

**C-JTSCC Has Taken Steps to Improve the Accuracy
of Its Contract Data, but It Should Assess the
Feasibility of Correcting Data for Fiscal Year 2009
and Earlier**



April 20, 2012



SIGAR

Special Inspector General for Afghanistan Reconstruction

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C-JTSCC Has Taken Steps to Improve the Accuracy of Its Contract Data, but It Should Assess the Feasibility of Correcting Data for Fiscal Year 2009 and Earlier

What SIGAR Reviewed

Since 2001, the United States has appropriated more than \$85.5 billion to the Departments of Defense (DOD) and State, the U.S. Agency for International Development, and other U.S. agencies for reconstruction in Afghanistan. Within DOD, numerous contracting authorities, including the U.S. Central Command's (CENTCOM) Joint Theater Support Contracting Command (C-JTSCC), use reconstruction funds to implement security and development assistance projects. In 2010, C-JTSCC reported to SIGAR that it made about \$6.7 billion in contract obligations from Afghanistan-reconstruction related funding sources during fiscal years 2007 through 2009. However, in June 2011, Congress questioned the accuracy of C-JTSCC's fiscal year 2009 data after noting that the reported obligations for two contractors appeared overstated. C-JTSCC later confirmed that these records were inaccurate. The objectives of this audit were to (1) examine the discrepancies in C-JTSCC's data to determine how they occurred; (2) evaluate the measures C-JTSCC has taken to address the cause of these discrepancies, and; (3) identify what additional steps, if any, C-JTSCC needs to take to ensure the accuracy and reliability of its contract data. To accomplish this, SIGAR obtained documentation from C-JTSCC on the errors in its initial fiscal year 2009 data and requested revised fiscal year 2009 data of contracts funded with Afghanistan reconstruction funds. We selected a subset of 42 C-JTSCC contracts that C-JTSCC reported being supported with Afghanistan reconstruction-related sources of funding and compared C-JTSCC's data to the contract file. We conducted this audit in Washington, D.C.; Rock Island, Illinois; and Kabul, Khowst, and Nangahar Provinces, Afghanistan, from July 2011 to March 2012 in accordance with generally accepted government auditing standards.

What SIGAR Found

C-JTSCC officials reported that the query used to generate the data provided to us in 2010 was designed incorrectly and, as a result, C-JTSCC overstated its fiscal year 2009 contract obligations by about \$2.6 billion. For example, C-JTSCC reported more than \$690 million in fiscal year 2009 contract obligations to Kabuljan Construction Company, when the actual value was \$18 million—an overstatement of about 38 times. In addition, C-JTSCC's data included contracts that were made with non-reconstruction sources of funding because C-JTSCC's contracting officials did not consistently record funding source information when entering in data into C-JTSCC's data system. Based on our review of more than 14,700 fiscal year 2009 contract records, the funding source field was blank in more than 5,600 cases. Although contract documents are required to be complete and valid, a C-JTSCC official stated that funding source information was not always known when awarding a contract.

To address our concerns and those raised by Congress, C-JTSCC has taken a number of steps to improve its ability to report accurate data. To ensure that C-JTSCC system users generate accurate queries, C-JTSCC officials must complete a training course in query design prior to accessing procurement data systems. Additionally, C-JTSCC implemented a three-level process to review data prior to providing information to external customers. C-JTSCC has also increased the frequency of Program Management Reviews, which among other things, assess the extent of data entry errors. Additionally, C-JTSCC has finalized policies and procedures to standardize data entry in its data system and officials also conduct bi-weekly "confidence tests" to electronically scan data entered by C-JTSCC officials and identify data that do not meet these standards.

Although C-JTSCC took steps in fiscal year 2010 to help minimize longstanding data entry errors, it has not corrected its data entered into its contracts database for fiscal year 2009 or earlier. According to C-JTSCC officials, they are managing more than 3,600 contracts that have more than \$1 billion in fiscal year 2009 obligations and were active as of October 2011. These contract records were reported to other databases to run standard reports on contracting activity or create ad-hoc reports to meet specific needs, such as a request for information from the Congress or other external organizations. C-JTSCC officials stated that correcting these records may not be feasible given the volume and age of the contracting data involved.

What SIGAR Recommends

Because C-JTSCC took steps during the course of our audit to improve the accuracy of its data queries, SIGAR is not making any recommendations in this regard. However, C-JTSCC has not taken any actions to correct its fiscal year 2009 and earlier years' contract data. Therefore, SIGAR recommends that the Commander, U.S. Central Command, direct the C-JTSCC Commander to assess the feasibility of and the time and resources required to correct C-JTSCC's fiscal year 2009 and earlier years' contract records. If the assessment determines that prior years' records cannot be corrected or the expense is not worth the effort, C-JTSCC should alert its data users that its historical records may contain errors and is not reliable. Overall, C-JTSCC concurred with our recommendation and reported that it has taken steps to determine the feasibility of correcting its fiscal year 2009 and previous years' data.



OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

April 20, 2012

The Honorable Leon E. Panetta
Secretary of Defense

General James N. Mattis
Commander, U.S. Central Command

Major General R. Mark Brown
Commander, U.S. Central Command Joint Theater Support
Contracting Command

This report discusses the results of the Office of the Special Inspector General for Afghanistan Reconstruction's (SIGAR) audit of U.S. Central Command Joint Theater Support Contracting Command's (C-JTSCC) data quality. This report makes one recommendation to the Commander, U.S. Central Command, to direct the Commander, C-JTSCC, to assess the feasibility of and the time and resources required to correct C-JTSCC's fiscal year 2009 and earlier years' contract records to help ensure that C-JTSCC reports accurate data to its external customers.

When preparing the final report, we considered comments from C-JTSCC. Overall, C-JTSCC concurred with the report's recommendation and noted that it has taken steps to address it. These comments are reproduced in appendix III. C-JTSCC also provided technical comments, which we have incorporated, as appropriate. We conducted this performance audit under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978; and the Inspector General Reform Act of 2008.

A handwritten signature in black ink, appearing to read "Steven J Trent".

Steven J Trent
Acting Special Inspector General
for Afghanistan Reconstruction

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ACRONYMS

| | |
|---------|--|
| ACBIS | Army Contracting Business Intelligence System |
| ASFF | Afghanistan Security Forces Fund |
| BTA | Business Transformation Agency |
| CENTCOM | U.S. Central Command |
| CERP | Commander's Emergency Response Program |
| C-JTSCC | CENTCOM Joint Theater Support Contracting Command |
| CSTC-A | Combined Security Transition Command-Afghanistan |
| DLA | Defense Logistics Agency |
| DOD | Department of Defense |
| FAR | Federal Acquisition Regulation |
| FPDS-NG | Federal Procurement Data System-Next Generation |
| JCCS | Joint Contingency Contracting System |
| OMB | Office of Management and Budget |
| PMR | Program Management Review |
| RCC | Regional Contracting Command |
| SCO-A | Senior Contracting Official-Afghanistan |
| SIGAR | Special Inspector General for Afghanistan Reconstruction |
| SPS | Standard Procurement System |



C-JTSCC Has Taken Steps to Improve the Accuracy of Its Contract Data, but It Should Assess the Feasibility of Correcting Data for Fiscal Year 2009 and Earlier

Since 2001, the United States has appropriated more than \$85.5 billion to the Departments of Defense (DOD) and State, the U.S. Agency for International Development, and other U.S. agencies for reconstruction in Afghanistan. For the most part, these departments and agencies use contracts to provide a range of services in Afghanistan, including implementing reconstruction programs. Within DOD, numerous contracting authorities spend reconstruction funds, primarily from the Afghanistan Security Forces Fund (ASFF) and the Commander's Emergency Response Program (CERP). In 2010, the U.S. Central Command's (CENTCOM) Joint Theater Support Contracting Command (C-JTSCC) reported to us that it obligated about \$6.7 billion from Afghanistan reconstruction-related funding sources¹ during fiscal years 2007 through 2009. However, in June 2011, the Senate Homeland Security and Governmental Affairs Committee, Subcommittee on Contracting Oversight, questioned the accuracy of C-JTSCC's data. Specifically, the Subcommittee noted that reported obligations for two contractors appeared overstated. C-JTSCC later confirmed that its data was inaccurate and, in the case of one contractor, was overstated by as much as 38 times.

As a result, we initiated this audit to examine the accuracy and reliability of C-JTSCC's data. Specifically, we (1) examined the discrepancies in the C-JTSCC data that was initially provided to us to determine how they occurred; (2) evaluated the measures C-JTSCC has taken to address the causes of the discrepancies; and (3) identified what additional steps, if any, C-JTSCC needs to take to ensure the accuracy and reliability of its contract data.

To accomplish our objectives, we obtained documentation from C-JTSCC on the errors in its initial fiscal year 2009 data and requested a revised fiscal year 2009 data set of contracts funded with Afghanistan reconstruction funds. To identify the cause of C-JTSCC's inaccurate data, we interviewed officials from the Office of the Secretary of Defense (Comptroller); Assistant Secretary of the Army – Acquisition, Technology, and Logistics; Deputy Assistant Secretary of the Army for Procurement; DOD's Business Transformation Agency (BTA);² Defense Logistics Agency (DLA); the Senior Contracting Official-Afghanistan (SCO-A); CENTCOM; C-JTSCC; and selected Regional Contracting Commands (RCCs). To determine the extent to which C-JTSCC's revised data was accurate, we reviewed selected data fields such as contract number, fund type, fiscal year, and obligation amount, and looked for obviously invalid or inaccurate data. We also selected a sub-set of these records to compare the data fields against the contract files at the contracting offices. To determine the steps C-JTSCC has taken to improve contracting data quality and reliability, we reviewed relevant C-JTSCC policies and procedures and statements of data reliability regarding the systems used to maintain and retrieve contract data. To assess the steps, if any, that C-JTSCC needed to take to ensure that previous discrepancies were not repeated, we

¹For the purposes of this audit, we defined a DOD contract obligation as being for the purpose of Afghanistan reconstruction if it was made from one of the following funding sources: ASFF; CERP; DOD Counternarcotics Fund; National Defense Authorization Act Section 1207 Transfer Funds; Training and Equipment Funds; Afghanistan Infrastructure Fund; or Afghanistan Freedom and Support Act Funds.

²BTA was established in 2006 to encourage the reform and modernization of DOD's business practices. In October of 2011, the Secretary of Defense recommended that BTA cease functioning as a separate agency and transferred most of its functions to DLA. Because we met with and obtained documents from BTA, we refer to them as such for the purposes of this report.

reviewed C-JTSCC's mission and fragmentary orders³ establishing C-JTSCC's responsibilities, the Federal Funding Accountability and Transparency Act,⁴ and Office of Management and Budget (OMB) standards on ensuring data quality.⁵ We conducted our work from July 2011 to March 2012, in accordance with generally accepted government auditing standards. See appendix I for a more complete explanation of our scope and methodology.

BACKGROUND

Since 2001, the United States has appropriated more than \$85.5 billion to implement security and development assistance projects in Afghanistan, with DOD receiving more than 67 percent of these appropriations (about \$58 billion). In Afghanistan, DOD uses several organizations to manage Afghanistan reconstruction contracts, including C-JTSCC.⁶ Reviews by the Department of Army and CENTCOM identified the need for a centralized contracting organization with complete visibility over all contracting efforts within CENTCOM's area of responsibility. In April 2010, CENTCOM issued a fragmentary order to transition all current responsibilities with the Joint Contracting Command for Iraq and Afghanistan to C-JTSCC. Among other things, this order required C-JTSCC to execute centralized contracting oversight for all DOD contracts in Afghanistan, including contracts managed by other DOD contracting organizations as part of the Theater Business Clearance process.⁷ C-JTSCC is also required to directly manage certain contracts on behalf of U.S. Forces-Afghanistan and its subcommands, such as the Combined Security Transition Command-Afghanistan (CSTC-A).⁸ Further, C-JTSCC is required to establish and chair a Joint Contracting Support Board to ensure synchronization and unity of effort for contracting, including establishing contract visibility procedures and reports and coordinating the enforcement of contract management policies for external support and systems support. As executive agent for contracting for Afghanistan and to support C-JTSCC's expanded mission, the Assistant Secretary of the Army appointed the C-JTSCC Commander as the Head of the Contracting Activity for Afghanistan, which established C-JTSCC's overall responsibility for managing the contracting activity.⁹ In addition to its other responsibilities, C-JTSCC collects contracting data from other DOD contracting organizations operating in Afghanistan, including the U.S. Army Corps of Engineers and the Air Force Center for Engineering and the Environment.

The C-JTSCC Commander designated the Senior Contracting Official-Afghanistan (SCO-A) to serve as the principal contracting authority of C-JTSCC's contracts. The SCO-A has direct responsibility over theater support contracting and manages contracts for DOD organizations in Afghanistan. The SCO-A has about 150 contracting officers in Afghanistan, who are responsible for entering into, administering, and terminating contracts. Many of these officers are deployed to 1 of 14 RCCs performing contracting services in various locations throughout Afghanistan. As part of SCO-A's contract management responsibilities, SCO-A reports contracting data to external sources, including the Federal Procurement

³A fragmentary order consists of a written or oral communication used to direct DOD actions with changes of existing orders and brief and specific instructions.

⁴See The Federal Funding Accountability and Transparency Act, (31 USC 6101, P.L. 109-282, September 26, 2006).

⁵OMB, *Management's Responsibility for Internal Control. Circular A-123 (Washington, D.C., December 21, 2004)*.

⁶These include C-JTSCC, the U.S. Army Corps of Engineers, the Air Force Center for Engineering and the Environment, and the Space and Missile Defense Command. Additionally, the Army Contract Command-Rock Island manages awards and manages the logistics and civil augmentation program contract and Army's TACOM Life Cycle Management Command procures most vehicles for the Afghanistan National Security Forces.

⁷According to C-JTSCC officials, the goal of the Theater Business Clearance process is to provide data on contractor personnel and materiel arriving in theater and to ensure that all DOD contracts in Afghanistan contain documentation required by the Theater Business Clearance regulations.

⁸CSTC-A's responsibilities include training and mentoring the Afghan National Security Forces, which consists of the Afghan National Army and the Afghan National Police.

⁹Joint Chiefs of Staff, *Operational Contract Support* (Joint Publication 4-10, Washington, D.C., October 17, 2008).

Data System-Next Generation (FPDS-NG),¹⁰ in accordance with the Federal Acquisition Regulation (FAR).¹¹ The FAR requires that all U.S. agencies report contracts worth \$3,000 or more to FPDS-NG, and to certify that the data reported to the system are accurate and complete.

According to C-JTSCC, its contracting data is entered into the Standard Procurement System (SPS) and flows automatically through other information management systems to FPDS-NG. Once information is entered in SPS, the data is not altered and cannot be corrected after it passes to the other information management systems.

After C-JTSCC officials enter contracting data in SPS when awarding or modifying a contract, these records are sent electronically to the Army Contracting Business Intelligence System (ACBIS), an information management system that is mandated for use by all Army contracting organizations. ACBIS contains records of contracting actions from more than 250 DOD contracting offices, including C-JTSCC. ACBIS provides users the ability to query contract data from these contracting offices as well as other external data sources and summarize this data in reports that can be used to make business decisions. ACBIS users may run standard reports on contracting activity or create ad-hoc reports to meet specific needs, such as a request for information from Congress or other external organizations. According to ACBIS officials, C-JTSCC data is routinely accessed in ACBIS, but because C-JTSCC data is mixed with data from other contracting organizations, it is not possible to identify the full extent to which ACBIS users access C-JTSCC's data.

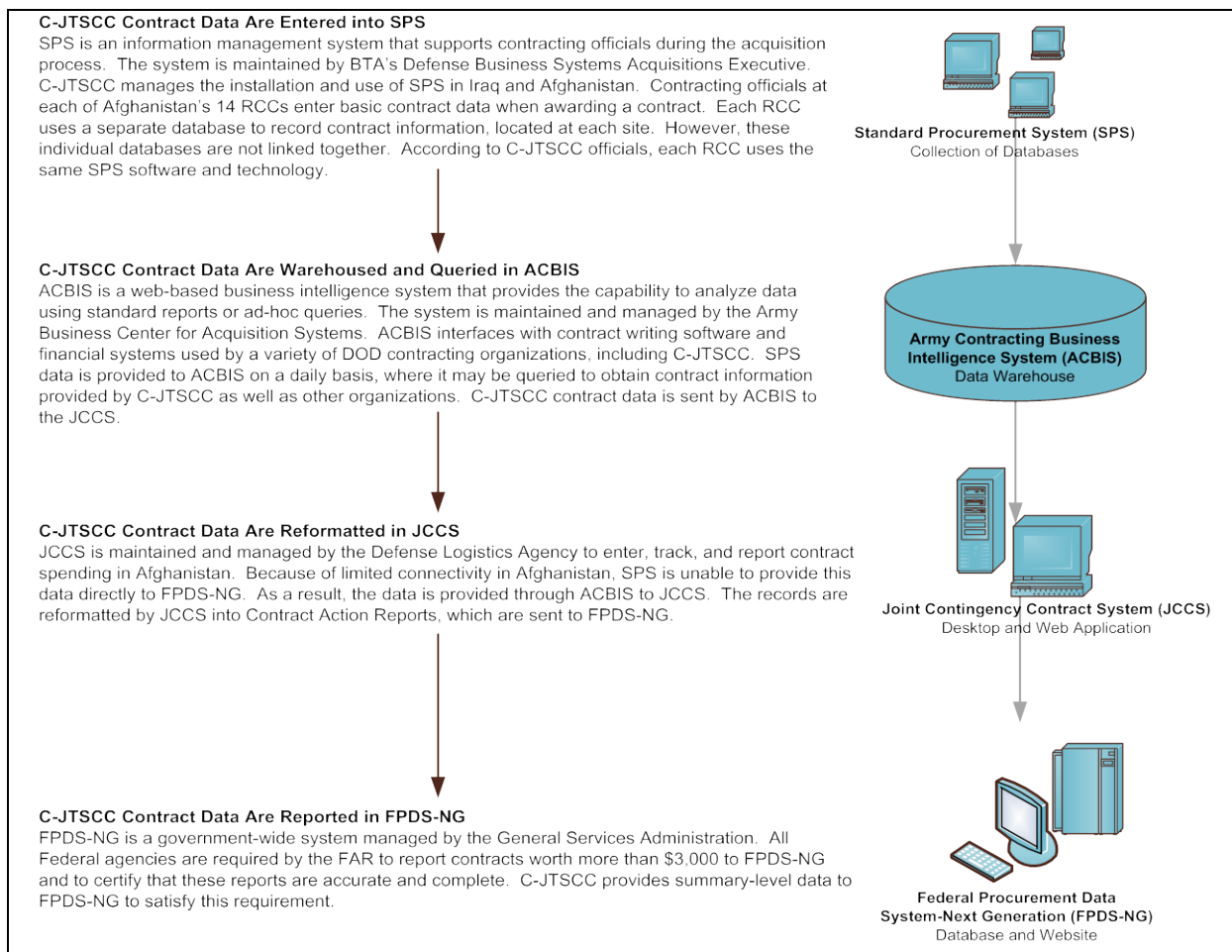
After C-JTSCC's SPS data is reported to ACBIS, the data passes to the Joint Contingency Contracting System (JCCS), where it is reformatted and submitted to FPDS-NG.¹² Figure 1 illustrates the flow of C-JTSCC's contract data through these information management systems.

¹⁰FPDS-NG is used to provide data on Freedom of Information Act requests and address inquiries from other contracting organizations. Additionally, Congress, Federal agencies, the auditing community, and the public use FPDS-NG to obtain contract data.

¹¹The FAR governs most of the Executive Branch's acquisition of goods and services and is set forth in Chapter 1 of Title 48 of the Code of Federal Regulations. For agency contract reporting responsibilities, see the FAR, Contract Reporting Responsibility, (Part 4.606).

¹²C-JTSCC officials report that both SPS and ACBIS have the capability to automatically report data to FPDS-NG, satisfying Federal contract reporting regulations. However, because internet connectivity in Afghanistan is limited, C-JTSCC was required to send its contract data through multiple systems in order to satisfy these regulations.

Figure 1: C-JTSCC Contract Data Flow and Reporting



Source: SIGAR analysis of C-JTSCC information.

In 2010, C-JTSCC reported to us that it had obligated about \$6.7 billion to more than 6,200 contractors during fiscal years 2007 through 2009 for the purposes of Afghanistan reconstruction, of which C-JTSCC reported about \$4.9 billion were obligated during fiscal year 2009. At the time, we noted that the data contained a number of errors, including misspellings and various contractor names that were similar and could have referred to the same contractor.

In June 2011, the Senate Homeland Security and Governmental Affairs Committee, Subcommittee on Contracting Oversight, questioned the accuracy of the contracting data that C-JTSCC had provided. Specifically, the Subcommittee noted that the obligations that C-JTSCC reported for two contractors—Kabuljan Construction Company and Red Sea Construction Company—appeared overstated. C-JTSCC reviewed the data that it provided to us and confirmed that this information and a number of other contractor records were inaccurate. As a result, we agreed to identify the errors in C-JTSCC's data and report on the steps necessary to prevent these errors from recurring in the future.

AN INACCURATE DATA QUERY AND UNRELIABLE FUNDING SOURCE DATA LED TO THE DISCREPANCIES IN THE DATA PROVIDED TO SIGAR

In response to our inquiries, C-JTSCC reported that the query used to generate the data provided to us in 2010 was designed incorrectly and overstated fiscal year 2009 contract obligations for multiple contracts and various contractors by about \$2.6 billion. For example, the flawed query resulted in C-JTSCC reporting more than \$690 million in fiscal year 2009 contract obligations to Kabuljan Construction Company when the actual value was \$18 million, an overstatement of about 38 times. In addition, although C-JTSCC reported that the data represented contracts funded with reconstruction assistance, SPS users did not consistently record funding source data in SPS. Based on our review of over 14,700 SPS records from fiscal year 2009, the funding source was blank for more than 5,600 records (about 38 percent), and other records had invalid codes for funding source. In addition, C-JTSCC included some obligations in the data provided to us that were not funded with reconstruction assistance.

C-JTSCC Erred in Generating the Contract Data Provided to SIGAR

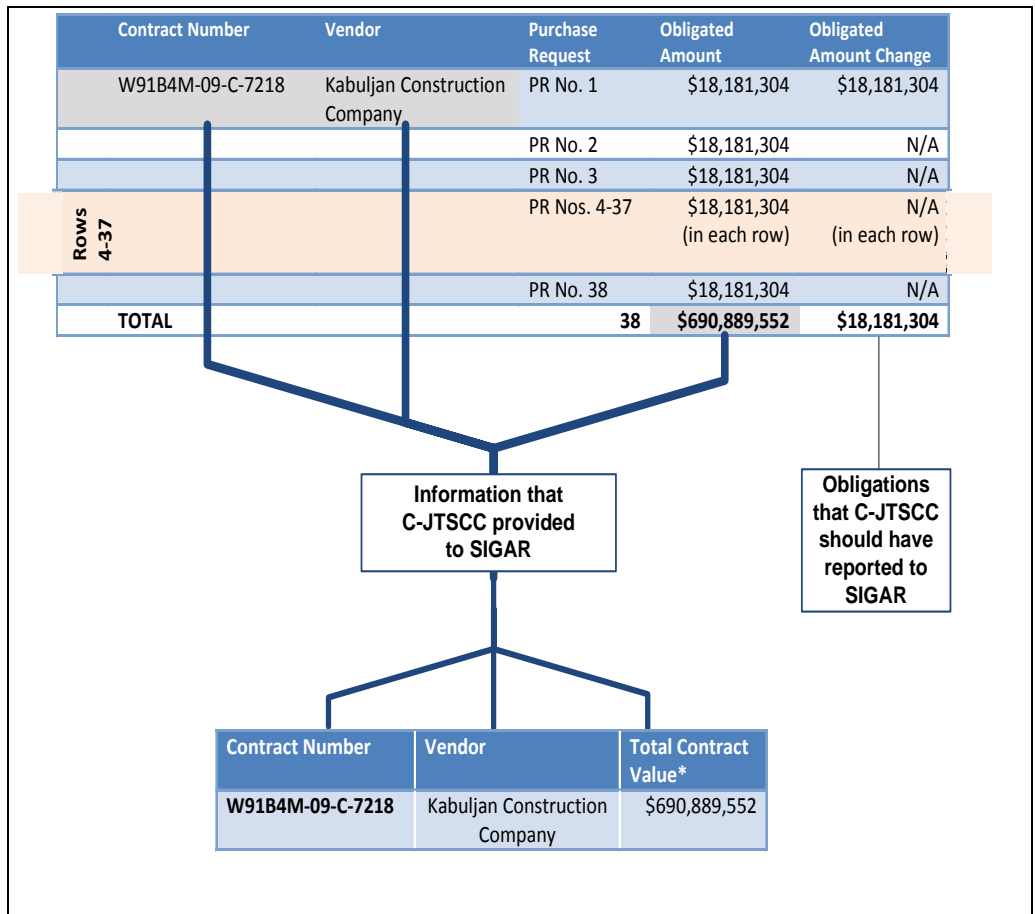
C-JTSCC queried ACBIS to identify its fiscal year 2009 Afghanistan reconstruction-related contract obligations. However, because C-JTSCC officials incorrectly designed their query, they reported inaccurate data to us that overstated the contract obligations by about \$2.6 billion. The error affected 795 contracts or about 7 percent of C-JTSCC's total contracts.

C-JTSCC designed a query to extract data elements from ACBIS to produce a report of all fiscal year 2009 Afghanistan reconstruction-related contracts and their contract obligated value. The query included two fields—"Purchase Request" and "Obligated Amount"—that led to the error. According to C-JTSCC officials, the "Purchase Request" field records each purchase request associated with the contract¹³ and the "Obligated Amount" field is the total amount obligated to that contract as of the date of each purchase request. The query incorrectly totaled the "Obligated Amount" field and reported that to us as the total amount obligated to the contract. In other words, the obligations for a contract with 10 purchase requests was reported as 10 times the contract's actual obligated amount. A C-JTSCC official stated that C-JTSCC should have used the "Obligated Amount Change" field to report contract obligations because it equals the total contract obligation amount.

Figure 2 illustrates the effect of using the incorrect field to report total obligations for Kabuljan Construction Company. C-JTSCC initially awarded a contract to Kabuljan Construction Company for about \$18 million and issued 38 purchase requests against that contract. The C-JTSCC query summed the values in the "Obligated Amount" column instead of using the "Obligated Amount Change" column, reporting contract obligations of more than \$690 million.

¹³A contract may have multiple purchase requests associated with it. For instance, a year-long contract to provide fuel may incur 12 purchase requests when buying fuel each month. The sum of all purchase requests associated with a contract represents that contract's total contract value.

Figure 2: Errors Made By C-JTSCC In Generating Obligation Data for Kabuljan Construction Company



Source: SIGAR analysis of C-JTSCC data.

*Note: C-JTSCC listed this field as “Total Contract Value;” however, the data actually was the sum of the “Obligated Amount” column.

This programming error affected 795 contracts or about 7 percent of the fiscal year 2009 reconstruction-related contracts within C-JTSCC’s area of responsibility and overstated related obligations by about \$2.6 billion.

C-JTSCC Did Not Limit Its Query to Afghanistan Reconstruction-Related Funding Sources

A C-JTSCC official stated C-JTSCC could separate fiscal year 2009 contract obligations made from Afghanistan reconstruction-related funding sources from those used to support U.S. military and civilian missions in Afghanistan. However, the contract data we received from C-JTSCC contained invalid funding source data in some cases and included contracts funded through other sources. For example, C-JTSCC originally reported to us that it obligated more than \$477 million to Red Sea Construction Company, though the actual value was about \$13 million. Nevertheless, C-JTSCC should not have included Red Sea in the data it provided because it was not funded with reconstruction funds.

DOD contracting officers are required by Financial Management Regulations¹⁴ to ensure that data processed in SPS and used in financial reports is accurate, complete, supportable, and processed timely. Specifically, these regulations state that DOD contracting organizations, including C-JTSCC, use tools to identify and track the numbers, types, and dollar amounts of transactions submitted, and that C-JTSCC edits these transactions to ensure they are accurate. Additionally, C-JTSCC standard operating procedures encourage contracting officials to enter accurate line of accounting data¹⁵ (including funding source) in SPS when awarding contracts to facilitate the use of Army's automated payment systems. The line of accounting is provided to contracting officials and cites the allocated funds being used to purchase the goods or services. According to C-JTSCC officials, if contract documents do not include a complete and valid line of accounting, the documents are returned to the requestor for correction.

Although contract documents are required to be complete and valid, a C-JTSCC official stated that funding source information was not always known when awarding a contract. In addition, C-JTSCC contracting officials did not always use accurate funding source codes when entering contract data in SPS. Based on our review of over 14,700 SPS contract records, we found that the funding source data field was blank for more than 5,600 records (about 38 percent). In addition, the fiscal year 2009 data that C-JTSCC retrieved from ACBIS contained funding source fields with invalid codes. For example, we found that the field included "EFT," "FFP," and "\$," as well as appropriation terms such as "O&M,A" or military construction. According to ACBIS documentation and officials from the Office of the Deputy Assistant Secretary of the Army for Procurement, the system does not perform any quality control checks on the fund type data received from SPS; if funding source data is entered inaccurately in SPS, these records are not corrected in ACBIS. According to C-JTSCC officials, the fund code is entered into SPS by the contracting officer separately from the line of accounting and, therefore, the fund code does not affect the payment of the vendor or the type of funds being used. However, although funding for the contract may be properly accounted for, the data in SPS may still be incomplete or inaccurate.

C-JTSCC HAS TAKEN STEPS TO ENSURE ITS DATA QUERIES ARE ACCURATE AND HAS TAKEN SOME MEASURES TO MINIMIZE LONGSTANDING DATA ENTRY ERRORS

To address our concerns and those raised by Congress, C-JTSCC has taken a number of steps to improve its ability to report accurate data. To ensure that C-JTSCC system users generate accurate queries, C-JTSCC officials must complete a training course in query design prior to accessing SPS and ACBIS. Additionally, C-JTSCC implemented reviews over the design of data queries before they are run and again before they are provided to external customers. C-JTSCC also has taken some measures to minimize longstanding data entry errors. For example, C-JTSCC has increased the frequency of Program Management Reviews (PMR), which assesses RCC¹⁶ operations and compares C-JTSCC's data against the contract file or other information to reduce data entry errors. Additionally, C-JTSCC has finalized policies and procedures to standardize data entry in SPS, including vendor names, addresses, and the location where the contract work is to be performed. C-JTSCC officials also conduct bi-weekly "confidence tests" on SPS data to identify data that does not meet these standards.

¹⁴Office of Secretary of Defense-Comptroller, *DOD Financial Management Regulation* (7000.14-R, Washington, D.C., August, 2011).

¹⁵Lines of accounting provide a uniform system of accumulating and reporting accounting information.

¹⁶Regional Contracting Commands are subordinate contracting offices to coordinate contracting activity in Afghanistan's provinces.

C-JTSCC Has Taken Steps to Ensure That Systems Users Generate Accurate Queries

To ensure that C-JTSCC officials use SPS and ACBIS to report accurate data free of errors, C-JTSCC has implemented additional training for users and strengthened its query review process prior to providing external customers with data. To ensure that C-JTSCC officials accurately design queries, C-JTSCC requires that all systems users complete an initial on-line training course in how to use SPS and ACBIS and complete yearly follow-up training to continue accessing these systems. According to C-JTSCC officials, all systems users in Afghanistan have completed this training, and new employees are required to complete training prior to beginning work. Additionally, C-JTSCC has distributed fact sheets on query design to its systems users that are designed to educate users on appropriate query design and how to avoid common errors.

C-JTSCC has also revised its standard operating procedures to require a three-level process to review data prior to providing this information to external customers. Specifically, this process involves the CJTSCC data technicians conducting the query, SCO-A officials, and C-JTSCC operations staff. The purposes of this review include ensuring that the query is correctly written, the data produced is accurate, and a spot check of the data prior to passing the information to external organizations is conducted. According to C-JTSCC officials, these reviews are not designed to check each line of data, but rather to identify “obvious errors,” which would indicate that the query design was incorrect. This official stated that the total obligations that C-JTSCC reported for Kabuljan Construction Company would be an example of such an error that should be discovered, but a smaller overstatement in C-JTSCC’s data would not necessarily be found.

C-JTSCC Has Also Taken Actions to Address Data Entry Errors

To help identify the causes of data quality issues, C-JTSCC has increased the frequency of PMRs. These reviews assess a variety of issues with RCC operations, including staff training, the organization of contract files, and the extent to which contracts are administered in accordance with the FAR and other standards. These reviews also assess the extent to which data entry errors are made when entering contract information in SPS and the extent to which these records contain accurate funding sources. According to C-JTSCC officials, they conduct PMRs at an RCC every 90 days, after which a report of deficiencies is used to identify specific issues requiring management attention and to prioritize and allocate resources at the RCCs. According to these officials, increasing the frequency of PMRs has improved RCC operations and reduced data entry errors.

We reviewed the PMR reports for several Afghan RCCs and found that, while the RCCs were in compliance with approved policies and procedures in a number of areas, they continued to face some challenges in managing specialty contracts and ensuring data quality. Specifically, the PMR reports that we reviewed identified deficiencies in maintaining appropriate contract documentation and in managing specialized contracts, such as blanket purchase agreements, services contracts, and construction contracts.

In addition, C-JTSCC officials reported that they have finalized policies and standard operating procedures to specify how contract information is to be entered into SPS, including vendor names, addresses, and the location where the contract work is to be performed. C-JTSCC standard operating procedures have been amended to encourage C-JTSCC officials to verify contractor identity in one of two externally maintained vendor name databases, such as JCCS or the Central Contractor Registration System, as a best practice. The use of these databases will help improve the quality of C-JTSCC’s data by ensuring that systems users use a single name to refer to the same vendor and that C-JTSCC data entry officials do not make spelling errors when entering contractor names in SPS. C-JTSCC has also instituted a practice to run bi-weekly “confidence tests” on the SPS data to help ensure that it complies with standards and contains only valid records. For example, these tests determine whether selected mandatory fields—such as contract numbers, vendor names, and select vendor identifiers—are entered and completed.

C-JTSCC HAS NOT CORRECTED ITS DATA FOR FISCAL YEAR 2009 AND EARLIER

Although C-JTSCC took steps in fiscal year 2010 to help minimize its longstanding data entry errors, it has not corrected its data entered into SPS for fiscal year 2009 or earlier. According to C-JTSCC officials, they are managing more than 3,600 contracts that have more than \$1 billion in fiscal year 2009 obligations and were active as of October 2011. These contract records were reported to ACBIS, JCCS, and FPDS-NG. C-JTSCC officials stated that correcting these records may not be feasible given the volume and age of the contracting data involved.

When we compared C-JTSCC's electronic records to the contract files for 44 fiscal year 2009 contracts that C-JTSCC reported were reconstruction contracts, we found 36 discrepancies. Specifically, the obligations for 12 contracts did not match the contract file, 6 vendor names did not match the contract file, 15 contracts were made from a funding source that was not Afghanistan reconstruction-related, and 3 contracts were duplicate records. These discrepancies raise questions over the extent of errors in these records.

According to the FAR, agencies are responsible for ensuring timely and accurate reporting of contract actions to FPDS-NG.¹⁷ To verify that the data is accurate, agencies are required to annually certify to the Office of Federal Procurement Policy and the General Services Administration that their previous year's FPDS-NG records are accurate and complete. Additionally, according to OMB guidance, complete, accurate, and timely Federal procurement data is essential for ensuring that the government has correct information when planning and awarding contracts and that the public has reliable data to track how its tax dollars are being spent.¹⁸ In 2009, C-JTSCC reported that 100 percent of its fiscal year 2009 data submitted to FPDS-NG was accurate.¹⁹

C-JTSCC officials told us that correcting these contract records in SPS would require identifying the errors and issuing a contract modification for each record that contained an error. These officials stated that doing so would place a considerable burden on contracting operations centers and would require C-JTSCC to coordinate with ACBIS administrators to correct each individual record. However, C-JTSCC did not provide us any estimates of the time and resources required to correct these records. Further, these officials said that the corrections could only be made in ACBIS. According to C-JTSCC officials, FPDS-NG could not be corrected because the system does not update administrative modifications, which these would be.

CONCLUSION

In 2010, C-JTSCC reported to us that it made about \$6.7 billion in obligations to contractors implementing reconstruction-related security and development assistance projects in Afghanistan, but because C-JTSCC's data query was inaccurate, it overstated reported obligations by about \$2.6 billion. In addition, longstanding data entry errors also led to other inaccuracies in C-JTSCC's reporting. While C-JTSCC has increased training of systems users and now runs confidence tests on its contracting data, confidence tests have not been applied to C-JTSCC's fiscal year 2009 and earlier data. Based on a limited review of C-JTSCC's revised fiscal year 2009 data, we identified a number of discrepancies, which raise questions over the extent of errors in these records.

¹⁷See the FAR, Contract Reporting Responsibility, (Part 4.604).

¹⁸See OMB Circular A-123: *Management's Responsibility for Internal Control* (Washington, D.C., December 21, 2004); OMB Circular A-127: *Financial Management Systems* (Washington, D.C., January 9, 2009); and OMB, Open Government Directive – Framework for the Quality of Federal Spending information (February 8, 2010).

¹⁹C-JTSCC, "FPDS Data Quality Report," (Exhibit 1, October 13, 2011).

This means that the C-JTSCC data in ACBIS and FPDS-NG for fiscal year 2009 and earlier contains errors and remains unreliable. According to the FAR and OMB guidance, Federal agencies, including C-JTSCC, are required to ensure such data is accurate and complete. However, C-JTSCC officials contend that correcting the errors in SPS and ACBIS would take considerable effort and resources, and the corrections would not flow to FPDS-NG. Nevertheless, ACBIS is used to query contract data from C-JTSCC and other contracting offices to run standard reports on contracting activity or create ad-hoc reports to meet specific needs, such as a request for information from the Congress or other external organizations. While we share C-JTSCC's concern that correcting its errors would require considerable time and resources, C-JTSCC should take steps to correct its 2009 and earlier years' data to the extent possible or, at minimum, alert ACBIS users that its data may contain errors and is not reliable.

RECOMMENDATION

Because C-JTSCC took steps during the course of the audit to improve the accuracy of its data queries, SIGAR is not making any recommendations in this regard. However, although C-JTSCC has taken steps to correct longstanding data entry errors and minimize them in the future, it has not taken any actions to correct its fiscal year 2009 and earlier years' contract data. Therefore, SIGAR recommends that:

1. The Commander, U.S. Central Command, direct the C-JTSCC Commander to assess the feasibility of and the time and resources required to correct C-JTSCC's fiscal year 2009 and earlier years' contract records. If the assessment determines that prior years' records cannot be corrected or the expense is not worth the effort, C-JTSCC should alert ACBIS users that its historical records may contain errors and is not reliable; in addition, it should report to the Office of Federal Procurement Policy and the General Services Administration that its fiscal year 2009 and earlier years' FPDS-NG records may not be accurate.

COMMENTS

C-JTSCC provided written comments on a draft of this report. These comments are reproduced in appendix II. C-JTSCC also provided technical comments on the draft report, which we incorporated, as appropriate.

Overall, C-JTSCC concurred with the recommendation and reported that it has taken steps to determine the feasibility of correcting its fiscal year 2009 and earlier years' data. Nevertheless, C-JTSCC specifically disagreed with our characterization that its data was not "reliable." It recommended that we characterize it as "incomplete." We disagree. As we note in the report, we found data elements that were incomplete or blank and others that were in error. For example, the funding source data for 14,700 SPS records was blank for more than 5,600 records. We also found invalid funding source codes. In addition, when we compared C-JTSCC's electronic files to the contract files for 44 fiscal year 2009 contract records, we found 36 discrepancies. For instance, six contractor names in C-JTSCC's electronic data did not match the contract file. Because of these discrepancies, C-JTSCC's contract data for fiscal year 2009 and earlier cannot be relied upon.

APPENDIX I: SCOPE AND METHODOLOGY

We reviewed obligations made during fiscal year 2009 against contracts for the purposes of reconstruction in Afghanistan. The objectives of this audit were to (1) examine the discrepancies in the U.S. Central Command (CENTCOM) Joint Theater Support Command (C-JTSCC) computer-processed data that were initially provided to us to determine how these discrepancies occurred; (2) evaluate the measures C-JTSCC has taken to address the causes of the discrepancies; and (3) identify what additional steps, if any, C-JTSCC needs to take to ensure the accuracy and reliability of its contract data.

To identify the discrepancies in the C-JTSCC computer-processed data originally provided to us and determine how these discrepancies occurred, we reviewed C-JTSCC responses to requests for information which explained how the discrepancies in C-JTSCC's data occurred. To identify the cause of C-JTSCC's errors, we interviewed officials from the Department of Defense's (DOD) U.S. Central Command (CENTCOM), Business Transformation Agency, the Office of Secretary of Defense-Comptroller, and C-JTSCC officials responsible for collecting, maintaining, and reporting contract data to external organizations. We also reviewed the sections of the Federal Funding Accountability Transparency Act relating to ensuring that agencies report accurate and complete financial data to external organizations. In addition, we also reviewed Office of Management and Budget (OMB) circulars on establishing and maintaining an appropriate internal control environment to ensure agencies have accurate information.²⁰

To evaluate the measures C-JTSCC has taken to address the causes of these discrepancies, we reviewed C-JTSCC Standard Operating Procedures governing how C-JTSCC officials are to enter contracting data into SPS and ensure that C-JTSCC contracting data are accurate and complete. We also reviewed six Procurement Management Reviews (PMR) that assessed operations and data quality at three Regional Contracting Commands (RCCs). We reviewed each of the PMRs to assess whether RCC operations and data quality had improved over time. We interviewed C-JTSCC officials in at their headquarters (located in Tampa, Florida) and Qatar to identify the steps that C-JTSCC has taken to improve its data quality. Additionally, to identify the extent to which these measures have been implemented in Afghanistan, we interviewed the RCC Chiefs at selected locations and at the Allied Contracting Command, Contingency Contracting Closeout Task Force, located at the Rock Island Arsenal in Rock Island, Illinois.

To identify the steps, if any, that C-JTSCC still needs to take to ensure the accuracy and reliability of its contract data, we reviewed the Federal Acquisition Regulation on requirements to report accurate data to FPDS-NG.²¹ We also reviewed standards issued by OMB to ensure that agencies, including C-JTSCC, establishes and maintains an internal control environment that can reliably generate accurate and complete financial data. We obtained information that C-JTSCC reported to FPDS-NG certifying that its fiscal year 2009 data was accurate and complete. We interviewed C-JTSCC officials responsible for implementing actions to ensure data accuracy and reliability, and met with officials from the Deputy Assistant Secretary–Procurement.

To address internal controls, we obtained information from C-JTSCC on the measures used to ensure data quality. We also reviewed the query that C-JTSCC used to generate its revised data, and confirmed that it was written correctly with C-JTSCC officials as well as officials from DOD's Deputy Assistant Secretary of the Army-Procurement, which also uses these systems to query C-JTSCC contracting data. We obtained fiscal year 2009 data from C-JTSCC, which C-JTSCC reported its original and revised obligation values. To determine the reliability of these records, we identified 42 contracts that C-JTSCC indicated were funded with either Afghan Security Forces Funds or Commanders Emergency Response Program funds. The other 14,811 contracts in C-JTSCC's database were identified by C-JTSCC as being

²⁰See OMB Circular A-123: *Management's Responsibility for Internal Control* (Washington, D.C., December 21, 2004); OMB Circular A-127: *Financial Management Systems* (Washington, D.C., January 9, 2009); and OMB Circular A-130: *Management of Federal Information Resources* (Washington, D.C., November 28, 2000).

²¹See the FAR, Contract Reporting, (Part 4.6).

supported by other funds, or contained invalid or blank codes. We considered internal control elements related to fraud, waste, abuse, or compliance with laws and regulations.

To assess the reliability of C-JTSCC's computer-processed data, we (1) interviewed officials to discuss the reliability of the data; (2) conducted electronic testing and checked for missing data, erroneous or incomplete entries, and duplicates; and (3) compared system generated data with the contract record. Given the errors we identified in these records, discrepancies that we found were sufficient to raise concerns about the accuracy and reliability of C-JTSCC's data. The scope of the data that we reviewed was limited to fiscal year 2009 records. The results of our tests of data reliability are discussed in the body of this report.

We conducted work in, Washington, D.C, Rock Island, Illinois, and Kabul, Khowst Province, and Nangahar Province, Afghanistan, from August 2011 to March 2012, in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978; and the Inspector General Reform Act of 2008.

APPENDIX II: COMMENTS FROM CENTCOM / C-JTSCC

**SIGAR Draft Report – Dated April 2012
SIGAR 12-xx (Project No. 048A)**

“C-JTSCC Has Taken Steps to Improve the Accuracy of Its Contract Data, but Should Assess the Feasibility of Correcting its Data for Fiscal Year 2009 and Earlier”

**USCENTCOM / C-JTSCC COMMENTS
To The Draft Report**

RECOMMENDATION (page 10, SIGAR Draft Report)

Because C-JTSCC took steps during the course of our audit to improve the accuracy of its data queries, SIGAR is not making any recommendation in this regard. However, although C-JTSCC has taken steps to correct longstanding data entry errors and minimize them in the future, it has not taken any actions to correct its fiscal year 2009 and earlier years' contract data.

Therefore, SIGAR recommends that the Commander, U.S. Central Command, direct the C-JTSCC Commander to take the following action:

1. Assess the feasibility of and the time and resources required to correct C-JTSCC's fiscal year 2009 and earlier years' contract records. If the assessment determines that prior years' records cannot be corrected or the expense is not worth the effort, C-JTSCC should alert ACBIS users that its historical records may contain errors and are not reliable; in addition, it should report to the Office of Federal Procurement Policy and the General Services Administration that its fiscal year 2009 and earlier years' FPDS-NG records may not be accurate.

C-JTSCC RESPONSE: C-JTSCC concurs with additional comments below. C-JTSCC has already taken proactive steps to determine the feasibility of the completing previous year's incomplete data within ACBIS and FPDS-NG.

GENERAL COMMENTS ON THE REPORT

(List comments/corrections/clarifications that SIGAR should make to the Draft Report. Each comment should be numbered, and show the classification of information provided in the comment. List the page number(s) from which information is derived within the report. If comment recommends a change to wording, show the language to be changed and new wording in "quotations" as shown in the example.)

Examples of comments from previously-approved review efforts are listed below to guide action officers in completing this requirement.

1. (U) All Pages. There are several references to the data not being "reliable," C-JTSCC recommends instead characterizing the data as "incomplete," since the data represents contracts that were accurately and effectively executed. C-JTSCC would like all instances

See SIGAR
comment 1.

depicting the data as “errors” or “unreliable” replaced with “incomplete.”

2. (U) Summary page Pages 8, 9, and 10. The report states that, “**C-JTSCC officials stated that they did not plan on correcting these records due to the volume of data involved and because the effort would be burdensome and time consuming.**” This statement is misleading and should be revised. On no occasion did any official statement from C-JTSCC report this. C-JTSCC has always maintained that correcting this incomplete data may not be feasible given the volume and age of the contract data.

See SIGAR
comment 2.

3. (U) **Page 7. Paragraph 2.** In this paragraph SIGAR discusses the use of accounting codes in SPS. C-JTSCC requests that the following line be added to the end of the paragraph. **“There is no automatic correlation between the line of accounting and the fund code in SPS/PD2. The fund code is input into SPS/PD2 by the contracting officer separate from the line of accounting. Funding for the contract will be accounted for appropriately by the correct line of accounting. The fund code entered by the contracting officer does not affect the payment of the vendor or the type of funding utilized.”**

See SIGAR
comment 3.

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The following are SIGAR comments on CENTCOM / C-JTSCC's letter dated April 9, 2012:

- (1) We disagree. As we note in the report, we found data elements that were incomplete or blank and others that were in error. For example, the funding source data for 14,700 SPS records was blank for more than 5,600 records. We also found invalid funding source codes. In addition, when we compared C-JTSCC's electronic files to the contract files for 44 fiscal year 2009 contract records, we found 36 discrepancies. For instance, six contractor names in C-JTSCC's electronic data did not match the contract file. Because of these discrepancies, C-JTSCC's contract data for fiscal year 2009 and earlier cannot be relied upon.
- (2) We changed the text to reflect C-JTSCC's current statement that correcting its fiscal year 2009 and earlier years' contracting data "may not be feasible given the volume and age of the contracting data."
- (3) We changed the text as suggested, but note that, although funding for a contract may be accounted for appropriately by the correct line of accounting, it may still be incomplete or inaccurate in SPS, as we found.

(This report was conducted under the audit project code SIGAR-048A).

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