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INSPECTOR GENERAL

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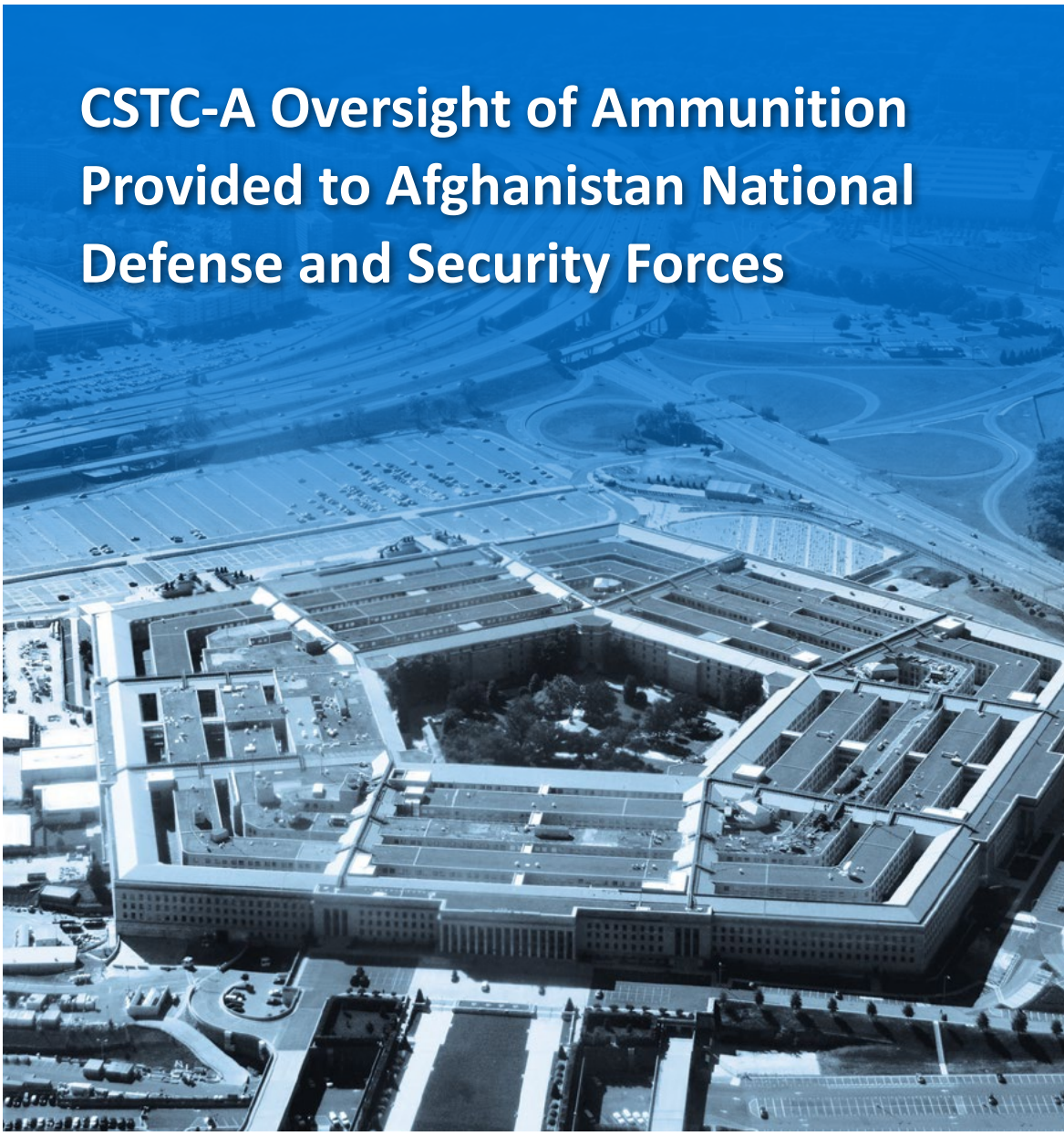
SEPTEMBER 22, 2017

CSTC-A Oversight of Ammunition Provided to Afghanistan National Defense and Security Forces



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Results in Brief

CSTC-A Oversight of Ammunition Provided to Afghanistan National Defense and Security Forces

September 22, 2017

Objective

We determined whether the Combined Security Transition Command–Afghanistan (CSTC-A) provided effective oversight of ammunition for the Afghanistan National Defense and Security Forces (ANDSF). Specifically, we focused on ammunition that was procured by DoD and provided to the ANDSF.

Background

In 2011, the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer authorized CSTC-A to provide Afghanistan Security Forces Fund (ASFF) resources directly to the Afghan Ministry of Interior (MoI) and Ministry of Defense (MoD) (ministries) to sustain the ANDSF. The goal of this support is to develop ministerial capability and capacity in the areas of budget development and execution, payment of salaries, acquisition planning, and procurement.

CSTC-A is the DoD command that directs U.S. efforts to organize, train, and equip the ANDSF. The command provides oversight and ensures adequate controls are in place to safeguard appropriated ASFF direct contributions provided to the ministries.

The MoI manages the Afghan National Police (ANP), and the MoD manages the Afghan National Army (ANA). The ministries develop, validate, and justify requirements for their annual budget, including the use of ASFF direct contributions. CSTC-A and the ministries sign annual Bilateral Financial Commitment Letters in which CSTC-A commits to funding specified portions of each ministry's budget and the ministries commit to stated conditions to ensure continued funding.

Background (cont'd)

CSTC-A uses inventory and consumption reports from the ministries to track MoI and MoD ammunition demand, identify ammunition requirements, and determine when to procure ammunition. We focused on performance requirements as agreed to in the FY 1395 commitment letters.[1]

Finding

CSTC-A did not provide effective oversight of ammunition that was procured by the DoD and provided to the ANDSF. CSTC-A officials stated that they could not perform physical inspections beyond the corps or zone level to validate ministry-provided ammunition reports due to understaffing and security limitations. Therefore, CSTC-A limited its oversight to evaluating monthly consumption and inventory reports that the ministries agreed to provide in the commitment letters. Specifically, CSTC-A did not:

- define the roles and responsibilities of the CSTC-A personnel responsible for evaluating ministry ammunition reporting,
- define the criteria necessary to objectively evaluate the ministries' ammunition reporting, and
- obtain and review the Ministry Inspectors General inspection results of each ministry's on-hand ammunition inventories when assessing the accuracy of ammunition reports provided by the ministries.

This occurred because CSTC-A focused on its advisory mission through mentoring Afghan officials but did not develop an effective strategy to oversee the ministries' compliance with commitment letter requirements.

In addition, CSTC-A only enforced one penalty during FY 1395, even though CSTC-A determined the ministries did not meet the commitment letter reporting requirements on 36 of 55 assessments. This occurred because CSTC-A officials believed enforcing penalties outlined in the commitment letter would have a negative effect on ANDSF operational readiness.

Without consistent, timely, and accurate reporting from the ministries, CSTC-A cannot account for all ammunition consumed by the ANDSF. In addition, since CSTC-A was unable to verify the ministries' consumption data, CSTC-A

[1] The Afghan FY 1395 is December 21, 2015, through December 20, 2016.

Results in Brief

CSTC-A Oversight of Ammunition Provided to Afghanistan National Defense and Security Forces

Finding (cont'd)

does not have assurance that the $702 million spent to procure ammunition in FYs 2015 and 2016 supported actual requirements and was used for its intended purposes.[2] Finally, without accurate consumption data, future ammunition requirements may not be valid.

Recommendations

We recommend that the Commanding General, Combined Security Transition Command–Afghanistan develop and document a long-term strategy to improve the ministries' ammunition reporting that includes:

- clearly defined roles and responsibilities for the personnel involved with providing oversight of ammunition,
- criteria to evaluate the ministries' compliance with ammunition commitment letter requirements, and
- procedures to review Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports.

In addition, include consequences in the FY 1397 commitment letters for the ministries' noncompliance that would not impact operational readiness and Combined Security Transition Command–Afghanistan would be willing to consistently enforce.

Management Comments and Our Response

The Chief of Staff, Deputy Chief of Staff Security Assistance, Combined Security Transition Command–Afghanistan (CSTC-A), responding for the Commanding General, CSTC-A, stated the report was factually accurate. However, the Chief of Staff did not state whether the command agreed or disagreed with the recommendation.

The Chief of Staff did provide a list of planned actions to improve oversight of ammunition. Specifically, the Chief of Staff stated that the command has revised its Ammunition Stockholding Policy to include clear lines of responsibility for ammunition accountability and issue. In addition, the Chief of Staff stated that CSTC-A will establish an Integrated Process Team to develop an action plan that will provide appropriate ammunition oversight with existing resources and authorities. Further, the Chief of Staff stated the current commitment letters include penalties associated with ammunition reporting. In addition, the Chief of Staff stated the Commanding General, CSTC-A, determines the applicability of the penalties and that penalties had been assessed in the past for non-reporting. However, the Chief of Staff did not address efforts to develop criteria to evaluate the ministries' compliance with commitment letter requirements or procedures for reviewing Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports. In addition, the Chief of Staff did not address the recommendation to include consequences in the FY 1397 commitment letters that would not impact ANDSF operational readiness and that CSTC-A would be willing to enforce.

The recommendation is unresolved and remains open. We request that the Commanding General, CSTC-A, provide the Ammunition Stockholding Policy for our review and also provide additional comments on developing criteria to evaluate the ministries' compliance with commitment letter requirements and procedures for assessing the accuracy of ammunition reports. In addition, we request that the Commanding General provide comments on the final report regarding the inclusion of consequences in the FY 1397 commitment letters that would not impact operational readiness and that CSTC-A would be willing to enforce. Please see the Recommendation Table on the next page for the status of the recommendation.

[2] According to Defense Security Cooperation Agency officials, the DoD spent $702 million in FYs 2015-2016 to procure ammunition to support both current and future ANDSF requirements.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commanding General, Combined Security Transition Command–Afghanistan	1.a and 1.b	None	None

Please provide Management Comments by October 23, 2017.

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.

INSPECTOR GENERAL
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DEPARTMENT OF DEFENSE

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September 22, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS
UNDER SECRETARY OF DEFENSE FOR POLICY
COMMANDER, U.S. CENTRAL COMMAND
COMMANDER, U.S. FORCES–AFGHANISTAN
DIRECTOR, JOINT STAFF

SUBJECT: CSTC-A Oversight for Ammunition Provided to Afghanistan National Defense and Security Forces (Report No. DODIG-2017-122)

We are providing this report for review and comment. CSTC-A did not provide effective oversight of ammunition for the ANDSF. Specifically, CSTC-A did not develop an effective strategy to oversee the ministries' compliance with commitment letter requirements.

We considered comments on a draft of this report when preparing the final report. DoD Instruction 7650.03 requires that recommendations be resolved promptly. Comments from the Commanding General, Combined Security Transition Command–Afghanistan, partially addressed the recommendation; therefore, the recommendation is unresolved and remains open. We request additional comments on Recommendation 1.a and 1.b by October 23, 2017.

Please send a PDF file containing your comments to auditcmp@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot 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).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-8517).

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

cc:
Auditor General, Department of the Army
Naval Inspector General
Assistant Secretary of the Air Force (Financial Management and Comptroller)

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Introduction

Objective

We determined whether the Combined Security Transition Command–Afghanistan (CSTC-A) provided effective oversight of ammunition for the Afghanistan National Defense and Security Forces (ANDSF). Specifically, we focused on ammunition that was procured by DoD and provided to the ANDSF.

Background

In 2011, the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer authorized CSTC-A to provide Afghanistan Security Forces Fund (ASFF) resources directly to the Afghanistan Ministry of Interior (MoI) and Ministry of Defense (MoD) (ministries) to sustain the ANDSF. The goal of this support is to develop ministerial capability and capacity in the areas of budget development and execution, acquisition planning, and procurement. Establishing a formal process to manage these contributions should ensure the ministries develop the skills and experience to provide security independently and operate successfully within the Government of the Islamic Republic of Afghanistan. Furthermore, the process should ensure contributions are provided and executed responsibly to directly benefit the ANDSF.

Roles and Responsibilities

Resolute Support Mission

In January 2015, a new noncombat mission named Resolute Support replaced the International Security Assistance Force mission. The new mission began to train, advise, and assist the ministries at the ministerial, institutional, and operational levels. Specifically, Resolute Support shifted the emphasis from unit-based combat advising to a functionally based advising approach, organized into eight essential functions (EFs).[3] Of the eight EFs, EF-1, EF-2, and EF-5 were relevant to our audit objective. CSTC-A advisors aligned with Afghan components to perform essential functions and associated sub-functions, in an effort to improve the capacity of the MoI and MoD to execute tasks such as planning, programming, and budgeting processes; resource management; and procurement. The following is a description of the three EFs that are relevant to this report.

[3] EFs are organizations and functional topics that provide the framework and guidelines to achieve Afghan sustainability. For a description of all EFs, see Appendix B.

EF-1 – Planning, Programming, Budgeting, and Execution develops the ANDSF resource management and procurement departments to generate funding requirements, develop a resource-informed budget, and execute the spending plan. EF-1's Audit Division conducts performance audits and assessments of the ministries' internal control processes and procedures.

EF-2 – Transparency, Accountability, and Oversight provides a train, advise, and assist role to establish a responsible and accountable Inspector General (IG) within each ministry.

EF-5 – Sustainment is responsible for training, advising and assisting the ministries in order to build logistics and maintenance capacity and capability. EF-5's goal is to help develop self-sustainable Afghan security institutions capable of providing effective facilities management, maintenance, and medical and logistics systems.

Combined Security Transition Command-Afghanistan

CSTC-A is the DoD command that leads U.S. efforts to organize, train, and equip the ANDSF. CSTC-A provides trained staff to collaborate with the MoI and MoD for budgeting, acquisition planning, procurement, financial management, and contract management and oversight. Finally, CSTC-A must ensure the ministries establish standard operating procedures and maintain adequate fiscal controls and auditable records to oversee ASFF direct contributions.

Bilateral Financial Commitment Letters

CSTC-A and the ministries sign annual Bilateral Financial Commitment Letters in which CSTC-A commits to funding specified portions of each ministry's budget and the ministries commit to stated conditions to ensure continued funding. Under international law, these commitment letters do not bind either CSTC-A or the ministries, and are intended to establish oversight and controls necessary to satisfy auditors and the international community providing support to ANDSF. The commitment letters include conditions that each ministry must follow to ensure continued funding. In addition, the commitment letters include penalties, which will be assessed should the ministries fail to meet the commitment letters' conditions. We focused on performance requirements as agreed to in the FY 1395 commitment letters.[4]

[4] The Afghan FY 1395 is December 21, 2015, through December 20, 2016.

According to CSTC-A officials, EF-1 and EF-5 work together to develop the annual commitment letters. EF-1 develops and coordinates the completed annual commitment letters, which include ammunition oversight reporting requirements provided by EF-5. EF-1 also tracks and assesses the ministries' efforts to meet reporting requirements established within the commitment letters and assesses penalties when the ministries fail to meet commitment letter conditions.

Afghan Ministries

The MoI manages the Afghan National Police (ANP), and the MoD manages the Afghan National Army (ANA). Each ministry is required to develop, validate, and justify requirements for its annual budget, including the use of ASFF direct contributions. In the commitment letters, the ministries agreed to design and implement internal controls to ensure that they use the ASFF direct contributions as intended. CSTC-A requires the ministries to build the capacity and capability to manage the commitment, obligation, and expenditure of ASFF direct contributions, including developing and maintaining supporting documentation.

Ministry of Interior

The ANP is organized into eight geographical areas called zones:
Zone 101 (Kabul), Zone 202 (Nangarhar), Zone 303 (Paktya), Zone 404 (Kandahar), Zone 505 (Helmand), Zone 606 (Herat), Zone 707 (Balkh), and Zone 808 (Kunduz). There are 34 provinces within the 8 zones, and each province includes its own police headquarters. There are multiple police districts within each province, totaling 411 police districts across Afghanistan. The MoI IG reports to the Minster of the Interior and ensures transparency, accountability, and manages law enforcement committees within the Ministry.

Ministry of Defense

The ANA is organized into six units called corps: the 201st, 203rd, 205th, 207th, 209th, and the 215th. The MoD IG reports to the Minister of Defense to promote integrity, accountability, and improvement of MoD personnel, programs, and operations to support the MoD's mission and to serve the public interest. The MoD IG responds to requests for assistance, inspections, investigations, and audits and reports to the Minister of Defense on its findings.

The General Staff IG (GS IG) reports to the Chief of the General Staff and provides a continuing assessment of the discipline, efficiency, administrative, economic, morale, training, and combat and logistical readiness of the ANA. The GS IG conducts assessments, inspections, inquiries, and investigations as directed by the Chief of the General Staff. Additionally, the GS IG provides oversight of the subordinate commands and identifies root causes of problems.

Determining the Ministries' Ammunition Needs

CSTC-A used each ministry's inventory and consumption reports to identify MoI and MoD ammunition requirements and to determine when to procure ammunition. For example, the ministries' inventory reports provided a baseline for the type and amount of ammunition on-hand, and they helped determine adequate stock levels for ongoing and future ANDSF operations. Consumption reports were critical to identify that surpluses did not exist and to detect theft. Further, consumption reports helped determine where the ministries needed ammunition most. Reporting accurate inventory and consumption in a timely manner is a prerequisite to ordering ammunition early enough and in the right amounts to guarantee availability.

The FY 1395 commitment letters stated that CSTC-A would supply the ministries with a national stockage level of ammunition equivalent to 3 ammunition basic loads per authorized weapon plus 2 years of ammunition consumption and 1 year of training ammunition (3-2-1 Model).[5] To determine an accurate ammunition national stockage level, CSTC-A uses the following information:

- **Tashkil** is the official list of personnel and equipment requirements the ministries use to fill staff positions and order equipment for each unit. The FY 1395 Tashkil identifies the weapon system and quantity of each weapon system that CSTC-A is allowed to provide ammunition for when calculating the national stockage level.
- **Ammunition Basic Load** is a pre-determined quantity of ammunition that allows a unit to sustain combat operations. For example, the MoD defined the basic load for one M16 rifle as 210, 5.56 millimeter rounds.
- **Consumption Data (Operational and Training)** provides CSTC-A the ammunition usage rates for each weapon system to properly forecast and acquire ammunition for the ANDSF.

According to Defense Security Cooperation Agency officials, the DoD spent $702 million for FYs 2015 and 2016 to procure ammunition to support current and future ANDSF requirements.

[5] Following FY 1395, CSTC-A developed a new demand driven model for developing ammunition requirements. Both models require accurate ammunition consumption reporting.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.[6] We identified internal control weaknesses in CSTC-A's oversight of ammunition for the ANDSF. Specifically, CSTC-A's oversight of ammunition was limited to reviewing monthly consumption and inventory reports that the ministries agreed to provide in the commitment letter. We will provide a copy of the report to the senior official responsible for internal controls at CSTC-A.

[6] DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

CSTC-A Did Not Effectively Provide Oversight for Ammunition Provided to Afghanistan National Defense and Security Forces

CSTC-A did not provide effective oversight of ammunition that was procured by the DoD and provided to the ANDSF. CSTC-A limited its oversight to evaluating monthly consumption and inventory reports that the ministries agreed to provide in the commitment letters. Specifically, CSTC-A did not:

- define the roles and responsibilities for the personnel involved in evaluating ministry ammunition reporting,
- define the criteria necessary to objectively evaluate the ministries' ammunition reporting, and
- obtain and review the Ministry IGs' inspection results of each ministry's on-hand ammunition inventories when assessing the accuracy of ammunition reports provided by the ministries.

This occurred because CSTC-A focused on its advisory mission through mentoring Afghan officials, but did not develop an effective strategy to oversee the ministries' compliance with commitment letter requirements.

In addition, CSTC-A only enforced one penalty during FY 1395, even though CSTC-A determined the ministries did not meet the commitment letter reporting requirements on 36 of 55 assessments. This occurred because CSTC-A officials believed enforcing penalties would have a negative effect on ANDSF operational readiness.

Without consistent, timely, and accurate reporting from the ANDSF, CSTC-A cannot adequately account for all ammunition consumed by the ANDSF. In addition, since CSTC-A was unable to verify the ministries' consumption data, CSTC-A does not have assurance that the $702 million spent to procure ammunition in FYs 2015 and 2016 supported actual requirements and was used for its intended purposes.[7] Finally, without accurate consumption data, CSTC-A might not be able to validate future ammunition requirements for the ANDSF.

[7] According to Defense Security Cooperation Agency officials, the DoD spent $702 million in FYs 2015-2016 to procure ammunition to support both current and future ANDSF requirements.

CSTC-A Did Not Provide Effective Oversight of Ammunition for the ANDSF

CSTC-A did not provide effective oversight of ammunition for the ANDSF. Specifically, CSTC-A did not:

- define the roles and responsibilities of the personnel responsible for evaluating ministry ammunition reporting,
- define the criteria necessary to objectively evaluate the ministries' ammunition reporting, and
- obtain and review the Ministry IGs' inspection results of each ministry's on-hand ammunition inventories when assessing the accuracy of ammunition reports provided by the ministries.

The FY 1395 commitment letters outlined conditions for the ministries to provide accountability and transparency of ammunition. The commitment letters also outlined applicable penalties when the ministries did not follow ammunition reporting requirements.

In response to a discussion draft of this report, CSTC-A officials stated that they could not perform physical inspections beyond the corps or zone level to validate ministry-provided ammunition reports due to understaffing and security limitations. Therefore, CSTC-A's oversight was limited to evaluating the ministries' monthly consumption and inventory reports that are required by the commitment letters. Specifically, CSTC-A officials stated their reviews focused on whether reports were submitted because they did not have the resources available to assess and evaluate the data.

CSTC-A Did Not Define Roles and Responsibilities for Ammunition Oversight

CSTC-A did not define the roles and responsibilities for the personnel evaluating ministry ammunition reporting. CSTC-A performs monthly and quarterly assessments of the ministries' compliance with commitment letter ammunition-reporting requirements, which call for providing monthly inventory and consumption reporting. In addition, the commitment letters require the ministries to electronically submit this data using Core Inventory Management Software (CoreIMS).[8] According to CSTC-A officials, inventory and consumption reports were the primary source of data for CSTC-A's assessments. However, various working groups, train advise assist commands, and EFs provide input and contribute to the overall assessment of the ministries' performance. For example,

[8] CoreIMS is the ministry system of record to execute tracking, ordering, and management of Class V (ammunition). The ministries rely on Afghan subcontractors to input inventory data.

CSTC-A developed the Ammunition Working Group and the Executive Oversight Committee to improve the ministerial capacity for managing critical commodities. CSTC-A officials stated that CSTC-A also receives input from the train advise assist commands and the teams that visit the ANA Corps during the reporting period. However, CSTC-A officials did not have a clear description of the roles each EF directorate, train advise assist commands, and working group had in determining whether the ministries complied with commitment letter requirements. According to CSTC-A officials, EF-5 and train advise assist command senior advisors consistently rotate on cycles of 6, 9, or 12 months. Due to the frequent staff rotations, it is critical to document roles and responsibilities to ensure incoming personnel know their functions regarding ammunition management.

CSTC-A Did Not Define the Criteria Necessary to Objectively Evaluate the Ministries' Ammunition Reporting

CSTC-A did not establish criteria to ensure the objective evaluation of ammunition reports. CSTC-A conducts monthly and quarterly assessments of the ministries' adherence to ammunition reporting conditions. CSTC-A created four ratings to aid its assessment:

1. Satisfactory progress to date.
2. Insufficient progress due to Ministry failure with no financial penalty/incentive.
3. Insufficient progress due to Ministry failure with a financial penalty/incentive.
4. Insufficient progress due to factors beyond the control of the Ministry.

However, CSTC-A has not established the criteria for this rating system, which results in highly subjective determinations as to the ministries' compliance with commitment letter requirements and decisions whether to impose penalties. For example, one MoD conditional assessment stated:

> "On-hand reports are provided by ANA units, however, the reports do not come on a consistent basis. ANASOC provided an on-hand report on 13 January. 201st, 203rd, and 111th provided a report as of 31 December. 205th, 207th, and 209th have not reported since November."

EF-5 officials recommended no penalty "for this reporting period due to the progress the ANA have made with both consumption and inventory reporting." However, the evaluation provided no rationale for the "progress" made by the ANA. Similarly, a conditional assessment completed for the MoI stated:

> "Consumption reports are not being presented to CSTC-A in accordance with the Commitment Letter."

However, in this case, EF-5 officials did not enforce a penalty and applied the rating, "insufficient progress due to Ministry failure with NO financial penalty/incentive." CSTC-A, again, did not provide additional rationale for making its determination. Another conditional assessment stated:

> "MoD consumption reports were provided to CSTC-A, however, the reports appear to be blanket consumption reports and don't reflect actual unit consumption reports."

CSTC-A rated MoD's compliance as "insufficient progress due to ministry failure with NO financial penalty/incentive." However, EF-5 officials did not recommend a penalty "because the MoD has shown progress in submitting reports." CSTC-A again did not provide a rationale for the "progress" shown by MoD.

Additionally, the commitment letters required the ministries to electronically submit monthly ammunition inventory and consumption reports using CoreIMS. Conditional assessments completed for the MoD focused on the ministry's compliance with inputting ammunition inventories into CoreIMS and not consumption reporting. CSTC-A officials acknowledged that CoreIMS has system limitations, such as the inability to track consumption rates and the system does not include all types of ammunition the ministries use. Further, the ministries do not have reliable access to electricity or the internet, which is required for using CoreIMS. CSTC-A's ratings did not take into consideration these system limitations. Instead of rating the ministry with "Insufficient progress due to factors beyond the control of the Ministry," CSTC-A rated the ministry with "Insufficient progress due to Ministry failure with no financial penalty/incentive." CSTC-A needs to define and document the criteria necessary for evaluating ministry compliance with commitment letter requirements.

CSTC-A Did Not Obtain and Review Inspection Results by Ministry IGs

CSTC-A did not obtain and review inspection results by the Ministry IGs. The commitment letters required the Ministry IGs to conduct quarterly inspections on inventory and consumption documents. The ministries were also required to maintain these documents for review. According to CSTC-A officials, the ministries' inventory and consumption reports were often unreliable. Since the consumption reports were unreliable, CSTC-A officials used historical data to develop the ammunition requirements. CSTC-A officials stated that due to insufficient staffing and security limitations, they were unable to train or advise ministry officials below the corps level and were also unable to visit depot sites to conduct inventories. Therefore, the ministry IGs provided a critical oversight function to verify inventory levels and review consumption reports for accuracy.

According to CSTC-A officials, the ministry inventory and consumption reports were often unreliable.

We reviewed copies of MoD GS IG inspection reports that identified discrepancies in MoD inventory reporting. For example, MoD GS IG conducted physical ammunition inspections during FY 1395 that identified discrepancies between reported inventories and physical inventories. Specifically, one GS IG inspection identified 3,904 M-249 tracer rounds not listed in previous inventories. CSTC-A officials could have used the inspection reports to aid in assessing the accuracy of ministries' ammunition reports and calculating the amount of ammunition needed for future years.

CSTC-A Focused On Training and Advising Without an Oversight Strategy

DoD's goal is to increase ANDSF effectiveness, capabilities, and systems so the ANDSF becomes more professional and increasingly self-sustaining. CSTC-A focused on advisory efforts through mentoring Afghan officials but did not develop an effective strategy to oversee the ministries' compliance with commitment letter requirements. For example, CSTC-A officials stated that their working groups, comprising of EF-1, EF-2, and EF-5 officials, improved the ministries' ability to manage ammunition by conducting face-to-face meetings with senior ministry officials and discussing inventory and consumption reporting successes and failures and potential penalties. CSTC-A officials also stated that, in addition to assessing penalties, they had additional ways to positively influence ministry compliance. However, when asked to provide specific examples, CSTC-A officials could not explain what the other tools were and the associated outcomes.

In the past, CSTC-A officials found significant shortfalls, such as lack of accurate inventories and consumption reporting, hoarding, and over stockage. However, due to understaffing and security concerns, CSTC-A personnel are no longer able to conduct these types of reviews. Therefore, providing effective oversight of the ministries to eliminate or mitigate these issues requires a strategy that should include:

CSTC-A officials found significant shortfalls, such as lack of accurate inventories and consumption reporting, hoarding, and over stockage.

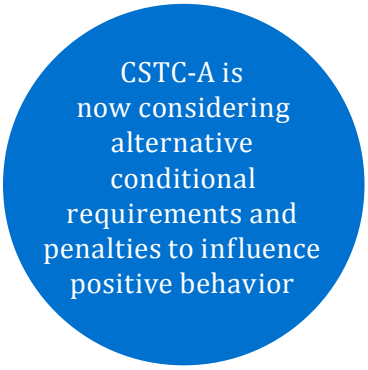
- clearly defined roles and responsibilities of the personnel involved in evaluating the ministries' compliance with commitment letter requirements,
- criteria to evaluate the ministries' compliance with ammunition reporting requirements, and
- procedures to review Ministry IGs' inspection results of each ministry's on-hand ammunition inventories when assessing the accuracy of ammunition reports provided by the ministries.

A documented, long-term strategy to oversee and correct identified deficiencies in the ministries' compliance with commitment letter requirements will provide a roadmap for the ministries to achieve self-sufficiency. It will also provide continuity for the constant rotation of CSTC-A personnel.

CSTC-A Did Not Consistently Enforce Commitment Letter Reporting Requirements and Penalties

CSTC-A only enforced one penalty during FY 1395, even though CSTC-A determined the ministries did not meet commitment letter reporting requirements on 36 of 55 assessments. The FY 1395 commitment letters state that failure to submit verifiable ammunition reports, monthly and timely, will result in the ministries receiving a 10-percent reduction in its annual consumption of ammunition being issued for the following year. However, CSTC-A officials believed enforcing this commitment letter penalty to withhold ammunition would negatively affect the ANDSF's warfighting capability. Previous DoD OIG reports documented that CSTC-A did not consistently enforce penalties against the ministries for commitment letter violations out of concern the penalties would impact ANA and ANP operations. On the one occasion that CSTC-A enforced a penalty, it had a negligible impact upon the ministries. For example, in FY 1395, CSTC-A enforced a one-time penalty against the MoI, for $250,000, for failing to document and report ammunition consumption. However, CSTC-A officials acknowledged that this penalty was applied against unobligated funds, and therefore, had no impact on the MoI.

In a prior audit, we found that CSTC–A did not penalize the MoI's fuel allocation rates by 25-percent due to the unstable environment in Afghanistan.[9] CSTC-A did modify future commitment letters to reduce the penalty for MoI commitment letter noncompliance from 25 to 10 percent. According to CSTC-A officials, CSTC-A is now considering alternative conditional requirements and penalties to influence positive behavior without affecting the overall readiness of the ANDSF. For example, in the FY 1396 Commitment Letters, CSTC-A officials are considering assessing penalties against specific individuals or units for noncompliance with commitment letter reporting requirements. However, as of July 31, 2017, which is 7 months into the Afghan fiscal year, CSTC-A officials and the ministries have not agreed on FY 1396 commitment letters. According to CSTC-A officials, until the FY 1396 commitment letters are signed, the conditions and penalties outlined in the FY 1395 commitment letters continue. Therefore, CSTC-A should include in the FY 1397 commitment letters consequences for ministries' noncompliance that would not impact operational readiness and CSTC-A would be willing to enforce.



CSTC-A Cannot Account for Ammunition Consumed by the ANDSF

According to CSTC-A officials, CSTC-A does not receive objective and verifiable consumption data from the ministries; therefore, CSTC-A cannot account for all the ammunition consumed by the ANDSF. In addition, since CSTC-A cannot verify the ministries' consumption data, CSTC-A does not have assurance that the $702 million spent procuring ammunition in FYs 2015 and 2016 supported actual requirements and was used for its intended purposes. Further, without accurate consumption data, CSTC-A officials stated they will continue to develop ammunition requirements based on historical data. However, historical data does not account for the changing conditions in Afghanistan. In the past, CSTC-A officials have determined that ammunition surpluses existed; therefore, using only historical data could result in more accumulation of ammunition surpluses by the MoD. Finally, without accurate consumption data, future ammunition requirements may not be able to be validated.

[9] Report No. DODIG-2016-040, "Controls Over Ministry of Interior Fuel Contracts Could Be Improved," January 20, 2016.

Since 2014, this is our seventh report on U.S. direct assistance funding that has identified consistent challenges with the procurement and oversight of large commodities, such as fuel and ammunition. Without improvement, the ministries will continue to rely upon CSTC-A to develop its requirements for large commodities. This could prevent DoD from achieving its goal to increase the ANDSF effectiveness and its ability to become increasingly more self-sufficient. On August 1, 2017, we announced a summary report to capture the systemic challenges associated with direct assistance and will make recommendations related to systemic issues.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Commanding General, Combined Security Transition Command–Afghanistan:

a. Develop and document a long-term strategy for improving ministries' ammunition reporting that includes:

- **clearly defined roles and responsibilities for the personnel involved in providing oversight of ammunition,**
- **criteria to evaluate the ministries' compliance with ammunition commitment letter requirements, and**
- **procedures to review Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports.**

Combined Security Transition Command–Afghanistan Comments

The Chief of Staff, Deputy Chief of Staff Security Assistance, Combined Security Transition Command–Afghanistan (CSTC-A), responding for the Commanding General, CSTC-A, stated the report is factually accurate. However, the Chief of Staff did not state whether the command agreed or disagreed with the recommendation.

The Chief of Staff did provide a list of planned actions to improve oversight of ammunition. Specifically, the Chief of Staff stated that the command has revised its Ammunition Stockholding Policy to include clear lines of responsibility for ammunition accountability and issue. In addition, the Chief of Staff stated that CSTC-A will establish an Integrated Process Team to develop an action plan that will provide appropriate ammunition oversight with existing resources and authorities.

Our Response

Comments from the Chief of Staff partially addressed the recommendation; therefore, the recommendation is unresolved and remains open. The Chief of Staff did not provide the Ammunition Stockholding Policy for our review. In addition, the Chief of Staff did not address efforts to develop criteria to evaluate the ministries' compliance with commitment letter requirements or procedures for reviewing Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports. We request the Commanding General, CSTC-A, provide the Ammunition Stockholding Policy for our review, and comments on developing criteria to evaluate the ministries' compliance with commitment letter requirements and procedures for assessing the accuracy of ammunition reports.

b. Include in FY 1397 Commitment Letters consequences for ministries' noncompliance that would not impact operational readiness and the Combined Security Transition Command–Afghanistan would be willing to enforce.

Combined Security Transition Command–Afghanistan Comments

The Chief of Staff, Deputy Chief of Staff Security Assistance, Combined Security Transition Command–Afghanistan (CSTC-A), responding for the Commanding General, CSTC-A, did not agree nor disagree with the recommendation. The Chief of Staff stated that the current commitment letters include penalties associated with ammunition reporting. The Chief of Staff further stated that the Commanding General, CSTC-A, determines the applicability of the penalties and if penalties have been assessed in the past for non-reporting.

Our Response

Comments from the Chief of Staff did not address the recommendation; therefore, the recommendation is unresolved and remains open. During FY 1395, CSTC-A enforced only one penalty, and it had a negligible impact upon the ministries. We request the Commanding General, CSTC-A, provide comments on the final report regarding the inclusion of consequences in the FY 1397 commitment letters that would not impact operational readiness and that CSTC-A would be willing to enforce.

Appendix A

Scope and Methodology

We conducted this performance audit from January 2017 through September 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed the FY 1395 MoD and MoI commitment letters to determine the agreed upon conditions between CSTC-A and the ministries. We reviewed meeting notes from the MoI Executive Oversight Committee and MoD Executive Steering Committee, CSTC-A's commitment letter monthly and quarterly requirements assessments, ammunition reports, and supplemental guidance to determine if the ministries met their ammunition reporting required conditions. In addition, we reviewed CSTC-A's quarterly conditionality assessments of the commitment letter requirements to determine whether CSTC-A should have assessed applicable penalties to the ministries.

We visited Resolute Support headquarters and Hamid Karzai International Airport in Afghanistan from February 1, 2017, through February 17, 2017. During the site visit, we interviewed CSTC-A officials from EF-1 (including Security Assistant Office, Financial Management Oversight, and Audit), EF-2, and EF-5 to determine each office's oversight responsibilities for providing ammunition to the ministries and to identify oversight strengths and weaknesses.

Use of Computer-Processed Data

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

Prior Coverage

During the last 5 years, the DoD Office of Inspector General (DoD OIG) and the Special Inspector General for Afghanistan Reconstruction (SIGAR) issued seven reports discussing U.S. direct assistance in Afghanistan. Unrestricted DoD OIG reports can be accessed at http://www.dodig.mil/pubs/index.cfm. Unrestricted SIGAR reports can be accessed at https://www.sigar.mil/allreports/index.aspx?SSR=5.

DoD OIG

Report No. DODIG-2017-041, "Combined Security Transition Command-Afghanistan Improved Controls Over U.S.-Funded Ministry of Defense Fuel Contracts, but Further Improvements Are Needed," January 11, 2017

> The DoD OIG determined that CSTC-A and the MoD initiated several measures to improve the oversight of the U.S. direct assistance-funded MoD fuel contracts. However, they could not ensure the accuracy of fuel delivery reports and fuel consumption reports provided by vendors and ANA corps, respectively. As a result, U.S. direct assistance continues to be vulnerable to fraud, waste, and abuse.

Report No. DODIG-2017-027, "The Combined Security Transition Command-Afghanistan Needs to Strengthen the Controls Over U.S. Direct Assistance Funding," December 1, 2016

> The DoD OIG determined that the GIRoA and CSTC-A needed to improve shortfalls in GIRoA's contracting process. Additionally, CSTC-A did not consistently penalize GIRoA for repeated commitment letter violations. As a result, future U.S. direct assistance funding continues to be vulnerable to fraud, waste, and abuse.

Report No. DODIG-2016-040, "Controls Over Ministry of Interior Fuel Contracts Could Be Improved," January 20, 2016

> The DoD OIG determined that CSTC-A and MoI oversight of the MoI fuel contracts was not effective because CSTC-A's organizational structure did not have well-defined roles and responsibilities for contract oversight. Additionally, CSTC-A did not enforce the fuel reporting requirements within the commitment letter. As a result, CSTC-A did not have reasonable assurance that the fuel ordered and delivered to the Afghan National Police, valued at $437.6 million, supported actual requirements and was used for its intended purpose.

Report No. DODIG-2015-108, "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

> The DoD OIG determined that ANDSF units ordered and received fuel and ammunition based on unit allocations instead of operational requirements; ANDSF ministries had inadequate and underdeveloped control measures for the management and accountability of fuel and ammunition; both ministries leadership were not taking full advantage of training opportunities at the

ANA Combat Service Support School; and ANDSF ministries were not prepared for effective oversight of the bulk fuel contract to ensure that direct financial contributions from the U.S. were used as required.

Report No. DODIG-2015-107, "Challenges Exist for Asset Accountability and Maintenance and sustainment of Vehicles Within the Afghan National Security Forces," April 17, 2015

The DoD OIG determined that CSTC-A, the MoD, and the MoI did not have controls in place to effectively manage accountability of 95,000 vehicles procured by the DoD for ANDSF because the CSTC-A did not implement an effective system to properly track and account for vehicles transferred to the ANDSF; did not enforce consequences to hold the MoD and MoI accountable for tracking vehicles transferred; and the MoD and MoI did not place adequate controls over the accountability of vehicles they received from DoD and Coalition forces.

Report No. DODIG-2015-082, "The Government of Islamic Republic of Afghanistan's Controls Over the Contract Management Process for U.S. Direct Assistance Need Improvement," February 26, 2015

The DoD OIG determined that the MoI and MoD did not have effective controls over the contract management process to develop requirements, award, execute, or monitor contracts funded with U.S. direct assistance to sustain the ANDSF. Additionally, the MoD and MoI did not develop internal compliance functions within the ministries to ensure adherence to the Procurement Law and commitment letters. As a result, future direct assistance funds are vulnerable to fraud and abuse because the GIRoA had numerous contract award and execution irregularities and Procurement Law and commitment letter violations.

SIGAR

Report No. SIGAR-15-14-SP, "Direct Assistance: Review of Processes and Controls Used By CSTC-A, State, and USAID," October 23, 2014.

SIGAR concluded that CSTC-A instituted a number of controls to record financial transactions. However, CSTC-A did not institute other controls, such as: completing a comprehensive assessment of ministerial financial management capacity and internal control systems; requiring the Afghan ministries to maintain accounting record in accordance with generally accepted accounting principles; and establishing a formal monitoring and evaluation plan for its direct assistance funds.

Appendix B

Resolute Support Essential Functions

Resolute Support emphasizes functionally based advising approach, organized into eight essential functions (EFs). They are:

- EF-1: Multi-year Budgeting and Execution of Programs,
- EF-2: Transparency, Accountability, and Oversight, which aims to prevent corruption,
- EF-3: Civilian Governance of the Afghan Security Institution, which aims to promote the ANDSF as servants of the people,
- EF-4: Force Generation is responsible to recruit, train, and equip the force,
- EF-5: Sustainment is responsible for supply and maintenance,
- EF-6: Strategy and Policy Planning, Resourcing, and Execution is responsible to plan and resource campaigns,
- EF-7: Intelligence, and
- EF-8: Strategic Communication.

Management Comments

Commanding General, Combined Security Transition Command–Afghanistan

DEPUTY CHIEF OF STAFF SECURITY ASSISTANCE
COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

Reply to
Attention of

DCOS SA/CSTC-A 12 September 2017

MEMORANDUM THRU USFOR-A DCDR-S

United States Forces - Afghanistan (CJIC), APO, AE 09356
United States Central Command (CCIG), MacDill Air Force Base, FL 33621

For Office of the Department of Defense –Inspector General, 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: CSTC-A Follow-up Response to **Final Report No. DoDIG D2017-D000JB-0063**

Reference: Final Report, dated 29 August 2017, Department of Defense Inspector General (DODIG).

1. The purpose of this memorandum is to provide CSTC-A responses to the recommendations made in the DODIG report dated 29 August 2017.

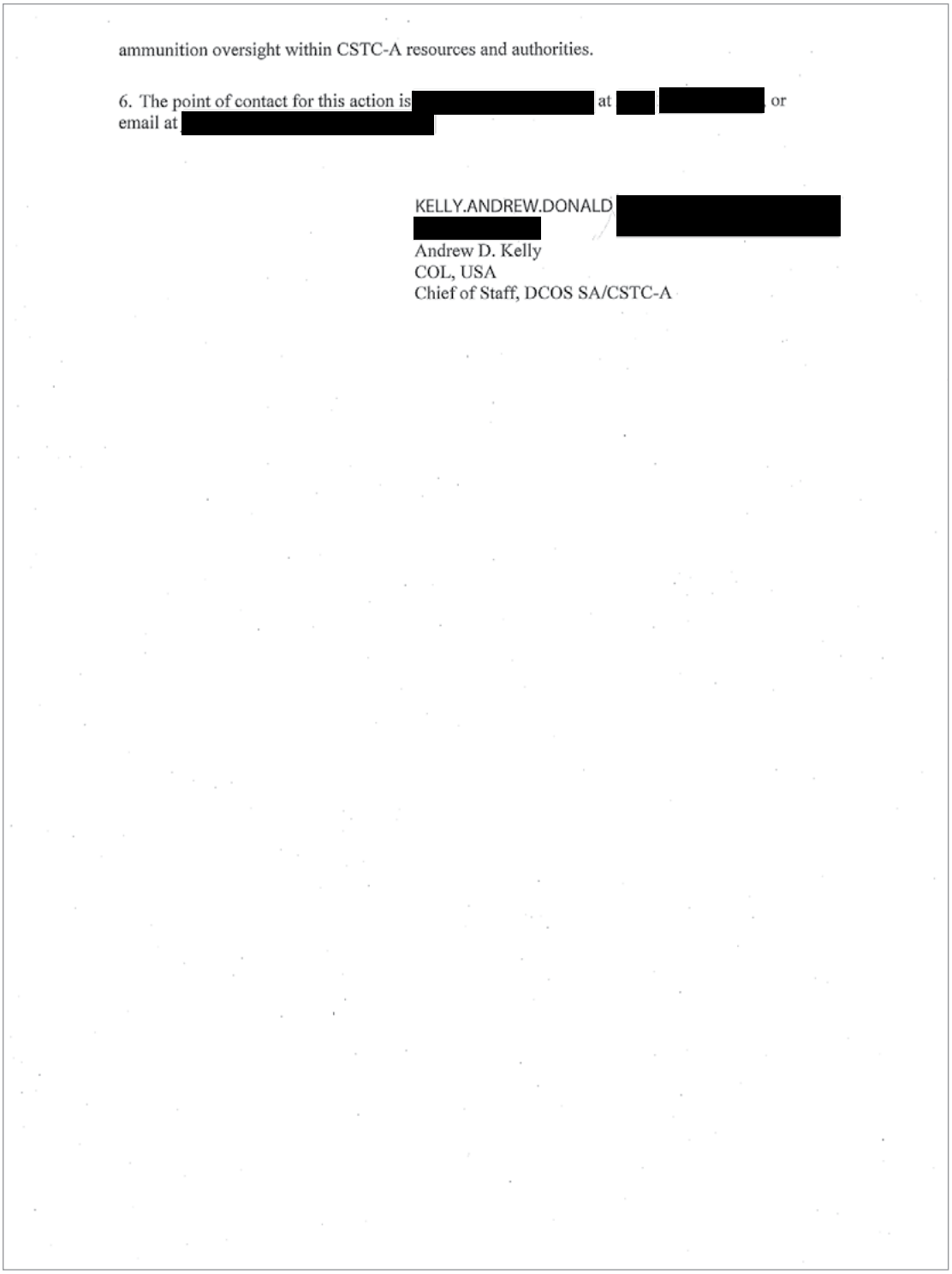
2. While CSTC-A finds no factual inaccuracies within this report, sufficient security resources have not existed to allow consistent presence below Corps/Zone to monitor accountability activities at the lowest levels. Ammunition reports are reviewed on a monthly basis and reviewed by the IG (with EF2 TAA support).

3. Since this audit was conducted, CSTC-A has developed a model and agreed on a revised Ammunition Stockholding Policy. This revised stockholding policy was approved by MINDEF on 14 Feb 2017 and aims to build ammunition stockholding at Tactical, Operational and Strategic levels. Stockholding levels are determined by threat conditions, operational activities, and consumption rates. The policy identifies clear lines of responsibility for accountability and issue. Further, a strategic reserve, comprised of one year of planned consumption of critical ammunition, will be built over time. This will enable the ANA to become self-supporting at the operational level, manage the in-country supply chain, and be responsive to operational threat assessments or acquisition disruption.

4. Current Commitment Letters have penalties associated with ammunition reporting. Application of the full range of penalty options are at the discretion of the CSTC-A Commanding General. Penalties have been assessed in the past for non-reporting.

5. CSTC-A will stand up an IPT to develop an action plan that will provide appropriate

Commanding General, Combined Security Transition Command–Afghanistan (cont'd)



ammunition oversight within CSTC-A resources and authorities.

6. The point of contact for this action is [redacted] at [redacted] or email at [redacted]

KELLY.ANDREW.DONALD [redacted]

Andrew D. Kelly
COL, USA
Chief of Staff, DCOS SA/CSTC-A

Acronyms and Abbreviations

ANA	Afghan National Army
ANDSF	Afghanistan National Defense and Security Forces
ANP	Afghan National Police
CSTC-A	Combined Security Transition Command–Afghanistan
EF	Essential Function
IG	Inspector General
MoD	Ministry of Defense
MoI	Ministry of Interior

INSPECTOR GENERAL
INTEGRITY
EFFICIENCY
DEPARTMENT OF DEFENSE

Whistleblower Protection
U.S. Department of Defense

The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal. The DoD Hotline Director is the designated ombudsman. For more information, please visit the Whistleblower webpage at www.dodig.mil/Components/Administrative-Investigations/DoD-Hotline/.

For more information about DoD OIG reports or activities, please contact us:

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