its allies and safe havens in Pakistan; and preventing their return to Pakistan or Afghanistan. With additional U.S. resources and attention focusing on Afghanistan and Pakistan, there will be additional oversight to ensure the accountability of U.S. efforts.

This testimony addresses (1) GAO's oversight of U.S. efforts in Afghanistan and Pakistan; (2) how GAO coordinates its efforts with its colleagues in the accountability community; and (3) some of the challenges GAO faces carrying out oversight.

This testimony is based on past GAO reports and testimonies examining U.S. efforts in Afghanistan and Pakistan. These reports and testimonies contain analysis of documents and information from Afghan and Pakistani officials; U.S. officials in Afghanistan, Pakistan, and Washington, D.C.; and representatives of coalition military forces and command, including the NATO-led International Security Assistance Force, and international organizations, including the United Nations.

GAO has made recommendations in prior reports, but makes no new ones in this statement.

View GAO-09-1015T or key components. For more information, contact Jacquelyn Williams-Bridgers (202) 512-3101 or [williamsbridgersj@gao.gov](mailto:williamsbridgersj@gao.gov).

#### What GAO Found

Since 2003, GAO has issued more than 30 reports and testimonies on U.S. efforts in Afghanistan and Pakistan. This work has addressed issues such as the costs of the war, the need for better planning, reform of the Afghan National Army and Police, accountability over billions of U.S. assistance to Afghanistan and Pakistan, efforts to improve the government's management and oversight of contractors, Afghan road construction, counternarcotics efforts in Afghanistan, and the security of Pakistan's border region. GAO also has several ongoing reviews concerning Afghanistan and Pakistan addressing a wide range of issues, such as building the Afghan army and development programs in both countries. GAO's past work has identified needed improvements as well as many obstacles that affect success and should be considered in program planning and implementation. GAO found most U.S. initiatives we reviewed needed improved planning. GAO also concluded that several existing conditions in Afghanistan and Pakistan, such as worsening security, poor infrastructure, and the limited institutional capacity of the Afghan government, continue to create challenges to U.S. efforts to assist with securing, stabilizing, and rebuilding Afghanistan and destroying terrorists and their safe havens in Pakistan. To address these concerns, GAO made recommendations in prior reports on issues such as the need for better planning, improved coordination of interagency efforts, and increased oversight, which led to several actions taken by agencies to improve planning and enhance accountability procedures.

While GAO's activities to support the Congress are unique, it consults with key members of the accountability community, including the inspectors general, the chief financial officers, and the executives of other nations' audit agencies. GAO also participates in formal and informal coordination mechanisms pertaining specifically to Afghanistan and Pakistan oversight. For example, GAO is a member of the Southwest Asia Joint Planning Group, which was created in June 2008. Through the Afghanistan-Pakistan Subgroup of this planning group, which was created earlier this year and formalized its charter this past July, GAO meets at least quarterly with major oversight organizations responsible for ensuring accountability and transparency of U.S. programs in Afghanistan and Pakistan. GAO also meets with individuals in the accountability community concerning Afghanistan and Pakistan oversight to ensure its work is coordinated and minimizes overlap.

GAO has faced some challenges to conducting oversight of U.S. government efforts in Afghanistan and Pakistan due to the unstable security environment and limited housing available to temporary duty travelers. For example, while in Pakistan earlier this year, a GAO team was unable to travel to Peshawar or Pakistan's Federally Administered Tribal Areas due to the security situation there. However, GAO takes steps to mitigate these limitations, such as by setting up teleconferences and videoconferences along with other measures, and is still able to perform assessments of the programs.

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss GAO's oversight of U.S. interagency efforts to disrupt, dismantle, and defeat Al-Qaeda in Afghanistan; destroy its allies and its safe havens in Pakistan; and prevent their return to Pakistan or Afghanistan. In March, the President announced a strategy for Afghanistan and Pakistan. Just last month, the Administration finalized the United States Government Integrated Civilian-Military Campaign Plan for Support to Afghanistan, and it is our understanding the Administration is completing work on a plan for Pakistan.

My statement today is based on GAO's extensive body of work examining U.S. efforts in Afghanistan and Pakistan, which has been bolstered by fieldwork in both countries (see app. I for a list of related GAO products). I will address (1) GAO's oversight of U.S. efforts in Afghanistan and Pakistan; (2) how we coordinate our efforts with our colleagues in the accountability community, including the Special Inspector General for Afghanistan Reconstruction (SIGAR); and (3) some of the challenges we face in carrying out oversight.

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## GAO's Oversight of U.S. Efforts in Afghanistan and Pakistan

Earlier this year, GAO identified U.S. efforts to secure, stabilize, and rebuild Afghanistan and to address the terrorist threat emerging from Pakistan as two of the most urgent issues facing this Administration and this Congress.<sup>1</sup> In Afghanistan, the U.S. government faces significant challenges in building capable Afghan National Security Forces, combating insurgents and narcotics trafficking, developing the Afghan economy and government capacity, and improving contractor oversight. Similarly, in Pakistan, the United States faces the need to better utilize key elements of national power. Our ongoing and planned work continues to focus on these key challenges and their alignment with the Administration's strategy and plans.

Since 2003, we have issued over 30 reports and testimonies on U.S. efforts in Afghanistan and Pakistan. These products cover a variety of areas and multiple federal departments and agencies, and address a number of

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<sup>1</sup>GAO, *Afghanistan: Key Issues for Congressional Oversight*, GAO-09-473SP (Washington, D.C.: Apr. 21, 2009) and *Security, Stabilizing, and Developing Pakistan's Border Area with Afghanistan: Key Issues for Congressional Oversight*, GAO-09-263SP (Washington, D.C.: Feb. 23, 2009).

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issues that pertain to the Administration's counterinsurgency strategy for Afghanistan and Pakistan, including:

- the costs of the war;
- the need for more comprehensive and better interagency planning;
- reform of the Afghan National Army and Police;
- accountability over billions of U.S. assistance to Afghanistan and Pakistan;
- efforts to improve the government's management and oversight of contractors and contractor personnel;
- road construction and other development efforts; and
- counternarcotics efforts in Afghanistan.

Over the course of our work, we have identified needed improvements in U.S. efforts, as well as many obstacles that have affected success and should be considered in the Administration's future program planning and implementation. We found that most U.S. initiatives we reviewed, such as efforts to build capable Afghan security forces, needed improved planning, including the development of coordinated interagency plans that include measurable goals, specific time frames, and cost estimates. We also identified external factors that have significantly affected efforts in key areas such as building roads. For example, last year we testified that a shortage of U.S. police mentors has been a key impediment to U.S. efforts to train the Afghan National Police. We also found that the Departments of Defense (DOD) and State (State) lacked a coordinated, detailed, interagency plan for training and equipping the Afghan National Security Forces. In addition, in 2009, we again reported that the United States lacked a comprehensive plan for combating terrorism and closing safe havens in Pakistan's border region with Afghanistan. Moreover, there is a lack of acquisition and oversight personnel with experience working in contingency operations, which we have found strains the agencies' acquisition and oversight capacity. We also concluded that several existing conditions in Afghanistan and Pakistan, such as worsening security, poor infrastructure, and the limited institutional capacity of the Afghan government, continue to create challenges to U.S. efforts to assist with securing, stabilizing, and rebuilding Afghanistan and destroying terrorists and their safe havens in Pakistan. For example, attacks against Afghan police and other security forces increased six-fold from October 2003 to October 2008, according to DOD. The higher level of attacks was related to the increased use of the Afghan National Police in counterinsurgency operations. We testified on challenges in providing U.S. forces, equipment,

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and infrastructure and factors that should be considered in developing the U.S. strategy and plans for military operations in Afghanistan.<sup>2</sup>

To address these issues identified in prior reports, we made recommendations to DOD, State, and USAID to improve planning, enhance interagency coordination, provide additional U.S. mentors, and increase oversight of weapons provided to Afghan National Security Forces and Coalition Support Funds provided to Pakistan. We are pleased to note several accomplishments resulting from our reports. Among them:

- DOD and State have coordinated, detailed plans for developing and sustaining Afghan National Security Forces;
- the President announced the addition of 4,000 troops for the primary purpose of training Afghan security forces;
- DOD established clearer accountability procedures for tracking weapons provided to Afghan security forces; and
- DOD took several steps to increase oversight and accountability of Coalition Support Funds to Pakistan, resulting in over \$170 million in denied charges.

We also have several ongoing reviews concerning Afghanistan and Pakistan addressing the following topics:

- Afghanistan's security environment;
- building the Afghan army;
- counternarcotics efforts in Afghanistan;
- alternative development programs in Afghanistan;
- the water sector in Afghanistan;
- U.S. contracting and contractor management;
- supply and equipment support for U.S. forces in Afghanistan;
- efforts to counter threats from improvised explosive devices;
- DOD processes for responding to wartime needs of U.S. forces;
- availability of U.S. forces for operations in Afghanistan and Iraq;
- development assistance in Pakistan's Federally Administered Tribal Areas; and
- the U.S. Security Development Plan for Pakistan.

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<sup>2</sup>GAO, *Iraq and Afghanistan: Availability of Forces, Equipment, and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans*, GAO-09-380T (Washington, D.C.: February 12, 2009).



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In addition, the Congress has included in various bills potential mandates for GAO to assess U.S. efforts to develop a comprehensive plan to address the terrorist threat emanating out of Pakistan, evaluate the effectiveness of U.S. security assistance to Pakistan, and assess the extent to which the U.S. campaign plan for Afghanistan adheres to military doctrine, which we are prepared to work on.

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### Coordination with Accountability Community

Like our colleagues in the accountability community, GAO works to improve the performance and accountability of government. GAO's authority extends beyond a single department or agency and includes the examination of public funds; evaluation of federal programs and policies; and provision of analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions.

While our activities to support the Congress are unique, we work closely with other members of the U.S. government accountability community. Our policy and protocols require us to coordinate our efforts with these federal oversight entities to ensure our work complements and reinforces the work of others.

In the course of periodic meetings and other interactions, GAO consults with key members of the accountability community, including the inspectors general, the chief financial officers, and the executives of other nations' audit agencies. We do the same with officials from the Office of Management and Budget, the Congressional Budget Office (CBO), the Congressional Research Service (CRS), and other federal agencies. For example, we have met with the Commission on Wartime Contracting on several occasions to discuss our work. In addition, GAO, CBO, and CRS may assist the Congress with work on the same program, but are collectively responsible for coordinating and cooperating to avoid unnecessary duplication. The three agencies have established a system and controls to ensure that (1) cooperative arrangements are working well, (2) planned work is not duplicative, and (3) problems are promptly resolved.

We also participate in formal and informal coordination mechanisms pertaining specifically to Afghanistan and Pakistan oversight. GAO is a member of the Southwest Asia Joint Planning Group, which was created in June 2008. Through the Afghanistan-Pakistan Subgroup of this planning group, which was created earlier this year and formalized its charter this past July, GAO meets at least quarterly with major oversight organizations responsible for ensuring accountability and transparency of U.S. programs

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in Afghanistan and Pakistan. The subgroup—which is chaired by the U.S. Agency for International Development's Inspector General and includes the DOD Inspector General,<sup>3</sup> State Inspector General, GAO, and Special Inspector General for Afghanistan Reconstruction (SIGAR)—facilitates coordination and collaboration among the organizations and serves as a central point for coordinating planned and ongoing audits, reviews, and inspections, as well as for sharing information among the members. The subgroup members are expected to minimize overlapping efforts and reduce the burden that the oversight process places on program management staff. As a member of the subgroup, we support the group's charter to (1) provide the status of ongoing and planned projects; (2) highlight key elements of reports issued since the last meeting; (3) answer questions from other members; and (4) discuss and resolve issues relating to coordination and deconfliction of activities among the oversight organizations. GAO's ongoing efforts are included in the subgroup's recently completed Comprehensive Oversight Plan: Afghanistan-Pakistan for the fourth quarter fiscal year 2009 through fiscal year 2010. Furthermore, GAO routinely meets with individuals in the accountability community concerning Afghanistan and Pakistan oversight to ensure our work is coordinated and minimizes overlap. GAO also provides information on the breadth of our work and the status of our ongoing work to SIGAR for its quarterly reports. We have developed a strong working relationship with SIGAR, and a number of my former colleagues are presently at SIGAR.

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### Challenges to Conducting Oversight of Afghanistan and Pakistan Programs

U.S. personnel face enormous challenges working in both Afghanistan and Pakistan. The security situation limits their movements and ability to monitor projects, and a surge of civilian and military personnel has strained housing and other logistical support. It is in that environment that GAO and our colleagues in the audit community enter our embassies and military bases in Afghanistan and Pakistan. As such, we work to minimize the burden our oversight places on program management staff. However, with additional U.S. resources and attention focusing on Afghanistan and Pakistan, there should be additional oversight to ensure the accountability of U.S. efforts.

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<sup>3</sup>The Department of Defense Inspector General also includes the efforts of the Air Force Audit Agency, the Army Audit Agency, and the Naval Audit Service.

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GAO relies on both documentation, as well as on-site verification, to conduct its oversight work. GAO has traveled to Afghanistan and Pakistan for most of its reports—over 10 times in the last two years—to ensure the integrity of our work. Nevertheless, we have faced some challenges to conducting oversight of U.S. government efforts in Afghanistan and Pakistan due to the unstable security environment and limited housing available to temporary duty travelers. GAO is reliant on DOD and State for permission and protection to travel to sites where U.S. activities are ongoing. For example, a GAO team traveled to Afghanistan in August 2008 to review accountability of U.S. provided weapons to Afghan security forces. However, the team was unable to travel beyond Kabul to visit units to review their weapons accountability procedures due to heightened security threats. While in Pakistan earlier this year, a GAO team, which I accompanied, was unable to travel to Peshawar or the FATA due to the security situation there. Housing also poses a problem in Afghanistan. In both countries, hotels are generally off limits to official U.S. personnel due to the security environment. Quarters are tight and on several occasions, GAO teams requesting travel to Afghanistan have had to postpone or limit the length of their visits due to lack of housing. We recognize this is not the ideal situation and we identify these limitations in the scope and methodology sections of our reports. However, we also take steps to mitigate these limitations. For example, we try to maximize opportunities to meet with key officials in more secure parts of the country or when such individuals travel to Washington. We also set up interviews via videoconference or telephone. Consequently, we are still able to perform assessments of the programs.

As the Congress is aware, with congressional and State Department support, GAO has a presence in Iraq. GAO has three staff stationed at the U.S. Embassy in Baghdad. They provide important on-the-ground oversight of U.S. efforts in Iraq and support multiple GAO teams completing Iraq related work. We have extensively utilized our staff stationed in Baghdad to help us assess, among other things, progress in meeting U.S. goals in Iraq, including (1) improving security conditions; (2) developing Iraqi security forces' capabilities and transferring security responsibilities to the Iraqi government; (3) facilitating Iraqi government efforts to enact and implement key laws and to develop local and national government capacity; and (4) helping the Iraqi government provide essential services to its people. We have recently initiated an assessment to determine our requirements for workspace in the region. This assessment will take into consideration our increased work in Afghanistan and Pakistan, as well as our continuing work in Iraq.

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In closing, while we recognize that carrying out responsible oversight in active war zones like Afghanistan and Pakistan will never be easy or without risk, GAO stands ready to assist the Congress in its oversight efforts and will continue to work closely with our colleagues in the accountability community to conduct this critical work. We would also like to thank Ambassador Holbrooke for his commitment to assist us in our oversight work.

Mr. Chairman and members of the subcommittee, this concludes my prepared statement. I will be happy to answer any questions you may have.

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## Scope and Methodology

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To address the objective regarding GAO's oversight of U.S. efforts in Afghanistan and Pakistan, we reviewed past GAO reports and testimonies examining U.S. efforts in Afghanistan and Pakistan. Our reports and testimonies include analysis of documents and other information from Afghan and Pakistani officials; U.S. officials in Afghanistan, Pakistan, and Washington, D.C., including the Departments of Agriculture, Defense, State, Justice, and the Treasury, as well as the U.S. Agency for International Development; the Army Corps of Engineers; the Defense Intelligence Agency; and the Drug Enforcement Administration. In addition, we obtained and analyzed documents and other information from representatives of coalition military forces and command, including the NATO-led International Security Assistance Force, and international organizations, including the United Nations. To address the objective regarding GAO's coordination with the accountability community, we reviewed GAO policies and protocols and reviewed other documents pertaining to our coordination with other oversight agencies. To address the objective regarding challenges we face carrying out oversight in Afghanistan and Pakistan, we documented difficulties that we faced in traveling to and within Afghanistan and Pakistan. Our work was conducted in accordance with generally accepted government standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A list of GAO reports and testimonies related to Afghanistan and Pakistan can be found in Appendix I. For further information relating to our work on Afghanistan and Pakistan, go to <http://www.gao.gov/media/video/gao-09-294sp>.

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## GAO Contacts and Staff Acknowledgements

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### GAO Contacts

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### Staff Acknowledgements

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## Appendix I: Related GAO Products

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Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan (GAO-09-615, May 18, 2009).

Afghanistan: Key Issues for Congressional Oversight (GAO-09-473SP, April 21, 2009).

Afghanistan: U.S.- and Internationally-Funded Roads (GAO-09-626SP), an E-supplement to GAO-09-473SP (GAO-09-626SP, April 21, 2009).

Contingency Contracting: DOD, State, and USAID Are Taking Actions to Track Contracts and Contractor Personnel in Iraq and Afghanistan (GAO-09-538T, April 1, 2009).

Iraq and Afghanistan: Security, Economic, and Governance Challenges to Rebuilding Efforts Should Be Addressed in U.S. Strategies (GAO-09-476T, March 25, 2009).

Drug Control: Better Coordination with the Department of Homeland Security and an Updated Accountability Framework can Further Enhance DEA's Efforts to Meet Post-9/11 Responsibilities (GAO-09-63, March 20, 2009)

Global War on Terrorism: DOD Needs to More Accurately Capture and Report the Costs of Operation Iraqi Freedom and Operation Enduring Freedom (GAO-09-302, March 17, 2009).

Afghanistan Security: U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation (GAO-09-280, March 9, 2009).

Securing, Stabilizing, and Developing Pakistan's Border Area with Afghanistan: Key Issues for Congressional Oversight (GAO-09-263SP, February 23, 2009).

Afghanistan Security: Corrective Actions Are Needed to Address Serious Accountability Concerns about Weapons Provided to Afghan National Security Forces (GAO-09-366T, February 12, 2009).

Iraq and Afghanistan: Availability of Forces, Equipment, and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans (GAO-09-380T, February 12, 2009).

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Afghanistan Security: Lack of Systematic Tracking Raises Significant Accountability Concerns about Weapons Provided to Afghan National Security Forces (GAO-09-267, January 30, 2009).

Provincial Reconstruction Teams in Afghanistan and Iraq (GAO-09-86R, October 1, 2008).

Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan (GAO-09-19, October 1, 2008).

Afghanistan Reconstruction: Progress Made in Constructing Roads, but Assessments for Determining Impact and a Sustainable Maintenance Program Are Needed (GAO-08-689, July 8, 2008).

Combating Terrorism: Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims for Coalition Support Funds (GAO-08-806, June 24, 2008).

Combating Terrorism: U.S. Oversight of Pakistan Reimbursement Claims for Coalition Support Funds (GAO-08-932T, June 24, 2008)

Afghanistan Security: U.S. Efforts to Develop Capable Afghan Police Forces Face Challenges and Need a Coordinated, Detailed Plan to Help Ensure Accountability (GAO-08-883T, June 18, 2008).

Afghanistan Security: Further Congressional Action May Be Needed to Ensure Completion of a Detailed Plan to Develop and Sustain Capable Afghan National Security Forces (GAO-08-661, June 18, 2008).

Combating Terrorism: U.S. Efforts to Address the Terrorist Threat in Pakistan's Federally Administered Tribal Areas Require a Comprehensive Plan and Continued Oversight (GAO-08-820T, May 20, 2008)

Preliminary Observations on the Use and Oversight of U.S. Coalition Support Funds Provided to Pakistan (GAO-08-735R, May 6, 2008)

Combating Terrorism: The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas (GAO-08-622, April 17, 2008)



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Questions for the Record Related to the Benefits and Medical Care for Federal Civilian Employees Deployed to Afghanistan and Iraq (GAO-08-155R, October 16, 2007).

Securing, Stabilizing, and Reconstructing Afghanistan: Key Issues for Congressional Oversight (GAO-07-801SP, May 24, 2007).

Military Operations: The Department of Defense's Use of Solatia and Condolence Payments in Iraq and Afghanistan (GAO-07-699, May 23, 2007).

Afghanistan Drug Control: Despite Improved Efforts, Deteriorating Security Threatens Success of U.S. Goals (GAO-07-78, November 15, 2006).

Afghanistan Reconstruction: Despite Some Progress, Deteriorating Security and Other Obstacles Continue to Threaten Achievement of U.S. Goals (GAO-05-742, July 28, 2005).

Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans Need to Be Better Defined (GAO-05-575, June 30, 2005).

Afghanistan Reconstruction: Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed (GAO-04-403, June 2, 2004).

Foreign Assistance: Observations on Post-Conflict Assistance in Bosnia, Kosovo, and Afghanistan (GAO-03-980T, July 18, 2003).

Foreign Assistance: Lack of Strategic Focus and Obstacles to Agricultural Recovery Threaten Afghanistan's Stability (GAO-03-607, June 30, 2003).

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Mr. TIERNEY. I appreciate all of your opening statements, which were significant in their content as well, but I'm stricken by the fact that people watching this right now are thinking we are all accountants, we are all auditors. And we sound like it sometimes. It is unmistakable that we have to do this to cover the ground.

You've described very well the organizational structures that you have and the cooperative efforts that you're making, but I haven't heard a lot about investigative strategy. And I would like you all to comment on that a little bit. I'm thinking it goes beyond the 5 years that the President identified. You all said you're going to take a look at those. What is the strategy there? What type of investigations are your high priority? Are you worried about implementation? Are you worried about results? What about stability? What is the priority on that? What are you going to attack? What is the strategy going on that basis?

I know that in one of the testimonies it was conversation about training and reconstruction, obviously. But what takes priority and what are we really focusing on and how do you establish or assess where you're going to go for the fraud, waste and abuse? So we start in the middle there with Mr. Gambatesa.

Mr. GAMBATESA. From an audit standpoint—

Mr. TIERNEY. You probably have to push that button again.

Mr. GAMBATESA. Sir, you mentioned investigations. But are you referring to both audit and investigations or basically our overall plan? I guess in the simplest terms, I can say that we follow the money. Wherever the large programs are, we gear our audit to those areas.

Mr. TIERNEY. So you focus—if there is a lot of money going into one area, that is the principal consideration? Nothing else? Not the impact of the program on security, or the impact of the program on development or whatever? It is basically just where the money is. That is your—

Mr. GAMBATESA. Well, it is really a combination. We only have so many people to do it. So we try to focus on the largest impact both from a financial standpoint and what is important to the government.

Mr. TIERNEY. I'm going to get back to you on that in terms of personnel. Ambassador.

Mr. GEISEL. Well, we have—I think we all have a common situation that we are both planning and reacting. So if you're talking about investigations, criminal investigations, most of the time we are reacting to information that we have obtained. You have seen some of it in—

Mr. TIERNEY. I understand that. I don't mean to cut you short. Let us talk about those things that you take the initiative, those things that you go in with a design on that, and tell us what your strategy is there, what your priorities are.

Mr. GEISEL. Exactly. And like my colleague has said, some of it is going where the money is, but a lot of it is looking for where it is the most impact, where we see great risk to the United States. And that is not always where the most money is.

We also do one other area which is very important and that is inspections. And the good thing about inspections is that we can be much more open. We can take a much broader point of view. Most

of the work is actually publicized. And in both Afghanistan next month and in Pakistan early next year, we will be using large teams of investigators—inspectors, I should say—to develop leads, if you will, leads on the ground to work with Embassy management and other Embassy staff to figure out where we are going. They are the obvious bureaus that we are going after, the drugs and thugs, if you will. But a lot of it is going to be looking for ourselves and then saying this is where we want to go.

Mr. TIERNEY. Mr. Heddell.

Mr. HEDDELL. Yes, sir. The Department of Defense, Defense Criminal Investigative Service, I think is playing a major role in Southwest Asia. In fact, I would go so far as to say it is a leadership role. And it is about impact. The days of statistical results don't make a lot of difference anymore; it is about impact.

And for instance, the high impact work today isn't done by one criminal investigative agency, it is done by task forces. For instance, we are very involved in the National Procurement Fraud Task Force. We are very involved in the International Contract Corruption Task Force. These are task forces that look very closely at contract fraud, major acquisition fraud, but most importantly they work with other criminal investigative bureaus like the FBI, Alcohol, Tobacco, and Firearms and so on. But our focus is to prevent as much as it is to prosecute.

For instance, we are very involved in education in Southwest Asia, teaching those procurement and contract officials what to be looking for. Right now, for instance, we are very involved in a special project up in Rome, New York. We're looking at \$14 billion in payment vouchers related to Army purchases. It is not very glamorous or exciting, but out of that will almost certainly come some very important investigative work that will lead to criminal prosecutions in Southwest Asia. What kind of work are we doing? Defense Criminal Investigative Service, we are—we focus on technology—

Mr. TIERNEY. My time has expired. So I get it that your folks are mostly on criminal investigations—more reactive, as the Ambassador was saying, to leads or to things of that nature?

Mr. HEDDELL. We are not just reactive. We are very proactive, I would say, and I would go so far as to say that the Defense Criminal Investigative Service is probably one of the foremost investigative agencies in our government.

Mr. TIERNEY. Thank you. I will get to the other two witnesses. My time has expired. I'm not ignoring you. But I want to give a chance to Mr. Flake.

Mr. FLAKE. Thank you, Mr. Chairman. Thank you to all the witnesses.

Ambassador Geisel, in your comments, in your testimony, you refer several times to Pak-Af. We are used to hearing Af-Pak. Are you suggesting some shift in emphasis here? I have not seen that in other testimony. But is State leading the way there?

Mr. GEISEL. I hope not, sir. I just like the alliteration of Pak-Af more than Af-Pak. I think they both work.

Mr. FLAKE. Is that just you, or have others been instructed to do that?

Mr. GEISEL. You know, I better check that I didn't mess up my testimony; it might have said Af-Pak.

Mr. FLAKE. No, you referred to Pak-Af. But everywhere else—

Mr. GEISEL. No, I have Pak-Af. I don't know whether my folks are pulling a fast one or not. I don't think so.

Mr. FLAKE. I was just wondering there. Sticking with you, Ambassador Geisel, the security guards at the Embassy brought us as a country, and as our image in the region, untold grief, just like Abu Ghraib and other things. Who bears responsibility? It seems unlikely that knowledge of this was with the eight who have been fired so far. It had to have been broader than that. Can you enlighten us as to what is going on in that regard?

Mr. GEISEL. I will partially enlighten you, sir. Because it wouldn't be surprising—I won't confirm that we have a criminal investigation underway, but I don't think you would be too surprised. There are two aspects that we are looking at. The first will be criminal misconduct, and that I'm not going to speak about. But we also, when the inspectors come in, they will be looking at just what you asked about, and that is the oversight over this contract and identifying just who failed on the job and who has to be held accountable. And that will be quite public.

Mr. FLAKE. Looking at that broadly, for a committee like this, it gives us a little pause, if we are unable to police the security guards at the Embassy, on how good a job we can do with other oversight on broader issues.

Mr. GEISEL. It gives me pause too, sir. And I would say that of our security programs there are two major efforts. The program that was mentioned in the newspapers and in the media is the static guards. There is another area which is equally if not even more important, and that is what we call the Worldwide Personal Protective Service, and that is actually protecting our people when they move. And in that case, we have already done a very significant audit all around the world. And the audits came out well. But you can count on the fact that there will be audits and inspections because I was frankly—just like the Secretary—absolutely appalled by this information.

Mr. FLAKE. General Fields, what progress has the Afghanistan High Office of Oversight made so far, and how are we working with them?

General FIELDS. Thank you, sir. The High Office of Oversight, as the subcommittee may know, is borne out of President Karzai's attempt to deal with corruption. I have met personally with the minister who heads that organization. My principal deputy, who is located permanently at the Embassy in Kabul, works in support of the Embassy's dialog with that organization. I'm pleased that is off and running. There are some issues. It does not have very much capacity in that it is an organization of only slightly over a year old and it really needs support.

Mr. FLAKE. Let us cut to the chase. Do you have much confidence in that organization or body?

General FIELDS. Sir, I'm pleased that the initiative has been taken to address corruption and to put in place this particular kind of device to help deal with it, which in large measure is not really unlike work that many of us at this table conduct. At the same

time, again, it needs support, it needs capacity. And I feel that we, the United States, can help in that regard.

Mr. FLAKE. Thank you. My time is up.

Mr. TIERNEY. I'm going to take the last second of your time.

General, I have met the same individual you are talking about. I have been to his offices and I've looked at them. I don't have a great deal of confidence. I'm shocked that you don't come to that same conclusion. There is one thing to have individuals sitting in a chair. There is one thing to talk about this whole deal. But I think there is also to be a will. I didn't get a great deal of satisfaction thinking that there was a will from President Karzai and his staff to go at this issue and go at it hard. And one indication of that is, by your own admission, their failure so far to staff it up. Is that fair to say?

General FIELDS. That is fair to say, sir, yes.

Mr. TIERNEY. Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman. Mr. Chairman, I guess following up on what you just said, this is a very distinguished panel. But I think it would take an equally distinguished panel to think of a worse environment to try to gauge corruption and to root it out.

I guess the line that came to me when the chairman was just speaking is the line from Casablanca where the gentleman says "Gambling at Rick's? I'm shocked." This is a government that is just embedded—it is a culture of corruption. Besides the fact that the President's leadership can best be described as weak, he just got reelected through an extraordinarily corrupt election. So now we are not only putting billions of dollars at risk, but I also think, given the lack of accountability and transparency and knowing where things are, I think we are putting our young people's lives at risk. And with the best and brightest of us all, and you all, and almost unlimited resources, I don't have confidence that we can do this or that we can operate in Afghanistan effectively without widespread corruption because it is embedded in the culture.

I guess I want your reaction on what gives you some hope that in that land, with limited access and extraordinary dangers and a culture of corruption, we should have any faith at all that, despite your best efforts, we are putting our folks at risk and wasting billions of dollars? Anyone.

Mr. HEDDELL. Well, I think that the—I certainly think you have every reason to make that statement. And there is a tremendous amount on the line here. A tremendous amount of America's wealth is in Southwest Asia. And I think that people here at this table and other members of the inspector general and oversight community who are in departments, who oversee programs and operations and budgets that are related to Southwest Asia—and particularly now Afghanistan and Pakistan—are concerned.

But I would also say that we have come a long ways in the oversight community since 2003. I think we have learned a lot. I think the Department of Defense has learned a lot. And there have been some great lessons to be learned. We have taken issues that were identified in Iraq and we have transferred—identified the solutions and transferred those to the operations in Afghanistan. And I can give you examples of that. So I think there is reason for optimism.

The second thing is, in 2007, the oversight community, established by the leadership pretty much at this table, established the Southwest Asia Joint Planning Group. It is chaired by the Inspector General, Department of Defense, and includes over 25 members of the oversight community. It is a tremendous example of working together, identifying joint problems, reducing redundancy, identifying the gaps, areas that ought to be looked at that are not being looked at, and identifying new issues.

We have people every day in Southwest Asia on the ground—auditors, investigators—meeting regularly with the commanders. So now a commander doesn't have to wait for 3 or 6 months, or even a year, to get a report. He or she finds out right away what is happening and they can make corrective action almost immediately.

So we are very proactive here. We've made some significant steps forward in the last several years. The Department of Defense OIG, for instance, alone we have doubled our audit investigative staff over the last 12 months.

Now the numbers aren't great. We have gone from 6 to 14. But that is significant. We have almost doubled our entire Southwest Asia audit and investigative work force, and in the next 12 months we are going to do more. We are going to increase that even significantly more.

The point is that we're all trying to get ahead of the curve here; and if you look at it in terms of 2003, we've come a long way. But what we did yesterday is not good enough for today. And what we're going to do tomorrow is going to have to be a heck of a lot better than what we've done.

Mr. QUIGLEY. Mr. Chairman, if I can interrupt. I recognize your best-faith effort. All I'm suggesting is, because it affects the decisions we're going to have to make on the President's recommendations, that it sounds like what you're telling us today is that you're making improvements on what you're doing. And I think the response—and I don't see an answer that tells me otherwise—is as long as you're going through Afghanistan's government, there is no reason anyone should have faith that money won't be wasted and lives won't be put at risk.

Mr. GEISEL. I'd like to take a shot at it, if I might.

In a way, we're luckier than you are because we don't make policy, we do oversight, and that means, as far as I'm concerned, we have to continue to inspect and audit what are very important programs without saying whether it's a good idea, whether the policy is a good idea or not. We leave that to the President and to the Congress.

There are very important programs that we want to give our best to, for instance, the rule of law and anti-corruption efforts, which I think are arguably the most important efforts we at State OIG are looking at. Now, regardless of whether these programs are going to succeed or not, we're going to give it our best efforts as long as you tell us to be in Afghanistan.

Ms. WILLIAMS-BRIDGERS. Mr. Chairman, I'd also like to respond to Mr. Quigley's question and comments. A couple of things.

One, I think, is that we here at the U.S. accountability community, if you will, can't do it alone. There is a global accountability

community with whom we must also engage. GAO does this regularly by having consultations and creating working groups with other national audit offices. We are engaged now in a capacity building exercise with the Iraqi national audit office, and we look to do this on a more regional basis. So we have to look to share the knowledge that we have in order to create partnerships with other accountability partners. Afghanistan's national audit office is in its nascent stages, but we have seen significant growth in other national audit offices as well.

Mr. TIERNEY. I think the frustration may be, as I say, like a day late and a dollar short. This thing has been going on since 2002, 2001, and now we're starting to talk about what we're going to do, finally, and I think that's maybe indicative of some of the frustration here.

Mr. Duncan, you're recognized.

Mr. DUNCAN. Well, thank you very much, Mr. Chairman.

I appreciate the fact that you and Ranking Member Flake are continuing to try to oversee all the really unbelievable spending that is going on in this part of the world, because we so flippantly talk about trillions now, where we were talking about billions. I think we really lose sight, and can't really comprehend, the astounding amount of spending that's going on in this area. And, in fact, General Fields mentioned that we'll be up to \$50 billion in rebuilding Afghanistan by the end of 2010; and in yesterday's Washington Post it says that the pending 2010 budget has \$129 billion budgeted for spending in Afghanistan, Pakistan, and Iraq, and for the first time we will be spending over half of that or more in the Afghanistan-Pakistan region—\$68 billion as opposed to \$61 billion.

No one can really humanly comprehend how much even \$1 billion is. So these are amazing amounts of money that we're talking about, and I certainly have no criticism of any of the witnesses here, because if we're going to be spending that kind of money, we need to have people like this making sure that it is being spent in an honest and not a wasteful way.

But the point I would like to make is that we shouldn't be spending all this money in the first place. We're spending money that we don't have. Our national debt is reaching \$12 trillion now. Nobody can even comprehend that kind of figure. But now they're going to have to come to the Congress once again to raise the debt limit once again. It's just unbelievable what we're doing.

I'm saddened that it seems that criticism of these efforts has been limited primarily to liberals, until a few days ago. George Will finally started to question some of this. Because I have said many times and I still believe that the fiscal conservatives should be the people most upset, most concerned about all of this amazing spending. It's just mind-boggling, in a way.

General Petraeus said, a couple of months ago, that we need to remember that Afghanistan has been known through the centuries as the graveyard of empires. Now I'm sure, being the good bureaucrat that he is, that he's never really opposed any spending by the Department of Defense and that's one thing that I think fiscal conservatives are going to have to realize at some point, that the Defense Department is, first and foremost, a gigantic bureaucracy,



and like any gigantic bureaucracy it always wants to expand its mission and always wants to get increased funding.

Now I have the greatest respect for those in the military; and I believe that national defense is probably the most important, most legitimate function of a national government. But I also don't think that means that we just automatically should approve every huge increase and every military adventure that the Defense Department or any other department requests. Because I will go back to what I said a few minutes ago: We are spending money that we don't have and we're really putting in great jeopardy the future—I used to say of our children and grandchildren, but now I say of ourselves. Because I don't believe it's going to be 10 or 15 years before—if that long—before we're not able to pay all of our Social Security and veterans' pensions and all the other things we've promised our own people.

So I wish all these witnesses well; and I commend you, Mr. Chairman, for holding this hearing. But I think we need to realize that we can't afford to keep doing what we're doing in Afghanistan and Pakistan and keep expanding our mission and increasing our spending over there. We're going to increase our troops by the end of the year to 68,000, and in all of these areas we're having as many, or more, civilian contractors than we have military troops. At some point, we've got to come to our senses and realize that we just simply can no longer afford this.

Thank you.

Mr. TIERNEY. Thank you, Mr. Duncan.

I think the concern here is that, obviously, we're all looking at yet another strategy for Afghanistan, obviously there's a military component to it, and some troops are probably going to be recommended by General McChrystal, but there's this whole development piece as well. There's supposed to be an investment that people are going to make on the rule of law, training of police and other security forces.

But I want to take a quote from Inspector General Fields' written testimony: "The current security situation is neither conducive to building and repairing, nor to developing Afghan capacity to hold elections, provide justice, or meet the basic needs of the Afghan people."

The efforts haven't been effective, and they are replete with accountability problems. That's is the crux of this. That why you're all here. Because I think we all acknowledge that very statement, that this has been a mess. Whatever you want to attribute the problem to, we've had a situation that hasn't gotten the attention it should get since 2001. How deep are we into this thing, with a culture of corruption, but also a practice of corruption and corruption being embedded in the official representatives that are being put in the government of Afghanistan, and we have other situations over in Pakistan.

So how are you going to proceed? How are we going to proceed, and what are the resources we're going to apply to that?

And I would expect that we're going to do something about trying to put in place standards and processes before we start spending the money, hopefully, particularly in areas like FATA, Northwest

Frontier Province, and other really difficult areas in both areas in both countries to go into.

So has there been consideration about not just spending the money before processes are in place? And if there are those kind of considerations, would you tell us what they are and how they're expecting to implement them?

I know that Mr. Heddell mentioned a lot of this is educational preventatives. So I'm hoping that you're out there on the ground ahead of time saying to all of the people that are going to get the money: Here's some advice from us ahead of time. Before we come in and audit you and investigate you and go at it at that end, here's what you can do to avoid a bad audit and a bad investigation, and here's what we're going to do to have in place systems and processes. And then, hopefully, we're not going to start spreading out the money until we are satisfied from reports of all you people those things are in place.

Would somebody like to respond to that? Mr. Heddell, do you want to start?

Mr. HEDDELL. Yes. I actually would, Mr. Chairman.

The oversight community is not the one spending the money, but we're trying to identify where it's going and whether it's going properly and being spent—

Mr. TIERNEY. That's clear.

Mr. HEDDELL. In 2008, we issued what we call a summary report. We included 302 reports and testimonies of not only the DOD Inspector General but the military audit services—the Navy, the Air Force, the Army—and Special Inspector General for Iraq, and GAO. In these 302 reports, we issued over 970 recommendations. So we're following up on every one of those.

Mr. TIERNEY. I was just going to ask you that. That's a lot of recommendations that are not doing anybody a hill of beans unless somebody is drilling down and making sure they're happening.

Mr. HEDDELL. Yes, sir. I apologize for interrupting you. I can tell you right now that we're tracking this. Seventy to 80 percent of those 900-plus recommendations are being addressed by the Department of Defense, and many of them have been resolved. So there is action. But action only occurs when there's followup. And that's one of our most important programs, is to followup. And I would give this for the record.

Mr. TIERNEY. We have a copy. Most of us have read it.

That's the idea of following up on recommendations made, and I think that's essential. But I'm also talking here about a little bit of preventive action or trying to get people to know what's the right course before you get down the path.

Mr. HEDDELL. I would offer another one, preventive. We learned in Iraq that electrical systems—this may sound fundamental, but electrical systems are deficient. Americans died needlessly. And those lessons are learned and being transferred to Afghanistan.

Mr. TIERNEY. I understand, and that's great, but I'm really talking about a broader strategic path here. We're going to have people spending development money in FATA, in the Northwest Frontier Province, and remote areas of Afghanistan. So the first problem is: Do they have in place processes or standards that they know they

have to meet? And the second thing is, if we can't physically get there ourselves, what do we have in place to do that?

Ambassador, do you want to take a stab at that, or Ms. Williams-Bridgers?

Mr. GEISEL. I will let my colleague from USAID do most of the talking, but there's two points I'd like to make. The first is: My staff has been kind enough to explain to me how Af-Pak became Pak-Af, and the answer is it was Ambassador Holbrooke who started using Pak-Af.

Actually, the point that you made about trying to get ahead of the curve is exactly what I think this community is trying to do in Pakistan and, for that matter, why I think you're holding this hearing, if I may be so bold.

Mr. TIERNEY. It's a large part of it. That's why I wanted to get to it.

Mr. GEISEL. We are working with the embassy. Our inspectors will work with them, our auditors will work with them, raising these various points.

For instance, as you mentioned, and as we all know all too well, it is going to be very, very difficult to work in the FATA, the federally Administered Tribal Areas. It's really dangerous. We are working together with the embassy in what I think are some rather imaginative ways to consider how we are going to perform oversight in what is a very challenging area, and at least we have the sad experiences in Iraq and in Afghanistan to guide us.

Mr. TIERNEY. Now we're talking about \$1.5 billion over 5 years, a serious amount of money. I think this committee should want some comfort that, before that money is dispersed, that these things are in place. And so I ask again, is there some mechanism or a trust account, somewhere that money is going to reside until we are secure in the notion that it's not going to be distributed until there's something in place that gives us reasonable comfort that it's going to be spent wisely?

Ms. Williams-Bridgers.

Mr. GEISEL. If my colleague will let him, since he's got most of the money—

Mr. TIERNEY. He's got most of the money, but not enough staff, I will tell you that. We will get to that, too.

Mr. GAMBATESA. Earlier I mentioned that, basically, in the audit world, we follow the money. In our investigations, although primarily reactive, we do a lot of fraud awareness training around the world. I don't have the stats, but we do hundreds of these training programs where we provide training to not only USAID personnel, but representatives of contractors, subcontractors, and grantees. We actually get out and show them what to look for in fraud. So I think in that proactive way we do some of what you're looking for.

Mr. TIERNEY. But then we're left with the problem of overseeing the contractors and subcontractors because we've lost so much of our in-house capacity. We sometimes don't even have enough in your department alone to manage and oversee those contracts.

Mr. GAMBATESA. Well, I'm not speaking for USAID, but historically, and many of our audits have shown that, many of the problems that they face, especially in conflicts areas, is lack of staff,

lack of trained staff and lack of people willing to go to those places to work.

Now the agency is in the process of building their staff, and hopefully that will help. But certainly in the past they've had a problem in that area.

Ms. WILLIAMS-BRIDGERS. Thank you, Mr. Chairman.

There are a couple of things I believe that can be done in a preventive mode to ensure that our money is well spent, and in large part it requires the help of the Congress. There was mention early on of Ambassador Eikenberry's discussions of looking at alternatives such as direct budgetary support, I believe, for Afghanistan. I have not seen his letter, but I look forward to reading it.

But what we have clearly learned in the past, that while these type of efforts, direct cash transfers or direct budgetary support, are good in intention and often result in very good outcomes because presumably they are consistent, they allow there to be some consistency and anticipation and planning for what the needs are of the country we are looking to serve. Oftentimes in the past we've found that the moneys that we've spent have not been consistent with the national needs or priorities, and therefore there has been a lost opportunity to really make big gains.

But any direct budgetary support must come with the ability of the accountability community to access the records and the backup documentation that is kept there so that we can exercise some control and oversight, as well as the host country government having some accountable system, some data that they can rely upon to ensure that the moneys are accounted for and well spent.

We've learned well in the past in our other investment efforts—in countries where there is no such access—that we have no ability to track and account for our investment made there.

Second, I would also ask the Congress' assistance and support in ensuring that when agencies respond to our recommendations, GAO's recommendations in particular, there is a requirement in the law that the agencies respond within 60 days to the Congress, informing them how they intend to act on the recommendations that they've often agreed with before we have issued our reports. We incorporate whether or not the agencies agree or disagree.

As is often the case in transitions in government, the agencies aren't aware of this requirement. And so, most recently, in dealing with some of our agencies that we are dealing with at this table, we have found that those letters are just piling up in someone's room and not knowing where they should go or they haven't been prepared at all.

So we would be glad to work with the Congress to try and reinforce some of these mechanisms to assure not only responsiveness to past recommendations that will prevent misspending and fraud and abuse in the future, but also to ensure that there is access and accountability over any new investment that is made, given any new direction that might be pursued.

Mr. TIERNEY. I'll get back to this. I want to give Mr. Flake an opportunity.

Mr. Flake, thank you.

Mr. FLAKE. Just to followup on that, quickly. Obviously, the government of Afghanistan wants budgetary support. All of the gov-

ernments do. You're telling us that you'll make the recommendations or you have made the recommendation that not be the case until we can access records that we clearly can't access right now. Is that the case? It's your contention that we wouldn't be able to have access to how the money is being spent, even though we pretty much know that's not a direction that certainly I want to go here.

Ms. WILLIAMS-BRIDGERS. We've not made the recommendations because I have not yet seen this proposal and I don't know what stage this proposal is in. But given our past experience with direct budgetary support provisions—

Mr. FLAKE. Right. Thank you.

Mr. Gambatesa, you testified that you made 84 recommendations for operational improvement to USAID programs. How many of these recommendations have been implemented?

Mr. GAMBATESA. I don't have the exact number, but generally we get management decision on the majority of them. I'd have to get back to you on the exact number. I don't have that here. I don't have that number right here with me.

Mr. FLAKE. You said generally you get—

Mr. GAMBATESA. Generally, we get management concurrence on the recommendations we make. They don't object. I'm not aware of any of these where we've had an objection where we're not going to do what we recommend. Whether they've actually gone through and completed the recommendation, I'd have to get back to you on that. I don't have that right here.

Mr. FLAKE. When were the recommendations made? How long ago?

Mr. GAMBATESA. The information I was giving was over a 4- or 5-year period. So it's over that span.

Mr. FLAKE. OK, over that span. So your anticipation is that most of them have been implemented.

Mr. GAMBATESA. I would hope they have been, but I can check and get back to you.

Mr. FLAKE. Can you get back to us on that?

Mr. GAMBATESA. Sure.

Mr. FLAKE. Typically, if they don't follow through and make the recommendations, what happens? Who do you then go to and say, hey, you're not making the improvements, not following our recommendations, and at what point is Congress informed? Is it through this regular process or is there a trigger that forces you to come back to us and say, hey, these programs ought to be shelved because they aren't following our recommendations?

Mr. GAMBATESA. There is in fact a process within the Inspector General's Act that requires us to notify Congress if recommendations aren't acted upon within a 6-month period.

Mr. FLAKE. When was the last time that you notified Congress?

Mr. GAMBATESA. We have never had to. Well, in my tenure, we have not had to.

Mr. FLAKE. Is that the goal for everyone here, for the other agencies?

State, Ambassador Geisel, have you had the experience where you've had to come to Congress?

Mr. GEISEL. I'm informed that we actually had to report two instances of noncompliance to the Congress.

Mr. FLAKE. That was with regard to Afghanistan?

Mr. GEISEL. No, sir.

Mr. FLAKE. So what we're hearing so far is every recommendation made with regard to Afghanistan has been implemented. Does that go also for Defense?

Mr. HEDDELL. Mr. Flake, I've been at the Department of Defense for about 14 months now. During my time I don't know of any instance where we've exercised that requirement. However, we do issue semiannual reports to the Congress. In these reports are a list of recommendations in a broad sense. So we do keep the Congress fully apprised of what we have found, what we are doing, and what we are monitoring.

Mr. FLAKE. General Fields, did you have a comment there?

General FIELDS. Thank you, sir. I wish to comment on the follow-up to recommendations.

Our first report in my capacity, given that we are a new organization, was issued several months ago. It was a report on \$404 million of Afghanistan Security Forces funds administered by CSTC-A. We discovered that there was insufficient oversight of that particular arrangement, the funding, the execution of it. Principally, the contract oversight person was located in Maryland rather than in Afghanistan where the money is being executed.

We are pleased to report that as soon as we made this observation to CSTC-A and to U.S. Forces Afghanistan, they began to address it. That included followup work by the Secretary of Defense and other oversight entities.

So from that standpoint, speaking exclusively for SIGAR, there has been a response to at least that report. There are several other reports that we have issued, but it's too early for immediate response to be reported to this subcommittee today.

Mr. FLAKE. Thank you.

If I could followup with one question. Ms. Williams-Bridgers, you mentioned—and all of you mentioned—the security situation makes it difficult for you to carry out your work in Afghanistan. For a committee like ours, where do we draw the line and say the security situation is such that we can't carry out our oversight functions or the security situation is so bad that perhaps we shouldn't be spending this money because we can't account for all of it? Where do we draw that line?

I know it's a difficult situation. All of us have traveled to Afghanistan, and we recognize that you can only have field offices or personnel in certain areas. It's a real endeavor to go out, particularly in some of the areas we've been talking about. But how are we to navigate that line, I guess, between a security situation so difficult that we can't provide oversight, or perhaps is it so bad that we simply shouldn't be spending these moneys in these areas because we can't account for them?

Ms. WILLIAMS-BRIDGERS. Good question. I'm glad to say that I don't believe that we've reached that point yet where the security situation is so bad that we believe that we cannot provide the Congress with meaningful information to help you conduct oversight over our engagement in country. I think that we would inform you

if we believed that were a limitation to our ability to answer the mail, if you will.

I think that we have to take mitigating strategies. We have to mitigate against the limitations that may be imposed on our ability to actually make field visits. For example, when I was in Pakistan a couple of months ago, we wanted to go to the FATA, we wanted to go to Peshawar to see some of the projects that the U.S. Government has funded. We were not able to. However, we were able to extract enough data that we felt was sufficiently reliable from the agencies to be able to conduct our work and to be able to analyze it to make some reasonable judgments as to whether or not there was good recordkeeping, whether or not we were on track with plans that we had made in country.

But there are a couple of lessons that have been learned, and actually these lessons form the basis for military counterinsurgency doctrine. First is to establish security. First and foremost, establish security before you proceed with reconstruction. We've learned this from Iraq. We've learned the very hard lessons from Iraq of investment that has been destroyed—our investment in infrastructure that was destroyed because the security was such an unstable situation.

Second, is to create an economic foundation in that country that they can sustain the investment that we have made in-country. Again, this goes back to what kinds of strategies do we need to think about going forward as we look to increase our investment there.

Third, is to extract the political commitment from the country that they are going to carry out those priorities that they've established, priorities that we join in with the country and create the basis for our own strategic goals in that country.

So I think that we need to continue to think of that as we move forward with any future investment, and certainly these are things that we are going to continue to monitor in our own oversight strategy to ensure that investment is well made and protected.

Mr. TIERNEY. Thank you.

I guess the trick here is not to put the cart in front of the horse, which I think, billions of dollars in, is being done. I think most notably of the coalition support funds in Pakistan. When we were there investigating, whatever, we found \$6.7 billion spent, in large part which was not accounted for at all. Part of what happened was the money was basically paid to Pakistan, it went into the general treasury, and you were at the mercy of believing or not believing what was going on. But I do know that we looked at about 35 helicopters with money that was paid supposedly to have them repaired, and they're all sitting on the ramp out there, unable to move.

So that's the kind of thing that we're talking about here, that we need to get out in front of this on that situation. As the Special Inspector General says, the current situation in Afghanistan is such that it's not conducive to building or repairing, nor is it conducive to developing the Afghan's capacity to even hold elections, which we've seen, or to provide justice, or to meet the basic needs of the Afghan people. So are we going to throw money into the development side without resolving those issues first? We seem to be doing

it with the right motivations and moving forward, but it's hard to do that, in Pakistan in particular.

I know that you were out there, and we've been out there as well, in the FATA and the Northwest Province area. I'd like to know a little bit about how it is that you have so much faith that we're able to do it.

I know the foreign assistance in FATA, according to the special inspector, is being accomplished with the use of non-U.S. implementers. Basically, we're contracting it out or we're going to locals. When we were there, we couldn't get much further out of Peshawar, and the people there told us, nongovernmental organizations, our own consulate told us they couldn't get anywhere near where the projects were happening, whether it was an irrigation project, whether it was a well, whether it was a school. And so they were trying to use flights, overhead flights. They were trying to use the word of mouth from other people who had been out there. How reliable is that?

Ms. WILLIAMS-BRIDGERS. Let me clarify. We heard the same thing when we were on the ground, as we met with local nationals, as we met with agency officials, we met with the secretary of the FATA. We are in the course, currently, of evaluating our development assistance efforts in the FATA. We have not reached our conclusions yet. But what I'm saying is that we were able to get data that we believe that we can rely on from the agencies to be able to conduct our analysis. So we have not yet reached our conclusions.

Mr. TIERNEY. Having done all the things you've done on that, I'm more skeptical than you are, so I'd like to see a report and the foundation for your reaching that conclusion because I think it's an important matter here. \$1.5 million heading in that direction, we want to make sure it isn't going in the wrong direction.

The Combined Security Transition Command in Afghanistan, that is a serious matter, obviously. We had all those weapons, with the potential they might not be accounted for. Is there followup being conducted on that?

Mr. HEDDELL. Yes, Mr. Chairman. In fact, we have done several reviews relative to weapons and explosives accountability in both Iraq and Afghanistan. We did find that there were concerns. We've also found that there have been corrections made with respect to those in Iraq.

Mr. TIERNEY. I don't mean on just the Afghanistan—

Mr. HEDDELL. In fact, we went to Afghanistan last fall. We took a look at weapons accountability, as well as training and equipment sustainment.

Mr. TIERNEY. So we had several reports on that, which is why I raised the question. We went out there and visited as well, and we were not satisfied, at the time we went out there, that enough was being done. So you're answering me now that you are looking up and following up.

Mr. HEDDELL. We have followup work planned, several things that will be in motion between now and next spring. Yes, sir.

Mr. TIERNEY. Thank you.

Now, the Special Inspector, I have a question about your part of the report indicating that, obviously, we're aware of salaries going



to ghost employees in the security divisions of Afghanistan. I think you're following up on that. But we also have a report in your written remarks about some private firms that are spending international moneys hiring security people that may, in fact, be connected to the Taliban.

Now my question to you is, which flavor of Taliban are they hiring? Who are they, that particular group of Taliban? And is that a dangerous thing for them to be doing that? Is there something being done about it, if it is? Could you elucidate on that?

General FIELDS. Thank you, Mr. Chairman.

Our work in this particular area is not complete at this time, but this is a serious matter, at least to look at in terms of determining if there is wrongdoing and if, in fact, the allegations that we have seen especially over the past few days are, in fact, valid. But I'm not prepared, Mr. Chairman, at this time to report any of the results. But I just wish, though, to inform that these are matters that we are looking into.

Mr. TIERNEY. When do you think that you'll have some results on that particular inquiry?

General FIELDS. Sir, I would suggest perhaps within the next month.

Mr. TIERNEY. Well, I think the sooner, the better. It's a rather alarming concept that could be looked at here. If it's Taliban that are then turning around and focusing on our troops, international troops, and against the Afghan government, certainly we've got a major problem. If they're a different breed of Taliban, then we have to know about that as well. So I urge you to move on that as quickly as you can.

General FIELDS. Thank you, Mr. Chairman.

Mr. TIERNEY. I'm particularly concerned about the police training and the army training as well, but even more so about the police training there. And I would hope that is something that somebody in this group is going to look at in-depth. Here we are, 2009, nearing the end, and the police training, there's corruption rampant there.

I know there's a great plan the Department of State has about training some people and switching them in. I think if we go on that basis, by the year 2030 we ought to have covered the country and be ready to start again. So that's the difficulty there. Who's taking the lead on determining what the status of training the police in Afghanistan is?

Ms. WILLIAMS-BRIDGERS. We will be following up on our past work looking at the training and capabilities of the Afghan National Police. Right now, we are focusing our attention on the army, but in the course of our followup work and in future work we will definitely pay attention to the security capabilities.

Mr. TIERNEY. We have had a number of substantial witnesses before this committee who are quite knowledgeable about counterinsurgency and tell us that the police are every bit as important or more important than the military for that. So I would hope that we could at least do them simultaneously, as opposed to stacking the military first and then the other. We've seen on our own visits and talks with people over there that it's critical that

be done. If the local population doesn't have any confidence in the legitimacy of their police force, we're in a terrible state of affairs.

So, other than the Government Accountability Office, is SIGAR looking into that?

General FIELDS. Thank you, Mr. Chairman.

We know too well that of the \$30 billion to which I made earlier reference, that the United States has invested in the reconstruction in Afghanistan, over half or about half of that money—about \$18 billion, really—has gone toward the Afghanistan National Security Forces. A large body of our work has been done, is ongoing, and will be done to address the significance of that element of funding for the reconstruction.

Mr. TIERNEY. The fear is this: There's a large amount of money that's gone toward that. That portion that was designated to secure the police may not be an investment. It may have been wasted on that. When you look at the state of affairs of the police in Afghanistan, it's hard-pressed to call that an investment to date. So the idea would be to get a report as quickly as possible on that as to what would turn that into an investment that would have some positive results. Because we don't do that. All the people that we have over there, not just military people but all the people that work for you, all the people that are working in development and whatever, there is a serious risk regarding that. So I appreciate that, if you would do that.

Mr. GEISEL. Mr. Chairman, actually, State OIG and DOD OIG are undertaking a joint study of police training right now. Our report should be ready, I believe, in December.

Mr. TIERNEY. Well, thank you for that.

Should the SIGAR's role be extended to cover Pakistan as well, or how are we going to address all of our oversight issues in Pakistan?

General FIELDS. Sir, we have looked at this question, of course, well before this announced testimony. We have dialogd with Ambassador Holbrooke on this, and he made certain references to this issue during his testimony in June.

We, from the SIGAR standpoint, support the idea of extending our mandate to assist in covering Pakistan—for one reason, the inextricable linkage between Afghanistan and Pakistan, the fact that if the extension of our mandate is similar to that which we currently have, which allows us to look across agencies, we think that is a considerable benefit.

We believe also that, in spite of our relatively meager numbers right now, we could almost immediately commence some degree of oversight of spending in Pakistan, and over a period of time, with increased funding, leading to increased numbers of auditors, inspectors, and investigators, build to a more substantial effort to address this matter.

We underscore the significance of oversight, which in the case of Afghanistan may have started before SIGAR, but not at the time at which we began to invest significantly in the reconstruction of Afghanistan. So we would not like to see this happen in Pakistan as well.

Mr. TIERNEY. I say this not to be a wise guy, but you're aware of some criticisms of the Special Inspector General's Office in Afghanistan.

General FIELDS. Yes, sir.

Mr. TIERNEY. Address that for me, if you will.

I think basically the criticism involved around a paucity of reports, and they were comparing it to the number of reports that have come out of Iraq, in the comparable period, at the outset of those offices. You had five reports I think over the course of your first year; and I guess there were many, many more in the Iraq office during their first year. But given that criticism, if you would address that and address whether there be enough personnel and enough capacity in the Special Inspector General's Office in Afghanistan to actually go over into Pakistan and we might not be better off focusing on other agencies or another special inspector.

General FIELDS. Yes, sir.

First, let me address the criticism of this office. The criticism, frankly, Mr. Chairman, is not unexpected. We were late in getting funding to support our effort, but this Congress has now provided the funding, particularly as a part of the \$7.2 million we received, which complemented the \$16 million that we had previously been provided. That really has rounded us to hire the people that we informed the Congress last year about this time that we wanted to hire to get our work done. So we are hiring the right folks to do the job.

We are not suggesting that we have excess capacity, but we are suggesting that it would be advantageous to the oversight community if we were to link the oversight of Pakistan with that of Afghanistan; and given our now almost full year of funded oversight work, we feel that perspective is a valid one.

Mr. TIERNEY. The capacity of all of your offices somewhat concerns me. Government Accountability Office, they seem to be getting people around pretty well, but I'm not sure—most distressing, I think, is USAID, the in-house capacity that your office used to have.

You have 210 Foreign Service officers and Civil Service employees, Mr. Gambatesa. What's the breakdown of that? How many of those are Civil Service employees and how many are Foreign Service officers?

Mr. GAMBATESA. About 125, ball park, are Foreign Service. The rest are Civil Service.

Mr. TIERNEY. So they're covering a hundred countries, billions of dollars. Now there was a day when your capacity was substantially higher than that, am I right?

Mr. GAMBATESA. I don't have that knowledge. I don't know personally. I can ask one of my staff.

We are in the process of staffing up. I mean, our budgets have been increased. We are getting the funding, I believe. We are in the process of trying to hire another 20 auditors.

Mr. TIERNEY. Foreign officers?

Mr. GAMBATESA. Mainly Foreign Service.

Mr. TIERNEY. Have you had difficulty finding people that are qualified?

Mr. GAMBATESA. Not really. We've hired probably 20 in the last 6 months. Many of them are very highly qualified.

Mr. TIERNEY. Are you having difficulty finding people willing to go to Afghanistan or Pakistan?

Mr. GAMBATESA. That's the issue, whether they want to serve in those countries. I think that's the limiting factor, more so than their qualifications as auditors.

Mr. TIERNEY. Of those 20, what percentage of those people were willing to go to Afghanistan?

Mr. GAMBATESA. They have to be. If they're Foreign Service officers, they have to be actually cleared medically, for example, to go to anywhere we have offices or where we work.

Mr. TIERNEY. If it weren't for the fact that you are inviting them to go to Afghanistan and Pakistan, how many of those 20 slots would you have filled, do you think?

Mr. GAMBATESA. I don't think it would be much different. I think we're doing quite well, but we certainly need to staff up. I did mention in my written statement that if the funding proposed for Pakistan is actually appropriated we will be asking to put an office there, a significant number of employees.

Mr. TIERNEY. Right now, you're relying on a substantial number of Pakistani and Afghanistan accounting firms. You're training their people and moving forward. How confident are you that those people not only have the requisite skills but the will to do the job, and what about a corruption factor there?

Mr. GAMBATESA. When we are dealing with private accounting firms it's difficult to tell from the corruption standpoint. We provide them training and contract with them to go places, for example, in the FATA, where we can't go. Both for financial audits and we are actually asking them to go and look at programs from a performance standpoint to see if the building is built and that sort of thing.

Mr. TIERNEY. Because we are not doing it in-house, we are then at the mercy of doing that, because we don't have people to go out and watch their work. If we do, we are certainly redoing the wheel here. We have people go out and do the work; then we have people to see if they did the work.

Mr. GAMBATESA. That's true. But as we have all discussed—

Mr. TIERNEY. It sounds like a tough state of affairs.

Mr. GAMBATESA. As we've all discussed, the security situation is such that if we can't get out at all, this is better than doing nothing, I guess. At least it's an effort at trying to get some eyes on the programs.

Mr. TIERNEY. Now our trips out there indicated to us that in fact those folks weren't having that much of an easier time getting out there as well. Isn't that true?

Mr. GAMBATESA. I don't know that. We're just beginning this program.

Mr. TIERNEY. Ms. Williams-Bridgers, you can probably answer that. The indications are that there's people that live in FATA and people that don't. When people that don't live in FATA get out there, they're not well-received all the time. Same with the provinces. Is that correct?

Ms. WILLIAMS-BRIDGERS. That is correct. In fact, when we were there in June, the U.S. Embassy retracted its personnel from the consulate in Peshawar because of the security situation.

Mr. TIERNEY. So I think we're going to have a difficult time, no matter what.

Mr. FLAKE. Just to followup a bit on the first question I asked, Af-Pak versus Pak-Af. That comes, we understand now, from Ambassador Holbrooke. It does, if that is the source, signal kind of a shift in focus, and we are hearing—well, according to George Will, Pakistan is the country that actually matters, as he put it. I think we have seen sort of a shift that, as Pakistan goes, so goes Afghanistan. That's the source. That's where the Taliban actually is. That's where we're going to be expending a lot of resources coming up.

My concern—and it may be shared with the chairman and others—the chairman mentioned that we seem to be behind the curve ball all the time. We are into this 8 years, and we seem to always be having recommendations that are now going to be implemented 8 years later, instead of putting the resources in place initially before we ramp up the flow of resources to these areas.

My concern now is, if there is a real shift in focus now, if it's Pak-Af, and our resources are flowing mainly through Pakistan, that we're going to be in a situation a couple of years from now where we only put your resources in place where the money has gone before and we are just chasing the tail all the time and we never seem to be putting structures in place to make sure these resources are expended properly after they are already in place.

Ms. Williams-Bridgers, you mentioned that you would let us know if the security situation was such that we couldn't conduct oversight. But if the focus is Pak-Af now, we already know, as the chairman said, there's certain areas where we really aren't getting good information. I guess some of us are a little skeptical that will be the case, that we will be informed here where we need to make oversight decisions and funding decisions, that the situation is such where we simply can't account, rather than hearing a few years later, well, we're now catching up, or trying to catch up, to put these—this framework in place where we can extend.

Can anybody give me any confidence that if the shift now is Pak-Af, are we going to put the right framework in place in Pakistan in the areas that are concerning to us before we expend the money, not after?

Ambassador Geisel.

Mr. GEISEL. I don't know that I'm ready to assure you that everything is going to be fine. In fact, I know I'm not. But what I can tell you is, at the request of Ambassador Anne Patterson, who was one of my successors the first time that I was acting IG—she followed Jackie—our Middle East regional office is going to conduct a review this fall of the current management control environment at Embassy Islamabad, in anticipation, just as you said, of the significant increase in funding and program implementation during the next 5 years. And, as I told you, we have moved up a full inspection of the embassy in Pakistan just for that reason, to try and get ahead of the curve.

Mr. FLAKE. The first concerning thing there is we're still talking about a Middle East office when we're talking about Central Asia here. It's a little concerning.

Mr. GEISEL. It's a term of art. It's going to be the same office, albeit considerably augmented for Pakistan and Afghanistan, but I don't want to have one more bureaucracy. So, no, you can count on it. It's going to be the same office that does that, but it's going to be a whole lot more people doing it.

Mr. TIERNEY. Ambassador Geisel, you said in your written report: Effective management controls are needed at the initial stage of assistance implementation. I think you hit it on the head with that. So are we going to need legislation here—I shouldn't ask you a policy question, so I will ask a rhetorical question. Are we going to need some sort of legislative mandate here that moneys not be distributed until we're satisfied with reports back from you folks that, in fact, effective management controls are in place for this assistance? And that would be something we'd probably want to look to reports from all of you.

I think it's great that Ambassador Patterson, who, from what I can tell, is doing a good job in a difficult situation, that she's now going evaluate whether the Pakistan agencies and nongovernmental agencies have the capabilities to ensure that proper management controls are in place and funds used as intended. I wish her predecessors had done that, starting back at the beginning of the decade.

But it seems to me that is the key here, that they are doing it, they have the capacity to do it, that we have some reliability and trust in them doing that.

I'm reluctant to think we ought to be spending this money—we ought to put this money, appropriate it perhaps and sit it somewhere until we get some indication from all of you that those things are in place and ready to go.

And the security issue that Ms. Williams-Bridgers puts in might be another factor. And talk about that. So I think you've given us great food for thought on a number of different areas today, because I haven't heard a great deal of comment that gives us confidence that is, in this case, being done.

Mr. HEDDELL. Mr. Chairman, may I interrupt?

Something that might address Mr. Flake's question is a report, an assessment that the Department of Defense Inspector General issued in May of this year. It's classified, but it was an assessment, a review of all of the DOD-managed funds and programs that exist in Pakistan. It's very revealing, I think.

We'd be more than happy to brief you in a closed session regarding that, but it certainly gets to what Mr. Flake, to some extent, was asking.

Mr. TIERNEY. We'll set that up, if Mr. Flake cares to proceed with it.

Just as long as I have your attention, Mr. Heddell, protective equipment for our troops, is somebody investigating whether or not there's sufficient standards for that equipment and whether or not our troops are getting the equipment in a timely fashion?

Mr. HEDDELL. You're asking whether or not the troops are getting—

Mr. TIERNEY. Whether or not we have somebody investigating or looking into whether or not they are getting the necessary protective gear and equipment they need to do their jobs in a timely fashion.

Mr. HEDDELL. Absolutely. We've actually done a fair amount of work in that area, going back to 2006, Mr. Chairman. We did a review in Iraq—

Mr. TIERNEY. That's what spurs the question. Iraq was not so much. We want to make sure it's happening in Afghanistan.

Mr. HEDDELL. We found concerns in Iraq. We believe those have been addressed by the Department. We found issues not just with routine equipment but with up-armored vehicles, with armor. We are continuing to address those issues.

At the same time that we are monitoring, the Department is also continuing to address those issues. We are hopeful that the lessons we've learned in Iraq are being carried forward into Afghanistan.

But these are complex issues. For instance, up-armored vehicles, what may have been very effective in Iraq, because of the training in Afghanistan, may require very different resources. So we are continuing to follow that. It is a concern of ours, and we can report in the future on what we find.

Mr. TIERNEY. I appreciate that.

Ms. WILLIAMS-BRIDGERS. Mr. Chairman, may I also offer that GAO is also currently undertaking a review looking at the supply and equipping of U.S. forces. We're looking at what challenges are presented and to what extent lessons have been learned from Operation Iraqi Freedom. We are also looking at the Army and Marine Corps training and capacity and what lessons can be learned as they look to migrate from Iraq to Afghanistan. So we will be reporting out on both of those issues in the near future.

Mr. TIERNEY. Does that hold true as well on medical attention to troops in the field? Is somebody looking at the capacity we've had to improve that situation as well?

Mr. HEDDELL. Yes, sir.

Mr. TIERNEY. Thank you.

So let me just have a couple of wrap-up questions. We have a concern about the heavy reliance on contractors in a lot of different fields. I know you're all looking at that, but so is the Wartime Contracting Commission. Do all of you feel comfortable in your relationship with the Wartime Contracting Commission, and have they been sort of included in some of your deliberations? You're all nodding yes, so I take it they have. Nobody sees a conflict or an impediment anywhere there.

Ms. Williams-Bridgers, let me ask this of you: I see GAO as a little bit of a different organization than I see the Inspectors General. You're traditionally known as Congress's investigatory arm, and I think it's great you're working in concert with them on a lot of different projects. Are you also maintaining enough independence to be able to stand aside and report something when somebody else may not have gotten to it yet, or may not have done it in a way or with the depth we think it should have been done because they have capacity issues and training issues or whatever?

Ms. WILLIAMS-BRIDGERS. Yes. I believe yes to all of your questions. You will notice in the quarterly reports of SIGAR and our

joint subgroup report that GAO in very limited instances has identified planned work. While we have informal discussions with our colleagues in the IG offices about work that we have planned, because all of our work in Iran, Afghanistan, and Pakistan is undertaken under CGA, Comptroller General's Authority, we do so because we are addressing the interests and the needs of the myriad committees who have jurisdiction over the issues of U.S. engagement, and surrounding U.S. engagement, in these countries. And so we respond not only to your interests, we respond to the congressional mandates, as well as areas in need of followup.

So we maintain some flexibility in planning out our work to be most responsive and timely in responding to your needs. So we assure our independence in that way from the others who have similar missions but different clients.

Mr. TIERNEY. I'm not asking you again. So the subject matter of my next question—but can you give me an opinion as to whether or not you can answer it and will be able to work with us? Will your office be able to give an opinion as to the best way for us to effect oversight in Pakistan with respect to whether or not the Special Inspectors General's Office of Afghanistan ought to be extended to cover that area or whether some other approach might be advisable?

Ms. WILLIAMS-BRIDGERS. We can provide you some insights based on congressional history and enacting legislation standing up IGs.

Mr. TIERNEY. I think we may ask you to do that, and we may get the other more informal basis on that for an opinion, because I do think we want to look at Ambassador Holbrooke, his comments that he made here, and General Fields' comments as well.

Ms. WILLIAMS-BRIDGERS. We welcome that. Thank you.

Mr. TIERNEY. Thank you.

Mr. Murphy? I didn't even see you there. Mr. Murphy stealthily came into the room. So maybe we can look to him for some stealth technology.

He has no questions.

In that case, is there anything else that anybody wants to comment on, that you thought might have been left unsaid? I'll start from my left over here. General Fields.

General FIELDS. Thank you for allowing me the opportunity, Mr. Chairman. I wish to go back maybe about an hour to the white paper produced by Ambassador Eikenberry which addresses how he would wish to approach certain matters in regard to the reconstruction effort.

I want to point out to this subcommittee that, during the course of the past year, making my first trip to Afghanistan in this capacity last September, I have now visited 13 provinces and about as many PRTs or provincial reconstruction teams. I have met with about as many Governors of provinces or deputy Governors of provinces. I have met with practically all of the senior ministries of the Government of Afghanistan, to include three visits with President Karzai himself. Each time we visit—not just I, but I and my staff visit, we get—we receive this issue of Afghanistan wanting to be more involved in the reconstruction of their country.



So I say this because I applaud, really, what Ambassador Eikenberry has put forth as what he would like to see as the way ahead in being more inclusive of the people of Afghanistan. This matter is resident in no less two documents that I am mandated in my legislation to oversee: the Afghanistan Compact and the Afghanistan National Development Strategy.

This is a bold move. Yes, oversight will be even more important. One thing we are doing as a part of SIGAR is to determine the extent to which those controls are in place, those management systems necessary to ensure the American taxpayer that his and her money will be spent wisely and for the purposes made available by this very Congress. So we are on top of that, sir, and we will provide that feedback accordingly.

Mr. TIERNEY. We are going to need it because I think Ms. Williams-Bridgers pointed out very clearly that if you go down that path and you want to pass your money through that government to enhance its legitimacy, then we darn well better be sure that we have some safeguards in place of how it is being spent.

Given the current state of Mr. Karzai's government and the individuals that he has invited in to participate in that—and the reputation for corruption—I think we should be more than a little bit wary about just forking the money over and hoping for the best. We are going to need the advice and counsel of all of you to give us a very firm commitment on that, that we're going to try and buttress that government—even some of the provincial and more district governments. We know who we are dealing with. We haven't placed the safeguards on that. And we have a strict monitoring, day by day, so that we can pull the plug on it anytime we need to if it starts to go south on us, or else I think we are all going to be the fool for it. We are going to have spent a lot of money that this country needs, trying to undertake a national security issue that we also need but maybe has been wasted. So I think that is a critical aspect of your functions and I appreciate it.

But I think that is right up there with some of the priorities if they—in fact, Ambassador Eikenberry's theory is going to be borne out. Then that just raises the ante on all of us, I think.

General FIELDS. Absolutely, sir. Thank you.

Mr. TIERNEY. And at least one last question that I almost forgot that I had. The CERP funds, the Commanders Emergency Response Fund, is about \$1.6 billion since 2004. Are we monitoring that and updating and monitoring of how that is being spent and what results we're getting from it? I know the previous reports have not really seen a real tight accounting of that.

General FIELDS. I think my colleague wishes to say something about it, sir. But let me go ahead and say, since the green light is on for me at the moment, we have just completed an audit of CERP and we have found certain strengths and, of course, as one might expect, certain weaknesses in the oversight of that spending. We will report out on this by the close of business today or within the next 24 hours. There are some issues to which we are advising U.S. Forces-Afghanistan to turn their attention to and we are confident that they will, sir.

Mr. TIERNEY. We would appreciate a copy of that report as soon as it is done. And you can accommodate us on that?

General FIELDS. Sir?

Mr. TIERNEY. We would appreciate a copy of that report as soon as you publish it.

General FIELDS. Absolutely, sir. It should be posted on our Web site within the next 24 hours. Is that correct, Monica? Thank you.

Mr. TIERNEY. I would ask unanimous consent that the record be held open until that report is filed and it be included in the committee's report.

[The information referred to follows:]

Increased Visibility, Monitoring, and Planning  
Needed for Commander's Emergency Response  
Program in Afghanistan



September 9, 2009

**SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION**

September 9, 2009

General David Petraeus, USA  
Commander, U.S. Central Command

General Stanley A. McChrystal  
Commander, U.S. Forces Afghanistan  
and International Security Assistance Force

This report presents the results of our review of controls and accountability for the Commander's Emergency Response Program in Afghanistan (CERP). CERP is an important tool for Commanders, 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. In May 2009, USFOR-A assumed responsibility for CERP. This report includes three recommendations for USFOR-A to improve the management of CERP and ensure sufficient oversight of funds.

A summary of our report is on page ii. The audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) under the authority of Public Law 110-181 and the Inspector General Act of 1978, as amended. When preparing the final report, we considered written comments from USFOR-A and incorporated information in their comments, as appropriate. Copies of their comments are included in appendices III of this report.

John Brummet  
Assistant Inspector General for Audits  
Office of the Special Inspector General for Afghanistan Reconstruction



# SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR Audit-09-5

September 2009

## INCREASED VISIBILITY, MONITORING, AND PLANNING NEEDED FOR COMMANDER'S EMERGENCY RESPONSE PROGRAM IN AFGHANISTAN

### What SIGAR Reviewed

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. This report discusses the extent to which internal controls for CERP ensure accountability for program funds. We conducted this performance audit in Kabul and Bagram Air Field in Afghanistan and in Washington, D.C., from April to July 2009 in accordance with generally accepted government auditing standards.

### What SIGAR Found

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. For example, program officials at USFOR-A were unable to identify, during the course of our audit, the number of ongoing CERP projects funded prior to fiscal year 2009.

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. For example, through the third quarter fiscal year 2009, 6 percent of CERP projects were large-scale projects that constituted \$290 million or 78 percent of total obligations. Large-scale projects pose increased risks for CERP, because typically they require several years for completion or consume significant amounts of time and resources by program managers who have been trained to primarily implement smaller-scale projects. Additionally, frequent rotations have challenged the ability of program officials to manage large, long-term projects.

### What SIGAR Recommends

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. USFOR-A concurred or partially concurred with the information presented in the report and described actions they are taking which are generally consistent with our recommendations. Specifically, USFOR-A did not agree that large-scale projects pose particular risk, indicating that almost all large-scale CERP projects are roads. However, SIGAR's review of project data provided by USFOR-A indicates that CERP projects from fiscal year 2005 through the third quarter of fiscal year 2009 included 109 non-transportation projects valued over \$500,000 (35 percent of total large scale projects). USFOR-A did not state whether they did or did not concur with SIGAR's recommendations. In its general comments on the report, USFOR-A discussed several actions that they plan to take to address identified deficiencies, including the addition of project managers for CERP administration, strengthening electronic record requirements, adding civilian information managers to facilitate electronic record keeping, and including limitations on the numbers of projects by region and reducing monetary approval authorities. These actions, if fully implemented, will lessen program risk.

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**Abbreviations**

CERP	Commander's Emergency Response Program
CJTF-101	Combined Joint Task Force-101
DOD	Department of Defense
SIGAR	Special Inspector General for Afghanistan Reconstruction
USFOR-A	U.S. Forces Afghanistan

**INCREASED VISIBILITY, MONITORING, AND PLANNING NEEDED FOR  
COMMANDER'S EMERGENCY RESPONSE PROGRAM IN AFGHANISTAN**

This report discusses the extent to which internal controls for the Commander's Emergency Response Program in Afghanistan (CERP) ensure accountability for program funds.

We reviewed CERP guidance issued by the Department of Defense, U.S. Forces Afghanistan (USFOR-A), and the Combined Joint Task Force-101 (CJTF-101) as well as program documents including, checklists and guidance prepared by CERP program managers. We also reviewed CERP data collected in the project tracking system and conducted a file review of 72 CERP project files. In addition, we interviewed officials responsible for the management, approval, and monitoring of the program at USFOR-A, CJTF-101, as well as Task Force Phoenix and Task Force Warrior.<sup>1</sup> We also attended CERP board review meetings, chaired by USFOR-A. We conducted this performance audit in Kabul and Bagram Air Field in Afghanistan and in Washington, D.C. from April to July 2009 in accordance with generally accepted government auditing standards. Our scope and methodology is described in Appendix I.

**BACKGROUND**

In fiscal year 2004, the Department of Defense (DOD) created CERP to enable local commanders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction requirements. Since then, DOD has funded over \$1.6 billion for CERP in Afghanistan. According to DOD's Financial Management Regulations for CERP, the program is 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. According to the regulations, a small-scale project is generally defined as any project less than \$500,000. The regulations identify 20 categories of authorized uses of CERP funds for projects ranging from the development of Afghanistan's infrastructure to temporary contract guards for critical infrastructure.<sup>2</sup> The regulations also identify 11 unauthorized uses of CERP funds.<sup>3</sup> USFOR-A and its subcommand, Combined Joint Task Force-82, as well as task forces and provincial reconstruction teams are responsible for the management and execution of CERP.<sup>4</sup> CERP managers maintain the primary day-to-day responsibility for the program. The task force commanders are

<sup>1</sup>In June 2009, CJTF-101 turned over command to CJTF-82.

<sup>2</sup>Authorized uses of CERP funds include: water and sanitation; food production and distribution; agriculture and irrigation; electricity; healthcare; education; telecommunications; economic, financial and management improvements, transportation; rule of law and governance; civic cleanup activities; civic support vehicles; repair of civic and cultural facilities; battle damage and/or repair; condolence payments; hero payments; former detainee payments; protective measures; other urgent humanitarian or reconstruction projects; temporary contract guards for critical infrastructure.

<sup>3</sup>Unauthorized uses of CERP funds include: benefit to U.S., coalition, or supporting military personnel; providing goods, services, or funds to national armies or security forces; weapon buy-back programs or purchase of firearms or ammunition; entertainment; reward programs; removal of unexploded ordnance; duplication of services available through municipal governments; salaries for Afghan military or civilian government personnel, training, equipping, or operating costs of Afghan security forces; conducting operations; and support to individuals or private businesses.

<sup>4</sup>In May 2009, USFOR-A assumed responsibility for management of CERP. Prior to that date, CJTF in regional command East was responsible for CERP in Afghanistan.

charged with appointing CERP personnel, including Project Purchasing Officers (PPO) and Paying Agents (PA), and ensuring they are properly trained and follow program guidance. The PPO's responsibilities include project contracting and oversight, and maintaining project files and required documents. The PA is responsible for receiving and disbursing CERP funds, including vendor payments. Staff officers at the task force level also play a role in the CERP process. For example, attorneys are responsible for reviewing project nominations to ensure that the projects are legally sufficient and in compliance with CERP guidelines. Engineers are responsible for providing engineering expertise when required, including adequacy of design and sustainment plan.

According to CERP guidance and standard operating procedures, project files for all CERP projects are to be maintained at the task force level. Since 2007, CERP managers have been required to maintain electronic records of project files in the Combined Information Data Network Exchange, a DOD database that, among other things, tracks information on CERP projects such as project status; project start and completion date; and dollars committed, obligated, and disbursed.

#### **WEAKNESSES IN MONITORING AND EXECUTION PUT CERP FUNDS AT RISK**

Although DOD has taken a number of measures to ensure accountability for the use of CERP funds, we identified weaknesses in monitoring and execution procedures. DOD Financial Management Regulation for CERP and the CERP Standard Operating Procedures established procedures to ensure proper controls and accountability for CERP funds.<sup>5</sup> Those controls included measures to assess risk and limit access to vulnerable assets, which were generally followed by CERP program officials at USFOR-A and CJTF-101. For example, to strengthen oversight the threshold requirement for submission of project proposals to the CERP review board was reduced in 2008 from \$500,000 to \$200,000. In another example, CERP managers have increasingly limited access to vulnerable assets and facilitated the documentation of transactions, by encouraging the use of electronic funds transfers to pay contractors.

Although DOD and USFOR-A have taken steps to ensure funds are obligated for authorized uses during the CERP approval process, additional measures are needed to ensure adequate controls during the execution of CERP projects. Program officials we met with from USFOR-A and CJTF-101 stated that their focus is primarily on the obligation of funds for projects in the current fiscal year. We found that USFOR-A lacks sufficient oversight mechanisms for monitoring the execution of CERP projects and has focused on meeting the requirements for the obligation of funds. Although DOD regulations and standard operating procedures include controls for monitoring CERP project implementation, we found those procedures were not always being followed by CERP program officials. For example, we found that final inspections and project completion reports in project files lacked documentation or were incomplete. In addition, guidance since 2007 has required monthly input on CERP projects into the DOD electronic data management system. Although this requirement would assist in top-level review of project performance, we found that the requirement to enter CERP project data into the electronic

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<sup>5</sup> According to GAO's *Standards for Internal Control in the Federal Government*, internal controls help ensure that transactions and other significant events are authorized and executed only by persons acting within the scope of their authority. Access to resources and records should be limited to authorized individuals and accountability for their custody and use is assigned and maintained. Both the DOD Financial Management Regulation for CERP and the CERP Standard Operating Procedures establish a number of procedures to ensure proper controls and accountability for CERP funds to include the roles and responsibilities of all individuals, risk assessment and mitigation planning, monitoring procedures, and limited access to vulnerable resources such as cash.

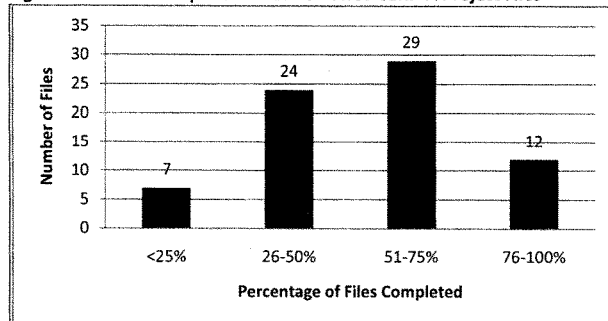


system was often not done. In commenting on a draft of this report, USFOR-A stated it is planning to improve access to project information by requiring project files to be maintained in the electronic database, including the requirement to scan all hard copy project documents.

In the course of our work, we found that USFOR-A and CJTF-101 CERP managers could not always determine the status of projects for which funds had been obligated in prior years. Limited management visibility meant that program officials were unable to produce complete and reliable results in response to our request for data on the status of all CERP projects. For example, CERP managers at USFOR-A were unable to identify, during the course of our audit, the number of ongoing CERP projects funded prior to fiscal year 2009. This limitation occurred, in part, due to a lack of centrally retained physical project files and incomplete or absent electronic project records. In May 2009, CERP program officials at USFOR-A told us that corrective actions were needed to permit full management visibility. As of September 2009, USFOR-A was able to report that approximately 1,500 CERP projects were either currently active or completed but not closed out.

In particular, we found that requirements for record updates and retention by CERP personnel were not implemented or fully understood. We reviewed 72 CERP project files funded from fiscal year 2007 through the second quarter of fiscal year 2009, and found that more than half of the files were incomplete and lacked required information on the status of individual projects. We conducted the project file review at a task force responsible for administering CERP projects across all five regional commands in Afghanistan. The file review focused on identifying the presence or absence of nine key documents required for all CERP project files by CERP Standard Operating Procedures.<sup>6</sup> On average, the project files were only 54 percent complete. As shown in Figure 1, the results ranged from seven project files that were less than 25 percent complete to 12 project files that were 76 to 100 percent complete. One of the reviewed files was for a project worth over \$1 million, which contained only 67 percent of the required documents.

**Figure 1: Percent Completeness of Reviewed CERP-A Project Files**



Source: SIGAR analysis.

<sup>6</sup>The nine documents included records of purchase request and commitment, endorsed cost estimate from government or unit engineer, statement of work, draft contract, legal review, purchase order and invoice voucher, statement of agent officer's account or public voucher for purchase, purchase request and commitment clearing report, and a project closure report.

We also found a lack of routine management reviews of the status of CERP projects across fiscal years. Such gaps in performance monitoring place the CERP program at risk by diminishing visibility over program results. Visibility over the outcomes and success of CERP projects was particularly limited for high-level CERP managers for the fiscal year in which projects were approved. In another example, we found enforcement of internal control processes and procedures for documentation of execution and closeout of CERP-funded projects were largely left up to the leadership of task forces and provincial reconstruction teams. Program officials we met with at various levels of the CERP program stated that standards for internal control documentation processes and procedures were not systematically enforced by the task force or provincial reconstruction team leadership. The same officials indicated that there was a lack of continuity and systematic communication on the requirements.

**Lack of Experience and Continuity Increases Risk for Large-Scale CERP Projects**

While CERP was designed to fund primarily small-scale projects, over time, DOD has increased its use of large-scale projects of \$500,000 or more. Since fiscal year 2005, CERP's large-scale project obligations have increased from 39 percent of \$130 million in total obligations to 78 percent of \$374 million in total obligations for the first three quarters of fiscal year 2009. 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. For example, through the third quarter fiscal year 2009, 6 percent of CERP projects were large-scale projects, constituting \$290 million or 78 percent of total obligations. From fiscal years 2005 through the third quarter of fiscal year 2009, \$913 million has been obligated for 307 large-scale projects. Transportation projects account for 198 of these projects, or \$766 million in obligations. The remaining \$147 million went towards 109 projects in agriculture, electricity, healthcare, and telecommunications, among others. See Appendix II for details on obligations of CERP funds by fiscal year and category.

**Table 1: CERP Projects Valued at \$500,000 or More, Fiscal Year 2005 Through Third Quarter Fiscal Year 2009**

Fiscal Year	Projects \$500,000 and above	Percentage of Total Projects	Obligations for Projects \$500,000 and above (in millions)	Percent of Total Obligated
2005	21	0.8%	\$49.9	38.5%
2006	28	2.0	135.0	67.2
2007	48	2.5	116.3	60.6
2008	129	4.1	321.7	69.3
2009 (First 3 Quarters)	81	6.1	290.3	77.7
2005 – First 3 Quarters of 2009	307	2.9%	\$913.2	67.1%

Source: SIGAR analysis of USFOR-A CERP data.

Large-scale projects pose particular risks for CERP, as they may require several years for completion or consume significant amounts of time and resources by program managers who have been trained to implement primarily smaller-scale projects. According to CERP managers and PPOs, they are not sufficiently trained or experienced to oversee or manage large-scale, complex projects. PPOs also told

us they have additional responsibilities beyond CERP, further limiting their ability to provide proper contract oversight for large and complex projects. For projects valued over \$500,000, a Warranted Contracting Officer is also responsible for overseeing the project, in addition to the PPO. In commenting on a draft of this report, USFOR-A stated that the risk to funds on larger projects is reduced by the contract oversight provided by a Warranted Contracting Officer.

Continuity of oversight also presents a challenge to CERP, in part, due to the rotation of CERP managers at task forces and Provincial Reconstruction Teams every nine months.<sup>7</sup> Due to that turnover, large-scale CERP projects may require the supervision of several different program managers before completion. For example, CERP program officials indicated that large-scale road projects of \$500,000 or more in the mountainous northeast of Afghanistan typically take years to complete due to weather-induced limitations on the construction period. In May 2009, GAO reported similar findings, concluding that program management and oversight of contracts and contractor efforts were hindered by insufficient and inadequately trained personnel.<sup>8</sup>

On September 2, 2009, USFOR-A provided a draft USFOR-A fragmentary order and briefing slides outlining planned changes to CERP that are intended to increase management oversight of CERP project execution in Afghanistan. USFOR-A discussed several actions that it plans to take to address deficiencies, including the addition of project managers for CERP administration, strengthening electronic record requirements, adding civilian information managers to facilitate electronic record keeping, limiting the numbers of projects by region, and reducing monetary approval authorities.

## CONCLUSIONS

CERP is an important tool for U.S. commanders. Procedures are in place, which if fully implemented would ensure that CERP funds are used properly and as intended. However, weaknesses in monitoring and execution of some of these procedures are potentially placing CERP funds at risk. Funds are further placed at risk by the evolution of the program to include larger, more complex projects that require sufficient and more highly trained personnel for effective management and oversight. Actions are needed to ensure proper controls and management of CERP funds. In May 2009, USFOR-A assumed responsibility for CERP and recently has begun to initiate changes in policy and procedures to address weaknesses in CERP management. However, these changes have not been fully implemented.

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<sup>7</sup>In commenting on a draft of this report, USFOR-A stated that until recently rotations for many taskforces used to occur every fifteen months.

<sup>8</sup>See GAO-09-615, "Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan", May 2009.

**RECOMMENDATIONS**

To improve the management of CERP and ensure sufficient oversight of funds, SIGAR is making several recommendations to the Commander of USFOR-A. Specifically, we recommend that the Commander of USFOR-A:

- Develop and implement a process to systematically collect and track project information on CERP project execution, disbursements, and results over the entire life of the program.
- Implement a solution for centralizing CERP records in a complete and up-to-date manner, in accordance with regulations and requirements. This solution should consider strengthening electronic record keeping and reporting capabilities.
- Develop and implement a plan that addresses how to manage the heightened risks associated with devoting increasing funds to large-scale projects of \$500,000 or higher. The plan should take into account the capabilities of the program's implementing units and processes, given their current limitations in such areas as staffing levels, technical expertise, and rotation timelines. The plan should, among other things, identify funding and resource requirements needed to improve the program's oversight capabilities for larger and more complex projects.

**COMMENTS**

USFOR-A provided written comments on a draft of this report, which are included in appendix III. In its response, USFOR-A concurred with the information presented in the report and indicated actions it is taking which are generally consistent with our recommendations. However, USFOR-A did not state whether it did or did not concur with the recommendations.

USFOR-A concurred with the information on the need to develop a process to systematically collect and track project information and to implement a solution for centralizing CERP records. In its general comments, USFOR-A described several actions that it plans to take to address deficiencies, including the addition of project managers for CERP administration, strengthening electronic record requirements, and adding civilian information managers to facilitate electronic record keeping.

USFOR-A partially concurred with the information on the need to develop a plan for managing the heightened risk associated with projects of \$500,000 or higher. In its general comments on the report, USFOR-A described several actions it plans to take to address these risks, including limiting the numbers of ongoing projects by region and reducing monetary approval authorities. USFOR-A did not believe that projects over \$500,000 entailed higher risks. USFOR-A stated that almost all large scale projects are roads. USFOR-A believes that CERP officials have particular expertise in managing road construction and that these projects, although expensive, are not complex. We acknowledge that all projects over \$500,000 do not carry the same risk. Our review of project data provided by USFOR-A shows that CERP projects from fiscal year 2005 through the third quarter of fiscal year 2009 included 109 non-transportation projects valued over \$500,000 (35 percent of total large scale projects). Those projects included activities in agriculture, electricity, healthcare, and telecommunications. Furthermore, according to USFOR-A documentation, CERP projects over \$1 million are projected to increase by over 35 percent in fiscal year 2010, in part, due to expansion in the south and west of Afghanistan. Thus,

developing a plan to specifically address management controls of projects over \$500,000 remains important to providing effective program management.

In a written note on the official comments, the Deputy Commanding General of USFOR-A said that he is disappointed in SIGAR's report because it did not give USFOR-A credit for the changes that have been planned. A USFOR-A official stated that our findings should have been provided to USFOR-A prior to the distribution of our draft report in August 2009. This, in fact, is what SIGAR did. In May, SIGAR briefed senior USFOR-A officials on the findings of this performance audit. In July, USFOR-A informed SIGAR that it had initiated actions in response to SIGAR's work and preliminary findings but provided no details or documentation. Our report recognizes that USFOR-A has begun to take corrective actions in response to this audit's findings and recommendations. In September 2009, in response to a draft of this report, USFOR-A indicated actions it plans to take to improve its management and oversight of CERP. In this report, we have incorporated these planned actions, where appropriate. We recognize that USFOR-A is taking steps to begin to implement our recommendations. However, based on documentation provided with their comments, these changes are planned and have not yet been fully implemented. Although these are good first steps to improve accountability, implementation of USFOR-A's planned improvements is needed to ensure proper controls and management of CERP funds.

**Appendix I: Scope and Methodology**

To identify program requirements and controls, we reviewed CERP guidance issued by the Department of Defense, U.S. Forces Afghanistan (USFOR-A), and the Combined Joint Task Force-101 (CJTF-101) as well as program documents, including checklists and guidance prepared by CERP program managers. We also conducted a non-random sample file review of 72 project files for CERP projects funded in fiscal years 2008 and 2009. To observe the review and approval process for projects costing over \$200,000, we attended CERP-A board review meetings chaired by USFOR-A. We also reviewed CERP project data collected in the DOD project tracking system and by USFOR-A. We did not verify USFOR-A obligation figures against DOD financial records.

We conducted this performance audit from April to July 2009 in Kabul and Bagram Air Field in Afghanistan. We conducted our work at USFOR-A and its subcommand CJTF-101, as well as Task Force Phoenix and Task Force Warrior, where we reviewed documents and interviewed officials responsible for the management, approval, and monitoring of the program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions. The audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction under the authority of Public Law 110-181, Section 1229, and the Inspector General Act of 1978, as amended.

**Appendix II: USFOR-A Commander's Emergency Response Program (CERP) Project Data, 2005-2009**

This appendix contains information on CERP projects in Afghanistan. The tables below provide information on the number of projects and total amounts obligated for each CERP authorized category since fiscal year 2005. These data are a summary of information USFOR-A collects.

**Table 1: Number of FY 2005 Projects and Total Amount Obligated, by CERP Categories  
(in millions of U.S. dollars)**

Categories	Obligated	Percentage of total obligation	Number of projects	Percentage of total projects
Water & Sanitation	\$5.4	4.2%	345	12.6%
Food Production & Distribution	0.5	0.4	18	0.7
Agriculture & Irrigation	3.7	2.8	191	7.0
Electricity	2.4	1.9	93	3.4
Healthcare	6.0	4.7	228	8.3
Education	21.1	16.3	513	18.7
Telecommunications	5.5	4.2	67	2.4
Economic, Financial & Management Improvements	3.6	2.8	44	1.6
Transportation	52.9	40.8	202	7.4
Rule of Law & Governance	13.9	10.7	463	16.9
Civic Cleanup Activities	0.4	0.3	16	0.6
Civic Support Vehicles	8.9	6.9	163	5.9
Repair of Civic and Cultural Facilities	1.9	1.5	120	4.4
Battle Damage/Repair	0	0	0	0
Condolence Payments	0	0	0	0
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	0	0
Protective Measures	0	0	0	0
Other Urgent Humanitarian or Reconstruction Projects	3.4	2.6	282	10.3
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
<b>Totals</b>	<b>\$129.6</b>		<b>2,545</b>	

Source: SIGAR analysis of USFOR-A CERP data.

Note: Totals may not add up due to rounding.

**Table 2: Number of FY 2006 Projects and Total Amount Obligated, by CERP Categories**  
(in millions of U.S. dollars)

Categories	Obligated	Percentage of total obligation	Number of projects	Percentage of total number of projects
Water & Sanitation	\$4.5	2.2%	163	11.6%
Food Production & Distribution	0.4	0.2	10	0.7
Agriculture & Irrigation	6.8	3.4	98	7.0
Electricity	4.6	2.3	72	5.1
Healthcare	6.9	3.4	144	10.3
Education	10.9	5.4	202	14.4
Telecommunications	5.4	2.7	52	3.7
Economic, Financial & Management Improvements	0.08	0.04	11	0.8
Transportation	145.8	72.6	191	13.6
Rule of Law & Governance	7.2	3.6	86	6.1
Civic Cleanup Activities	0.1	0.1	12	0.9
Civic Support Vehicles	3.1	1.5	21	1.5
Repair of Civic and Cultural Facilities	1.2	0.6	56	4
Battle Damage/Repair	0	0	0	0
Condolence Payments	0.08	0.04	22	1.6
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	0	0
Protective Measures	0.3	0.2	13	0.9
Other Urgent Humanitarian or Reconstruction Projects	1.3	0.7	74	5.3
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Non categorized obligated funds <sup>a</sup>	2.3	1.1	176	12.5
<b>Totals<sup>b</sup></b>	<b>\$200.9</b>		<b>1,403</b>	

Source: SIGAR analysis of USFOR-A CERP data.

<sup>a</sup>Includes obligated funds not identified under a specific CERP category.

<sup>b</sup>Funding data have been rounded and therefore may not precisely match the total.



**Table 3: Number of FY 2007 Projects and Total Amount Obligated, by CERP Categories  
(in millions of U.S. dollars)**

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$6.2	3.2%	260	13.7%
Food Production & Distribution	0.3	0.1	11	0.6
Agriculture & Irrigation	9.5	4.9	146	7.7
Electricity	7.3	3.8	96	5.1
Healthcare	8.0	4.2	201	10.6
Education	25.8	13.4	265	13.9
Telecommunications	0.9	0.5	23	1.2
Economic, Financial & Management Improvements	0.7	0.4	13	0.7
Transportation	107.0	55.8	211	11.1
Rule of Law & Governance	11.0	5.7	114	6.0
Civic Cleanup Activities	0.2	0.1	11	0.6
Civic Support Vehicles	3.7	1.6	9	0.48
Repair of Civic and Cultural Facilities	3.8	2	138	7.3
Battle Damage/Repair	0	0	0	0
Condolence Payments	0.1	0.1	17	0.9
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	0	0
Protective Measures	0.4	0.2	17	0.9
Other Urgent Humanitarian or Reconstruction Projects	3.7	1.9	143	7.6
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Non categorized obligated funds <sup>a</sup>	3.2	0.02	220	11.6
<b>Totals<sup>b</sup></b>	<b>\$191.8</b>		<b>1,895</b>	

Source: SIGAR analysis of USFOR-A CERP data.

<sup>a</sup>Includes obligated funds not identified under a specific CERP category.

<sup>b</sup>Funding data have been rounded and therefore may not precisely match the total.

**Table 4: Number of FY 2008 Projects and Total Amount Obligated, by CERP Categories**  
(in millions of U.S. dollars)

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$20.9	4.5%	344	10.9%
Food Production & Distribution	0.4	0.1	14	0.5
Agriculture & Irrigation	25.1	5.4	191	6.1
Electricity	15	3.2	133	4.2
Healthcare	23.6	5.1	259	8.2
Education	53.8	11.6	441	14.0
Telecommunications	1.9	0.4	52	1.7
Economic, Financial & Management Improvements	4.5	1	18	0.6
Transportation	270.5	58.3	269	8.6
Rule of Law & Governance	13.3	2.9	103	3.3
Civic Cleanup Activities	0.1	0.02	6	0.2
Civic Support Vehicles	0.7	0.2	14	0.5
Repair of Civic and Cultural Facilities	10.6	2.3	183	5.8
Battle Damage/Repair	0.7	0.2	26	0.8
Condolence Payments	0.3	0.1	49	1.7
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	1	0.03
Protective Measures	2.9	0.6	48	1.5
Other Urgent Humanitarian or Reconstruction Projects	3.0	0.6	133	4.2
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Non categorized obligated funds <sup>a</sup>	16.8	3.6	860	27.4
<b>Totals<sup>b</sup></b>	<b>\$464.3</b>		<b>3,144</b>	

Source: SIGAR analysis of USFOR-A CERP data.

<sup>a</sup>Includes obligated funds not identified under a specific CERP category.

<sup>b</sup>Funding data have been rounded and therefore may not precisely match the total.

**Table 5: Number of FY 2009 Projects and Total Amount Obligated, by CERP Categories  
(in millions of U.S. dollars)**

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$12.4	3.3%	179	13.7%
Food Production & Distribution	0.6	0.2	12	0.9
Agriculture & Irrigation	19.3	5.2	144	10.8
Electricity	2.4	0.6	38	2.8
Healthcare	6.8	1.8	137	10.3
Education	23.4	6.3	166	12.4
Telecommunications	0.7	0.2	6	0.5
Economic, Financial & Management Improvements	1.0	0.3	11	0.8
Transportation	269.1	72	178	13.3
Rule of Law & Governance	7.8	2.1	37	2.8
Civic Cleanup Activities	0.3	0.1	9	0.7
Civic Support Vehicles	0.6	0.2	4	0.3
Repair of Civic and Cultural Facilities	5.2	1.4	88	6.6
Battle Damage/Repair	0.8	0.2	70	5.2
Condolence Payments	0.3	0.1	40	3.0
Hero Payments	0.1	0.03	5	0.4
Former Detainee Payments	0	0	0	0
Protective Measures	5.0	1.3	40	3.0
Other Urgent Humanitarian or Reconstruction Projects	17.7	4.7	172	12.9
Temporary Contract Guards for Critical Infrastructure	0.2	0.1	1	0.1
<b>Totals<sup>a</sup></b>	<b>\$373.7</b>		<b>1,337</b>	

Source: SIGAR analysis of USFOR-A CERP data.

<sup>a</sup>Funding data have been rounded and therefore may not precisely match the total.

**Table 6: Number Projects and Total Amount Obligated for Fiscal Year 2005 through Third Quarter 2009, by CERP Categories**  
(in millions of U.S. dollars)

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$49.4	3.6%	1291	12.3%
Food Production & Distribution	2.3	0.2	65	0.6
Agriculture & Irrigation	64.4	4.7	770	7.3
Electricity	31.7	2.3	432	4.1
Healthcare	51.4	3.8	969	9.2
Education	134.9	9.9	1587	15.1
Telecommunications	14.4	1.1	200	1.9
Economic, Financial & Management Improvements	10.0	0.7	97	0.9
Transportation	845.3	62.1	1051	10.0
Rule of Law & Governance	53.0	3.9	803	7.6
Civic Cleanup Activities	1.2	0.1	54	0.5
Civic Support Vehicles	17.1	1.3	211	2.0
Repair of Civic and Cultural Facilities	22.7	1.7	585	5.7
Battle Damage/Repair	1.5	0.1	96	0.9
Condolence Payments	0.8	0.1	128	1.2
Hero Payments	0.1	0.01	5	0.1
Former Detainee Payments	0	0	1	0.01
Protective Measures	8.6	0.6	118	1.1
Other Urgent Humanitarian or Reconstruction Projects	29.1	2.1	804	7.6
Temporary Contract Guards for Critical Infrastructure	0.2	0.01	1	0.01
Non categorized obligated & disbursed funds <sup>a</sup>	22.3	1.6	1256	11.9
<b>Totals<sup>b</sup></b>	<b>\$1.4</b>		<b>10,524</b>	

Source: SIGAR analysis of USFOR-A CERP data.

<sup>a</sup>Includes obligated funds not identified under a specific CERP category.

<sup>b</sup>Funding data have been rounded and therefore may not precisely match the total.

Appendix III: Comments from U.S. Forces Afghanistan



HEADQUARTERS  
UNITED STATES FORCES-AFGHANISTAN  
KABUL, AFGHANISTAN  
APO AE 09256

USFOR-A DCDR-S

2 September 2009

MEMORANDUM FOR Special Inspector General for Afghanistan Reconstruction, 400 Army Navy Drive, Arlington, VA 22202

SUBJECT: USFOR-A Response to Draft Report on Increased Visibility, Monitoring, and Planning Needed for Commander's Emergency Response Program in Afghanistan (SIGAR Audits 09-5).

- 1. Reference Final – Draft Report SIGAR Audits-09-5, Special Inspector General for Afghanistan Reconstruction, subject same as above.
- 2. This memorandum formally responds to recommendations within the draft report. USFOR-A continues to improve oversight and control measures put in place to manage and execute the Commander's Emergency Response Program (CERP). In our response, you will find a number of actions taken since USFOR-A assumed responsibility for CERP in May 2009. In addition, USFOR-A will be releasing a Fragmentary Order outlining additional limitations on numbers of projects by regions and monetary magnitude approval authorities.

3. Point of contact for this report is USFOR-A IG, Col Lawrence Brundidge, DSN: 318-237-1678

*Mac (A) Fields  
This report is disapproved and your team has not acknowledged all CERP issues we have made in AFGHU, not all are covered or USFOR-A Responsibility Report 09-5. Not all are covered in this report. I expected out of SIGAR report.*

*[Signature]*  
JOHN A. MACDONALD  
Major General, USA  
Deputy Commander, Support  
United States Forces-Afghanistan

**SIGAR DRAFT REPORT – (Undated)**  
**SIGAR 09-005**  
**“INCREASED VISIBILITY, MONITORING, AND PLANNING NEEDED FOR**  
**COMMANDER’S EMERGENCY RESPONSE PROGRAM IN AFGHANISTAN”**  
**(SIGAR Project 005)**

**USFOR-A COMMENTS**  
**TO THE DRAFT REPORT**

**RECOMMENDATION 1. (page 6, SIGAR Draft)**

SIGAR recommends that the Commander of USFOR-A develop a process to systematically collect and track project information on CERP-A project execution, disbursements, and results over the entire life of the program.

**USFOR-A RESPONSE:** USFOR-A concurs with information provided in this report. See general comments.

**RECOMMENDATION 2. (page 6, SIGAR Draft)**

SIGAR recommends that the Commander of USFOR-A implement a solution for centralizing CERP records in a complete and up-to-date manner, in accordance with regulations and requirements. This solution should consider strengthening electronic record keeping and reporting capabilities.

**USFOR-A RESPONSE:** USFOR-A concurs with information provided in this report. See general comments.

**RECOMMENDATION 3. (page 6, SIGAR Draft)**

SIGAR recommends that the Commander of USFOR-A develop a plan that addresses how to manage the heightened risks associated with devoting increasing funds to large-scale projects of \$500,000 or higher. The plan should take into account the capabilities of the program’s implementing units and processes/given their current limitations in such areas as staffing levels, technical expertise, and rotation timelines. The plan should, among other things, identify funding and resource requirements needed to improve the program’s oversight capabilities for larger and more complex projects.

**USFOR-A RESPONSE:** USFOR-A partially concurs with information provided in this report.

The SIGAR argument that “large-scale projects pose particular risks for CERP” is not valid. (Page 5). Using the definition of a large-scale project as one over \$500,000, almost all large-scale projects are roads. We have executed enough roads that we understand those better than many smaller projects. Building or improving a gravel road is not complex or difficult, it is only expensive. It involves grading dirt and distributing and compacting gravel. With our history of projects we know exactly how much a kilometer of grading costs, how much a metric ton of gravel costs, how much a culvert costs, and so on. The contractors by this point are known quantities in terms of abilities and performance. The report also does not mention that projects over \$500,000 are overseen by a Warranted Contracting Officer in addition to the Project Purchasing Officer (PPO). We believe this policy actually reduces the risk to funds on larger projects.

Smaller projects can be very diverse, some being scoped for the first time, and many involve vertical construction requiring the PPO to have a working knowledge of utilities, building codes, and land ownership issues. These issues are much more complex than road work. Evaluating the vendors' knowledge of these codes and requirements is also more difficult.

#### GENERAL COMMENTS ON THE REPORT

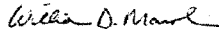
1. (U) Page 5. The report states that task forces and PRTs rotate every nine months. This was not the case until recently. Rotations for many task forces used to occur every 15 months. PRTs are now primarily manned by guardsmen and reservists. SECDEF policy limits reserve mobilization to 12 months. After completing training these units have 9 months in theater. Therefore, PRTs do currently rotate at 9 month intervals. USFOR-A, CENTCOM, and the Joint Staff are evaluating several courses of action such as a split rotation schedule which will enhance continuity on the ground.
2. (U) General Comment. USFOR-A was activated in October 2008 and assumed responsibility for management of the CERP in May 2009. Prior to that date the Combined Joint Task Force (CJTF) in Regional Command East was responsible for the CERP. Since assuming responsibility USFOR-A has reviewed the program and is currently implementing the following changes in policy and procedure to address deficiencies.
  - CERP projects are currently administered by two individuals, the Project Purchasing Officer (PPO) and Paying Agent (PA). We are adding to this team a Project Manager. The Project Manager's primary duty assignment will be CERP administration. Currently CERP is typically a collateral duty for both the PPO and PA. The Project Manager will be limited to managing ten active projects at a time.
  - The PPO will be limited to managing 20 active projects at a time.
  - Project files will be maintained electronically in the CIDNE database. Hard copy documents will have to be scanned and attached. This will accomplish two goals – improving access to project information by all interested parties, and having the enduring record in electronic format rather than a single hard copy paper file.
  - In June 2009 RC(E) established a contract for civilian civil information managers to input and analyze data throughout their AO. USFOR-A is requesting a modification to that contract to extend the same service to RC(S). If approved this contract would provide approximately 19 additional information managers to help facilitate the electronic record process.
  - There are approximately 1500 CERP projects in RC(E) either currently active, or complete but not fully closed out administratively. We are implementing a limit of 500 open projects in RC(E) and 300 in RC(S). By implementing a project limit we can enforce the proper electronic documentation and closeout of prior projects by making those events a prerequisite for funding new projects.
  - The CJTF Commander and USFOR-A Deputy Commander have in the past been delegated approval authority for projects up to \$2 Million. That limit has changed to \$1M. The Commander, USFOR-A, will now approve all projects over \$1M.
  - These changes are being implemented through a Fragmentary Order in the short term and permanently through changes to the Money As A Weapons System document, which serves as the CERP SOP.

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- Mobile Training Teams are being established by ARCENT to provide a common CERP curriculum to all units in pre-deployment training, and also for on-site training in theater.



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Ms. WILLIAMS-BRIDGERS. Mr. Chairman, GAO has also recently completed a report on CERP where we found there was a need for additional oversight, there was a need for additional trained personnel. While the intended effects of the provision of funding for certain projects was very good, we do believe that there is need for better coordination between DOD and USAID to make sure that money is well spent.

Mr. TIERNEY. Who do you recommend do that additional oversight?

Ms. WILLIAMS-BRIDGERS. DOD and USAID. DOD specifically.

Mr. TIERNEY. Gentlemen, are we up to it?

Mr. HEDDELL. Yes. Mr. Chairman, this is a very important area in terms of our considerations. We did do work and we are—we have more work planned. But our most recent report I think goes back to 2007, and we found administrative weaknesses. We had concerns. In fact, 15 of 16 pay agents did not have adequate storage for cash and other assets. Two pay agents made inappropriate payments.

So we have found some of what we would consider to be serious concerns with that, and we are continuing to watch it. The Department knows we are very on top of that, and we will have additional work to be done in the future.

Mr. TIERNEY. We are going to take a look at the Inspector General's report and the Government Accountability Office's reports and your most recent reports, even though they are a little bit dated and determine whether or not there is a need for another hearing or whether or not we will just keep monitoring what it is you are doing. But I do agree with you, sir, that this is very, very important.

Do you have anything you want to say, Mr. Gambatesa, because you're going to be asked to do some more oversight in this area. Do you have the capacity to do it?

Mr. GAMBATESA. Yes, I believe we do.

Mr. TIERNEY. Do you have the willingness to do it?

Mr. GAMBATESA. Yes, of course. But I would like to comment, though, on the question you posed to General Fields about extending his authority into Pakistan. Certainly this is not a reflection—my opinion is not a reflection on the fine work that General Fields and his staff do. But I think, in the general sense, that the statutory IGs here present and others that work, or do work in Pakistan, have the ability and the expertise to provide the oversight if given the resources and the funding to do so. Whether the Congress wants to establish another Inspector General, a Special Inspector General in that area, certainly a political decision will be made. But I, for one, think that we as a group can actually provide the oversight that is necessary.

Mr. TIERNEY. Thank you. I want to thank all of you for your testimony here today and your expertise. It has been a tremendous help to us as we're trying to perform our job in what gets to be a complex and growing universe of events on that. So you have our appreciation. We continue to work with you and look forward to doing that and wish you all a good rest of your day. Thank you.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

