

2 SIGAR OVERSIGHT



SIGAR OVERSIGHT CONTENTS

Audits	17
Inspections	26
Special Projects	28
Lessons Learned	31
Investigations	31
Other SIGAR Oversight Activities	36
SIGAR Budget	37
SIGAR Staff	37

Photo on previous page

IG John Sopko (left) discusses challenges to Afghanistan reconstruction at a November 2019 Wilson Center event in Washington, DC. (SIGAR photo)

SIGAR OVERSIGHT ACTIVITIES

This quarter, SIGAR issued 19 products. SIGAR work to date has identified approximately \$3 billion in savings for the U.S. taxpayer.

SIGAR issued three performance-audit reports this quarter, reviewing anticorruption efforts undertaken by the Afghan government, USAID's emergency food-assistance efforts, and business taxes on U.S. contractors being collected by the Afghan government. In addition, SIGAR issued one alert letter concerning the current state of the U.S. government's counter-narcotics strategy in Afghanistan, and two inspection reports examining the Afghan National Police's Women's Compound at the Herat Regional Training Center, and the Kajaki Dam Irrigation Tunnel.

SIGAR completed nine financial audits of U.S.-funded contracts to rebuild Afghanistan. These financial audits covered a range of topics including USAID's Private Sector-Led Model of Sustainable Social and Economic Development, the Department of the Army's UH-60A Enhanced Phase Maintenance Inspection Program for helicopters, and USAID's Initiative for Hydration, Sanitation, and Nutrition. These financial audits identified \$4,946,880 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

This quarter, SIGAR's Office of Special Projects issued two reports, which reviewed the cost of spare parts for the National Maintenance Strategy-Ground Vehicle Support contract and the Afghan justice sector's Case Management System. The office also issued one inquiry letter regarding the Ministry of Finance's decision to prohibit investigations or monitoring of its revenue-producing units.

During the reporting period, SIGAR's criminal investigations resulted in four criminal charges, five convictions, four pretrial diversions, three sentences, a \$45 million global settlement, and over \$500,000 in fines. SIGAR initiated nine new cases and closed 22, bringing the total number of ongoing investigations to 145.

AUDITS

SIGAR conducts performance and financial audits of programs and projects connected to the U.S. reconstruction effort in Afghanistan. This quarter, SIGAR has 11 ongoing performance audits and 37 ongoing financial audits.

TESTIMONY GIVEN

- SIGAR 20-24-TY: U.S. Lessons Learned in Afghanistan

COMPLETED PERFORMANCE AUDITS

- Audit 20-06-AR: Afghanistan's Anti-Corruption Efforts: The Afghan Government Made Progress in Meeting its Anti-Corruption Strategy Benchmarks, but Serious Challenges Remain to Fighting Corruption
- Audit 20-10-AR: Emergency Food Assistance to Afghanistan: Incomplete Reporting and Limited Site Visits Hindered USAID's Oversight of Millions of Dollars of Food Assistance
- Audit 20-22-AR: Afghan Business Taxes: Action Has Been Taken to Address Most Tax Issues, but the Afghan Government Continues to Assess Taxes on Exempt U.S.-Funded Contracts

COMPLETED ALERT LETTERS

- Audit 20-18-AL: U.S. Counternarcotics Strategy in Afghanistan

COMPLETED FINANCIAL AUDITS

- Financial Audit 20-07-FA: USAID's Engineering Support Program in Afghanistan: Audit of Costs Incurred by Tetra Tech Inc.
- Financial Audit 20-08-FA: Department of State's Programs for Supporting Livelihoods, Water, Sanitation, and Hygiene, and Protection for Afghan Returnees, Internally Displaced Persons, and Vulnerable Host Communities in Afghanistan: Audit of Costs Incurred by the International Rescue Committee Inc.
- Financial Audit 20-09-FA: Department of the Army's UH-60A Enhanced Phase Maintenance Inspection Program in Afghanistan: Audit of Costs Incurred by Science and Engineering Services LLC
- Financial Audit 20-11-FA: Department of the Army's Non-Standard Rotary Wing Aircraft Contractor Logistics Sustainment Afghanistan Project: Audit of Costs Incurred by Leidos Innovations Corporation

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- Financial Audit 20-12-FA: USAID's Initiative for Hygiene, Sanitation, and Nutrition in Afghanistan: Audit of Costs Incurred by FHI 360 Global LLC
- Financial Audit 20-13-FA: Department of State's Efforts to Support Activities Related to Removing Landmines and Unexploded Weapons in Afghanistan: Audit of Costs Incurred by ITF Enhancing Human Security
- Financial Audit 20-14-FA: USAID's Assistance to the Legislative Bodies of Afghanistan Project: Audit of Costs Incurred by DAI Global LLC
- Financial Audit 20-16-FA: USAID's Afghan Women in the Economy Project: Audit of Costs Incurred by DAI Global LLC
- Financial Audit 20-17-FA: USAID's Private Sector-Led Model of Sustainable Social and Economic Development in Badakhshan Province: Audit of Costs Incurred by the Aga Khan Foundation

COMPLETED INSPECTION REPORTS

- Inspection Report 20-15-IP: Afghan National Police Women's Compound at the Herat Regional Training Center: Construction Deficiencies Exist, and the \$3.1 Million Compound Has No Electricity and Has Never Been Used
- Inspection Report 20-21-IP: Kajaki Dam Irrigation Tunnel: The \$27.3 Million Tunnel Is Not Operating Properly Due to Construction Deficiencies and a Maintenance Issue

COMPLETED SPECIAL PROJECTS

- Review 20-05-SP: Afghan National Maintenance Strategy—Ground Vehicle Support: DOD Has Taken Actions to Reduce Spare Parts Overhead Costs
- Review 20-20-SP: Afghanistan's Justice Sector Case Management System: Seized or Forfeited Assets Were Not Tracked or Safeguarded and Nationwide Implementation is not Complete
- Inquiry Letter 20-23-SP: Ministry of Finance Decision to Prohibit Investigations or Monitoring of Revenue Producing Units

Performance Audit Reports Issued

SIGAR issued three performance-audit reports and one alert letter this quarter. A list of completed and ongoing performance audits can be found in Appendix C of this quarterly report.

Performance Audit 20-06-AR: Afghanistan's Anti-Corruption Efforts

The Afghan Government Made Progress in Meeting its Anti-Corruption Strategy Benchmarks, but Serious Challenges Remain to Fighting Corruption

SIGAR found that the Afghan government has made progress in meeting its anticorruption strategy benchmarks since May 2018. However, serious challenges remain to fighting corruption. Achieving the benchmarks contained in Afghanistan's anticorruption strategy is just one way to measure progress in combating corruption. While meeting any individual benchmark is a positive development, ensuring that the broader intent of each benchmark is accomplished has been a concern of international donors and Afghan civil society. Without the political will to address challenges, including resource shortfalls at anticorruption institutions, the seeming impunity of powerful individuals, and declining activity at the corruption courts, transformative change will remain elusive.

SIGAR included eight matters for the Afghan government to consider in its continued anticorruption efforts. To improve its implementation of the Afghanistan National Strategy for Combatting Corruption and other anticorruption efforts, the Afghan government should consider: (1) increasing the resources provided to anticorruption law enforcement organizations such as the Attorney General (AGO), Anti-Corruption Justice Center (ACJC), and Afghan Major Crimes Task Force (MCTF), to provide them with the ability to increase the number of arrests and prosecutions of corrupt individuals; (2) taking action to reduce the legal and de facto immunity of powerful individuals; (3) continuing to polygraph personnel at the ACJC and the MCTF on a regular basis and increasing efforts to eliminate lost productivity from the dismissal of personnel who fail the polygraph examinations; (4) making public all anticorruption court decisions in accordance with Afghan law; (5) increasing coordination and cooperation between Afghan law enforcement organizations and international law-enforcement organizations; (6) increasing efforts to recover assets stolen from Kabul Bank and returning the funds to the Afghan Central Bank; (7) taking action to allow for the distribution of criminally derived assets to government organizations; and (8) continuing to implement the Case Management System and ensuring its systematic use among Afghan law-enforcement organizations.

Performance Audit 20-10-AR: Emergency Food Assistance to Afghanistan

Incomplete Reporting and Limited Site Visits Hindered USAID's Oversight of Millions of Dollars of Food Assistance

SIGAR found that incomplete reporting and limited site visits reduced USAID's ability to conduct oversight of its emergency food-assistance activities in Afghanistan. SIGAR also found that USAID officials conducted site visits to oversee emergency food-assistance projects between 2010 and 2014, but logistical and security challenges have since limited their ability to conduct site visits in remote areas of Afghanistan. In fact, USAID has conducted only one site visit since 2014, which was to the UN World Food Programme's central warehouse in Kabul. Despite USAID's inability to conduct site visits, the agency did not begin to develop a third-party monitoring contract for emergency food-assistance activities in Afghanistan until 2018.

SIGAR also found that USAID lacked data to evaluate whether it achieved intended outcomes related to its emergency food-assistance projects. Although USAID tracked individual incidents of misuse of its food assistance, such as theft, diversion, loss, and illicit taxation, USAID did not calculate the total amount of assistance lost or the total number of intended beneficiaries who did not receive that assistance. Without knowing the full scale of its emergency food-assistance losses, USAID could not determine the impact of its assistance.

SIGAR made three recommendations to USAID. To more effectively oversee emergency food-assistance activities implemented in Afghanistan, SIGAR recommended that the Director of the USAID Office of Food for Peace: (1) enforce reporting requirements listed in emergency food assistance awards for projects in Afghanistan, including those for reporting project activities, progress, and final results; (2) implement an alternative to conducting site visits, such as contracting with third-party monitors to help oversee USAID's emergency food assistance in Afghanistan; and (3) evaluate the efficacy of USAID's emergency food-assistance programs in Afghanistan, including the impact of the total amount of emergency food assistance lost to theft, diversion, illicit taxation, or other causes.

Performance Audit 20-22-AR: Afghan Business Taxes

Action Has Been Taken to Address Most Tax Issues, but the Afghan Government Continues to Assess Taxes on Exempt U.S.-Funded Contracts

Legislation from 2014 through 2018 required State and USAID to report to Congress any taxes assessed on their contractors by the Afghan government; the National Defense Authorization Act (NDAA) for Fiscal Year 2014 contained a similar provision for DOD. To fulfill these requirements, agencies relied on contractors to self-report taxation.

SIGAR assessed the extent to which the Afghan government has assessed and enforced taxes and penalties on contractors implementing

COMPLETED PERFORMANCE AUDITS

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- Audit 20-10-AR: Emergency Food Assistance to Afghanistan: Incomplete Reporting and Limited Site Visits Hindered USAID's Oversight of Millions of Dollars of Food Assistance
- Audit 20-22-AR: Afghan Business Taxes: Action Has Been Taken to Address Most Tax Issues, but the Afghan Government Continues to Assess Taxes on Exempt U.S.-Funded Contracts



Assessments and bank receipts document Afghan taxes levied on a U.S. contractor. (SIGAR photo)

U.S. government contracts in Afghanistan; DOD, State, and USAID have taken steps to resolve tax-related issues; and DOD, State, and USAID have developed processes to collect information and report to Congress on taxes and penalties the Afghan government has assessed.

SIGAR found that the Afghan government continues to assess taxes and penalties on U.S. government contractors, but could not determine the full extent of the problem due to unresponsive contractors and a lack of supporting documentation. SIGAR also found that the Afghan government has taken unpredictable actions that threatened the business environment. Specifically, the Afghan government has not uniformly applied the tax law, adopted impractical requirements for operating in Afghanistan, and inappropriately held shipments of U.S. Embassy supplies and humanitarian aid to enforce improper tax assessments.

Further, SIGAR found that contractors' self-reporting omitted instances of alleged improper taxation and underreported the Afghan government's taxation. In addition, the DOD reporting requirement has not been included in legislation for several years. The Afghan government has continued to assess taxes on DOD contractors, and the absence of a reporting requirement for DOD has further hindered Congressional oversight of this important issue.

This report includes one matter for Congressional consideration and one recommendation. First, Congress may wish to include a provision in future NDAs that requires DOD to collect information and fully report all types of taxes levied by the Afghan government on its contractors in Afghanistan. Second, SIGAR recommends that the Secretary of Defense, the Secretary of State, and the Administrator of USAID require contractors to annually report any instances of taxation by the Afghan government.

Alert Letter 20-18-AL: U.S. Counternarcotics Strategy in Afghanistan

On September 17, 2018, the Senate Caucus on International Narcotics Control requested that SIGAR conduct a review of the U.S. government's current counternarcotics efforts in Afghanistan, including counterthreat finance (CTF) activities directed at the Afghan terrorist and insurgent narcotics trade. As part of that review, the caucus asked SIGAR to determine the status of the Department of State (State)-led interagency *U.S. Counternarcotics Strategy for Afghanistan* and State's revision of, or plans to revise, this strategy.

SIGAR found that State has not revised, nor has plans to revise, the 2012 *U.S. Counternarcotics Strategy for Afghanistan*. State officials told SIGAR that the department now follows the administration's August 2017 *Strategy in Afghanistan and South Asia* (South Asia strategy). Those officials also stated that the South Asia strategy serves as overall guidance for U.S. strategic priorities in Afghanistan and, specifically, counternarcotics efforts. SIGAR reviewed the South Asia strategy and found that it does not

COMPLETED ALERT LETTERS

- Audit 20-18-AL: U.S. Counternarcotics Strategy in Afghanistan

SIGAR OVERSIGHT ACTIVITIES

prioritize counternarcotics efforts or provide any goals, objectives, methods, or tactics related to countering narcotics in Afghanistan; in fact, the South Asia strategy does not mention narcotics.

While acknowledging that State has not been fully successful in the counternarcotics mission in Afghanistan, multiple senior State Bureau of South and Central Asian Affairs officials said the priority has shifted towards reaching a political settlement with the Taliban, rather than, for example, updating the counternarcotics strategy. In commenting on a draft of this letter in December 2019, State officials added that, “A political settlement could significantly improve the effectiveness of counternarcotics efforts by improving security and increasing access to areas under Taliban control where a large portion of narcotics production occurs.”

SIGAR also wrote to advise the Caucus of ongoing challenges in obtaining relevant and necessary documentation to respond to their full request. Specifically, the National Security Council declined SIGAR requests to provide key strategy documents or to interview any personnel responsible for coordinating and implementing them.

Financial Audits

SIGAR launched its financial-audit program in 2012, after Congress and the oversight community expressed concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts and grants awarded in support of overseas contingency operations. SIGAR competitively selects independent accounting firms to conduct the financial audits and ensures that the audit work is performed in accordance with U.S. government auditing standards. Financial audits are coordinated with the federal inspector-general community to maximize financial-audit coverage and avoid duplication of effort.

This quarter, SIGAR completed nine financial audits of U.S.-funded contracts to rebuild Afghanistan, in addition to 37 ongoing financial audits with over \$760 million in auditable costs, as shown in Table 2.1. A list of completed and ongoing financial audits can be found in Appendix C of this quarterly report.

SIGAR issues each financial-audit report to the funding agency that made the award(s), and the funding agency is responsible for making the final determination on **questioned amounts** identified in the report’s audit findings. Since the program’s inception, SIGAR’s financial audits have identified more than \$433 million in **questioned costs** and \$364,907 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of December 31, 2019, funding agencies had disallowed more than \$27 million in questioned amounts, which are thereby subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, final disallowed-cost determinations remain to be made for several of SIGAR’s issued financial audits. SIGAR’s financial audits also

TABLE 2.1

SIGAR’S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
155 completed audits	\$8.02
37 ongoing audits	0.76
Total	\$8.78

Note: Numbers have been rounded. Coverage includes auditable costs incurred by implementers through U.S.-funded Afghanistan reconstruction contracts, grants, and cooperative agreements.

Source: SIGAR Audits and Inspections Directorate.

Questioned amounts: the sum of potentially unallowable questioned costs and unremitted interest on advanced federal funds or other revenue amounts payable to the government.

Questioned costs: costs determined to be potentially unallowable. The two types of questioned costs are (1) ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc. or an unnecessary or unreasonable expenditure of funds); and (2) unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

SIGAR OVERSIGHT ACTIVITIES

have identified and reported 507 compliance findings and 545 internal-control findings to the auditees and funding agencies.

COMPLETED FINANCIAL AUDITS

- Financial Audit 20-17-FA: USAID's Private Sector-Led Model of Sustainable Social and Economic Development in Badakhshan Province: Audit of Costs Incurred by the Aga Khan Foundation
- Financial Audit 20-11-FA: Department of the Army's Non-Standard Rotary Wing Aircraft Contractor Logistics Sustainment Afghanistan Project: Audit of Costs Incurred by Leidos Innovations Corporation
- Financial Audit 20-16-FA: USAID's Afghan Women in the Economy Project: Audit of Costs Incurred by DAI Global LLC
- Financial Audit 20-08-FA: Department of State's Programs for Supporting Livelihoods, Water, Sanitation, and Hygiene, and Protection for Afghan Returnees, Internally Displaced Persons, and Vulnerable Host Communities in Afghanistan: Audit of Costs Incurred by the International Rescue Committee Inc.
- Financial Audit 20-07-FA: USAID's Engineering Support Program in Afghanistan: Audit of Costs Incurred by Tetra Tech Inc.
- Financial Audit 20-12-FA: USAID's Initiative for Hygiene, Sanitation, and Nutrition in Afghanistan: Audit of Costs Incurred by FHI 360 Global LLC
- Financial Audit 20-09-FA: Department of the Army's UH-60A Enhanced Phase Maintenance Inspection Program in Afghanistan: Audit of Costs Incurred by Science and Engineering Services LLC
- Financial Audit 20-13-FA: Department of State's Efforts to Support Activities Related to Removing Landmines and Unexploded Weapons in Afghanistan: Audit of Costs Incurred by IIF Enhancing Human Security
- Financial Audit 20-14-FA: USAID's Assistance to the Legislative Bodies of Afghanistan Project: Audit of Costs Incurred by DAI Global LLC

Financial Audits Issued

The nine financial audits completed in this quarter identified \$4,946,880 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

Financial Audit 20-17-FA: USAID's Private Sector-Led Model of Sustainable Social and Economic Development in Badakhshan Province

Audit of Costs Incurred by the Aga Khan Foundation

On March 23, 2013, USAID awarded a \$61,147,036 cooperative agreement to the Aga Khan Foundation to support the Multi-Input Area Development Global Development Alliance. The alliance's goal was to promote a private-sector-led model of sustainable social and economic development in Afghanistan's Badakhshan Province to improve the lives of its residents. After 14 modifications, the agreement's total funding decreased to \$21,445,265, and the period of performance was extended from March 22, 2018, through June 15, 2018.

SIGAR's financial audit, performed by Williams Adley-DC LLP, reviewed \$20,494,370 in costs charged to the agreement from January 1, 2016, through June 15, 2018. The auditors identified one significant deficiency in the Aga Kahn Foundation's internal controls, and one instance of material noncompliance and two instances of noncompliance with the terms of the agreement. Williams Adley identified \$3,703,712 in questioned costs charged to the agreement related to these issues.

Financial Audit 20-11-FA: Department of the Army's Non-Standard Rotary Wing Aircraft Contractor Logistics Sustainment Afghanistan Project

Audit of Costs Incurred by Leidos Innovations Corporation

On September 1, 2014, the U.S. Army awarded a one-year, cost-plus-fixed-fee task order worth \$105,265,035 to Lockheed Martin Integrated Services to implement the Non-Standard Rotary Wing Aircraft Contractor Logistics Sustainment Afghanistan project. The task order's objective was to increase the readiness and capabilities of the Afghan security forces. The Army modified the task order 40 times, which increased the total amount to \$584,765,557, and extended the period of performance through September 30, 2018. In August 2016, a division of Lockheed Martin Integrated Services merged with a subsidiary of Leidos Holdings Inc. As a result, the task order transferred to Leidos Innovations Corporation on April 3, 2017.

SIGAR OVERSIGHT ACTIVITIES

SIGAR's financial audit, performed by CohnReznick LLP, reviewed \$277,948,324 in costs charged to the task order from January 1, 2017, through September 30, 2018. The auditors identified one significant deficiency in Leidos's internal controls and one instance of noncompliance with the terms of the task order and applicable regulations. CohnReznick identified \$506,898 in questioned costs charged to the task order related to these issues.

Financial Audit 20-16-FA: USAID's Afghan Women in the Economy Project

Audit of Costs Incurred by DAI Global LLC

On July 1, 2015, USAID awarded a five-year, cost-plus-fixed-fee task order for \$15 million to DAI to support the Afghan Women's Leadership in the Economy project. The project's goals were to improve employment opportunities for educated women between 18 and 30 years old, and to increase income and viability for women-owned businesses. In 2016, the project's name changed to Afghan Women in the Economy. After five modifications, the task order's total funding increased to \$44,598,984, and the period of performance decreased from June 30, 2020, to June 30, 2019.

SIGAR's financial audit, performed by Williams Adley-DC LLP, reviewed \$33,616,783 in costs charged to the task order from July 1, 2015, through June 30, 2018. The auditors identified one material weakness, one deficiency in DAI's internal controls, and two instances of noncompliance with the terms of the task order. Williams Adley identified \$403,009 in questioned costs charged to the agreement related to these issues.

Financial Audit 20-08-FA: Department of State's Programs for Supporting Livelihoods, Water, Sanitation, and Hygiene, and Protection for Afghan Returnees, Internally Displaced Persons, and Vulnerable Host Communities in Afghanistan

Audit of Costs Incurred by the International Rescue Committee Inc.

Between September 29, 2014, and September 29, 2017, State's Bureau of Population, Refugees, and Migration awarded four consecutive one-year cooperative agreements to the International Rescue Committee Inc. These agreements support State programs that help Afghans returning to the country, internally displaced people, and host communities in Afghanistan by increasing access to safe water, sustainable livelihoods, sanitation, and hygiene. Together, the agreements totaled \$5,831,170 and covered a four-year period from September 29, 2014, through September 28, 2018. State modified these agreements six times, which reduced total funding to \$5,406,179, and extended the period of performance for the fourth agreement through October 28, 2018.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$5,290,445 charged to the agreements from September 29, 2014, through September 28,

SIGAR OVERSIGHT ACTIVITIES

2018. The auditors identified six significant deficiencies and one deficiency in the committee's internal controls, and seven instances of noncompliance with the terms of the cooperative agreements, applicable laws, and regulations. Conrad identified \$205,833 in questioned costs charged to the contract related to these issues.

Financial Audit 20-07-FA: USAID's Engineering Support Program in Afghanistan

Audit of Costs Incurred by Tetra Tech Inc.

On July 14, 2016, USAID awarded Tetra Tech Inc. a five-year, time-and-materials contract to provide architectural and engineering services for the agency's Engineering Support program. The program's objective is to ensure that the quality of USAID-supported infrastructure construction in Afghanistan meets international standards and follows best practices. The period of performance began on July 23, 2016, and runs through July 22, 2021. The contract's total value is \$125 million. USAID modified it six times to exercise option years and add or modify clauses, but it did not change the period of performance or value.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$22,080,466 charged to the contract from July 23, 2016, through July 22, 2018. The auditors identified six internal-control deficiencies—three of them significant—and four instances of noncompliance with the terms of the contract. Conrad identified \$120,078 in questioned costs charged to the contract related to these issues.

Financial Audit 20-12-FA: USAID's Initiative for Hygiene, Sanitation, and Nutrition in Afghanistan

Audit of Costs Incurred by FHI 360 Global LLC

On May 11, 2016, USAID awarded FHI 360 a five-year, \$75,503,848, cost-plus-fixed-fee contract to support USAID's Initiative for Hygiene, Sanitation, and Nutrition. The contract's objective is to improve the nutritional status of women of reproductive age and children younger than five. USAID modified the contract four times to reflect changes in contract terms, key personnel, and the work plan, but did not change the total funding or period of performance.

SIGAR's financial audit, performed by Williams Adley-DC LLC, reviewed \$13,010,905 charged to the contract from May 11, 2016, through May 10, 2018. The auditors identified one significant deficiency and two deficiencies in FHI 360's internal controls, and two instances of noncompliance with the terms of the contract, applicable laws, and regulations. Williams Adley identified \$7,046 in questioned costs charged to the contract related to these issues.

Financial Audit 20-09-FA: Department of the Army’s UH-60A Enhanced Phase Maintenance Inspection Program in Afghanistan Audit of Costs Incurred by Science and Engineering Services LLC

On June 28, 2017, the Army awarded Science and Engineering Services LLC (SES) a 14-month, \$12,001,819, cost-plus-fixed-fee delivery order under an existing indefinite-delivery/indefinite-quantity contract. Under the order, SES was required to provide supplies and maintenance support to the Enhanced Phase Maintenance Inspection program in Afghanistan to improve the Afghan military’s ability to provide air transport. Through nine modifications, the delivery order’s value increased to \$20,031,998, and the period of performance was extended to November 30, 2019.

SIGAR’s financial audit, performed by CohnReznick LLP, reviewed \$13,954,053 in costs that SES incurred between June 28, 2017, and November 30, 2018. The auditors identified two deficiencies in SES’s internal controls—one of them significant—and two instances of noncompliance with the terms of the delivery order, applicable laws, and regulations. The auditors identified \$304 in questioned costs charged to the delivery order related to these issues.

Financial Audit 20-13-FA: Department of State’s Efforts to Support Activities Related to Removing Landmines and Unexploded Weapons in Afghanistan

Audit of Costs Incurred by ITF Enhancing Human Security

Between 2014 and 2018, the Department of State’s Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded two cooperative agreements and one grant worth a total of \$1,277,979 to ITF Enhancing Human Security. These awards were intended to support activities related to removing landmines and unexploded weapons in Afghanistan. The initial period of performance for the three awards was from March 1, 2014, through September 30, 2018. However, the department modified them several times, which increased their total value to \$10,732,130 and extended the period of performance to December 18, 2019.

SIGAR’s financial audit, performed by Conrad LLP, reviewed \$10,113,202 of costs incurred from March 1, 2014, through September 30, 2018. The auditors identified two significant deficiencies in ITF’s internal controls and one instance of noncompliance with the terms of the awards and applicable laws and regulations. Conrad did not identify any questioned costs related to these issues.

Financial Audit 20-14-FA: USAID’s Assistance to the Legislative Bodies of Afghanistan Project

Audit of Costs Incurred by DAI Global LLC

On March 28, 2013, USAID awarded a \$2,769,273 cost-plus-fixed-fee task order to Development Alternatives Inc. to support the Assistance

to Legislative Bodies of Afghanistan project. The project's goals were to strengthen the legislative process in the Afghan parliament, improve its ability to conduct oversight of the executive branch, increase public outreach, and boost institutional development. After 15 modifications, the task order's total funding increased to \$24,990,827, and the period of performance was extended from March 28, 2017, through March 27, 2018. In January 2016, Development Alternatives Inc. was renamed DAI Global LLC.

SIGAR's financial audit, performed by Williams Adley-DC LLP, reviewed \$10,959,292 in costs charged to the task order from January 1, 2016, through March 27, 2018. The auditors did not identify any material weaknesses or significant deficiencies in DAI's internal controls or any instances of non-compliance with the terms of the task order. Therefore, Williams Adley did not identify any questioned costs.

COMPLETED INSPECTION REPORTS

- Inspection Report 20-15-IP: Afghan National Police Women's Compound at the Herat Regional Training Center: Construction Deficiencies Exist, and the \$3.1 Million Compound Has No Electricity and Has Never Been Used
- Inspection Report 20-21-IP: Kajaki Dam Irrigation Tunnel: The \$27.3 Million Tunnel Is Not Operating Properly Due to Construction Deficiencies and a Maintenance Issue

INSPECTIONS

Inspection Reports Issued

SIGAR issued two inspection reports this quarter. A list of completed and ongoing inspections can be found in Appendix C of this quarterly report.

Inspection Report 20-15-IP: Afghan National Police Women's Compound at the Herat Regional Training Center Construction Deficiencies Exist, and the \$3.1 Million Compound Has No Electricity and Has Never Been Used

On September 21, 2016, the U.S. Army Corps of Engineers (USACE) awarded a \$3.1 million firm-fixed-price contract to Assist Consultants Inc. (ACI) to design and build a compound to train 100 female students in the Afghan National Police (ANP). During the January 2019 site visits, SIGAR found four construction deficiencies, which resulted from ACI not following the contract requirements or USACE not providing adequate enforcement. SIGAR notified USACE of the deficiencies so ACI could take corrective action before the warranty expired. USACE provided documentation showing that ACI corrected one of the deficiencies. Because the compound did not have electricity, SIGAR could not fully inspect the electrical, mechanical, and plumbing systems. As a result, additional deficiencies could also exist.

SIGAR also found that project-closeout process did not follow contract specifications or Combined Security Transition Command-Afghanistan (CSTC-A) procedures. Specifically, some facilities were not complete and ready for occupancy when USACE transferred the compound to CSTC-A. In addition, USACE completed prefinal inspections only after accepting the facilities. USACE and ACI also started the warranty on some equipment and life-safety systems before ACI completed or tested them. As a result,

SIGAR OVERSIGHT ACTIVITIES

these items received less than one year of warranty coverage. Although the systems were installed and under warranty at the time of the January 2019 site visits, SIGAR could not fully inspect them due to the lack of electricity. Finally, SIGAR found that the ANP women's compound at the Herat RTC has never been occupied.

SIGAR made one recommendation to the CSTC-A commander to notify the Afghan Ministry of Interior of the construction deficiencies SIGAR identified at the women's compound in Herat and advise the ministry to take whatever action it deems appropriate to (1) connect the compound to a local electrical power source; (2) install cable-identification tags in the manholes and handhole access points; and (3) install flexible duct connectors on the exhaust fans.

Inspection Report 20-21-IP: Kajaki Dam Irrigation Tunnel **The \$27.3 Million Tunnel Is Not Operating Properly Due to Construction Deficiencies and a Maintenance Issue**

On January 30, 2013, the U.S. Army Corps of Engineers (USACE) awarded a \$25.6 million firm-fixed price contract to Metag Insaat Ticaret A.S. (METAG), a Turkish firm, to repair or replace various components of the Kajaki Dam irrigation tunnel. USACE issued the notice to proceed on February 20, 2013, and METAG was to complete the project on October 18, 2014. However, 14 contract modifications extended the completion date to October 29, 2018, and increased the contract value to \$27.3 million. The construction warranty expired on September 27, 2019.

SIGAR visited the Kajaki Dam irrigation tunnel on March 20–22, 2019, and found that METAG generally met contract requirements for the construction and repair activities that SIGAR could inspect. In addition, the tunnel was operating and diverting water for irrigation. However, SIGAR also found two construction deficiencies and one maintenance issue. The two construction deficiencies were (1) excessive backslash with the cone valves, and (2) newly installed ventilation-system motors that cannot operate continuously for more than one hour before overheating. The one maintenance issue involves the improper fastening of three emergency closure valves that prevented their proper operation. Both the deficiencies and the maintenance issue affect the proper operation of the irrigation tunnel.

SIGAR made one recommendation to the U.S. Forces-Afghanistan Commander, in coordination with the USACE Commander: to notify the Afghan Ministry of Energy and Water of the Kajaki Dam irrigation tunnel's two construction deficiencies and the maintenance issue so that the ministry can take whatever action it deems appropriate to correct them.

Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 11



A plank supports emergency-closure valve pins in the Kajaki Dam Irrigation Tunnel. (SIGAR photo)

SIGAR OVERSIGHT ACTIVITIES

recommendations contained in six performance-audit, inspection, and financial-audit reports.

From 2009 through December 2019, SIGAR issued 370 audits, alert letters, and inspection reports, and made 1,035 recommendations to recover funds, improve agency oversight, and increase program effectiveness.

SIGAR has closed 879 of these recommendations, about 85%. Closing a recommendation generally indicates SIGAR's assessment that the audited agency either has implemented the recommendation or has otherwise appropriately addressed the issue. In some cases where the agency has failed to act, SIGAR will close the recommendation as "Not Implemented"; this quarter, SIGAR closed one recommendation in this manner. In some cases, these recommendations will be the subject of follow-up audit or inspection work.

SIGAR is also required to report on any significant recommendations from prior reports on which corrective action has not been completed. This quarter, SIGAR continued to monitor agency actions on 156 open recommendations. Eighty of these recommendations have been open for more than 12 months because the agency involved has not yet produced a corrective-action plan that SIGAR believes would resolve the identified problem, or has otherwise failed to appropriately respond to the recommendation(s).

For a complete list of open recommendations, see www.sigar.mil.

COMPLETED SPECIAL PROJECTS

- Review 20-05-SP: Afghan National Maintenance Strategy—Ground Vehicle Support: DOD Has Taken Actions to Reduce Spare Parts Overhead Costs
- Review 20-20-SP: Afghanistan's Justice Sector Case Management System: Seized or Forfeited Assets Were Not Tracked or Safeguarded and Nationwide Implementation is not Complete
- Inquiry Letter 20-23-SP: Ministry of Finance Decision to Prohibit Investigations or Monitoring of Revenue Producing Units

SPECIAL PROJECTS

SIGAR's Office of Special Projects was created to quickly obtain and access information necessary to fulfill SIGAR's oversight mandates; examine emerging issues; and deliver prompt, actionable reports to federal agencies and the Congress. Special Projects reports and letters focus on providing timely, credible, and useful information to Congress and the public on all facets of Afghanistan reconstruction. The directorate comprises a team of analysts supported by investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions.

This quarter, SIGAR's Office of Special Projects issued two review reports and one inquiry letter. A list of completed Special Projects can be found in Appendix C of this quarterly report.

Review 20-05-SP: Afghan National Maintenance Strategy–Ground Vehicle Support

DOD Has Taken Actions to Reduce Spare Parts Overhead Costs

This report is a follow-up to a SIGAR audit issued in 2016 entitled *Afghan National Army: DOD Has Taken Steps to Remedy Poor Management of Vehicle Maintenance Program* (SIGAR 16-49-AR).

SIGAR found that DOD addressed the findings from the previous report on the Afghanistan Technical Equipment Maintenance Program (A-TEMP) contract when designing the National Maintenance Strategy–Ground Vehicle Support (NMS-GVS) contract. First, DOD incorporated supply-chain management into the solicitation process, instead of requiring the contractor to rely on the Afghans to conduct supply-chain management, allowing Army Contracting Command to compete the cost to perform the supply-chain management function. This resulted in a significantly lower overhead rate for spare parts, thereby potentially reducing the overall cost to acquire and deliver spare parts to the maintenance sites. Second, DOD increased oversight of the NMS-GVS contract by assigning the product manager for Allied Tactical Vehicles program oversight responsibility and hiring additional contract-oversight representatives (CORs) in Afghanistan. The CORs routinely visit Afghan Equipment Maintenance Sites and provide weekly status reports on Afghan National Army and Afghan National Police maintenance operations.

While DOD implemented many of the recommendations from the 2016 A-TEMP contract report, it is still unknown whether these actions will result in overall reduced spare-parts cost. A comparison of the fully burdened spare-parts cost for a sample of spare parts purchased on both the A-TEMP contract and the NMS-GVS contract showed both increases and decreases. This was caused primarily by the differences in the unit prices the two contractors were paying for the various parts. Also, a comparison of the unit prices under the NMS-GVS contract to Defense Logistics Agency (DLA) prices listed in FEDLOG showed that purchasing some of the parts through DLA might reduce overall costs.

SIGAR made one recommendation, that DOD modify the NMS-GVS contract to allow the contractor to use DLA to purchase spare parts when the DLA is the least expensive source. DOD agreed with the recommendation and stated that Army Contracting Command is making the necessary contract modifications to allow the contractor to use DLA for spare parts supply when it is the cheaper option.



Inspector General Sopko (second from left) and staff meet with Afghan Minister of Finance Muhammad Qayoumi (first from left). (SIGAR photo)

Review 20-20-SP: Afghanistan's Justice Sector Case Management System

Seized or Forfeited Assets Were Not Tracked or Safeguarded and Nationwide Implementation is Not Complete

The Case Management System (CMS) is a component of the Justice Sector Support Program (JSSP) managed by the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL). CMS is an online database that tracks the status of criminal and civil cases in Afghanistan, across all criminal-justice institutions, from arrest through release from prison. The Afghan Attorney General told U.S. officials that CMS would be fully operational by mid-2018. However, the implementing partner reported in its May 2019 progress report that several actions needed to institutionalize CMS were not complete.

Based on Department of Justice concerns about the slow implementation of CMS, SIGAR initiated this review to determine whether: (1) case files input into CMS by the Attorney General's Office were complete; (2) seized and forfeited assets are being safeguarded and tracked in CMS; and (3) progress is being made implementing CMS nationwide.

SIGAR found that mandatory fields were complete for 20 of the 25 cases reviewed, while five to seven of the eight mandatory fields were blank in the other five cases. SIGAR also reviewed 87 closed cases processed by the Attorney General's Office that involved seized or forfeited cash and drugs valued at about \$1.75 million, plus a number of other assets to include weapons and vehicles whose value could not be determined. The review found that there was no information in CMS tracking the location or disposition of these assets, and that the Justice Attaché was unaware of any safeguards that existed in the Afghan government to prevent the seized and forfeited assets from being stolen.

SIGAR made two recommendations to improve the completeness of records in the system and to work with the Attorney General's Office to institute controls to protect seized and forfeited assets from being stolen. State/INL agreed with SIGAR's recommendations and stated that they will: (1) continue to support the Afghan government's efforts to hire and adequately train civil servants responsible for CMS data entry; and (2) recommend that the CMS Governance Board consider adding the disposition of seized or forfeited assets as a mandatory field in the CMS database.

Inquiry Letter 20-23-SP: Ministry of Finance Decision to Prohibit Investigations or Monitoring of Revenue Producing Units

SIGAR issued an inquiry letter to clarify the intent behind the June 11, 2019, memorandum issued by the Minister of Finance prohibiting investigative and security organizations from investigating or monitoring revenue-producing units of the Ministry of Finance. The memorandum refers

SIGAR OVERSIGHT ACTIVITIES

to an underlying Presidential Order prohibiting investigative organizations to include the Attorney General's Office, Supreme Audit Office, National Directorate of Security, and Interior Ministry Directorate of Intelligence from conducting any investigations in Ministry of Finance affairs, particularly the Afghanistan's Customs and Revenue Department.

It appears that the June 2019 memorandum significantly limits the oversight and transparency of the revenue-generating units that are most susceptible to corruption. While the Minister states in his response that the Ministry of Finance has successfully established a transparent operational framework intended to ensure transparency and accountability, he does not offer any specifics as to how this has been accomplished, causing SIGAR to continue to be concerned about the ability of Afghan law enforcement and oversight agencies to properly monitor Ministry of Finance activities. SIGAR will review this framework and assess the limitations placed on investigative organizations as part of an ongoing anticorruption audit, as well as other work.

LESSONS LEARNED

SIGAR's Lessons Learned Program was created to identify lessons and make recommendations to Congress and executive agencies on ways to improve current and future reconstruction efforts. To date, the program has issued seven reports. Four reports are currently in development on U.S. government support to elections, monitoring and evaluation of reconstruction contracting, efforts to advance and empower women and girls, and a report on police and corrections. Issued lessons-learned reports and their companion interactive versions are posted on SIGAR's website, www.sigar.mil.

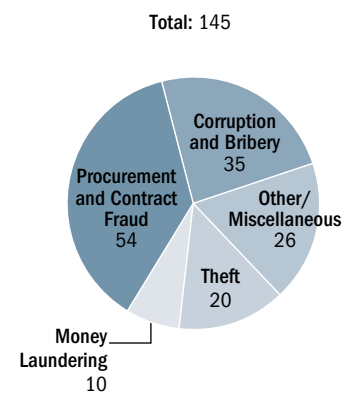
INVESTIGATIONS

During the reporting period, SIGAR's criminal investigations resulted in four criminal charges, five convictions, four pretrial diversions, three sentencing, a \$45 million global settlement, and over \$500,000 in fines. SIGAR initiated nine new cases and closed 22, bringing the total number of ongoing investigations to 145.

To date, SIGAR investigations have resulted in a cumulative total of 147 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlements, and U.S. government cost savings and recoveries total over \$1.6 billion.

FIGURE 2.1

SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS, AS OF JANUARY 3, 2020



Source: SIGAR Investigations Directorate, 1/3/2020.

INVESTIGATION RESULTS IN A \$45 MILLION GLOBAL SETTLEMENT AND \$500,000 IN FINES

On December 2, 2019, Unitrans International Inc. (Unitrans), a privately held Virginia defense contracting company, agreed to a global settlement of \$45 million to resolve criminal-obstruction charges and civil False Claims Act allegations with the Department of Justice (DOJ) Fraud Section, Civil Division and the United States Attorney's Office (USAO) for the Eastern District of Virginia (EDVA), relating to the illegal transportation of goods across Iran in connection with a contract to provide material and logistical support to the U.S. troops in Afghanistan. The settlement comprised an \$18 million criminal fine, a payment of \$13.5 million to the DOJ Civil Division, and a victim-compensation payment of \$13.5 million to the Defense Logistics Agency (DLA).

Unitrans entered into a nonprosecution agreement (NPA) with the DOJ's Fraud Section. In connection with the NPA, Unitrans admitted that certain of its officers, as well as officers of Anham FZCO (Anham), an associated Dubai Free Zone company incorporated under the laws of the United Arab Emirates, obstructed proceedings pending before the DLA, a violation of 18 USC 1505: obstruction of proceedings before departments, agencies, and committees.

In June 2012, the DLA awarded Anham a contract to provide material and logistical support to U.S. troops in Afghanistan. This contract required Anham to certify that it would comply with all executive orders, proclamations, and statutes that prohibit U.S. persons and companies from shipping materials through Iran.

During 2011 and 2012, officers of Unitrans, which provided logistical services to Anham,

facilitated the transportation of construction materials to Afghanistan through Iran. These materials were used in the construction of a warehouse that Anham used to assist in the performance of the troop support contract Anham had with the DLA. At the time of the shipments, high-level officers at Unitrans and Anham were aware of the activity and took no action to stop the conduct.

The DOJ Fraud Section separately entered into NPAs with three corporate officers who were previously indicted in relation to the scheme. Huda Farouki (of Anham), Mazen Farouki (Unitrans), and Salah Maarouf (American International Services) agreed to NPAs for violation of obstruction of proceedings before departments, agencies and committees, and paid a combined total of \$500,000 in court-ordered fines. The individuals agreed that they criminally violated 18 USC 1505. Unitrans admitted, accepted, and acknowledged responsibility under United States law, for the acts of its officers, directors, employees, and agents.

Unitrans also resolved allegations under the False Claims Act that it, along with Anham, fraudulently induced the DLA and the U.S. Army to award wartime contracts by knowingly and falsely certifying compliance with United States sanctions against Iran, as well as the construction progress on its Bagram warehouse.

SIGAR, Homeland Security Investigations (HSI), and Defense Criminal Investigative Service (DCIS) investigated the criminal case. SIGAR and Defense Contract Audit Agency (DCAA) assisted DOJ with the False Claims Act case.

Former U.S. Special Forces Member Pleads Guilty to Embezzlement Scheme

On January 13, 2020, in the Eastern District of North Carolina, former U.S. Army Special Forces Sergeant First Class (SFC) William Todd Chamberlain, pleaded guilty to conspiracy and theft of government property. He faces a combined maximum prison sentence of 15 years, followed by three years' supervised release, a \$500,000 fine, mandatory restitution, and forfeiture of \$40,000.

Chamberlain was part of a conspiracy involving former U.S. Army soldiers Cleo Autry, Jeffrey Cook, Deric Harper, and Barry Walls. Between 2008 and 2012, they were all deployed with a Special Forces Group under the Combined Joint Special Operations Task Force (CJSOTF) at Forward Operating Base Fenty in Jalalabad, Afghanistan. Deployed as a small team, the soldiers had access to various government funds. Their team was allotted operational funds to purchase mission-critical items that could not be obtained through normal military supply systems as well as Commander's Emergency Response Program (CERP) funds earmarked for humanitarian projects intended to benefit the local Afghan populace, such as public roads, schools and medical clinics. In addition, they received classified funds for Special Forces to support counterterrorism operations. Over time, the soldiers conspired to steal cash, purchase a substantial number of money orders, and send the funds to their spouses, to electronic bank accounts, or to various vendors. They purchased money orders ranging from \$500 to \$2,600 on at least a dozen occasions.

When first approached by law enforcement, Chamberlain and the others lied. They falsely claimed they had either won the cash gambling or brought it with them from the United States. Chamberlain was the noncommissioned officer in charge and the team engineer. Since a large portion of these funds were supposed to be used on building and maintaining the infrastructure of the forward operating base, Chamberlain would have known the amounts reflected on the receipts provided by the team were inflated.

Chamberlain's guilty plea was the result of a seven-year investigation conducted jointly by SIGAR, DCIS, the U.S. Army's Major Procurement Fraud Unit, and the FBI. Chamberlain's coconspirators pleaded guilty in 2014 and in 2019 were sentenced to three years' probation, ordered to forfeit \$40,000, and pay \$40,000 in restitution.

Two Afghan Nationals Convicted for Money Laundering

On October 22, 2019, the Afghanistan Anti-Corruption Justice Center (ACJC) Primary Court convicted Bashir Ahmad Sediqi and Rafi Baha for violations of Afghanistan anti-money-laundering and criminal-income law relating to their attempted exportation of 41.37 kg of gold. Sediqi and Baha were each sentenced to four years' incarceration and ordered to pay a fine of 100,000 afghanis (\$1,247). The ACJC Primary Court Delegation

ordered the gold, worth \$1.9 million, to be confiscated in accordance with Afghanistan criminal code.

In August 2017, SIGAR special agents at Bagram Airfield encountered Sediqi as he was attempting to depart Afghanistan via DFS Airline with the 41.37 kg of gold. After an initial interview with Sediqi, SIGAR detained the gold and, with the Afghan Major Crimes Task Force (MCTF), initiated an investigation that uncovered money-laundering violations.

The investigation identified numerous other trips whereby Sediqi, Baha, and coconspirators illegally transferred gold out of the country. It was determined that by use of a fraudulent document obtained by Baha, hundreds of millions of dollars in gold were smuggled out of Afghanistan. The ACJC Primary Court's Judicial Delegation recommended prosecution for other individuals involved in the scheme. SIGAR will continue to engage with the ACJC Prosecution Department to seek additional charges.

Prominent Afghan Official Pleads Guilty to Theft of Public Money

On December 11, 2019, in the District Court of San Diego, California, Ahmad Yusuf Nuristani pleaded guilty to a criminal information charging theft of public money, after admitting to receiving \$100,000 in U.S. government benefits by concealing foreign travel and residency between July 2015 and December 2018.

Nuristani has been a prominent politician in Afghanistan for many decades, previously serving as governor of Herat Province and chairman of the Independent Election Commission of Afghanistan during the last presidential election. In September 2018, President Ashraf Ghani appointed Nuristani to the Meshrano Jirga, the upper body of parliament in Afghanistan. Nuristani served as both the head of Afghanistan's Independent Election Commission and as an Afghan senator even as he received supplemental-security income payments from the U.S. Social Security Administration at his claimed address in El Cajon, California.

The investigation was conducted by the Social Security Administration Office of Inspector General, with significant assistance provided by SIGAR.

Former U.S. Military Members Plead Guilty to Theft Conspiracy

On October 23, 2019, in the Eastern District of North Carolina, retired U.S. Army Sergeant First Class (SFC) Jose Miguel Ortiz-Rivera, pleaded guilty to one count of conspiracy for his role in the collection and sale of stolen sensitive military equipment taken from Special Forces groups at Fort Bragg. The stolen items included computer printers, Special Forces headsets, night-vision equipment, GPS units, binoculars, weapon parts, spotting scopes, and meal packages.

On December 12, 2019, also in the Eastern District of North Carolina, Rivera's coconspirator, retired SFC Victor Cortijo, was sentenced to six

months' home confinement, four years' probation, 150 hours' community service, and was ordered to pay \$67,500 in restitution. In August 2019, Cortijo pleaded guilty to one count of conspiracy.

The investigation was led by the FBI, with assistance from SIGAR.

Suspensions and Debarments

Since 2008, SIGAR's suspension and debarment program has referred 975 entities, encompassing 535 individuals and 440 companies, for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

As of December 31, 2019, SIGAR's efforts to utilize suspension and debarment to address fraud, corruption and poor performance in Afghanistan have resulted in a total of 141 suspensions and 563 finalized debarments/special entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. An additional 26 individuals and companies have entered into administrative compliance agreements with the U.S. government in lieu of exclusion from contracting since the initiation of the program. Three individuals and one additional company are currently in proposed debarment status, awaiting final adjudication of debarment referrals by agency suspension and debarment officials. SIGAR anticipates that additional individuals and companies will be referred for suspension and debarment in early 2020 based on its ongoing investigations into fraud, waste, abuse and poor performance.

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

SIGAR makes referrals for suspensions and debarments based on completed investigations that SIGAR conducts or participates in. In most cases, SIGAR's referrals occur in the absence of acceptance of an allegation for criminal prosecution or remedial action by a contracting office and are therefore the primary remedy to address contractor misconduct.

In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the supporting documentation needed for an agency to defend that decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/or poor performance, on occasion SIGAR has

SIGAR OVERSIGHT ACTIVITIES

found it necessary to refer individuals or companies on multiple occasions for consideration by agency suspension and debarment officials.

OTHER SIGAR OVERSIGHT ACTIVITIES

- Inspector General John F. Sopko Testifies Before the House Committee on Foreign Affairs
- Inspector General Sopko Discusses Afghanistan Reconstruction Efforts at Woodrow Wilson Center
- Inspector General Sopko Speaks at International Conference on Anti-Corruption in Fragile States in Berlin, Germany

TESTIMONY GIVEN

- SIGAR 20-24-TY: U.S. Lessons Learned in Afghanistan



Inspector General Sopko highlights the SIGAR 2019 *High-Risk List* at a November 2019 Wilson Center event in Washington, DC. (SIGAR photo)

OTHER SIGAR OVERSIGHT ACTIVITIES

Inspector General John F. Sopko Testifies before the House Committee on Foreign Affairs

On January 15, 2020, Inspector General Sopko testified before the House Foreign Affairs Committee at a hearing entitled “U.S. Lessons Learned in Afghanistan.” IG Sopko spoke about SIGAR’s Lessons Learned Program, and the key lessons that the program’s seven reports have identified. He highlighted the broken personnel system, unchecked corruption, and the lack of metrics used by agencies to measure the success or failure of reconstruction programs as major issues that the reports have identified as having undercut the success of the U.S. reconstruction effort in Afghanistan.

The committee, led by Chairman Eliot Engel (D-NY) and Ranking Member Michael McCaul (R-TX), inquired about a number of issues, including how executive agencies have received and implemented SIGAR’s work; the successful programs in the reconstruction effort and how that success can be replicated in other programs; the “facts vs. fantasy” in reporting about the gains for Afghans, particularly women and schoolchildren; and the ineffectiveness of the U.S. counternarcotics efforts in combating opium production in Afghanistan.

Inspector General Sopko Discusses Afghanistan Reconstruction Efforts at Woodrow Wilson Center

On November 20, 2019, the Woodrow Wilson Center in Washington, DC, hosted Inspector General John Sopko for a public discussion with Michael Kugelman, deputy director and senior associate for the center’s South Asia and Asia Program. The discussion was entitled “Eighteen Years and \$132 billion: Taking Stock of U.S. Reconstruction Efforts in Afghanistan” and was centered on lessons drawn from SIGAR’s work on the U.S. reconstruction effort in Afghanistan. IG Sopko also discussed the potential for a negotiated U.S.-Taliban peace settlement, and the high-risk areas that should be considered by policymakers in the event of such an agreement. IG Sopko also discussed the systemic failures and common cross-cutting issues that have plagued—and continue to plague—the reconstruction effort since the U.S. involvement began in 2001.

Following the discussion, Inspector General Sopko took questions from an audience that included current and former agency officials, think-tank representatives, and Afghan citizens.

Inspector General Sopko Speaks at International Conference on Anti-Corruption in Fragile States in Berlin, Germany

On November 5, 2019, the International Conference on Anti-Corruption in Fragile States in Berlin, Germany, hosted Inspector General Sopko, along with three other participants, for a high-level panel entitled “Challenges and Lessons Learnt.” IG Sopko discussed how corruption in Afghanistan has created a host of problems for the United States, and informed the audience how international development assistance can enable corruption in fragile states. He also discussed how political will is key to fighting corruption in fragile states like Afghanistan, and emphasized that oversight is critical to effective anticorruption efforts. In addition to oversight, he discussed how lessons learned from the past can be very effective in improving current and future efforts in fighting corruption.

After the panel, other SIGAR staff members spoke in breakout discussions on specific topics related to corruption in Afghanistan.

SIGAR BUDGET

SIGAR is funded through September 30, 2021, under the Further Consolidated Appropriations Act, 2020, H.R. 1865, which provides the SIGAR full funding in the amount of \$54.9 million. The budget supports SIGAR’s oversight activities and products by funding SIGAR’s Audits and Inspections, Investigations, Management and Support, and Research and Analysis Directorates, as well as its Office of Special Projects and the Lessons Learned Program.

SIGAR STAFF

SIGAR’s staff count remained steady since the last report to Congress, with 184 employees on board at the end of the quarter: 18 SIGAR employees were at the U.S. Embassy Kabul and one was at Bagram Airfield. SIGAR employed seven Afghan nationals in its Kabul office to support the Forward Operations, Investigations, and Audits Directorates. In addition, SIGAR supplements its resident staff with personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 29 employees on temporary duty in Afghanistan for a total of 398 days.

“We have a mission in Afghanistan. That is to ensure that it never again becomes a safe haven for terrorists. So, until we are confident that that mission is complete, we will retain a presence to do that.”

—*Secretary of Defense Mark T. Esper*