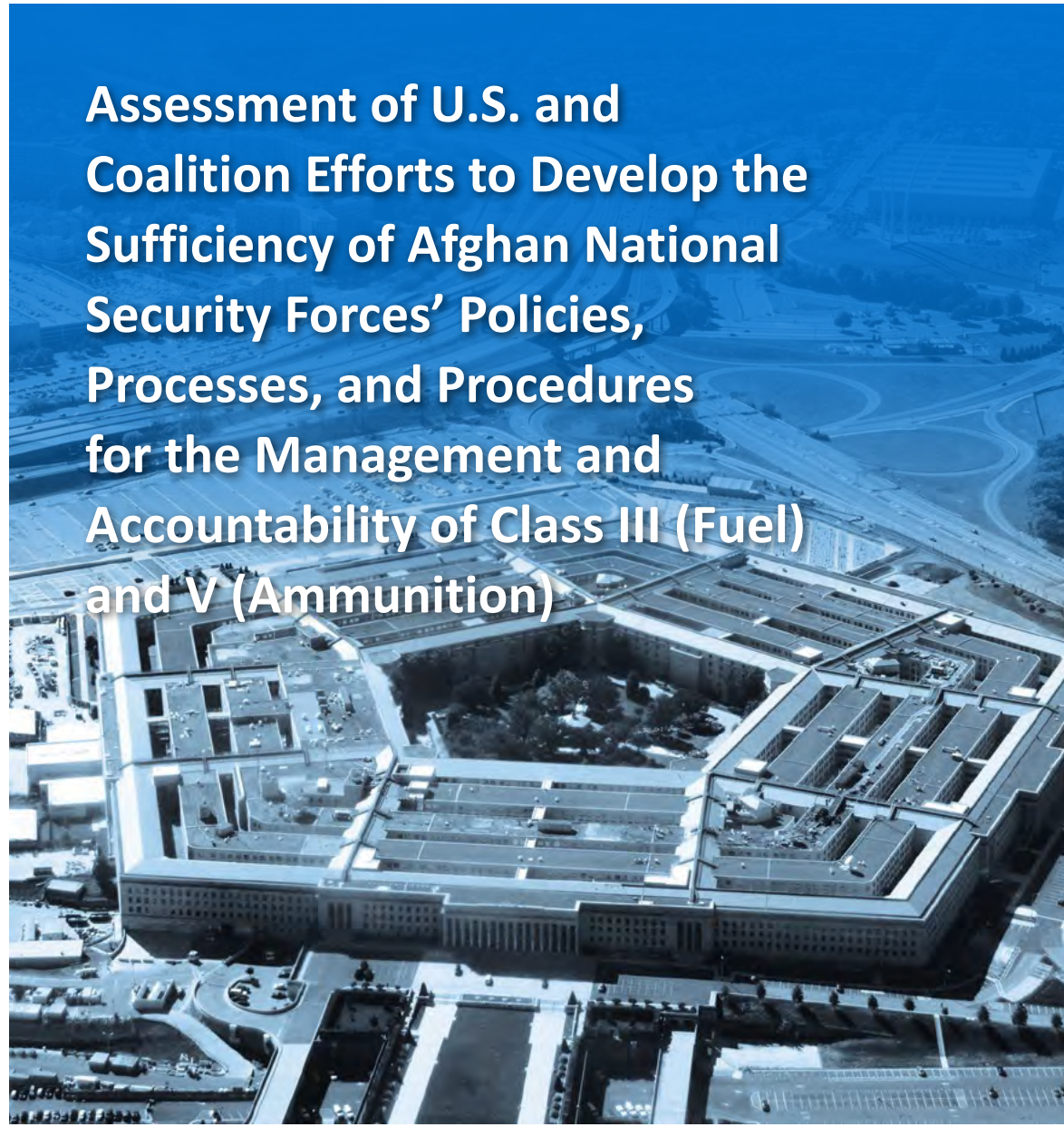




# INSPECTOR GENERAL

*U.S. Department of Defense*

APRIL 30, 2015



## **Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and V (Ammunition)**

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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# Results in Brief

*Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and V (Ammunition)*

April 30, 2015

## Objective

The overall objective of this project was to assess U.S. and Coalition efforts to develop the effectiveness of Afghan National Security Forces' (ANSF's) policies and procedures for the management and accountability of fuel (Class III [Bulk]) and conventional military ammunition and explosives (Class V). Specifically, this assessment evaluated:

- The train, advise, and assist relationship of U.S. and Coalition forces with the Ministry of Defense (MoD) and Ministry of Interior (MoI) regarding the development and sufficiency of regulations and procedures for the procurement, receipt, accountability, distribution, and consumption of ammunition and fuel;
- ANSF compliance with published accountability procedures and internal controls for ammunition, explosives, and fuel at national and regional commands;
- ANSF ammunition, explosives, and fuel distribution and accountability systems for significant gaps and vulnerabilities; and
- ANSF storage facilities for ammunition, explosives, and fuel for security gaps and vulnerabilities.

## Observations

Coalition force and ANSF leaders recognized that development of policies and procedures for the management and accountability of fuel (Class III [Bulk]) and conventional military ammunition and explosives (Class V) was crucial to long-term ANSF operational success.<sup>1</sup> Coalition force leaders and advisors and ANSF leaders and senior logisticians identified a need for updated policy, procedures, and management controls; improved policy enforcement/implementation; and increased contract oversight.

This report contains 7 observations, resulting in 17 recommendations. We identified key issues regarding the management and accountability of fuel and ammunition by the ANSF in the following four areas:

- **Consumption reporting:** ANSF units ordered and received fuel and ammunition based on unit allocations instead of operational requirements, and ANSF logisticians generated no demand history to accurately forecast future operational requirements within anticipated budgets.
- **Management controls:** ANSF Ministries and units had inadequate and underdeveloped control measures for the management and accountability of fuel and ammunition, leading to gaps and vulnerabilities that increased the probability of theft and the diversion of fuel and ammunition.
- **Training:** Both Afghan National Army (ANA) and Afghan National Police (ANP) leadership were not taking full advantage of training opportunities at the ANA Combat Service Support School. They lacked awareness and understanding of the need for formal fuel and ammunition management training.
- **Contract oversight:** ANSF Ministries were not prepared for effective oversight of the bulk fuel contract to ensure that direct financial contributions from the United States were used for the purchase of fuel in support of legitimate activities and operations.

<sup>1</sup> Class III (Bulk) refers to petroleum, oil, and lubricants in quantities greater than 250 liters and Class V refers to ammunition and explosives.



# Results in Brief

## *Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and V (Ammunition)*

### Recommendations

We recommended that the Deputy Chief of Resources, Resolute Support/Essential Function (EF) 5<sup>2</sup> Lead advise and assist:

- The MoD Assistant Minister of Defense for Acquisition, Technology, and Logistics and ANA logisticians, and the MoI Deputy Minister for Support and ANP logisticians to enforce fuel and ammunition consumption reporting policy to ensure that future commodity orders are based on valid consumption data and operational requirements; and to develop unit logistics operating procedures describing individual responsibilities and tasks for ANSF personnel responsible for the management and accountability of fuel and ammunition.
- The MoD Assistant Minister of Defense for Acquisition, Technology, and Logistics and the General Staff G4 to require ANA unit logisticians to assume responsibility for the management and accountability of consumption reporting.

We recommended that the Deputy Chief of Resources, Resolute Support/EF 5 Lead, in coordination with Deputy Chief of Staff Security Assistance, Resolute Support/EF 2 Lead, advise and assist:

- The MoD and ANA logisticians to develop controls to ensure ordering, distribution, delivery, receipt, and storage of fuel and ammunition in accordance with established ANA policy; develop a ministerial Internal Control Program to include an Organizational Inspection Program overseeing fuel and ammunition management and accountability;

and improve the independence of Ministry and ANA fuel and ammunition oversight teams through representation by personnel outside the ANA Corps' logistics chain of command.

- The MoI and ANP to approve the updated fuel policy and implement internal controls regarding ordering, distribution, delivery, receipt, and storage of fuel and ammunition; increase the frequency of ANP unit inspection visits by Ministry and ANP fuel and ammunition oversight teams; establish and implement procedures that monitor contractor fuel deliveries; and establish and implement procedures that ensure vendors do not deliver quantities of fuel in excess of unit storage capacity.

We recommended that the Deputy Chief of Staff Operations, Resolute Support/EF 4 Lead, advise and assist the MoD and ANA Training and Education Command to increase officer, noncommissioned officer, and soldier training through attendance at the ANA Combat Support School, from ANA Training and Education Command-sponsored mobile training teams, or via other decentralized training.

We recommended that the Deputy Chief of Staff Security Assistance, Resolute Support/EF 1 Lead, in coordination with Commander, Combined Security Transition Command–Afghanistan, advise and assist with the development of mature MoD and MoI contract oversight capabilities.

Finally, we recommended that the Commander, Combined Security Transition Command–Afghanistan, in coordination with Deputy Chief of Staff Support, Resolute Support/EF 5 Lead, advise and assist the MoD/ANA and MoI/ANP to ensure that internal controls contained in the MoD and MoI Bilateral Commitment Letters are implemented and enforced.

<sup>2</sup> Functionally-based security force assistance concentrated on eight essential functions: 1. Planning, programming, budgeting, and execution; 2. Internal controls: assuring transparency, accountability, and oversight; 3. Rule of law and governance; 4. Force generation: recruit, train, retain, manage, develop; 5. Force sustainment; 6. Command and control operations; 7. Intelligence; and 8. Strategic communications.



# Results in Brief

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*Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and V (Ammunition)*

## Management Comments and Our Response

We request that the Deputy Chief of Staff Support, International Security Assistance Force/EF 5 Lead; Deputy Chief of Staff Operations, International Security Assistance Force/EF 4 Lead; Deputy Chief of Staff Security Assistance, International Security Assistance Force Commander/EF 1 Lead; and Commander, Combined Security Transition Command–Afghanistan provide comments in response to this report. Please see the Recommendations Table on the next page.

## ***Recommendations Table***

<b>Management</b>	<b>Recommendations Requiring Comment</b>	<b>No Additional Comments Required</b>
Commander, Combined Security Transition Command-Afghanistan		2.b, 6.b
Deputy Chief of Staff Support, Resolute Support/ Essential Function 5 Lead	1.a.2, 1.b, 2.a.1, 2.a.2, 2.a.3, 5.b, 6.a.1, 6.a.2, 6.a.3, 6.a.4	1.a.1, 5.a
Deputy Chief of Staff Operations, Resolute Support/ Essential Function 4 Lead		3
Deputy Chief of Staff Security Assistance, Resolute Support/ Essential Function 1 Lead		4, 7

Please provide Management Comments by May 30, 2015.



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

April 30, 2015

MEMORANDUM FOR COMMANDER, UNITED STATES CENTRAL COMMAND  
COMMANDER, RESOLUTE SUPPORT  
COMMANDER, COMBINED SECURITY TRANSITION  
COMMAND-AFGHANISTAN

SUBJECT: Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and V (Ammunition) (Report No. DODIG-2015-108)

We are providing this report for review and appropriate action. This is a continuation of a series of reports published by the Office of the Inspector General's Special Plans and Operations directorate with a priority focus on the DoD mission to train, advise, and equip the security forces of Afghanistan. We conducted this assessment from July 2014 to January 2015 in accordance with the "Quality Standards for Inspections and Evaluations," published in January 2012 by the Council of Inspectors General on Integrity and Efficiency.

We considered management comments to a draft of this report when preparing the final report. We request additional information on implementation of recommendations as outlined in the Recommendations Table on page iv.

We should receive your comments by May 30, 2015. Your comments should describe what actions you have taken or plan to take to accomplish the recommendations and include the completion dates of your actions. Please send copies of documentation supporting the actions you may have already taken.

Please provide comments that conform to the requirements of DoD Directive 7650.3. If possible, send your comments in electronic format (Adobe Acrobat file only) to [SPO@dodig.mil](mailto:SPO@dodig.mil). Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

Please direct questions to [REDACTED].

A handwritten signature in black ink that reads "Kenneth P. Moorefield".

Kenneth P. Moorefield  
Deputy Inspector General  
Special Plans and Operations





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## Acronyms and Abbreviations



## Introduction

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The Deputy Commander, Combined Security Transition Command–Afghanistan (CSTC-A), requested this assessment at the conclusion of the Afghan Program Management Review in May 2014. The command recognized continuing challenges with Afghanistan National Security Forces’ (ANSF’s) logistics development, specifically fuel and ammunition accountability from delivery through end use. The intention of CSTC-A and its commander was to gain reasonable assurance that the ANSF was accounting for and using fuel and ammunition for the intended purposes and had effective processes to manage these commodities and their supporting infrastructure.

This report is the latest in a series by the DoD Office of the Inspector General Special Plans and Operations evaluating progress made by U.S. and Coalition forces to train, advise, and equip the development of the ANSF. Within this series, four reports, published starting in 2011, specifically address ANSF logistic system development.<sup>3</sup> These reports identified enterprise-wide challenges, highlighted lagging ministerial development, captured systemic improvements over time, and stressed the importance of sustainable logistics capability to the development of independent, effective ANSF.

## Objectives

The objective of this project was to assess the sufficiency of ANSF policies and procedures for the management and accountability of fuel (Class III [Bulk]<sup>4</sup>) and conventional military ammunition and explosives (Class V<sup>5</sup>). Specifically, this assessment evaluated:

- The International Security Assistance Force (ISAF) Security Assistance Office’s relationship with the Government of the Islamic Republic of Afghanistan (GIROA) Ministries of Defense and Interior regarding regulations and procedures for the procurement, receipt, accountability, distribution, and consumption of ammunition and fuel and

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<sup>3</sup> DODIG-2011-003, “Assessment of U.S. Government and Efforts to Train, Equip, and Mentor the Expanded Afghan National Police,” dated March 3, 2011; DODIG-2012-028; “Assessment of U.S. Government and Coalition Efforts to Develop the Logistics Sustainment Capability of the Afghan National Army,” dated December 9, 2011; DODIG-2015-047, “Assessment of U.S. Government and Coalition Efforts to Develop the Logistics Sustainment Capability of the Afghan National Army,” dated December 19, 2014; DODIG-2015-067, “Assessment of U.S. Government and Coalition Efforts to Develop the Logistics and Maintenance Sustainment Capability of the Afghan National Police,” dated January 30, 2015.

<sup>4</sup> Class III (Bulk) items are liquid petroleum products transported by various means and stored in tanks or containers having an individual fill capacity greater than 250 liters. (Joint Publication 1-02, *Department of Defense Dictionary of Military and Associated Terms*, dated November 8, 2014, as amended through November 15, 2014).

<sup>5</sup> Class V items are ammunition of all types including bombs, explosives, mines, fuses, detonators, pyrotechnics, missiles, rockets, propellants, and other associated items. (U.S. Army Field Manual 4-40, *Supply Operations: Chapter 2*, dated October 22, 2013).

- ANSF compliance with published accountability procedures and internal controls for ammunition, explosives, and fuel at national and regional commands; ANSF ammunition, explosives, and fuel distribution and accountability systems for significant gaps and vulnerabilities; and ANSF storage facilities for ammunition, explosives, and fuel for security gaps and vulnerabilities.

## Background

During the calendar year 2014, ISAF, whose mission ended on December 31, 2014, completed transition of many strategic-level ANSF support functions to the Ministries of Defense and the Interior. Transitioned functions included accountability, distribution, storage, consumption of ammunition and fuel, and the purchase of fuel. In March of 2014, the results of CSTC-A's investigation of fuel at the 209th ANA Corps identified concerns with the Corps' accountability of fuel and ammunition<sup>6</sup>, which contributed to the request for this assessment.

In addition, this review partially addresses a request by the House Armed Services Committee to the DoD Office of the Inspector General to "conduct a comprehensive assessment of the financial management capacity and risks within the Afghan Ministry of Defense (MoD) and Ministry of Interior (MoI)," to manage direct assistance from the United States.<sup>7</sup>

Even though the stated objective of this assessment was Class III (Bulk) and Class V, during our field work from July through September 2014, CSTC-A's attention appeared to be primarily focused on fuel accountability. Two reports issued by the Special Inspector General for Afghanistan Reconstruction (SIGAR) in 2013,<sup>8</sup> the Command-directed review of the Afghan National Army (ANA) 209th Corps<sup>9</sup> (cited previously), and an Afghan General Staff Inspector General inspection of the ANA 201st Corps in May 2014,<sup>10</sup> all identified significant discrepancies regarding fuel deliveries and accountability. The allocation for fuel was a large portion of direct funding from the United States to GIRoA through the Afghan Ministry of Finance for the MoD and the MoI. Command representatives stated fuel is one of the most pilfered commodities, as it can be used as a currency in Afghanistan.

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<sup>6</sup> A CSTC-A investigation of fuel accountability at the Afghan 209th Corps was conducted from March 24-27, 2014, at the request of the Commander, Regional Command North.

<sup>7</sup> Howard P. "Buck" McKeon National Defense Authorization Act For Fiscal Year 2015, Report of the Committee On Armed Services House of Representatives on H.R. 4435 Together With Additional Views.

<sup>8</sup> SIGAR AUDIT-13-4, "Afghan National Army: Controls over Fuel for Vehicles, Generators, and Power Plants Need Strengthening to Prevent Fraud, Waste, and Abuse," dated January 24, 2013, and SIGAR AUDIT-14-1, "Afghan National Police Fuel Program: Concerted Efforts Needed to Strengthen Oversight of U.S. Funds," dated October 2, 2013.

<sup>9</sup> ANA General Staff IG Report regarding: "Fuel Requirements Determination, Supply System, Fuel Distribution, Consumption and Diesel Power Plants of 201 Corps," dated May 12, 2014.

<sup>10</sup> CSTC-A Investigation Report, Investigation of Fuel Processes at 209th Corps, Afghan National Army, dated April 12, 2014.

Commander CSTC-A stated, “It can be bartered, traded [and] disappears quickly, and the patronage networks are active in taking advantage to exploit this commodity.” CSTC-A representatives voiced concern that the Afghan-controlled system was subject to mismanagement, which could lead to significant loss through theft, pilferage, and/or diversion of large quantities of fuel in the distribution system.

Observations in this report discuss the sufficiency of ANSF policies and procedures for the management and accountability of both ammunition and fuel. The drawdown of Coalition forces in preparation for the Resolute Support mission and transition of the ANSF into the lead for security operations has led to increased ANSF ammunition expenditure and attention on accountability. Issues regarding ANSF’s management and accountability of fuel and ammunition were briefed to senior Command and Afghan officials at the conclusion of fieldwork for this assessment and generated increased Command attention.

### ***Afghan National Security Forces Logistics System***

Over the last 12 years, U.S. and Coalition forces have exercised different models for distributing and maintaining materiel and supplies to the ANSF. Prior to 2011, U.S. and Coalition forces used the equivalent of a supply “push” system, in which Coalition forces determined ANA and Afghan National Police (ANP) needs, set allocations of commodities and equipment, and delivered supplies to ANSF units from central locations. While pushing equipment and supplies was effective and arguably necessary during force generation, the practice was contrary to published ANSF doctrine and impeded development of long-term MoD/ANA and MoI/ANP logistics sustainability.

Since 2011, U.S. and Coalition force efforts have emphasized the development of demand-based logistics systems for the MoD and MoI, modeled on U.S. and North Atlantic Treaty Organization (NATO) logistics doctrine. As of late 2013, the Coalition had transitioned management of some Class III (Bulk) to the ANSF, and planned to transition responsibility for all Class III (Bulk) to the ANA and ANP by the end of 2014. Coalition forces reported that requirements generation for Class V would not transfer to the ANSF in the foreseeable future.

### *Logistics of the Afghan National Army and Police*

Modeled after those of NATO forces, the ANA and ANP logistics systems used supply points to create a chain from national depots to unit supply rooms. Supply points at each level controlled a designated number of supplies organized on a common classification system as shown in Table 1.

*Table 1. ANSF Materiel Groups and Classes of Supply*

Supply Class	Grouping	Description
Class I	Food and Rations	Sustenance
Class II	Clothing, Stationary, Supplies, Equipment, General Supply	General supply items, items consumed in use, clothing, material, uniform items, office equipment, furnishings, supporting sets, kits, outfits, general equipment
Class III (Bulk)	Fuel	Petroleum products transported and stored in bulk, such as heating oil, diesel, benzene, or petrol
Class III (Package)	Petroleum, Oils, Lubricants	Petroleum products transported in consumption size containers or packages
Class IV	Construction Materials	Material normally only associated with construction
Class V	Ammunition, Explosives	Ammunition and explosives
Class VII	End Items	Weapons, vehicles, communications and electronic equipment, generators, and other ground support material
Class VIII	Medical Material	Consumables to support health care
Class IX	Spares/Repair Parts	Items required to be replaced on class VII end items (includes ground support item sub-assemblies)

Source: ANA Decree 4.0 and MoI Policy, Process for the Management of Logistics, dated January 2009

### *Afghan National Army Logistics Doctrine*

The Assistant Minister of Defense for Acquisition, Technology, and the Army Logistics Command controlled the National Supply Depots in Kabul, which included the central ammunition bunker complex. The Central Supply Depots passed supplies to Regional Logistics Support Centers associated with the ANA Corps. ANA Brigades each had a Combat Service Support Kandak, which performs distribution management functions for logistics support operations in the assigned brigade area of operation, while providing logistics sustainment, maintenance, and medical operations support to supported brigade units. These units also receive, process, and pass requisitions and issues between Kandak S4s and the Forward Support Depot. Each supply level also maintained parts and materials comprising an authorized stockage list of selected stockage based on demand criteria.

The management of Class III (Bulk) (Fuel) and Class V (Ammunition) is primarily described in three MoD decrees.

- MoD Decree 4.0, “Logistics Policy,” dated January 2009, describes common procedures, formats, and forms for the transfer of logistic information between supported activities and the supply and materiel management of the Ministry of Defense. These procedures provide a foundation for further modernization and affects the logistics operations of all military activities. The decree also delineates roles and responsibilities for MoD and ANA commands, organizations, commanders, and logisticians. The decree requires units to identify materiel needs, making them visible throughout the supply system until filled. These demands are collected by the unit for stocking materiel in anticipation of future needs and allow higher organizations to prioritize materiel issues and to manage individual unit readiness.
- MoD Decree 4.5 “Afghan National Army-Ammunition and Explosive Operations Policy and Support Procedures,” dated August 2010, outlines detailed guidance and responsibilities for MoD agencies, units, and activities involved in the management and handling of munitions. Specific roles and responsibilities are designated to the Assistant MoD for Acquisitions, Technology, and Logistics; to logisticians of the ANA General Staff, Army Logistics Command, and other headquarters; and to commanders of the ANA Corps and subordinate units.
- MoD Decree 4.6, “Afghan National Army Petroleum, Oil and Lubricants (POL) Section Organization, Responsibilities and Procedures,” dated August 2010, describes the organization, responsibilities, and procedures for Class III (Bulk) (petroleum, oils, and lubricants) within the ANA. The policy applies to all ANA fuel operations, to include the receipt, storage, issue, quality control, and accountability for packaged products and ground fuels. Specified tasks include: forecasting mission and reserve requirements, testing fuel received from vendors, distributing fuel to



Figure 1. ANA General Staff IG explains logistics policies to OIG Team Members at MoD ANA Headquarters in Kabul  
Source: DoD IG SPO

authorized organizations, and maintaining accurate fuel accountability records. Integral to maintaining records was the use of consumption rates and reports to determine actual fuel use. The decree required units to complete consumption reports in order to receive resupply.

### *Afghan National Police Logistics Doctrine*

The Deputy Minister of the Interior for Support and the MoI Support Command controlled the National Depot and Material Management Center in Kabul and the central ammunition bunker complex. The National Depot passed supplies to Regional Logistics Centers located in specified provinces throughout the country. Units of the ANP Pillars<sup>11</sup> received supplies directly from the Regional Logistic Centers. As with the ANA, each supply level in the ANP was authorized storage of varying amounts of the classes of supply as established by the unit's Authorized Stockage List.

In January 2009, the MoI Logistics Management Directorate published, "Policy Process for the Management of Logistics," which established policy for material and property accountability, organization and concept for logistical support, and roles and responsibilities for the MoI and ANP. The policy requires organizations to sustain themselves by identifying materiel needs in a fashion that provides visibility of demand throughout the supply system until it is filled. Logisticians collected demands in order to create a basis for stocking materiel in anticipation of future operations. Visibility of demand for materiel allowed successively higher commands to prioritize material issues and manage organizational readiness.

There are two annexes to the policy that outline specific processes and procedures regarding Class III (Bulk) and Class V: annex D discusses petroleum, oils, and lubricants (Class III [Bulk]) and annex E covers ammunition (Class V). Annex D prescribes common procedures, reports, and forms, and directs the path of information flow between organizations in order to increase the efficiency of fuel management. It affects the fuel operations of all MoI activities from the individual policeman to the Minister of Interior and requires all logistics activities to account for fuel, maintain demand history, and base fuel forecasts on monthly consumption data from previous operations. In 2014, Coalition advisors drafted an update to annex D, capturing changes in ANP management and accountability of Class II (Bulk). The update prescribed common procedures, reports, and forms;

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<sup>11</sup> The "pillars" are the subordinate elements of the ANP. The three largest being Afghan Uniformed Police, Afghan Border Police, and Afghan National Civil Order Police.



restricted the amount of fuel that units could order to the amount supported by consumption data; and increased inventory requirements. The command has socialized the updated policy with MoI and ANP senior logisticians. During our outbrief to the MoI Deputy Minister for Support and other senior logisticians, the Deputy Minister committed to signing the new fuel policy. As of January 2015, the draft policy remained unsigned.

“Ministry of Interior Process for the Management of Logistics” introduces NATO/U.S. military logistics doctrine and structure for the Ministry of Interior (MoI) and Afghanistan National Police (ANP) forces and affects the logistics operations of all MoI activities from the supported policeman through the Minister of Interior. It prescribes common procedures, formats, forms, and time standards for the logistics management processes of the MoI as well as guidelines and procedures for accountability, resupply, basic load, and storage for all classes of supply including fuel and ammunition. From 2009 through 2013, changes were implemented regarding the management and accountability of ammunition as well as organizational changes within the ministry and ANP. In 2014, Coalition advisors drafted an update to the policy, annex E, delineating more detailed guidance to MoI agencies and activities involved in the management and handling of ammunition. The update outlined functions for the MoI Ammunition Program Manager, including Class V budgeting, procurement planning, strategic storage, stockpile balances, accountability, surveillance, inspection, maintenance, stockpile reliability, safety, and disposal. The update also strengthened documentation requirements for consumption reporting to support ammunition resupply requests. The MoI Deputy Minister for Support also committed to getting the Minister to sign this document. As of January 2015, the draft policy remained unsigned.



# Part I

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## *Ministry of Defense*



## Observation 1

### Consumption Reporting

ANA units ordered fuel and ammunition based on unit allocations, instead of operational requirements because:

- ANA logisticians did not comply with MoD fuel and ammunition policy that required the submission of consumption reports to justify fuel orders.
- ANA unit logistics offices lacked operating procedures to define specific individual responsibilities and tasks for completing and submission of reports.
- ANA Corps logistics officers did not assume responsibility for the management of consumption reporting.

As a result, ANA logisticians did not possess a demand history to accurately forecast future requirements for fuel or ammunition in order to sustain ANA operations.

### Applicable Criteria (See Appendix C, Numbers 19, 20, and 21, for details)

- Decree 4.2, Ministry of Defense, Assistant Minister of Defense for Acquisition, Technology and Logistics, “Material Accountability Policy and Procedures,” dated June 2009.
- Decree 4.5, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Ammunition and Explosives Operations Policy and Support Procedures,” dated August 2010.
- Decree 4.6, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Petroleum, Oil and Lubricants (POL) Section Organization, Responsibilities and Procedures,” dated August 2010.

### Discussion

ISAF logistics leaders and advisors identified that ANA units ordered fuel and ammunition based on unit allocations instead of operational requirements. They reported that, for many ANA units, the amount of fuel ordered matched their monthly allocation and was not based on fuel consumed the previous month. They further explained that MoD logistics offices routinely processed fuel and ammunition requests without the proper documentation.



### ***Compliance with Ministry of Defense Logistics Policy***

MoD Decrees 4.5 and 4.6 required the submission of consumption reports to justify fuel and ammunition resupply. We found that ANA units were not regularly submitting the required monthly consumption reports. While senior MoD logisticians acknowledged challenges with consumption reporting, they explained that the Coalition had not required consumption documentation in the past and that they were working with the Corps to improve compliance. Other reasons given for incomplete consumption reporting included:

- units submitting required documents late due to their high operational tempo,
- low literacy rates among unit-level logisticians, and
- lack of trained and qualified logisticians within ANA units.

Site visits to the ANA 201st and 205th Corps validated incomplete and inaccurate reporting of fuel and ammunition consumption. Both Corps had some fuel requisitions that included the required monthly fuel consumption form, but most did not. Likewise, the 205th Corps ammunition noncommissioned officer showed us examples of expenditure reports for ammunition usage, but they were not consistently included as justification for requests for ammunition resupply.

### ***Availability of Policies and Operating Procedures***

ANA logistics personnel interviewed in 205th Corps stated that the policies governing fuel and ammunition were adequate; however, we observed that several units with the Afghan 205th Corps did not have copies onhand of MoD Decrees 4.2 (accountability), 4.5 (ammunition), and 4.6 (fuel). Coalition advisors stated they would work with their Afghan counterparts to ensure copies were available at all ANA logistics units.

In addition, we found that logistics units did not have unit operating procedures that provided specific guidance regarding fuel and ammunition order processing, to include individual responsibilities for the completion and submission of consumption reports. MoD logistics policy requires units to have, understand, and apply these procedures in order to forecast requirements and comply with accounting procedures.

### ***Management of Consumption Reporting***

Coalition advisors commented that ANA leaders and logistics personnel did not understand the value and importance of proper consumption reporting to justify fuel and ammunition orders and improve accountability. An advisor to an ANA Corps G4 officer explained that ANA senior officers did not enforce submission of required documentation and, in some cases, changed correct reports submitted by junior officers. ANA logistics personnel queried stated they understood that consumption reporting was required by MoD policy, but it was evident that they had not taken responsibility to ensure proper completion.



Figure 3. ANA noncommissioned officer reviews consumption reporting data  
Source: DoD IG SPO

## ***Impacts***

Failure of ANA units to complete required consumption reports resulted in the lack of a demand history to accurately forecast future requirements for fuel or ammunition to sustain ANA operations. Reliance on supply by allocation without capturing demand enables mismanagement and theft, and does not yield sufficient information to support resource constrained operations. Logistics leaders from the Assistant MoD for Acquisitions, Technology, and Logistics and General Staff G4 offices acknowledged that instituting consumption reporting was a challenge, but stated they were working with the ANA Corps to achieve this objective. Proper consumption reporting was required to build a demand history to enable accurate forecasting in support of supply needs as the ANA increasingly assumed responsibility for fuel and ammunition purchase and accountability.

## ***Conclusion***

ISAF and CSTC-A recognized additional action was necessary to hold the ANA accountable for fuel and ammunition resupply, especially as Coalition forces withdraw and transition responsibility to the ANA. In recognition, CSTC-A added conditions controlling the ordering of fuel to incentivize ANA consumption reporting. CSTC-A apportioned \$150 million as a baseline for fuel for the MoD in FY 2015. An additional \$50 million was apportioned for “good performers,” such as units that submitted the proper documentation to support fuel requests. Units that submitted fuel requests without the proper consumption reports would receive fuel up to the allocated baseline amount regardless of the requested amount, and have subsequent orders decremented by 25 percent. The Coalition instituted this in October 2014 and was reviewing progress every other week in a combined Afghan/Coalition forum. CSTC-A was developing similar terms of conditionality for ammunition.



## Recommendations, Management Comments, and Our Response

### ***Recommendation 1.a***

**Deputy Chief of Staff Support, Resolute Support/Essential Function 5<sup>12</sup> Lead, advise and assist the MoD Assistant Minister of Defense, Acquisition, Technology, & Logistics, Afghan National Army General Staff G4, and Afghan National Army unit logisticians to:**

- 1. Enforce fuel and ammunition consumption reporting policy to ensure that future fuel and ammunition orders are based on valid consumption reports and operational requirements.**
- 2. Develop unit logistics operating procedures describing individual responsibilities and tasks for all ANA personnel responsible for the management and accountability of fuel and ammunition.**

### *Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead Comments*

The command concurred with Recommendation 1.a.1. Management stated advisors continue to mentor their Afghan counterparts regarding adherence to fuel and ammunition consumption reporting and operational requirements. Also, the command wrote that strict enforcement of fuel consumption reporting and identification of operational requirements have been in effect since October 2014.

### *Our Response*

The response addressed Recommendation for 1.a.1. No further comment is required.

The response did not address Recommendation 1.a.2. In response to the final report, please provide a response describing command plans to advise and assist the MoD/ANA logisticians to develop unit logistics operating procedures, and describing individual responsibilities and tasks for all ANA personnel responsible for the management and accountability of fuel and ammunition.

<sup>12</sup> Functionally-based security force assistance concentrated on eight essential functions: 1. Planning, programming, budgeting, and execution; 2. Internal controls: assuring transparency, accountability, and oversight; 3. Rule of law and governance; 4. Force generation: recruit, train, retain, manage, develop; 5. Force sustainment; 6. Command and control operations; 7. Intelligence; and 8. Strategic communications.

### ***Recommendation 1.b***

**Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead, advise and assist the Assistant Minister of Defense, Acquisition, Technology, and Logistics, and the Afghan National Army General Staff G4 to ensure Afghan National Army unit logisticians assume responsibility for the management and accountability of consumption reporting.**

#### *Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead Comments*

The command concurred with Recommendation 1.b. Management stated advisors continue to advise, assist, and stress the importance of consumption reporting. Additionally, the command will implement a contract that assigns host country national subject matter experts to advise and assist ANA Corps and National Logistics Nodes with accountability processes and procedures, Core-IMS, and training.

#### *Our Response*

The response addressed all specifics of the recommendation. In response to the final report, we request Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead provide implementation status of the Coalition-supported Afghan subject matter experts assigned to advise and assist ANA units with improving accountability processes and procedures, Core-IMS, and training as presented in management's response.

## Observation 2

### Internal Controls

The MoD and ANA application of internal control<sup>13</sup> measures regarding the management of fuel and ammunition did not ensure appropriate accountability and control over these commodities. Control measures were inadequate because:

- MoD and ANA leadership and Corps commanders did not enforce established logistics policy and procedures.
- MoD and General Staff Inspectors General, General Staff G4 delegations, and ANA Corps Inspectors General conducted infrequent independent audits and inspections of fuel and ammunition.
- MoD and General Staff logisticians did not independently verify fuel and ammunition deliveries to Corps and Brigade locations.

The lack of sufficient internal controls led to process supply gaps and vulnerabilities, increased the probability for theft and diversion of fuel and ammunition, and contributed to inaccurate and incomplete consumption reporting.

<sup>13</sup> Internal controls are plans, methods, and procedures that provide reasonable assurance that an organization will achieve its desired objectives.

### Applicable Criteria (See Appendix C, Numbers 17, 19, 20 and 21, for details)

- Decree 4.0, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Supported and Supporting Unit Logistics Policy and Support Procedures,” dated January 11, 2009.
- Decree 4.2, Ministry of Defense, Assistant Minister of Defense for Acquisition, Technology and Logistics, “Material Accountability Policy and Procedures,” dated June 2009.
- Decree 4.5, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Ammunition and Explosives Operations Policy and Support Procedures,” dated August 2010.
- Decree 4.6, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Petroleum, Oil and Lubricants (POL) Section Organization, Responsibilities and Procedures,” dated August 2010.

## Discussion

- MoD logistics decrees direct MoD/ANA logisticians and ANA unit commanders to implement controls for the management and accountability of fuel and ammunition.
- Decree 4.2 (material accountability) requires commanders at all levels to “annually complete a thorough review and assessment of their immediate subordinate command’s logistics performance, including preparedness, accuracy of reporting, accountability and stewardship of government resources and provide a written report of findings to their commander.”
- Decree 4.5 (ammunition) assigns the MoD Ammunition Officer a variety of responsibilities, including surveillance and receipt (depot transfers, field returns, and captured enemy ammunition) and storage. He was also required to conduct special, pre-issue, and verification inspections at all levels.
- Decree 4.6 (fuel) stipulates that “units will be inspected by MoD and General Staff G4 document inspectors at least once a year according to a predetermined schedule” and that “random inspections will be conducted at fuel delivery points.”

However, commanders and logisticians had not been conducting and reporting periodic reviews of unit logistics performance.



Figure 4. Fuel delivery to ANA unit  
Source: DoD IG SPO

## ***Logistics Policies and Procedures Not Followed***

Although required, we found little evidence that MoD leadership enforced approved logistics policies regarding the inspection of management and accountability for fuel and ammunition. In some cases, local delegations composed of personnel from the ANA Corps certified the delivery of commodities, emphasizing fuel and ammunition, but the practice was inconsistent among ANA Corps. For example, the practice was not applied at all in the 205th ANA Corps. Inspections remained a low priority, despite the admission by senior MoD officials, General Staff G4, and Corps commanders that soldiers take small quantities of fuel and ammunition. Further, Coalition force leaders and at least one ANA Corps commander believed fuel was being diverted in large quantities by MoD leaders and logisticians in Kabul. We believe that implementation of the MoD Organizational Inspection Program,<sup>14</sup> approved in July 2014, would significantly increase the effectiveness of established logistics controls, including those with respect to fuel and ammunition. In addition,



Figure 5. Interpreter explains the visual testing method of fuel delivered to the unit  
Source: DoD IG SPO

<sup>14</sup> An Organizational Inspection Program is a commander's program that integrates and coordinates command inspections. It encompasses all inspections conducted by a command and its subordinate elements and provides the commander an organized management tool to identify, prevent, or eliminate problem areas. Commanders use the Organizational Inspection Program to complement and reinforce other sources of evaluation information. (Army Regulation 1-201, dated May 17, 1993)

Coalition advisors assisted MoD with development of a Ministerial Internal Control Program, to include improving the existing Organizational Inspection Program. Reasonable execution of these internal inspection and control programs would likely improve logistic readiness and the accountability and control of commodities.

We also found that MoD and General Staff Inspectors General, General Staff G4 delegations, and ANA Corps Inspectors General conducted infrequent audits and inspections of fuel and ammunition accountability. While routine inspections were required by policy since 2009, this was a relatively new task for the ANA, as CSTC-A did not initiate the transfer of accountability for fuel to the Afghan MoD until calendar year 2014. Implementation of this requirement by the ANA will likely require the continued close attention of Coalition advisors.

### ***Impacts and Corrective Actions***

Incorrect application of controls or accountability weaknesses contributed directly to the following specific gaps or vulnerabilities observed by the DoD IG team:

- Fuel was ordered using monthly allocation amounts and not based on consumption reporting.
- Fuel and ammunition consumption reports were often missing or late and some were inaccurate.
- Ammunition depots were at full capacity with small arms ammunition; however, units continued to request additional ammunition.
- Explosives and ammunition were stored in the same bunker, violating internationally accepted compatibility and mixing rules and causing potentially hazardous conditions.
- Ammunition received was stored in the front of the bunker instead of in the rear, making it difficult to comply with the “first-in, first out” method to ensure older ammunition was issued first.

CSTC-A recognized that insufficient controls increased the probability for misuse, theft, and diversion of fuel and ammunition, and contributed to inaccurate and incomplete consumption reporting. CSTC-A included a requirement for scheduled reviews by the Coalition and GIRoA representatives as part of the transition of management of the ANA fuel contract from the Coalition to the MoD. The Coalition command began conducting the reviews in November 2014 in the form of biweekly meetings with ANSF representatives. Each ANSF Corps is graded on compliance, which the command used to make informed decisions on future fuel allocations. Enforcing the results of these joint reviews will most likely improve accountability.

Finally, CSTC-A modified the Commitment Letters, requiring MoD to provide documentation in accordance with their decrees in order to receive continued funding. The changes incentivize “good” behavior and included decrements of future funding and supply for noncompliance.

## **Conclusion**

Effective use of controls will help identify and fix gaps and vulnerabilities and improve MoD transparency, accountability, and oversight of fuel and ammunition, which would enable future supply requirements to be based on reality and related readiness reporting. Improved controls will also reduce opportunities for fraud, theft, waste, and diversion of commodities, and improve confidence that international monetary donations are used properly.

## **Recommendations, Management Comments, and Our Response**

### **Recommendation 2.a**

**Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead, in coordination with Deputy Chief of Staff Security Assistance/Essential Function 2 Lead, advise and assist the Ministry of Defense and Afghan National Army logisticians to:**

- 1. Develop internal controls to ensure ordering, receipt, delivery, distribution, and storage of fuel and ammunition in accordance with established ANA policy and procedures.**
- 2. Develop a Ministerial Internal Control Program, to include a fully-implemented Organizational Inspection Program, which provides oversight for the management and accountability of fuel and ammunition.**
- 3. Improve the independence of MoD/ANA oversight teams that verify the accuracy of fuel and ammunition deliveries through representation by personnel outside the ANA Corps logistics chain of command.**

### *Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead Comments*

The command concurred with Recommendation 2.a. Management stated advisors continue to stress the importance of consumption reporting in effective material accountability and demand planning. The command further stated they will implement a contract assigning Coalition-supported Afghan Subject Matter Experts to Corps and national logistics nodes to assist units with accountability processes and procedures, Core-IMS, and training.

### *Our Response*

The command's response partially addresses the specifics of Recommendation 2.a.1. We acknowledge the value of contracting for Coalition-supported Afghan subject matter experts, but request additional information regarding the development of internal controls over fuel and ammunition management in response to recommendation 2.a.1. Additionally, the command's response did not address Recommendations 2.a.2 or 2.a.3. We request the command provide specific details regarding how it will implement these two recommendations.

### **Recommendation 2.b**

**Commander, Combined Security Transition Command–Afghanistan, in coordination with Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead, advise and assist the Ministry of Defense/Afghan National Army to ensure that internal controls contained in the Administrative Procedures for Bulk Fuel Management Transition document are implemented and enforced.**

### *Commander, Combined Security Transition Command–Afghanistan Comments*

Commander CSTC-A concurred with Recommendation 2.b. Management stated the President of Afghanistan cancelled the Ministry of Defense bulk fuels contracts on February 2, 2015, as part of a broader investigation into procurement corruption. Once the bridge and follow-on contracts are awarded, the command planned to ensure internal controls contained in the Administrative Procedures are implemented and enforced. CSTC-A also planned to coordinate with the Resolute Support Essential Function 5 staff to assist the ANP to develop a mature bulk fuel oversight capability.

### *Our Response*

The response addressed the specifics of the recommendation. No further comment is required.



## Observation 3

### Training for Afghan National Army Ammunition and Fuel Personnel

Many logistics officers and noncommissioned officers had not received formal training concerning fuel and ammunition management and accountability. This situation resulted from ANA commanders and senior logistics officers who:

- Did not take full advantage of training opportunities for themselves and their unit personnel at the ANA Combat Service Support (CSS) School.
- Lacked awareness of formal fuel and ammunition training opportunities.
- Did not see the need for central training after receiving on-the-job training from coalition advisors.

Limited participation in formal logistics management training hindered the development of effective ANA fuel and ammunition accountability.

### Applicable Criteria (See Appendix C, Numbers 12, 16, 17, and 25, for details.)

- Combined Training and Advisory Group-Army “Development Plan for the Afghanistan National Army Training and Education,” dated April 1, 2011.
- ISAF “Resolute Support SFA Guide, 3.0,” dated July 2014.
- Decree 4.0, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Supported and Supporting Unit Logistics Policy and Support Procedures,” dated January 2009.
- Afghan National Army Training Command “Training Education Course Catalog SY 1393 Edition Four,” dated April 13, 2014 (DRAFT).

### Discussion

Coalition advisors and ANA logisticians stated that a large number of logistics officers and noncommissioned officers throughout the ANA lacked formal training on fuel and ammunition management and accountability.

### ***Use of the ANA Combat Service Support School***

The ANA CSS School, located in Kabul, provided basic and advanced-level logistics training to ANSF officers, noncommissioned officers, soldiers, and policemen. Logistics courses for senior personnel included lessons on the management of fuel and ammunition. Courses specific to the management of fuel and ammunition were available for squad leaders and platoon sergeants; however, many ANA logistics leaders we interviewed had not sent their logistics personnel for instruction. Using operational tempo as a reason, ANA leaders preferred to have their logisticians receive training at their duty locations rather than sending them to Kabul.

Table 2 shows the number of graduates from selected courses in the ANA CSS School for the last six years. The data includes graduates from both the ANA and ANP. However, it is adequate to demonstrate that the number of graduates is insufficient to address all logisticians needing training throughout the ANA Corps even if most of the graduates were ANA personnel.

*Table 2. ANA Combat Service Support School Graduates—2009 to 2014*

	2009	2010	2011	2012	2013	2014
<b>Squad Leader’s Courses (SLCs)</b>						
SLC Fuel and Ammunition		15	68	53	100	88
SLC Supply	46	46	101	49	127	68
<b>Platoon Sergeant’s Courses (PSCs)</b>						
PSC Fuel and Ammunition				40	118	56
PSC Supply		20	113	75	132	86
Captain’s Career Course Supply		5	32	18	47	11
Logistics Chief Course				25	33	27
<b>TOTAL</b>	<b>46</b>	<b>86</b>	<b>314</b>	<b>260</b>	<b>557</b>	<b>336</b>

Source: German Armed Forces Technical Advisory Group

### ***Awareness of Formal Fuel and Ammunition Training***

Our interviews with senior ANA logistics leaders yielded the following representative comments:

- A 201st Corps G4 officer explained that the ANA General Staff G5 office did not communicate CSS School availability or provide enough information to send soldiers to attend logistics training.

- The Commander of the ANA Ammunition Command stated his ammunition personnel were trained by advisors and other trainers at their job sites and, while aware of the ANA CSS School, he was uninformed about specific courses addressing the management of ammunition.
- A General Staff G4 officer viewed training as a responsibility of commanders, not the school.



Figure 6. ANA G4 explains the process used to order and account for Class III (Bulk)  
Source: DoD IG SPO

Additionally, a national-level Coalition logistics advisor was also unaware of available ANSF training for fuel and ammunition logisticians and technicians.

### ***Satisfaction with the On-the-Job Training***

Corps G4 officers and other ANA personnel interviewed stated that Coalition logistics advisors provided training locally and expressed their satisfaction with this approach. Also, several of the ANA noncommissioned officers we interviewed received training on-the-job from their ANA supervisors, supplemented by U.S./Coalition advisor training. The noncommissioned officers believed that this training methodology was sufficient; however, when asked about specific processes and procedures regarding fuel and ammunition, the responses were not consistent with applicable MoD logistics decrees. Additionally, some were unable to produce a copy of established policies and procedures when one was requested.

### ***Conclusion***

Large numbers of ANA logistics personnel did not receive formal training in the management and accountability of fuel and ammunition. Although the ANA CSS School offered courses specific to fuel and ammunition, few attended. Limited participation in formal training hindered the development of effective ANA fuel and ammunition management and accountability.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 3***

**Deputy Chief of Staff Operations, Resolute Support/Essential Function 4 Lead, advise and assist the Ministry of Defense and Afghan National Army Training and Education Command to increase officer, noncommissioned officer, and soldier training through increased attendance at the Afghan National Army Combat Service Support School, from Afghan National Army Training and Education Command-sponsored mobile training teams, or other decentralized training.**

### *Deputy Chief of Staff Operations, Resolute Support/Essential Function 4 Lead Comments*

Management explained their understanding of the issue and presented several actions that must be taken by ANA Corps Commanders, General Staff G1, G7, and, if necessary, the ANA Chief of General Staff, to increase attendance at the ANA Combat Service School as well as resolve other associated issues. The Resolute Support CJ7 wrote that advisors would work to ensure implementation of recommended actions.

### *Our Response*

The response addressed the specifics of the recommendation. While not explicitly stated, we understand management concurred with the recommendation as written. No further comment is required.

## Observation 4

### Oversight of the U.S.-Funded Government of the Islamic Republic of Afghanistan Fuel Contract

MoD oversight of the bulk fuel contract did not ensure that funds from the United States were used for the purchase of fuel in support of legitimate MoD activities and ANA operations. MoD oversight was inadequate because:

- MoD/ANA did not fully comply with written administrative procedures for the oversight of MoD fuel orders.
- MoD/ANA capabilities for contract administration and oversight capabilities remain immature.

As a consequence, the transition of ANA bulk fuel management from the Coalition to MoD was delayed and CSTC-A suspended the pilot program. Continued lack of an effective Afghan oversight process could result in gross mismanagement of the U.S.-funded MoD contract and create increased opportunities for theft and diversion of fuel.

### Applicable Criteria (See Appendix C, Numbers 17 and 21, for details.)

- Decree 4.0, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Supported and Supporting Unit Logistics Policy and Support Procedures,” dated January 2009.
- Decree 4.6, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Petroleum, Oil and Lubricants (POL) Section Organization, Responsibilities and Procedures,” dated August 8, 2010.

### Discussion

While generating ANSF forces, NATO Training Mission-Afghanistan (NTM-A) supported them with bulk fuel procurement, storage, and issue. In January 2013, CSTC-A initiated a pilot program to transition the management of bulk fuel from NTM-A to the Afghan Minister of Finance and MoD.

## ***Bulk Fuel Management Transition Program***

The January 2013 pilot program was referred to as the “one-third” bulk fuel contract because CSTC-A planned to transition approximately \$128 million, or one-third of the total annual ANA fuel requirement, to MoD. It called for MoD to assume responsibility for fuel ordering, storage, issue, and accountability in support of ANA units in Kabul and the West Region (207th Corps area of responsibility). Pending the results of the pilot program, CSTC-A planned to complete the transition by December 2014.



Figure 7. Example of old ammunition stockpiled by ANA and ANP units, but not accounted for on property books  
Source: DoD IG SPO

## ***Ministry of Defense Management of the Bulk Fuel Contract***

The administrative procedures for the pilot program were approved by ISAF and the Afghan Ministries on January 1, 2013. Consistent with established MoD and logistics fuel policies, the MoD was required to provide the Coalition forces with “copies of all supporting documentation to include paperwork justifying vendor payments and the following MoD Forms:

- Form 14, Requisition Form,
- Form 32, Monthly Fuel Consumption,
- Form 8, Issue Document,
- Form 1235, Bulk Fuel Physical Inventory, and
- Form 1237, Daily Inventory Reconciliation.

The U.S. advisor and Afghan senior officials made it clear that the MoD and ANA units were not complying with the administrative procedures. Essential Function 5.1 Fuel Advisors stated that during the pilot program, ANA units in Kabul and the West Region were not following approved ordering processes for fuel and complained about shortages. The General Staff Inspector General Advisor

expressed concerns regarding the delivery of purchased fuel due to ineffective tracking at MoD that resulted from the belief on the part of some officials that MoD did not have to provide records to CSTC-A. Finally, the fuels manager for the MoD Material Management Command–Army told us that completed consumption reports usually arrived two months after the fuel was delivered.

CSTC-A also recognized that MoD capabilities for contract administration and oversight remained immature and that many senior MoD staff, including logisticians, were inadequately trained. While developing capability will take time, CSTC-A was taking actions to ensure subject matter experts are available to appropriately advise and assist MoD with budgeting, acquisition planning, procurement, financial management, requirement validation, requirement building, contract management, and contract oversight.

Senior Afghan officials corroborated the conclusions of Coalition advisors. The MoD Inspector General acknowledged that ANA units were not completing proper consumption reporting, offering the opinion that the operational tempo of ANA units made 100 percent compliance very difficult. The ANA General Staff Inspector General questioned the effectiveness of the MoD office of Acquisition Technology and Logistics, citing contracting problems with the purchase of uniforms, food, and fuel. Conversely, the Director of Acquisition Technology and Logistics said that fuel accountability at the Afghan national organizations was good, but there were challenges with consumption reporting and accountability of fuel at the ANA Corps and associated units.

SIGAR identified several potential impacts resulting from noncompliance and immature capabilities in their September 2012 report on ANA POL.<sup>15</sup> The report concluded that unless accurate ANA fuel requirements were developed and effective controls instituted prior to transition to ANA control, both ANA fuel and Afghan Security Forces Funds would be vulnerable to theft and waste.

Identified noncompliance with administrative procedures and general concerns over fuel accountability led CSTC-A to terminate the pilot program contract in March 2014. As of November 2014, CSTC-A had not transitioned contract responsibility for ordering and procurement of fuel to the ANA.

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<sup>15</sup> SIGAR Report 12-14, “Interim Report on Afghan National Army Petroleum, Oil, and Lubricants,” dated September 10, 2012.

## ***Combined Security Transition Command–Afghanistan Actions***

Continued challenges with ANA management of bulk fuel resulted in CSTC-A modifying the Bilateral Commitment Letter between CSTC-A and MoD for the solar year 1394 Budget. They added “terms of conditionality” to incentivize the submission of proper consumption documentation. Specific conditions for managing fuel contracts included bi-weekly meetings between CSTC-A, MoD, and contracted vendor representatives to:

- review documentation for all recent fuel deliveries to confirm that MoD Decrees 4.0, 4.6, the MoD fuel contract, and the Administrative Procedures for Bulk Fuel Management Transition were followed;
- determine whether fuel deliveries and consumption for each ANA Corps were documented in a transparent manner, as mandated by MoD Decree 4.6; and
- verify that fuel orders were based upon actual consumption.

The terms of the letter stipulated two fuel allocation rates for ANA Corps based on documentation presented: a higher, good performer allocation for units in compliance, and a lower, bad performer allocation for noncompliance. CSTC-A would assign ANA units an initial monthly allocation rate and adjust accordingly.

In 2014, CSTC-A also determined that additional advisor resources were required to further develop the capacity of the MoD to procure commodities. CSTC-A contracted for four additional senior acquisition mentors to assist in the development of the MoD acquisition capability. The additional advisors, together with successful implementation of the conditions contained in the Commitment Letter, were intended to improve the ANA management and oversight of fuel contracts and decrease opportunity for diversion and theft.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 4***

**Deputy Chief of Staff Security Assistance, Resolute Support/Essential Function 1 Lead, in coordination with Commander, Combined Security Transition Command–Afghanistan, ensure advise and assist efforts include the development of a mature MoD contract oversight capability.**



*Deputy Chief of Staff Security Assistance, Resolute Support/Essential Function 1 Lead Comments*

The Commander, CSTC-A concurred with Recommendation 4 stating the command is working to ensure advise and assist efforts include the development of a mature contract oversight capability. Specifically, the command planned to assign a dedicated advisor to the MoD Contract Administration office to increase oversight, request an expert advisor to improve Afghan-developed contract quality assurance, and ensure MoD personnel participate in certified contract administration and oversight training courses. Finally, the command will leverage Afghan Procurement Laws to ensure contracts are in line with Afghan standards and procedures.

*Our Response*

The response addressed the specifics of the recommendation. No further comment is required.



## Part II

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### *Observations for the Ministry of Interior*



## Observation 5

### Consumption Reporting

ANP units ordered fuel and ammunition based on unit allocations, instead of operational requirements because:

- MoI and ANP logisticians did not comply with MoI fuel and ammunition policies that required the submission of consumption reports to justify fuel and ammunition orders.
- ANP unit logistics offices lacked operating procedures that define specific individual responsibilities and tasks for completing and submitting fuel and ammunition reports.

As a result, MoI and ANP logisticians did not possess a demand history to accurately forecast future requirements for fuel or ammunition in order to sustain ANP operations.

### Applicable Criteria (See Appendix C, Numbers 27, 28, and 30, for details)

- Ministry of Interior Management Policy, General Department of Logistics, “MoI Ammunition Policy–Annex E” (DRAFT AS OF JANUARY 2015).
- Ministry of Interior, (DRAFT) “Class III (Fuel) Management Policy,” dated February 15, 2014.
- Ministry of Interior, “Minister of Interior Policy: Process for the Management of Logistics, Logistics Management Directorate,” dated January 6, 2009.

### Discussion

ANP units ordered fuel and ammunition based on standard unit allocations, not a record of past consumption. MoI and ANP officials stated that CSTC-A had not required paperwork or consumption reports in the past and that their units were fighting and unable to fill out required documentation.

### ***Ministry of Interior Policy for Fuel and Ammunition***

MoI fuel and ammunition policies required regular consumption reporting. Approved MoI policy for fuel and ammunition stated that, “Organizations will maintain accountability at all times and will prepare and provide inventory and consumption data through their chains of command to the MMC (materiel management center) and other MoI staff activities for reporting and

reconciliation.” The 2014 draft fuel policy reinforces consumption reporting requirements, stating, “MMC will not approve any orders lacking proper consumption documentation. MMC will deny any amount not explicitly justified by consumption documentation.” For ammunition, the 2014 draft policy states, “The MoI 39 Ammunition Consumption Certificate is submitted with the MoI 14 to show the consumption of the ammunition. This helps the logistics commands to see what type and quantities of ammunition that is needed for future purchases.”

### ***Ministry of Interior and Afghan National Police Did Not Adhere to Policy***

During our fieldwork in Afghanistan in October 2014, we spoke with U.S. and Coalition leadership and advisors as well as leadership and logistics personnel from the MoI, MMC, Regional Logistics Centers, Provincial headquarters, and Afghan Border Police headquarters regarding consumption policy and reporting. We found that most ANP units were not completing consumption reports in accordance with MoI policy.

Senior ANP officials opined that the forms were difficult for uneducated policemen in the units to complete, making compliance impossible. Observed documentation supported their assertion that police personnel did not understand the consumption forms or the methodology to calculate consumption data.



Figure 8. ANP officer explains consumption reporting and accountability procedures during a visit to the MMC-P

Source: DoD IG SPO

Further, we were informed that several logisticians and responsible officers put the allocated quantities for requested commodities on their unit consumption reports instead of actual consumed quantities.

### ***Afghan National Police Unit Operating Procedures***

Afghan senior leaders and logisticians we interviewed stated they were aware of the policies and the required documentation for reporting consumption information, and seemed to know how to complete the required forms. Logistics officers at the police headquarters in Kabul and the Afghan Border Police headquarters in Kandahar told us that their response to policemen illiteracy and the lack of training was to accept consumption information from police units in any form, including on plain pieces of paper, so long as the information was received. They then transcribed the information on to the correct forms for their subordinate units. Information was also received three months late supposedly because units were conducting combat operations.

The team noted that ANP unit logistics offices lacked operating procedures that define specific individual responsibilities and tasks for completing and submitting reports. The development and publication of simplified, police pillar-specific procedures would likely assist units with compliance and improve information capture.

### ***Conclusion***

As a result of noncompliance and the lack of standard procedures, MoI and ANP logisticians did not possess a consumption/demand history to accurately forecast future requirements for fuel or ammunition to sustain ANP operations. They remained reliant on CSTC-A to provide the same amount of fuel each month based on allocations rather than actual consumption.

### ***Combined Security Transition Command–Afghanistan Action***

CSTC-A recognized that additional action was necessary to improve ANP accountability for fuel and ammunition. Accordingly, they added “terms of conditionality,” to the solar year 1394 budget to incentivize the submission of proper consumption documentation. CSTC-A apportioned Bulk Fuel Contributions of \$102 million for the Ministry of Interior operations with an additional \$48 million conditional for solar year 1394 (2014) based on the agreed upon distribution plan. When implemented, units submitting fuel orders without the proper consumption reports would receive no more than the allocated baseline amount and have subsequent orders reduced by up to 25 percent.

## Recommendation, Management Comments, and Our Response

### **Recommendation 5**

**Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead, advise and assist the Ministry of Interior Deputy Minister for Support and the Afghan National Police logisticians to:**

- a. Enforce fuel and ammunition consumption reporting policies to ensure that future fuel and ammunition orders are based on valid consumption reports and operational requirements.**
- b. Develop unit logistics operating procedures describing individual responsibilities and tasks for all ANP personnel responsible for the management and accountability of fuel and ammunition.**

### *Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead Comments*

The command concurred with Recommendations 5.a and 5.b. Management stated advisors will work with their Afghan counterparts to facilitate these recommendations. Specifically, the command stated that MoI policy is clear regarding the submission of consumption reports in order to receive fuel, and that the advisors were assured by senior MoI logistics officials that all units comply with the policy or their fuel requests would be denied. The command also planned to conduct random sampling of consumption reports to determine if the reports are adequate for accountability purposes.

### *Our Response*

The response addressed recommendation for 5.a. No further comment is required.

The response did not address recommendation 5.b. In response to the final report, please provide a response describing command plans to advise and assist the MoD/ANA logisticians to develop unit logistics operating procedures describing individual responsibilities and tasks for all ANA personnel responsible for the management and accountability of fuel and ammunition.



## Observation 6

### Internal Controls

The MoI and ANP internal control measures regarding the management and accountability of fuel and ammunition were inadequate. Internal control measures were inadequate because:

- MoI Inspectors General and MoI logistics delegations conducted infrequent independent audits and inspections of fuel and ammunition.
- MoI and ANP leadership did not enforce established logistics policy and procedures.
- MoI had not approved the revised fuel policy implementing the transition of responsibility for fuel from the Coalition to the MoI.

The lack of sufficient internal controls created process gaps and vulnerabilities, increased the probability for theft and diversion of fuel and ammunition, and contributed to inaccurate and incomplete consumption reporting. Additionally, the failure to enforce the current logistics policy and approve the revised fuel policy resulted in the delivery of fuel exceeding unit storage capacities.

### Applicable Criteria (See Appendix C, Numbers 10, 27, 28, 30, and 31, for details.)

- Combined Security Transition Command–Afghanistan, (DRAFT) “Combined Security Transition Command–Afghanistan’s (CSTC-A) Commitment to Ministry of Interior (MoI) Fiscal Year (FY) 1394 Budget, v30,” dated November 24, 2014.
- Ministry of Interior Management Policy, General Department of Logistics, “MoI Ammunition Policy–Annex E” (DRAFT AS OF JANUARY 2015).
- Ministry of Interior, (DRAFT) “Class III (Fuel) Management Policy,” dated February 15, 2014.
- Ministry of Interior, “Minister of Interior Policy: Process for the Management of Logistics, Logistics Management Directorate,” dated January 6, 2009.
- Ministry of Interior Framework Contract for Supply & Delivery of Fuel to ANP Sites for Years 1393 & 1394 Between Ministry of Interior & JV-Aria Target Petroleum Ltd & CEFÉ Group, dated March 2014.

## Discussion

ANP senior officials, and U.S. and Coalition advisors acknowledged that ANP internal control measures for the management and accountability of fuel and ammunition were inadequate. While published MoI logistics policies define basic oversight requirements, draft policies for fuel and ammunition, when approved, will provide logisticians greater specificity for the accountability and quality controls for both commodities, to include additional guidance for the conduct of audits and inspections.

### ***Independent Audits and Inspections***

During late 2014, MoI inspection teams conducted quarterly site visits to inspect logistics records for accountability. Previously, MoI had assigned Inspectors General at Provincial headquarters, but, during 2014, they were withdrawn to Kabul at the direction of the MoI Inspector General. Both Coalition advisors and Afghan police leaders noted that increased Inspector General oversight and full-time presence at Provincial headquarters would improve accountability.

MoI leadership encouraged the use of local delegations of ANP personnel selected from the Provincial headquarters to certify the delivery of all commodities to ANP units. While these delegations placed emphasis on fuel and ammunition, they were not used consistently or universally.

### ***Logistics Policy and Procedures Not Enforced***

Coalition advisors stated that MoI leadership and provincial and district police chiefs did not enforce existing logistics policy. The impact of lack of enforcement by ANP commanders was aggravated by poor support from the MoI/ANP logistics system and a shortage of trained logisticians who understood established policies and procedures. Procedural failures and accountability weaknesses identified included:

- fuel ordered based on allocation amounts, instead of consumption reports,
- no confirmation of fuel delivered by contractors and locally hired third parties,
- fuel not tested or inventoried as required, and
- late or no submission of consumption reports.



Figure 9. Reviewing consumption reporting data with ANP logisticians  
Source: DoD IG SPO

### ***Revised Fuel Policy***

Coalition advisors assisted MoI logistics personnel to revise the MoI fuel policy in preparation for the anticipated transition to MoI control of the fuel contract. As of January 2015, MoI leadership had not approved the revised policy. The revised ammunition policy also lacked approval, but had a lower priority since the requisition of ammunition would shift to the Foreign Military Sales process post-transition, unlike fuel for which the Afghan Ministry of Finance was given direct payments to make purchases. Delayed approval was a CSTC-A command concern and postponed the establishment of effective controls for the management and accountability of fuel and ammunition.

### ***Impacts***

Numerous senior MoI officials, provincial police leaders, and logistics staff personnel admitted policemen misappropriated small amounts of fuel and ammunition. Moreover, Afghan provincial police chiefs stated their belief that fuel was diverted in large quantities by MoI leadership and logisticians in Kabul. While senior U.S. and Coalition leaders and advisors echoed this belief, MoI officials in Kabul denied any large-scale diversions.

The timing of fuel deliveries and, in some cases, limited local storage capacity caused some ANP police chiefs to borrow fuel from local vendors, store fuel received at local service stations, or contract with local vendors to deliver fuel from delivery sites to police sub-stations. These exceptions set the precedent that units could operate outside of established policies and presented opportunities for theft and diversion of fuel.

Continued failure to apply applicable controls created gaps and vulnerabilities that potentially allowed:

- leaders to use fuel as a liquid currency to pay for needed or desired items,
- fuel contractors to deliver smaller fuel quantities than ordered or dilute fuel prior to delivery,
- drivers to divert or siphon fuel during transport within their districts, and
- fuel vendors to charge local police units additional fees for delivery or to divert ANP-purchased fuel for their own use.

### ***Conclusion***

The development of improved internal controls would help identify gaps and vulnerabilities and identify actions the MoI and ANP must take to improve transparency, accountability, and oversight of fuel and ammunition. Improved controls could reduce opportunities for theft and diversion of commodities and instill greater confidence within the international community that monetary donations will be properly used.

## **Recommendations, Management Comments, and Our Response**

### ***Recommendation 6.a***

**Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead, in coordination with Deputy Chief of Staff Support, Resolute Support/Essential Function 2 Lead, advise and assist the Ministry of Interior/Afghan National Police to:**

- 1. approve the updated fuel policy and implement included internal controls regarding ordering, receipt, delivery, distribution, and storage of fuel and ammunition,**
- 2. increase the frequency of Afghan National Police unit inspection visits by Ministry of Interior/Afghan National Police Logistics oversight teams that review fuel and ammunition accountability,**

3. **establish and implement procedures that ensure contractor deliveries are monitored from the time fuel enters the system through delivery, and**
4. **establish and implement procedures that ensure vendors do not deliver quantities of fuel that exceed unit storage capacity.**

*Deputy Chief of Staff Support, Resolute Support/Essential Function 5  
Lead Comments*

The command concurred with recommendation 6.a. Management stated advisors will work with their Afghan counterparts to encourage approval of the updated fuel policy, implementation of internal controls, and increase ANP unit inspection visits. The command also recognized that receiving fuel above capacity is an indicator of possible fraud, and that Afghan fuel deliveries generally occur prior to fuel holding capacity dropping below 50 percent, limiting the effectiveness of the proposed control.

*Our Response*

The response addressed recommendation 6.a. We request Deputy Chief of Staff Support, Resolute Support provide a copy of the signed, updated fuel policy when available.

**Recommendation 6.b**

**Commander, Combined Security Transition Command–Afghanistan, in coordination with Deputy Chief of Staff Support, Resolute Support/Essential Function 5 Lead, advise and assist the Ministry of Interior/Afghan National Police to ensure that internal controls contained in the Bilateral Financial Commitment Letter to the Ministry of Interior are implemented and enforced.**

*Commander, Combined Security Transition Command–  
Afghanistan Comments*

The command stated they planned to enforce, in close coordination with their Afghan counterparts, the financial internal controls contained in the FY 1394 Commitment letter.

*Our Response*

The response addressed the specifics of recommendation 6.b. While not explicitly stated, we understand management concurred with the recommendation as written. No further comment is required.



## Observation 7

### Oversight of the U. S.-Funded Government of the Islamic Republic of Afghanistan Fuel Contract

MoI oversight of the bulk fuel contract did not ensure that direct contributions from the United States were used for the purchase of fuel in support of legitimate MoI activities and ANP operations. Contract oversight was inadequate because:

- The MoI/ANP did not fully comply with their established policies and administrative procedures for the oversight of MoI fuel orders.
- The MoI/ANP contract administration and oversight capabilities remain immature.

The lack of an effective oversight process could result in significant mismanagement of the U.S.-funded MoI fuel contract, create increased opportunities for theft and diversion of fuel, and impede development of a sustainable ANSF logistical system.

### Applicable Criteria (See Appendix C, Numbers 3, 7, and 10, for details)

- United States Government Accountability Office, “Standards for Internal Control in the Federal Government,” dated September 2014.
- Deputy Commanding General (DCG), Combined Security Transition Command–Afghanistan (CSTC-A), Memorandum: SUB: Assessment of the Afghan National Security Forces (ANSF) policies, processes, and procedures related to ammunition, explosives, and fuel, dated June 28, 2014.
- Combined Security Transition Command–Afghanistan, (DRAFT) “Combined Security Transition Command–Afghanistan’s (CSTC-A) Commitment to Ministry of Interior (MoI) Fiscal Year (FY) 1394 Budget, v30,” dated November 24, 2014.

### Discussion

In March 2014, the Coalition transferred responsibility for forecasting, ordering, managing, and delivering bulk fuel to ANP units to the MoI. Fuel was delivered through an approved MoI distribution plan and the contract was implemented using three “Framework Contracts for Supply & Delivery of Fuel to ANP sites for Solar Years 1393 & 1394” between the Ministry of Interior and three Afghan companies headquartered in Kabul, Afghanistan. However, contract oversight

by MoI remained inadequate because the MoI and ANP did not fully comply with their established policies and contract administration and oversight remained immature. The MoI was unable to ensure that direct contributions from the United States were used exclusively for the purchase of fuel in support of legitimate MoI activities and ANP operations.

### ***Ministry of Interior Policy and Oversight Capabilities***

MoI logistic policy requires all organizations to submit consumption reports with commodity requisitions, including for fuel and ammunition, and to forecast commodity requirements for their organizations. The assessment team observed that MoI and ANP leadership did not adequately enforce these policies. Fuel and ammunition orders were processed without required consumption reports.

Regarding Class V, the MoI/ANP commodity manager for ammunition stated, “Some units do not send their consumption reports because they are busy fighting and that is more important. They do not have the time to do them.”

Ministry of Interior organizations did not forecast fuel requirements based on consumption, but continued to submit requests for fuel based on

prior allocation. Failure to develop forecasts using demand data from consumption reports contributed to the delivery of excess fuel beyond storage capacity to all MoI locations visited. The delivery of excess fuel to ANP units was identified as an ongoing problem by SIGAR in late 2013.<sup>16</sup>

The Coalition also recognized that many MoI logisticians were inadequately trained and the capacity for contract administration and oversight at MoI was insufficiently developed. As previously reported, development of the police logistics system lagged that of the Afghan Army and, in late 2014, ANP processes remained immature and generally ineffective regarding accountability for Class III (Bulk).<sup>17</sup>



Figure 10. ANP 5,000-liter fuel tanker used to provide storage capacity for ANP units  
Source: DoD IG SPO

<sup>16</sup> SIGAR Audit Report SP-14-1, “Afghan National Police Fuel Program: Concerted Efforts Needed to Strengthen Oversight of U.S. Funds,” dated October 2013.

<sup>17</sup> See also Report DODIG-2015-067, “Assessment of U.S. and Coalition Efforts to Develop the Logistics and Maintenance Sustainment Capability of the Afghan National Police,” dated January 30, 2015.



The lack of available consumption reporting data since the transfer of contract responsibility for fuel to the MoI illustrated the inability of MoI to appropriately oversee the contract. Consumption data received was not sufficient for CSTC-A to accurately calculate legitimate fuel use and resulted in the Coalition forces commodity manager using different approaches through regression models to determine Afghan fuel allocation. Additionally, commodity managers determined how much fuel the units were issued, versus what the unit requested, based on periodic visits to fuel points and their understanding of the Afghan operational tempo. While the coalition command did receive monthly roll-ups of ANP fuel deliveries from the vendor, as of October 2014, they had received only two ANP consumption data report summaries since the contract was awarded. Further, advisors reported they had been “putting out fires” because of the reported lack of payment to a vendor, which resulted in the fuel not being delivered to ANP units in the south. Advisors believed there is a problem with vendors submitting accurate invoices in a timely manner.

In addition to data not being provided, Coalition advisors also noted that fuel is delivered through an approved MoI distribution plan over which they have no visibility. The command’s security assistance office informed us that as the command loses advisors at the lower levels, they lose visibility of MoI’s implementation of its distribution plan and its effectiveness. The representative further stated the command will have to either accept less visibility and assurance or stop providing assistance. In short, fewer “boots on the ground” means less visibility.

### ***Combined Security Transition Command–Afghanistan Actions***

CSTC-A was taking action to improve ANP management and accountability of fuel and ammunition and consumption reporting, specifically through the bilateral Commitment Letter outlining the procedures and requirements for the transfer of funds from CSTC-A to the Afghan Ministry of Finance. The ANP budget for fuel (vehicles and generators) for solar year 1394 was approximately \$142 million. Clauses in the Commitment Letter required assurances of good stewardship of donated resources before committing additional resources and state:

- MoI will provide full transparency and accountability on all procurement and financial transactions using CSTC-A funds.
- MoI will notify CSTC-A of all instances in which the Ministry has identified a suspected corrupt act by a ministry official, employee, or agent regarding the use of CSTC-A direct contribution funds. It will provide CSTC-A with all available information and documents in the ministry’s possession regarding the suspected act of corruption, and inform CSTC-A

of the ministry's plan to take corrective action to address the suspected corrupt act.

- CSTC-A and MoI will meet every two weeks with contracted fuel vendors to review delivery, request, and consumption documentation.
- CSTC-A requires formal comments to any audit or inspection finding no later than 30-days after receipt.

CSTC-A reserved the right to reduce distributions of committed funds should MoI not meet the requirements of the agreement in the Commitment Letter. The letter identified the conditions under which CSTC-A

would provide funding to MoI and served as GIRoA's acknowledgement of those conditions. CSTC-A was also to take action to ensure trained advisors were available to assist MoI to develop budgeting, acquisition planning, procurement, financial management, requirement validation, requirement building, contract management, and contract oversight capabilities.

### ***Conclusion***

The continued lack of effective oversight could result in significant mismanagement of the U.S.-funded MoI fuel contract and create increased opportunities for theft and diversion of fuel. Moreover, effective implementation and enforcement of the terms of the Commitment Letter to MoI will promote the development of a sustainable ANP logistics system, which includes responsible MoI oversight of the bulk fuel contract.



Figure 11. MoI fuel testing  
Source: DoD IG SPO

## Recommendation, Management Comments, and Our Response

### **Recommendation 7**

**Deputy Chief of Staff Security Assistance, Resolute Support/Essential Function 1 Lead, in coordination with Commander, Combined Security Transition Command–Afghanistan, ensure advise and assist efforts to develop a mature MoI bulk fuel contract oversight capability.**

### *Deputy Chief of Staff Security Assistance, Resolute Support/Essential Function 1 Lead Comments*

The command concurred with the recommendation. Management stated it is working to develop a mature contract oversight capability that will include bulk fuel contracts. It expects these efforts to be realized with the placement of an Afghan procurement subject matter expert in the ministry, and eventually in each of the provinces. The subject matter experts will train, advise, and assist ministerial and provincial procurement personnel to develop contract technical specifications, contract quality control and quality assurance, and consistent tracking systems for procurement and post award contract administration.

### *Our Response*

The response addressed the specifics of the recommendation. No further comment is required.



## Appendix A

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### Scope and Methodology

We conducted this assessment from June 2014 through October 2014 in accordance with the “Quality Standards for Inspections and Evaluations,” published in January 2013 by the Council of Inspectors General on Integrity and Efficiency. The objective of this follow-on review was to assess the U.S. and Coalition efforts to develop sufficiency of Afghan National Security Forces’ policies, processes, and procedures for the management and accountability of fuel (Class III [Bulk]) and conventional military ammunition and explosives (Class V). We believe that the evidence we obtained is sufficient and appropriate and provides a reasonable basis for our conclusions with regard to our assessment objective.

Our scope was defined by:

- the progress to date regarding activities conducted by DoD, other U.S. Government, and non-U.S. entities that relate to efforts to develop, transition, and sustain the ANSF’s management and accountability of fuel (Class III [Bulk]) and conventional military ammunition and explosives (Class V), and
- ANSF policies, processes, and procedures for the management and accountability of fuel (Class III [Bulk]) and conventional military ammunition and explosives (Class V).

We limited our scope by excluding contractor performance and pricing related to delivery of goods and services in support of the ANSF, and investigation of U.S., Coalition, or Afghan organizations or individuals allegedly involved in corrupt activities.

To assess our objective, we:

- reviewed published reports, books, professional articles, and other analyses related to management and accountability of Class III (Bulk) and Class V of the Afghan National Security Forces,
- reviewed MoI/ANP, MoD/ANA, U.S./NATO, ISAF, CSTC-A, International Joint Commission, and NTM-A plans, orders, fragmentary orders, and other guidance associated with efforts to develop the ANSF policies, processes, and procedures for the management and accountability of Class III (Bulk) and Class V,
- reviewed ANSF documentation related to ordering, management, and accountability of Class III (Bulk) and Class V,

- interviewed U.S./Coalition and ANSF personnel associated with developing and implementing policies, processes, and procedures for the management and accountability of Class III (Bulk) and Class V,
- visited various MoD/ANA and MoI/ANP facilities associated with the management and accountability of Class III (Bulk) and Class V, and
- reviewed Federal laws and Department policy, including annual National Defense Authorization Acts; Chairman of the Joint Chiefs of Staff policy; DoD directives and instructions; and appropriate United States Central Command, NATO/ISAF, CSTC-A, International Joint Commission, NTM-A, MoD/ANA, and MoI/ANP guidance.

We collected documents and conducted interviews throughout the entire period of our assessment. The SPO-Forward assessment team personnel assigned in Afghanistan conducted interviews from July 21 through 24, 2014, with ISAF subject matter experts. From August 24 through September 18, 2014, two team members from headquarters deployed to Afghanistan and joined SPO-Forward.

The combined team conducted interviews with Coalition forces, MoD/ANA, and MoI/ANP senior logistics personnel at the Ministerial level, Corps/Provincial headquarters commanders, staff, and other subject matter experts in Kabul, the Afghan Capital Region, and the Regional Commands in the East and South of Afghanistan. We chose these Coalition commands for site visits based on their high operational tempo and the resulting demands placed on ANSF logistics systems. These regional visits allowed for identification of systemic logistics issues that could impact the overall operational readiness and sustainment of both the ANA and the ANP.

## **Use of Computer-Processed Data**

We did not use computer-processed data to perform this assessment.

## **Use of Technical Assistance**

We did not require technical assistance to perform this assessment.

## Appendix B

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### Summary of Prior Coverage

The Department of Defense Inspector General (DoD IG), SIGAR, and Government Accountability Office (GAO) issued a number of reports that are significant within the context of our assessment objective.

Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>.

Unrestricted DoD reports can be accessed at <http://www.defense.gov/pubs>.

Unrestricted SIGAR reports can be accessed at <http://www.sigar.mil>.

Unrestricted GAO reports can be accessed at <http://www.gao.gov>.

### ***Department of Defense Inspector General***

DODIG D2014-067, “Assessment of U.S. and Coalition Efforts to Develop the Logistics Sustainment Capability of the Afghan National Police,” dated January 28, 2015

DODIG D2015-047, “Assessment of U.S. Government and Coalition Efforts to Develop the Logistics Sustainment Capability of the Afghan National Army,” dated December 19, 2014

DODIG D2014-072, “U.S. Military and Coalition Efforts to Develop Effective and Sustainable Healthcare in Support of the Afghan National Police,” dated May 19, 2014

DODIG-2013-081, “Assessment of U.S. Government and Coalition Efforts to Train, Equip, and Advise the Afghan Border Police,” dated May 24, 2013

DODIG-2012-109, “Assessment of U.S. Government and Coalition Efforts to Develop the Afghan Local Police,” dated July 9, 2012

DODIG-2012-028, “Assessment of U.S. Government and Coalition Efforts to Develop the Logistics Sustainment Capability of the Afghan National Army,” dated December 9, 2011

DODIG-2011-003, “Assessment of U.S. Government Efforts to Train, Equip, and Mentor the Expanded Afghan National Police,” dated March 3, 2011

DODIG-SPO 2009-001, "Assessment of the Accountability and Control of Arms, Ammunition, and Explosives (AA&E) Provided to the Security Forces of Afghanistan" dated September 11, 2009

### ***Department of Defense***

Report Toward Security and Stability in Afghanistan," dated October 2014

### ***Special Inspector General for Afghanistan Reconstruction***

#### ***AUDITS***

SIGAR Audit 14-1-AR, "Afghan National Police Fuel Program: Concerted Efforts Needed to Strengthen Oversight of U.S. Funds," dated October 2, 2013

SIGAR Audit 13-4, "Afghan National Army: Controls Over Fuel for Vehicles, Generators, and Power Plants Need Strengthening to Prevent Fraud, Waste, and Abuse," dated January 24, 2013

SIGAR Audit 12-14, "SIGAR Interim ANA POL Report 12-14 L," dated September 10, 2012

SIGAR Audit 10-11, "Actions Needed to Improve the Reliability of Afghan Security Force Assessments," dated June 29, 2010

#### ***QUARTERLY REPORTS***

SIGAR Quarterly Report to the United States Congress, dated October 30, 2014

SIGAR Quarterly Report to the United States Congress, dated July 30, 2014

SIGAR Quarterly Report to the United States Congress, dated April 30, 2014

#### ***INQUIRY LETTERS***

SIGAR-14-86-SP Inquiry Letter: Construction of Fuel Storage Tanks at Camp Shaheen, dated July 31, 2014

SIGAR-14-88-SP, "Inquiry Letter: DOD Anti/Counter Corruption Efforts," dated July 31, 2014



### *INVESTIGATIVE REPORTS*

SIGAR Investigative Report 13-1, "Afghan National Army: \$201 Million in DoD Fuel Purchased Still Unaccounted for Because Records Were Shredded," dated December 20, 2012

### *TESTIMONIES*

SIGAR Testimony on ANA Petroleum, Oil and Lubricants, dated September 20, 2012

### ***U.S. Government Accountability Office***

GAO-14-680T, Testimony Before the Subcommittee on the Middle East and North Africa, Committee on Foreign Affairs, House of Representatives, Afghanistan, Oversight and Accountability of U.S. Assets," dated June 10, 2014

GAO-13-381 SECURITY FORCE ASSISTANCE, "More Detailed Planning and Improved Access to Information Needed to Guide Efforts of Advisor Teams in Afghanistan," dated April 30, 2013

GAO-13-218SP, "Afghanistan: Key Oversight Issues," dated February 11, 2013

GAO-12-951T, "Afghanistan Security: Long-standing Challenges May Affect Progress and Sustainment of Afghan National Security Forces," dated July 24, 2012

GAO-11-710, "Afghanistan: Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government," dated July 20, 2011

GAO-11-66, "Afghanistan Security: Afghan Army Growing, but Additional Trainers Needed; Long Term Costs Not Determined," dated January 27, 2011

GAO-10-842T, "Warfighter Support: Preliminary Observations on DOD's Progress and Challenges in Distributing Supplies and Equipment to Afghanistan," dated June 25, 2010

GAO-10-655R, "The Strategic Framework for U.S. Efforts in Afghanistan," dated June 15, 2010

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

## Appendix C

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### Applicable Criteria

#### ***U.S. Code***

1. **National Defense Authorization Act of 2013, Section 1224.** This code provides the “Sense of Congress commending the enduring strategic partnership agreement between the United States and Afghanistan.”

#### ***Report of U.S. House Armed Services Committee***

2. **The Howard P. “Buck” McKeon National Defense Authorization Act For Fiscal Year 2015, Report of the Committee On Armed Services House of Representatives on H.R. 4435 Together With Additional Views, Section: Report on Financial Management Capacity of Afghan Ministry of Defense and Ministry of Interior.** In this report, the committee directs the Inspector General of the Department of Defense to conduct a comprehensive assessment of the financial management capacity and risks within the Afghan MoD and the MoI. The Inspector General should also assess the capacity and risks within the Afghan Ministry of Finance, to the extent the Inspector General determines that such an assessment is required to protect Department funds and would not duplicate efforts conducted by other agencies of the U.S. Government.

#### ***U.S. Federal Regulations***

3. **United States Government Accountability Office, “Standards for Internal Control in the Federal Government,” dated September 2014.** This document meets the requirements of the Federal Managers’ Financial Integrity Act of 1982 (FMFIA), which requires the GAO to issue standards for internal control in government. The standards provide the overall framework for establishing and maintaining internal control and for identifying and addressing major performance and management challenges and areas at greatest risk of fraud, waste, abuse, and mismanagement.

#### ***Department of Defense Regulations and Policy***

4. **Army Regulation 1-201, “Army Inspection Program, dated April 2008.** This regulation prescribes the responsibilities and policies for planning and conducting inspections in Army Organizations. It includes policies on command, staff, and inspector general inspections, and the integration of inspections into an organizational inspection program.

5. **Army Field Manual 4-40, “Quartermaster Operation”, dated October 2013.** This field manual describes Quartermaster operations at all levels to include supply and field service functions. It also provides commanders, staffs, and Soldiers an understanding of Quartermaster mission, organizations, and functions to better prepared them for an operational environment.
6. **Combined Security Transition Command–Afghanistan, “Campaign Plan for the Development of Afghan National Security Forces,” dated September 20, 2008.** This document provides an overarching strategy for the development of the ANSF, to include the MoD and the MoI. The plan aims to synchronize security sector development efforts across the MoD, MoI, CSTC-A, and the wider International Community. The plan lays out the guidance and the processes for security Ministry and Afghan security forces generation and development. It also takes into account the Afghanistan National Development Strategy, dated April 2008, and the altered circumstances since conception of these agreements and strategies, including changes to the security environment. It is complementary to Commander, ISAF Operations Plan 38302 and supports the ISAF security effects. (Classified)
7. **Deputy Commanding General (DCG), Combined Security Transition Command–Afghanistan (CSTC-A), Memorandum: SUB: Assessment of the Afghan National Security Forces (ANSF) policies, processes, and procedures related to ammunition, explosives, and fuel, dated June 28, 2014.** CSTC-A’s request of DoD IG to conduct an assessment in order to help address fuel and ammunition accountability issues within the ANSF, as well as the policies, processes, and procedures in place from the depot down to the user level.
8. **Combined Security Transition Command–Afghanistan, “Combined Security Transition Command–Afghanistan’s (CSTC-A) Commitment to Ministry of Interior (MoI) Fiscal Year (FY) 1393 Budget,” dated September 25, 2013.** Bilateral Financial Commitment Letter between Combined Security Transition Command–Afghanistan and the Government of the Islamic Republic of Afghanistan Ministry of Interior Affairs.
9. **Combined Security Transition Command–Afghanistan,, (DRAFT) “Combined Security Transition Command–Afghanistan (CSTC-A) Commitment to Ministry of Defense (MoD) Fiscal Year (FY) 1394 Budget, v32,” dated December 15, 2014.** Bilateral Financial Commitment Letter between Combined Security Transition Command–Afghanistan and the Government of the Islamic Republic of Afghanistan Ministry of Defense.

10. **Combined Security Transition Command–Afghanistan, (DRAFT) “Combined Security Transition Command–Afghanistan’s (CSTC-A) Commitment to Ministry of Interior (MoI) Fiscal Year (FY) 1394 Budget, v30,” dated November 24, 2014.** Bilateral Financial Commitment Letter between Combined Security Transition Command–Afghanistan and the Government of the Islamic Republic of Afghanistan Ministry of Interior Affairs.
11. **Combined Security Transition Command–Afghanistan, Investigation Report, Investigation of Fuel Processes at 209th Corps, Afghan National Army, April 2014.** This investigation was conducted by CSTC-A at the request of Regional Command North. This report highlights the main issues presented regarding fuel concerns and issues at 209 Corps and sustainable operations moving forward, but is not an exhaustive report of every deficiency or issue that was observed.
12. **Combined Training and Advisory Group-Army “Development Plan for the Afghanistan National Army Training and Education,” dated April 1, 2011.** This document provides direction to the Combined Training and Advisory Group-Afghanistan personnel regarding development of the Afghan National Army Training and Education Command. The plan served as the operational guidance for the period 2011–2014.
13. **DoD Instruction 4140.01, “DoD Supply Chain Material Management Policy,” dated December 14, 2011.** This instruction establishes policy and assigns responsibilities for management of materiel across the DoD supply chain.
14. **DoD Instruction 5000.68, “Security Force Assistance (SFA),” dated October 27, 2010.** This instruction establishes policy and assigns responsibilities regarding the preparation of DoD personnel and operational planning for and the conduct of security force assistance across the DoD. It also establishes that security force assistance shall encompass DoD efforts to support the professionalization and the sustainable development of the capacity and capability of the foreign security forces and supporting institutions of host countries, as well as international and regional security organizations.
15. **Joint Publication 4-10, “Operational Contract Support,” dated October 17, 2008.** Establishes doctrine for planning, conducting, and assessing operational contract support integration and contractor management functions in support of joint operations. It provides standardized guidance and information related to integrating operational contract support and contractor management; defines and describes these two different, but directly related functions; and provides a basic discussion on contracting command and control organizational options.

16. **ISAF “Resolute Support SFA Guide, 3.0,” dated July 2014.** This guide seeks to help nations and advisors prepare to execute Functional-Based Security Force Assistance during Resolute Support. It describes the eight essential functions that in the aggregate create sustainability; moreover, it emphasizes the importance of integrating each function both horizontally and vertically within the ASNF. The guide outlines a framework for advising, and the best practices to follow when providing technical advice to senior Afghan officials. It also outlines organizational constructs and functional processes and guidance for training.

### ***Government of the Islamic Republic of Afghanistan Decrees and Regulations***

17. **Decree 4.0, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Supported and Supporting Unit Logistics Policy and Support Procedures,” dated January 11, 2009.** This decree describes common procedures, formats, and forms for the communication of logistic information between supported activities and the supply and materiel management of the MoD.
18. **Government of the Islamic Republic of Afghanistan, “Public Finance and Expenditure Management Law,” dated December 23, 2013.** This law has been enacted in consideration of Article 75, paragraph 4 of the Constitution of Afghanistan for organization of financial affairs, management of financial affairs, protection of public assets, preparation of budget, and [management of] public expenditure of the state administrations inside and outside Afghanistan.
19. **Decree 4.2, Ministry of Defense, Assistant Minister of Defense for Acquisition, Technology and Logistics, “Material Accountability Policy and Procedures,” dated June 2009.** This decree and instructions establishes the basic policies and procedures that will be applied in accounting for military materiel. It also delineates responsibilities for accountability of material.
20. **Decree 4.5, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Ammunition and Explosives Operations Policy and Support Procedures,” dated August 2010.** This decree gives guidance and responsibility for the Afghanistan agencies or activities that are involved in the management and handling of munitions. Specific roles and responsibilities are allocated to attain efficiency and effectiveness in ammunition operations throughout the ANA.

21. **Decree 4.6, Ministry of Defense, Office of the Assistant Minister of Acquisition, Technology, and Logistics, “Afghan National Army–Petroleum, Oil and Lubricants (POL) Section Organization, Responsibilities and Procedures,” dated August 2010.** This decree describes the organization, responsibilities and procedures for petroleum, oils, and lubricants sections within the ANA in support of MoD Decree 4.0. The decree provides the ANA leadership with policies and procedures for fuel operations and applies to all ANA fuel operations, to include the receipt, storage, issue, quality control, and accountability for packaged products, wood, coal, propane, aviation, and ground fuels.
22. **Directive 5001, “Ministry of Defense Organization and Functions Manual,” dated March 29, 2011.** The manual prescribes the command relationships from the President of Afghanistan, through the MoD and General Staff, to all elements of the ANA. It also prescribes the organization and functions of all approved organizational structures (Tashkils) of the offices of the MoD and General Staff of the ANA. This manual, along with existing Ministerial decrees, policies, standard operating procedures, and ANA regulations serves as the basis for assigning and coordinating staff actions.
23. **Ministry of Defense Fragmentary Order No. 136, dated July 2014.** This order directs the Afghan Army and Corps to establish an Organization Inspection Program.
24. **Afghan National Army, General Staff Inspector General Investigative Report regarding “Fuel Requirements Determination, Supply System, Fuel Distribution, Consumption and Diesel Power Plants of 201 Corps,” dated May 2014.** This report provides the results of the ANA General Staff IG investigation into the discrepancies regarding fuel deliveries, consumption, and storage capacities at the ANA 201st Corps.
25. **Afghan National Army Training Command “Training Education Course Catalog SY 1393 Edition Four,” dated April 13, 2014.** This document lists the educational courses available to personnel assigned to the ANA and outlines school policies, procedures, course descriptions, course prerequisites, and course capacities.
26. **Ministry of Finance, Procurement Policy Unit, “Rules of Procedure for Public Procurement,” dated November 18, 2009.** These Rules of Procedure are issued in accordance with article 95 of the Afghanistan Law on Public Procurement (hereinafter “the Law”) enacted in July 2008 as amended in January, 2009, for the purpose of establishing detailed rules and procedures to fulfil the objectives and to implement the provisions of the Law.

27. **Ministry of Interior Management Policy, General Department of Logistics, (DRAFT) “MoI Ammunition Policy–Annex E,” dated March 10, 2014.** This policy, once signed, will replace the 2009 ammunition management policy. This policy gives detailed guidance and responsibilities for the MoI agencies or activities that are involved in the management and handling of munitions.
28. **Ministry of Interior, (DRAFT) “Class III (Fuel) Management Policy,” dated February 15, 2014.** This policy, once signed, will replace the 2009 fuel management policy. This policy sets forth guidance and procedures regarding petroleum ground fuels for MoI vehicles and equipment. This policy applies to all MoI personnel.
29. **Ministry of Interior, “National Police Plan, Years 1393-1394 (2014–2015),” dated May 10, 2014.** This document provides planning guidance for the continued development of MoI/ANP operational capabilities to meet Afghanistan’s current and future challenges of stabilization, civil order, law enforcement, and security. It assigns major tasks for each of the deputy ministers and independent departments to complete during the next two years according to the National Police Strategy.
30. **Ministry of Interior, “Minister of Interior Policy: Process for the Management of Logistics, Logistics Management Directorate,” dated January 6, 2009.** This policy prescribes common procedures, formats, forms, and time standards for the logistics management processes of the MoI and movement of logistics information between supporting and supported organizations and activities. The policy applies to all civilian and police activities and organizations of the MoI.
31. **Ministry of Interior Framework Contract for Supply & Delivery of Fuel to ANP Sites for Years 1393 & 1394 Between Ministry of Interior & JV-Aria Target Petroleum Ltd & CEFÉ Group, dated March 2014.** This contract, valued at \$239,263,682.54, was executed between GIROA/MoI and the contractor to provide fuel to ANP units approved by both the Ministry and CSTC-A during solar year 1393 and 1394. It governs delivery, methods of pricing, and payments.





## Management Comments

### Command's Response submitted by Headquarters, United States Forces-Afghanistan

NONSENSITIVE INFORMATION RELEASABLE TO PUBLIC



HEADQUARTERS  
UNITED STATES FORCES-AFGHANISTAN  
BAGRAM, AFGHANISTAN  
APO AE 09354

USFOR-A-IG

31 March 2015

MEMORANDUM THRU USEFOR-A DCDR-S

FOR United States Central Command Inspector General (CCIG), MacDill Air Force Base, FL 33621

SUBJECT: United States Forces-Afghanistan, IG Consolidated Responses for DODIG D2014-129.001, "Assessment of U.S. and Coalition Efforts to Develop the Sufficiency of Afghan National Security Forces' Policies, Processes, and Procedures for the Management and Accountability of Class III (Fuel) and V (Ammunition)"

1. DODIG published a draft report for D2014-129.001. The open recommendations for USFOR-A, and their respective answers, are detailed in the following discussion.

a. **Question 1.a:** *Deputy Chief of Staff Support, Resolute Support / Essential Function 512, advise and assist the MoD Assistant Minister of Defense, Acquisition, Technology, & Logistics, Afghan National Army General Staff G4, and Afghan National Army unit logisticians to:*

1. *Enforce fuel and ammunition consumption reporting policy to ensure that future fuel and ammunition orders are based on valid consumption reports and operational requirements.*

2. *Develop unit logistics operating procedures describing individual responsibilities and tasks for all ANA personnel responsible for the management and accountability of fuel and ammunition.*

**DCOS SPT's Answer:** Concur. EF 5 Advisors have and continue to mentor Afghan counterparts to ensure both fuel and ammunition consumption reporting and operational requirements follow written decrees and procedures. Strict enforcement of fuel consumption reporting requirements and the proper advanced identification of operational requirements has been in effect since the beginning of the 100% Afghan ground fuel contract commencement on October 25, 2014.

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b. **Question 1.b:** *Deputy Chief of Staff Support, Resolute Support / Essential Function 5, advise and assist the Assistant Minister of Defense, Acquisition, Technology, & Logistics, and the Afghan National Army General Staff G4 to ensure Afghan National Army unit logisticians assume responsibility for the management and accountability of consumption reporting.*

**DCOS SPT's Answer:** Concur. EF 5 Advisors continue to advise, assist and stress the importance of consumption reporting in effective material accountability and demand planning. EF 5 has developed a contract that will provide Host Country National (HCNs) subject matter experts to all of the Corps and National Logistics Nodes. These HCNs will assist their assigned unit with accountability procedures, CoreIMS inputs, training, logistics processes, etc... Oversight and additional training/guidance, as needed, will be provided by EF 5.1.

c. **Question 2.a:** *Deputy Chief of Staff Support, Resolute Support / Essential Function 5, in coordination with Deputy Chief of Staff Security Assistance/Essential Function 2, advise and assist the Ministry of Defense and Afghan National Army logisticians to:*

- 1. Develop internal controls to ensure ordering, receipt, delivery, distribution, and storage of fuel and ammunition in accordance with established ANA policy and procedures.*
- 2. Develop a Ministerial Internal Control Program, to include a fully-implemented Organizational Inspection Program, which provides oversight for the management and accountability of fuel and ammunition.*
- 3. Improve the independence of MoD/ANA oversight teams that verify the accuracy of fuel and ammunition deliveries through representation by personnel outside the ANA Corps logistics chain of command.*

**DCOS SPT's Answer:** Concur. EF5 advisors continue to stress the importance of consumption reporting in effective material accountability and demand planning. EF5 has developed a contract that will provide HCNs subject matter experts to all of the Corps and national logistics nodes. These HCNs will assist their assigned unit with accountability procedures, CoreIMS inputs, training, logistics processes, etc... Oversight and additional training/guidance, as needed, will be provided by EF5.1.

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d. **Question 2 b:** *Commanding General, Combined Security Transition Command-Afghanistan, in coordination Deputy Chief of Staff Support, Resolute Support /Essential Function 5, advise and assist the Ministry of Defense / Afghan National Army to ensure that internal controls contained in the Administrative Procedures for Bulk Fuel Management Transition document are implemented and enforced.*

**CSTC-A's Answer:** CSTC-A concurs with the recommendation. Note: The Ministry of Defense (MoD) bulk fuels contracts were cancelled by the President of Afghanistan on 2 Feb 2015, as part of a broader procurement corruption investigation by the Government of the Republic of Afghanistan (GIROA). Once the bridge and follow-on fuel contracts are awarded, CSTC-A will ensure that internal controls contained in the Administrative Procedures will be implemented and enforced, though they may differ in exact content in the follow-on fuel contract(s) currently being negotiated for MoD/ANA. Consistent with recommendation 7, EF1 will work with EF5 to develop a mature bulk fuel contract oversight capability.

e. **Question 3:** *Deputy Chief of Staff Operations, Resolute Support / Essential Function 4 Lead, advise and assist the Ministry of Defense and Afghan National Army Training and Education Command to increase officer, noncommissioned officer, and soldier training through increased attendance at the Afghan National Army Combat Service Support School, from Afghan National Army Training and Education Command-sponsored mobile training teams, or other decentralized training.*

(1) **CJ7's Answer:** Factors involved in the lack of fuel and ammunition management include the lack of trained personnel and the lack of quality oversight which lends itself to corruption. The latter factor is evident by the recent ongoing investigation of the Assistant Minister of Defense for Acquisition, Technology, and Logistics (AT&L) and other Afghan officials.

(2) The lack of trained personnel results from ongoing issues within the ANA – primarily leaders, who are not sending qualified personnel to fill training course seats executed by the Afghanistan National Army Training & Education Command (ANATEC). The information in the chart below have been inserted to illustrate that applicable training courses are being conducted at the Combat Service Support (CSS) Branch School:

(a) ANA Course Catalog – lists all courses that have been approved through the ANA Training Management system (managed by AIAT TED-C G7 Advisor).

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(b) ANA Course Schedule – lists all courses that have been scheduled and have a start and end date, as well as course capacity (for example: see highlighted information below) (managed by AIAT TED-C G7 Advisor).

	Basic				ACT			
	BN-No	Capacity	Start	End	Course	Capacity	Start	End
90	1U (64) KIMTC	300	20-Dec-14	12-Apr-15	SLC Supply NCO	30	13-Apr-15	14-Jun-15
91					SLC Transport NCO	30	13-Apr-15	14-Jun-15
92					SLC Fuel/Ammo NCO	30	13-Apr-15	14-Jun-15
93					HR SLC	15	13-Apr-15	28-Jun-15
94					Recontracting NCO	15	13-Apr-15	21-Jun-15

(3) ANATEC is aware of the problems created by the lack of fuel and ammunition management at different levels, especially at the Corps level. ANATEC has allocated sufficient resources to CSS School and the courses are available, but not filled. Given the lack of students, ANATEC would like the Corps to prioritize the courses.

(4) ANATEC has only limited capabilities to assist in solving the problems at Corps level by sending Mobile Training Teams to the different Regional Corps Battle Schools and conducting decentralized courses.

(5) Recommendations:

(a) In the case of the SLC Fuel/Ammo NCO course – scheduled to convene on 13 April 2015, Corps Commanders, along with key stakeholders

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(GSG1, GSG7, ANATEC G7, and if necessary, Chief of the General Staff) MUST identify QUALIFIED personnel to attend the course noted above.

(b) Once personnel graduate from training, a copy of the certificate must be presented to the GSG1 in order to be filed in a database – whether it's the ANA Human Resources Information System (AHRIMS) or a manual database, the information must be captured to ensure ANA personnel are identified by qualifications.

(c) The GSG1, along with emphasis from Afghan leaders, must ensure personnel are utilized in their correct positions and not be assigned as an Infantryman or Signal Soldier.

(d) Advisors at the MOD/GS level will continue to address these recommendations.

f. **Question 4:** *Deputy Chief of Staff Security Assistance, Resolute Support / Essential Function 1 Lead, in coordination with Commanding General, Combined Security Transition Command – Afghanistan, ensure advise and assist efforts include the development of a mature MoD contract oversight capability.*

**CSTC-A's Answer:** CSTC-A concurs with the recommendation. CSTC-A is working to ensure advise and assist efforts include the development of a mature MoD contract oversight capability. CSTC-A will:

(1) Assign a dedicated government advisor to the Contract Administration office within the MoD Acquisition Agency (AA). This will provide increased advising in the area of oversight.

(2) Submit a special request to the Ministry of Defense Advisor (MoDA) program for a senior Defense Contract Management Agency (DCMA) expert, with required certification and experience, to assist with oversight at the MoD AA. This expert will ensure better quality assurance of contracts.

(3) Ensure MoD AA personnel participate in certified contract administrative and oversight training courses. These courses were previously offered through the Ministry of Finance (MoF) Procurement Policy Unit (PPU), which was recently disbanded. The courses may transition to the National Procurement Commission.

(4) Continue to train, advise, and assist (TAA) the MoD AA, as well as work with advisors in other functional areas, to ensure all future contracts awarded by the ANA have clearly defined delivery requirements. In addition, CSTC-A advisors

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will help to strengthen procurement, planning and functional requirements development to include technical specifications and quality testing standards. CSTC-A will leverage the Afghan Procurement Laws, specifically the Afghan Rules of Procedures for Public Procurement, ensuring that contracts are in line with their own standards and procedures.

f. **Question 5a and 5.b:** *Deputy Chief of Staff Support, Resolute Support / Essential Function 5 lead, advise and assist the Ministry of Interior Deputy Minister for Support and the Afghan National Police logisticians to: a. Enforce fuel and ammunition consumption reporting policies to ensure that future fuel and ammunition orders are based on valid consumption reports and operational requirements. b. Develop unit logistics operating procedures describing individual responsibilities and tasks for all ANP personnel responsible for the management and accountability of fuel and ammunition.*

**DCOS SPT's Answer:** Concur. Advisors will work with their Afghan mentees to facilitate above listed recommendations. Mol Supply Policy dated 6 January, 2009 contains the following: "5.6.6.2. Resupply. \* Note: No requests for Class 3 will be approved without consumption date [sic]." The Dari version is clear, units must provide consumption data in order to receive fuel. EF5 has been assured by the Chief of Logistics, the Mol Fuel Chief, and the Materiel Management Center Fuel Ordering Officer, that all units are complying or that their orders would otherwise be denied. As noted above, CSTC-A assessed a random sample of consumption reports. From that assessment, CSTC-A will determine if the reports are adequate for accountability purposes or if it is necessary and feasible to adjust and/or consolidate the reports. The Mol still largely utilizes a manual system for the compilation and collection of consumption reports with handwritten forms being completed and staffed through their superior Commands until they are received by Mol HQ. CSTC-A began working on a complete revision of the Mol Supply Policy in late 2012 that organized the policy for the classes of supply policy into separate annexes. CSTC-A and Mol have worked together on the fuel annex for 2 years.

g. **Question 6.a:** *Deputy Chief of Staff Support, Resolute Support / Essential Function 5, in coordination with Deputy Chief of Staff Support, Resolute Support/Essential Function 2 Lead, advise and assist the Ministry of Interior / Afghan National Police to:*

1. *approve the updated fuel policy and implement included internal controls regarding ordering, receipt, delivery, distribution, and storage of fuel and ammunition,*

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2. *increase the frequency of ANP unit inspection visits by Ministry of Interior/Afghan National Police Logistics oversight teams that review fuel and ammunition accountability,*
3. *establish and implement procedures that ensure contractor deliveries are monitored from the time fuel enters the system through delivery, and*
4. *establish and implement procedures that ensure vendors do not deliver quantities of fuel that exceed unit storage capacity.*

**DCOS SPT's Answer:** Concur. Advisors will work with their Afghan countermentees to encourage approval of the updated fuel policy, implementation of internal controls, and an increase in ANP oversight unit inspection visits. EF5 recognizes that receiving fuel above capacity is an indicator of possible fraud. The available national data suggests that fuel deliveries generally occur prior to fuel holding capacity dropping below 50%. This effectively limits the effectiveness of the proposed control. Mol undertakes the final distribution of fuel in a number of remote regions by 200lt fuel drums. As such, it is entirely possible that more fuel will be delivered and decanted than can be held at a remote location.

h. **Question 6.b.** *Combined Security Training Command-Afghanistan, in coordination with Deputy Chief of Staff Support, Resolute Support / Essential Function 5 Lead, advise and assist the Ministry of Interior/Afghan National Police to ensure that internal controls contained in the Bilateral Financial Commitment Letter to the Ministry of Interior are implemented and enforced.*

(1) **CSTC-A's Answer:** In order to ensure that the financial internal controls contained in the FY 1394 Commitment Letter to the Mol are implemented and enforced regarding Class III (Fuel), CJ8 will manage/adjust against the disbursement of funds budgeted under the 22601 object code (Fuel-Vehicles & Generators) in accordance with the conditions specified in the FY 1394 Commitment Letter to the Mol, Annex E, Subsection 5, paragraphs a. and b.:

(2) Bulk Fuel Direct Contributions of \$102 million operational with an additional \$48 million conditional for 1394 should be disbursed based upon the agreed distribution plan. The 1394 distribution plan is \$8.5 million per month for a total of \$102 million. Disbursement of conditional funds will require approval from Mol Logistics Advisors. This approval will be contingent on the review and reconciliation of Material Management Center- Police (MMC-P) orders compared to vendor's invoices to ensure compliance with the distribution plan and to provide transparency and accountability.

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(3) Additionally, in accordance with Annex D, Subsection 21, paragraph a.:

(a) When Resolute Support personnel determine that all fuel documentation received from the provinces is sufficient, and the fuel orders placed were based upon documented fuel consumed, the next month's allocation for that province will be determined by the Good Performer Allocation Rate for the next period. When either Mol or Resolute Support personnel determine there is insufficient documentation from provinces, the next month's fuel allocation rate for provinces will be determined by the Bad Performer Allocation Rate.

(b) The Good Performer Allocation Rate is a monthly allocation rate based upon the province's proportion of a 114M liter annual budget. The Bad Performer Allocation Rate is a monthly allocation rate based upon the province proportion of an 86M liter annual budget (75% of the Good Performer Allocation Rate).

(c) In the event that any province remains on the Bad Performer Allocation Rate for two or more consecutive months, CSTC-A will request that Mol conduct an audit of the province to determine the cause for the documentation problems. If the audit is not performed within 90 days, and if corrective action is not taken within a 90-day period after request, there will be a decrease in the allocation rate below the Bad Performer Allocation level of 10% for each following month. CSTC-A will notify Mol of the cause and, the allocation will decrease.

(4) CSTC-A has instituted fuel meetings every 2 weeks with Mol, contracted vendors, and Resolute Support representatives. The meetings review Mol Form 32s (Consumption Reports) verifying that fuel orders are based upon actual consumption. CSTC-A is also in the process of reviewing the consumption reports in order to identify areas to strengthen oversight and accountability.

i. **Question 7.** *Deputy Chief of Staff Security Assistance, Resolute Support / Essential Function 1 Lead, in coordination with Commanding General, Combined Security Transition Command-Afghanistan, ensure advise and assist efforts to develop a mature Mol bulk fuel contract oversight capability.*

**CSTC-A's Answer:** Concur. CSTC-A is working to develop a mature MoD contract oversight capability, to include bulk fuel contracts. These efforts will become further realized with the placement of Afghan Procurement SME at the Ministry level and eventually in the Provinces. The SME will focus on the following areas to assist in the development of a mature contract oversight capability:

(1) TAA on the need for developing contract (statement of work) technical specification training, guidance to requirements owners, and budgetary unit writers.

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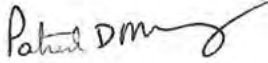
(2) TAA on the importance of quality control and quality assurance when accepting goods and services, in order to ensure contract compliance.

(3) TAA procurement officials at all levels to use a consistent and documented procurement processes.

(4) TAA procurement officials at all levels to develop contract actions tracking systems (reports) on post award contract administration.

3. The point of contact is [REDACTED]

Encl  
CSTC-A's DCG Memo, 9 Mar 15

  
PATRICK D. McEVOY, Colonel  
USFOR-A Audit Manager

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## Acronyms and Abbreviations

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<b>ANA</b>	Afghan National Army
<b>ANP</b>	Afghan National Police
<b>ANSF</b>	Afghan National Security Forces
<b>CSS</b>	Combat Service Support
<b>CSTC-A</b>	Combined Security Transition Command–Afghanistan
<b>ISAF</b>	International Security Assistance Force
<b>MMC</b>	Material Management Command
<b>MoD</b>	Ministry of Defense
<b>MoI</b>	Ministry of Interior
<b>NATO</b>	North Atlantic Treaty Organization
<b>NTM-A</b>	North Atlantic Treaty Organization Training Mission-Afghanistan
<b>RS</b>	Resolute Support
<b>SIGAR</b>	Special Inspector General Afghanistan Reconstruction



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