

Increased Visibility, Monitoring, and Planning Needed for Commander's Emergency Response Program in Afghanistan



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SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

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This report presents the results of our review of controls and accountability for the Commander's Emergency Response Program in Afghanistan (CERP). CERP is an important tool for Commanders, generally intended to fund small-scale projects that can be sustained by the local population or government, and respond to urgent humanitarian relief and reconstruction needs. In May 2009, USFOR-A assumed responsibility for CERP. This report includes three recommendations for USFOR-A to improve the management of CERP and ensure sufficient oversight of funds.

A summary of our report is on page ii. The audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) under the authority of Public Law 110-181 and the Inspector General Act of 1978, as amended. When preparing the final report, we considered written comments from USFOR-A and incorporated information in their comments, as appropriate. Copies of their comments are included in appendices III of this report.

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SIGAR

Special Inspector General for Afghanistan Reconstruction

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INCREASED VISIBILITY, MONITORING, AND PLANNING NEEDED FOR COMMANDER'S EMERGENCY RESPONSE PROGRAM IN AFGHANISTAN

What SIGAR Reviewed

Since 2004, the Department of Defense (DOD) has funded over \$1.6 billion for the Commander's Emergency Response Program in Afghanistan (CERP), generally intended to fund small-scale projects that can be sustained by the local population or government and respond to urgent humanitarian relief and reconstruction needs. This report discusses the extent to which internal controls for CERP ensure accountability for program funds. We conducted this performance audit in Kabul and Bagram Air Field in Afghanistan and in Washington, D.C., from April to July 2009 in accordance with generally accepted government auditing standards.

What SIGAR Found

Although DOD has established procedures to ensure control and accountability for CERP funds, we identified weaknesses in monitoring and execution procedures. DOD and U.S. Forces Afghanistan (USFOR-A) have taken steps to ensure funds are obligated for authorized uses during the CERP approval process; however, additional measures are needed to ensure adequate controls over the execution of CERP projects. We found that management has limited visibility over CERP projects, due, in part, to a lack of centrally retained physical project files and incomplete or absent electronic project records. For example, program officials at USFOR-A were unable to identify, during the course of our audit, the number of ongoing CERP projects funded prior to fiscal year 2009.

CERP was designed to fund primarily small-scale projects. Although the majority of CERP projects remain small in scale, funds increasingly have been obligated for large-scale projects of \$500,000 or more. While large-scale projects account for a small proportion (3 percent) of the total number of projects, they consume a majority (67 percent) of CERP funds. For example, through the third quarter fiscal year 2009, 6 percent of CERP projects were large-scale projects that constituted \$290 million or 78 percent of total obligations. Large-scale projects pose increased risks for CERP, because typically they require several years for completion or consume significant amounts of time and resources by program managers who have been trained to primarily implement smaller-scale projects. Additionally, frequent rotations have challenged the ability of program officials to manage large, long-term projects.

What SIGAR Recommends

To improve the management of CERP and ensure sufficient oversight of funds, SIGAR recommends that the Commander of USFOR-A develop and implement a process to systematically collect and track information on CERP projects; implement a solution for centralizing CERP records; and develop and implement a plan to address the management of large-scale projects of \$500,000 or higher. USFOR-A concurred or partially concurred with the information presented in the report and described actions they are taking which are generally consistent with our recommendations. Specifically, USFOR-A did not agree that large-scale projects pose particular risk, indicating that almost all large-scale CERP projects are roads. However, SIGAR's review of project data provided by USFOR-A indicates that CERP projects from fiscal year 2005 through the third quarter of fiscal year 2009 included 109 non-transportation projects valued over \$500,000 (35 percent of total large scale projects). USFOR-A did not state whether they did or did not concur with SIGAR's recommendations. In its general comments on the report, USFOR-A discussed several actions that they plan to take to address identified deficiencies, including the addition of project managers for CERP administration, strengthening electronic record requirements, adding civilian information managers to facilitate electronic record keeping, and including limitations on the numbers of projects by region and reducing monetary approval authorities. These actions, if fully implemented, will lesson program risk.

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Abbreviations

CERP	Commander's Emergency Response Program
CJTF-101	Combined Joint Task Force-101
DOD	Department of Defense
SIGAR	Special Inspector General for Afghanistan Reconstruction
USFOR-A	U.S. Forces Afghanistan

INCREASED VISIBILITY, MONITORING, AND PLANNING NEEDED FOR COMMANDER'S EMERGENCY RESPONSE PROGRAM IN AFGHANISTAN

This report discusses the extent to which internal controls for the Commander's Emergency Response Program in Afghanistan (CERP) ensure accountability for program funds.

We reviewed CERP guidance issued by the Department of Defense, U.S. Forces Afghanistan (USFOR-A), and the Combined Joint Task Force-101 (CJTF-101) as well as program documents including, checklists and guidance prepared by CERP program managers. We also reviewed CERP data collected in the project tracking system and conducted a file review of 72 CERP project files. In addition, we interviewed officials responsible for the management, approval, and monitoring of the program at USFOR-A, CJTF-101, as well as Task Force Phoenix and Task Force Warrior.¹ We also attended CERP board review meetings, chaired by USFOR-A. We conducted this performance audit in Kabul and Bagram Air Field in Afghanistan and in Washington, D.C. from April to July 2009 in accordance with generally accepted government auditing standards. Our scope and methodology is described in Appendix I.

BACKGROUND

In fiscal year 2004, the Department of Defense (DOD) created CERP to enable local commanders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction requirements. Since then, DOD has funded over \$1.6 billion for CERP in Afghanistan. According to DOD's Financial Management Regulations for CERP, the program is generally intended to fund small-scale projects that can be sustained by the local population or government, and respond to urgent humanitarian relief and reconstruction needs. According to the regulations, a small-scale project is generally defined as any project less than \$500,000. The regulations identify 20 categories of authorized uses of CERP funds for projects ranging from the development of Afghanistan's infrastructure to temporary contract guards for critical infrastructure.² The regulations also identify 11 unauthorized uses of CERP funds.³ USFOR-A and its subcommand, Combined Joint Task Force-82, as well as task forces and provincial reconstruction teams are responsible for the management and execution of CERP.⁴ CERP managers maintain the primary day-to-day responsibility for the program. The task force commanders are

¹In June 2009, CJTF-101 turned over command to CJTF-82.

²Authorized uses of CERP funds include: water and sanitation; food production and distribution; agriculture and irrigation; electricity; healthcare; education; telecommunications; economic, financial and management improvements, transportation; rule of law and governance; civic cleanup activities; civic support vehicles; repair of civic and cultural facilities; battle damage and/or repair; condolence payments; hero payments; former detainee payments; protective measures; other urgent humanitarian or reconstruction projects; temporary contract guards for critical infrastructure.

³Unauthorized uses of CERP funds include: benefit to U.S., coalition, or supporting military personnel; providing goods, services, or funds to national armies or security forces; weapon buy-back programs or purchase of firearms or ammunition; entertainment; reward programs; removal of unexploded ordnance; duplication of services available through municipal governments; salaries for Afghan military or civilian government personnel, training, equipping, or operating costs of Afghan security forces; conducting operations; and support to individuals or private businesses.

⁴In May 2009, USFOR-A assumed responsibility for management of CERP. Prior to that date, CJTF in regional command East was responsible for CERP in Afghanistan.

charged with appointing CERP personnel, including Project Purchasing Officers (PPO) and Paying Agents (PA), and ensuring they are properly trained and follow program guidance. The PPO's responsibilities include project contracting and oversight, and maintaining project files and required documents. The PA is responsible for receiving and disbursing CERP funds, including vendor payments. Staff officers at the task force level also play a role in the CERP process. For example, attorneys are responsible for reviewing project nominations to ensure that the projects are legally sufficient and in compliance with CERP guidelines. Engineers are responsible for providing engineering expertise when required, including adequacy of design and sustainment plan.

According to CERP guidance and standard operating procedures, project files for all CERP projects are to be maintained at the task force level. Since 2007, CERP managers have been required to maintain electronic records of project files in the Combined Information Data Network Exchange, a DOD database that, among other things, tracks information on CERP projects such as project status; project start and completion date; and dollars committed, obligated, and disbursed.

WEAKNESSES IN MONITORING AND EXECUTION PUT CERP FUNDS AT RISK

Although DOD has taken a number of measures to ensure accountability for the use of CERP funds, we identified weaknesses in monitoring and execution procedures. DOD Financial Management Regulation for CERP and the CERP Standard Operating Procedures established procedures to ensure proper controls and accountability for CERP funds.⁵ Those controls included measures to assess risk and limit access to vulnerable assets, which were generally followed by CERP program officials at USFOR-A and CJTF-101. For example, to strengthen oversight the threshold requirement for submission of project proposals to the CERP review board was reduced in 2008 from \$500,000 to \$200,000. In another example, CERP managers have increasingly limited access to vulnerable assets and facilitated the documentation of transactions, by encouraging the use of electronic funds transfers to pay contractors.

Although DOD and USFOR-A have taken steps to ensure funds are obligated for authorized uses during the CERP approval process, additional measures are needed to ensure adequate controls during the execution of CERP projects. Program officials we met with from USFOR-A and CJTF-101 stated that their focus is primarily on the obligation of funds for projects in the current fiscal year. We found that USFOR-A lacks sufficient oversight mechanisms for monitoring the execution of CERP projects and has focused on meeting the requirements for the obligation of funds. Although DOD regulations and standard operating procedures include controls for monitoring CERP project implementation, we found those procedures were not always being followed by CERP program officials. For example, we found that final inspections and project completion reports in project files lacked documentation or were incomplete. In addition, guidance since 2007 has required monthly input on CERP projects into the DOD electronic data management system. Although this requirement would assist in top-level review of project performance, we found that the requirement to enter CERP project data into the electronic

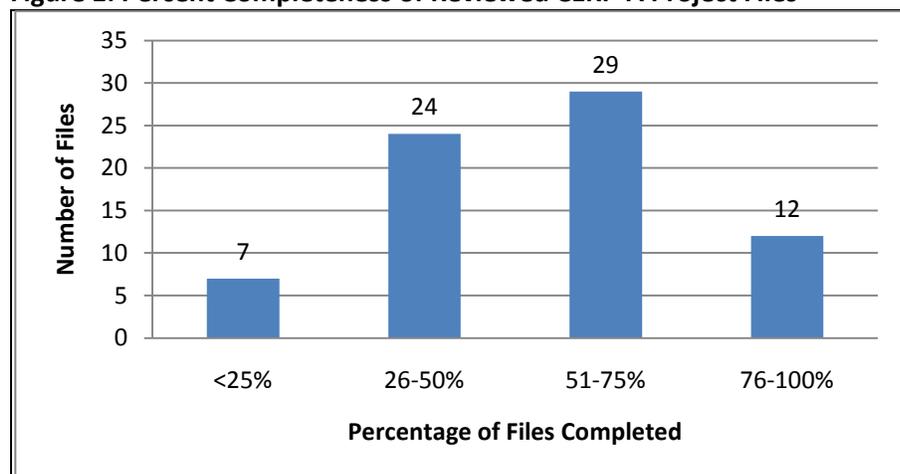
⁵ According to GAO's *Standards for Internal Control in the Federal Government*, internal controls help ensure that transactions and other significant events are authorized and executed only by persons acting within the scope of their authority. Access to resources and records should be limited to authorized individuals and accountability for their custody and use is assigned and maintained. Both the DOD Financial Management Regulation for CERP and the CERP Standard Operating Procedures establish a number of procedures to ensure proper controls and accountability for CERP funds to include the roles and responsibilities of all individuals, risk assessment and mitigation planning, monitoring procedures, and limited access to vulnerable resources such as cash.

system was often not done. In commenting on a draft of this report, USFOR-A stated it is planning to improve access to project information by requiring project files to be maintained in the electronic database, including the requirement to scan all hard copy project documents.

In the course of our work, we found that USFOR-A and CJTF-101 CERP managers could not always determine the status of projects for which funds had been obligated in prior years. Limited management visibility meant that program officials were unable to produce complete and reliable results in response to our request for data on the status of all CERP projects. For example, CERP managers at USFOR-A were unable to identify, during the course of our audit, the number of ongoing CERP projects funded prior to fiscal year 2009. This limitation occurred, in part, due to a lack of centrally retained physical project files and incomplete or absent electronic project records. In May 2009, CERP program officials at USFOR-A told us that corrective actions were needed to permit full management visibility. As of September 2009, USFOR-A was able to report that approximately 1,500 CERP projects were either currently active or completed but not closed out.

In particular, we found that requirements for record updates and retention by CERP personnel were not implemented or fully understood. We reviewed 72 CERP project files funded from fiscal year 2007 through the second quarter of fiscal year 2009, and found that more than half of the files were incomplete and lacked required information on the status of individual projects. We conducted the project file review at a task force responsible for administering CERP projects across all five regional commands in Afghanistan. The file review focused on identifying the presence or absence of nine key documents required for all CERP project files by CERP Standard Operating Procedures.⁶ On average, the project files were only 54 percent complete. As shown in Figure 1, the results ranged from seven project files that were less than 25 percent complete to 12 project files that were 76 to 100 percent complete. One of the reviewed files was for a project worth over \$1 million, which contained only 67 percent of the required documents.

Figure 1: Percent Completeness of Reviewed CERP-A Project Files



Source: SIGAR analysis.

⁶The nine documents included records of purchase request and commitment, endorsed cost estimate from government or unit engineer, statement of work, draft contract, legal review, purchase order and invoice voucher, statement of agent officer's account or public voucher for purchase, purchase request and commitment clearing report, and a project closure report.

We also found a lack of routine management reviews of the status of CERP projects across fiscal years. Such gaps in performance monitoring place the CERP program at risk by diminishing visibility over program results. Visibility over the outcomes and success of CERP projects was particularly limited for high-level CERP managers for the fiscal year in which projects were approved. In another example, we found enforcement of internal control processes and procedures for documentation of execution and closeout of CERP-funded projects were largely left up to the leadership of task forces and provincial reconstruction teams. Program officials we met with at various levels of the CERP program stated that standards for internal control documentation processes and procedures were not systematically enforced by the task force or provincial reconstruction team leadership. The same officials indicated that there was a lack of continuity and systematic communication on the requirements.

Lack of Experience and Continuity Increases Risk for Large-Scale CERP Projects

While CERP was designed to fund primarily small-scale projects, over time, DOD has increased its use of large-scale projects of \$500,000 or more. Since fiscal year 2005, CERP’s large-scale project obligations have increased from 39 percent of \$130 million in total obligations to 78 percent of \$374 million in total obligations for the first three quarters of fiscal year 2009. While large-scale projects account for a small proportion (3 percent) of the total number of projects, they consume a majority (67 percent) of CERP funds. For example, through the third quarter fiscal year 2009, 6 percent of CERP projects were large-scale projects, constituting \$290 million or 78 percent of total obligations. From fiscal years 2005 through the third quarter of fiscal year 2009, \$913 million has been obligated for 307 large-scale projects. Transportation projects account for 198 of these projects, or \$766 million in obligations. The remaining \$147 million went towards 109 projects in agriculture, electricity, healthcare, and telecommunications, among others. See Appendix II for details on obligations of CERP funds by fiscal year and category.

Table 1: CERP Projects Valued at \$500,000 or More, Fiscal Year 2005 Through Third Quarter Fiscal Year 2009

Fiscal Year	Projects \$500,000 and above	Percentage of Total Projects	Obligations for Projects \$500,000 and above (in millions)	Percent of Total Obligated
2005	21	0.8%	\$49.9	38.5%
2006	28	2.0	135.0	67.2
2007	48	2.5	116.3	60.6
2008	129	4.1	321.7	69.3
2009 (First 3 Quarters)	81	6.1	290.3	77.7
2005 – First 3 Quarters of 2009	307	2.9%	\$913.2	67.1%

Source: SIGAR analysis of USFOR-A CERP data.

Large-scale projects pose particular risks for CERP, as they may require several years for completion or consume significant amounts of time and resources by program managers who have been trained to implement primarily smaller-scale projects. According to CERP managers and PPOs, they are not sufficiently trained or experienced to oversee or manage large-scale, complex projects. PPOs also told

us they have additional responsibilities beyond CERP, further limiting their ability to provide proper contract oversight for large and complex projects. For projects valued over \$500,000, a Warranted Contracting Officer is also responsible for overseeing the project, in addition to the PPO. In commenting on a draft of this report, USFOR-A stated that the risk to funds on larger projects is reduced by the contract oversight provided by a Warranted Contracting Officer.

Continuity of oversight also presents a challenge to CERP, in part, due to the rotation of CERP managers at task forces and Provincial Reconstruction Teams every nine months.⁷ Due to that turnover, large-scale CERP projects may require the supervision of several different program managers before completion. For example, CERP program officials indicated that large-scale road projects of \$500,000 or more in the mountainous northeast of Afghanistan typically take years to complete due to weather-induced limitations on the construction period. In May 2009, GAO reported similar findings, concluding that program management and oversight of contracts and contractor efforts were hindered by insufficient and inadequately trained personnel.⁸

On September 2, 2009, USFOR-A provided a draft USFOR-A fragmentary order and briefing slides outlining planned changes to CERP that are intended to increase management oversight of CERP project execution in Afghanistan. USFOR-A discussed several actions that it plans to take to address deficiencies, including the addition of project managers for CERP administration, strengthening electronic record requirements, adding civilian information managers to facilitate electronic record keeping, limiting the numbers of projects by region, and reducing monetary approval authorities.

CONCLUSIONS

CERP is an important tool for U.S. commanders. Procedures are in place, which if fully implemented would ensure that CERP funds are used properly and as intended. However, weaknesses in monitoring and execution of some of these procedures are potentially placing CERP funds at risk. Funds are further placed at risk by the evolution of the program to include larger, more complex projects that require sufficient and more highly trained personnel for effective management and oversight. Actions are needed to ensure proper controls and management of CERP funds. In May 2009, USFOR-A assumed responsibility for CERP and recently has begun to initiate changes in policy and procedures to address weaknesses in CERP management. However, these changes have not been fully implemented.

⁷In commenting on a draft of this report, USFOR-A stated that until recently rotations for many taskforces used to occur every fifteen months.

⁸See GAO-09-615, "Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan", May 2009.

RECOMMENDATIONS

To improve the management of CERP and ensure sufficient oversight of funds, SIGAR is making several recommendations to the Commander of USFOR-A. Specifically, we recommend that the Commander of USFOR-A:

- Develop and implement a process to systematically collect and track project information on CERP project execution, disbursements, and results over the entire life of the program.
- Implement a solution for centralizing CERP records in a complete and up-to-date manner, in accordance with regulations and requirements. This solution should consider strengthening electronic record keeping and reporting capabilities.
- Develop and implement a plan that addresses how to manage the heightened risks associated with devoting increasing funds to large-scale projects of \$500,000 or higher. The plan should take into account the capabilities of the program's implementing units and processes, given their current limitations in such areas as staffing levels, technical expertise, and rotation timelines. The plan should, among other things, identify funding and resource requirements needed to improve the program's oversight capabilities for larger and more complex projects.

COMMENTS

USFOR-A provided written comments on a draft of this report, which are included in appendix III. In its response, USFOR-A concurred with the information presented in the report and indicated actions it is taking which are generally consistent with our recommendations. However, USFOR-A did not state whether it did or did not concur with the recommendations.

USFOR-A concurred with the information on the need to develop a process to systematically collect and track project information and to implement a solution for centralizing CERP records. In its general comments, USFOR-A described several actions that it plans to take to address deficiencies, including the addition of project managers for CERP administration, strengthening electronic record requirements, and adding civilian information managers to facilitate electronic record keeping.

USFOR-A partially concurred with the information on the need to develop a plan for managing the heightened risk associated with projects of \$500,000 or higher. In its general comments on the report, USFOR-A described several actions it plans to take to address these risks, including limiting the numbers of ongoing projects by region and reducing monetary approval authorities. USFOR-A did not believe that projects over \$500,000 entailed higher risks. USFOR-A stated that almost all large scale projects are roads. USFOR-A believes that CERP officials have particular expertise in managing road construction and that these projects, although expensive, are not complex. We acknowledge that all projects over \$500,000 do not carry the same risk. Our review of project data provided by USFOR-A shows that CERP projects from fiscal year 2005 through the third quarter of fiscal year 2009 included 109 non-transportation projects valued over \$500,000 (35 percent of total large scale projects). Those projects included activities in agriculture, electricity, healthcare, and telecommunications. Furthermore, according to USFOR-A documentation, CERP projects over \$1 million are projected to increase by over 35 percent in fiscal year 2010, in part, due to expansion in the south and west of Afghanistan. Thus,

developing a plan to specifically address management controls of projects over \$500,000 remains important to providing effective program management.

In a written note on the official comments, the Deputy Commanding General of USFOR-A said that he is disappointed in SIGAR's report because it did not give USFOR-A credit for the changes that have been planned. A USFOR-A official stated that our findings should have been provided to USFOR-A prior to the distribution of our draft report in August 2009. This, in fact, is what SIGAR did. In May, SIGAR briefed senior USFOR-A officials on the findings of this performance audit. In July, USFOR-A informed SIGAR that it had initiated actions in response to SIGAR's work and preliminary findings but provided no details or documentation. Our report recognizes that USFOR-A has begun to take corrective actions in response to this audit's findings and recommendations. In September 2009, in response to a draft of this report, USFOR-A indicated actions it plans to take to improve its management and oversight of CERP. In this report, we have incorporated these planned actions, where appropriate. We recognize that USFOR-A is taking steps to begin to implement our recommendations. However, based on documentation provided with their comments, these changes are planned and have not yet been fully implemented. Although these are good first steps to improve accountability, implementation of USFOR-A's planned improvements is needed to ensure proper controls and management of CERP funds.

Appendix I: Scope and Methodology

To identify program requirements and controls, we reviewed CERP guidance issued by the Department of Defense, U.S. Forces Afghanistan (USFOR-A), and the Combined Joint Task Force-101 (CJTF-101) as well as program documents, including checklists and guidance prepared by CERP program managers. We also conducted a non-random sample file review of 72 project files for CERP projects funded in fiscal years 2008 and 2009. To observe the review and approval process for projects costing over \$200,000, we attended CERP-A board review meetings chaired by USFOR-A. We also reviewed CERP project data collected in the DOD project tracking system and by USFOR-A. We did not verify USFOR-A obligation figures against DOD financial records.

We conducted this performance audit from April to July 2009 in Kabul and Bagram Air Field in Afghanistan. We conducted our work at USFOR-A and its subcommand CJTF-101, as well as Task Force Phoenix and Task Force Warrior, where we reviewed documents and interviewed officials responsible for the management, approval, and monitoring of the program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions. The audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction under the authority of Public Law 110-181, Section 1229, and the Inspector General Act of 1978, as amended.

Appendix II: USFOR-A Commander's Emergency Response Program (CERP) Project Data, 2005-2009

This appendix contains information on CERP projects in Afghanistan. The tables below provide information on the number of projects and total amounts obligated for each CERP authorized category since fiscal year 2005. These data are a summary of information USFOR-A collects.

Table 1: Number of FY 2005 Projects and Total Amount Obligated, by CERP Categories (in millions of U.S. dollars)

Categories	Obligated	Percentage of total obligation	Number of projects	Percentage of total projects
Water & Sanitation	\$5.4	4.2%	345	12.6%
Food Production & Distribution	0.5	0.4	18	0.7
Agriculture & Irrigation	3.7	2.8	191	7.0
Electricity	2.4	1.9	93	3.4
Healthcare	6.0	4.7	228	8.3
Education	21.1	16.3	513	18.7
Telecommunications	5.5	4.2	67	2.4
Economic, Financial & Management Improvements	3.6	2.8	44	1.6
Transportation	52.9	40.8	202	7.4
Rule of Law & Governance	13.9	10.7	463	16.9
Civic Cleanup Activities	0.4	0.3	16	0.6
Civic Support Vehicles	8.9	6.9	163	5.9
Repair of Civic and Cultural Facilities	1.9	1.5	120	4.4
Battle Damage/Repair	0	0	0	0
Condolence Payments	0	0	0	0
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	0	0
Protective Measures	0	0	0	0
Other Urgent Humanitarian or Reconstruction Projects	3.4	2.6	282	10.3
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Totals	\$129.6		2,545	

Source: SIGAR analysis of USFOR-A CERP data.

Note: Totals may not add up due to rounding.

**Table 2: Number of FY 2006 Projects and Total Amount Obligated, by CERP Categories
(in millions of U.S. dollars)**

Categories	Obligated	Percentage of total obligation	Number of projects	Percentage of total number of projects
Water & Sanitation	\$4.5	2.2%	163	11.6%
Food Production & Distribution	0.4	0.2	10	0.7
Agriculture & Irrigation	6.8	3.4	98	7.0
Electricity	4.6	2.3	72	5.1
Healthcare	6.9	3.4	144	10.3
Education	10.9	5.4	202	14.4
Telecommunications	5.4	2.7	52	3.7
Economic, Financial & Management Improvements	0.08	0.04	11	0.8
Transportation	145.8	72.6	191	13.6
Rule of Law & Governance	7.2	3.6	86	6.1
Civic Cleanup Activities	0.1	0.1	12	0.9
Civic Support Vehicles	3.1	1.5	21	1.5
Repair of Civic and Cultural Facilities	1.2	0.6	56	4
Battle Damage/Repair	0	0	0	0
Condolence Payments	0.08	0.04	22	1.6
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	0	0
Protective Measures	0.3	0.2	13	0.9
Other Urgent Humanitarian or Reconstruction Projects	1.3	0.7	74	5.3
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Non categorized obligated funds ^a	2.3	1.1	176	12.5
Totals^b	\$200.9		1,403	

Source: SIGAR analysis of USFOR-A CERP data.

^aIncludes obligated funds not identified under a specific CERP category.

^bFunding data have been rounded and therefore may not precisely match the total.

Table 3: Number of FY 2007 Projects and Total Amount Obligated, by CERP Categories
(in millions of U.S. dollars)

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$6.2	3.2%	260	13.7%
Food Production & Distribution	0.3	0.1	11	0.6
Agriculture & Irrigation	9.5	4.9	146	7.7
Electricity	7.3	3.8	96	5.1
Healthcare	8.0	4.2	201	10.6
Education	25.8	13.4	265	13.9
Telecommunications	0.9	0.5	23	1.2
Economic, Financial & Management Improvements	0.7	0.4	13	0.7
Transportation	107.0	55.8	211	11.1
Rule of Law & Governance	11.0	5.7	114	6.0
Civic Cleanup Activities	0.2	0.1	11	0.6
Civic Support Vehicles	3.7	1.6	9	0.48
Repair of Civic and Cultural Facilities	3.8	2	138	7.3
Battle Damage/Repair	0	0	0	0
Condolence Payments	0.1	0.1	17	0.9
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	0	0
Protective Measures	0.4	0.2	17	0.9
Other Urgent Humanitarian or Reconstruction Projects	3.7	1.9	143	7.6
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Non categorized obligated funds ^a	3.2	0.02	220	11.6
Totals^b	\$191.8		1,895	

Source: SIGAR analysis of USFOR-A CERP data.

^aIncludes obligated funds not identified under a specific CERP category.

^bFunding data have been rounded and therefore may not precisely match the total.

**Table 4: Number of FY 2008 Projects and Total Amount Obligated, by CERP Categories
(in millions of U.S. dollars)**

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$20.9	4.5%	344	10.9%
Food Production & Distribution	0.4	0.1	14	0.5
Agriculture & Irrigation	25.1	5.4	191	6.1
Electricity	15	3.2	133	4.2
Healthcare	23.6	5.1	259	8.2
Education	53.8	11.6	441	14.0
Telecommunications	1.9	0.4	52	1.7
Economic, Financial & Management Improvements	4.5	1	18	0.6
Transportation	270.5	58.3	269	8.6
Rule of Law & Governance	13.3	2.9	103	3.3
Civic Cleanup Activities	0.1	0.02	6	0.2
Civic Support Vehicles	0.7	0.2	14	0.5
Repair of Civic and Cultural Facilities	10.6	2.3	183	5.8
Battle Damage/Repair	0.7	0.2	26	0.8
Condolence Payments	0.3	0.1	49	1.7
Hero Payments	0	0	0	0
Former Detainee Payments	0	0	1	0.03
Protective Measures	2.9	0.6	48	1.5
Other Urgent Humanitarian or Reconstruction Projects	3.0	0.6	133	4.2
Temporary Contract Guards for Critical Infrastructure	0	0	0	0
Non categorized obligated funds ^a	16.8	3.6	860	27.4
Totals^b	\$464.3		3,144	

Source: SIGAR analysis of USFOR-A CERP data.

^aIncludes obligated funds not identified under a specific CERP category.

^bFunding data have been rounded and therefore may not precisely match the total.

**Table 5: Number of FY 2009 Projects and Total Amount Obligated, by CERP Categories
(in millions of U.S. dollars)**

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$12.4	3.3%	179	13.7%
Food Production & Distribution	0.6	0.2	12	0.9
Agriculture & Irrigation	19.3	5.2	144	10.8
Electricity	2.4	0.6	38	2.8
Healthcare	6.8	1.8	137	10.3
Education	23.4	6.3	166	12.4
Telecommunications	0.7	0.2	6	0.5
Economic, Financial & Management Improvements	1.0	0.3	11	0.8
Transportation	269.1	72	178	13.3
Rule of Law & Governance	7.8	2.1	37	2.8
Civic Cleanup Activities	0.3	0.1	9	0.7
Civic Support Vehicles	0.6	0.2	4	0.3
Repair of Civic and Cultural Facilities	5.2	1.4	88	6.6
Battle Damage/Repair	0.8	0.2	70	5.2
Condolence Payments	0.3	0.1	40	3.0
Hero Payments	0.1	0.03	5	0.4
Former Detainee Payments	0	0	0	0
Protective Measures	5.0	1.3	40	3.0
Other Urgent Humanitarian or Reconstruction Projects	17.7	4.7	172	12.9
Temporary Contract Guards for Critical Infrastructure	0.2	0.1	1	0.1
Totals^b	\$373.7		1,337	

Source: SIGAR analysis of USFOR-A CERP data.

^aFunding data have been rounded and therefore may not precisely match the total.

Table 6: Number Projects and Total Amount Obligated for Fiscal Year 2005 through Third Quarter 2009, by CERP Categories
(in millions of U.S. dollars)

Categories	Obligated Dollars	Percentage of Total Obligated Dollars	Total Number of Projects	Percentage of Total Number of Projects
Water & Sanitation	\$49.4	3.6%	1291	12.3%
Food Production & Distribution	2.3	0.2	65	0.6
Agriculture & Irrigation	64.4	4.7	770	7.3
Electricity	31.7	2.3	432	4.1
Healthcare	51.4	3.8	969	9.2
Education	134.9	9.9	1587	15.1
Telecommunications	14.4	1.1	200	1.9
Economic, Financial & Management Improvements	10.0	0.7	97	0.9
Transportation	845.3	62.1	1051	10.0
Rule of Law & Governance	53.0	3.9	803	7.6
Civic Cleanup Activities	1.2	0.1	54	0.5
Civic Support Vehicles	17.1	1.3	211	2.0
Repair of Civic and Cultural Facilities	22.7	1.7	585	5.7
Battle Damage/Repair	1.5	0.1	96	0.9
Condolence Payments	0.8	0.1	128	1.2
Hero Payments	0.1	0.01	5	0.1
Former Detainee Payments	0	0	1	0.01
Protective Measures	8.6	0.6	118	1.1
Other Urgent Humanitarian or Reconstruction Projects	29.1	2.1	804	7.6
Temporary Contract Guards for Critical Infrastructure	0.2	0.01	1	0.01
Non categorized obligated & disbursed funds ^a	22.3	1.6	1256	11.9
Totals^b	\$1.4		10,524	

Source: SIGAR analysis of USFOR-A CERP data.

^aIncludes obligated funds not identified under a specific CERP category.

^bFunding data have been rounded and therefore may not precisely match the total.

Appendix III: Comments from U.S. Forces Afghanistan



HEADQUARTERS
UNITED STATES FORCES-AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

USFOR-A DCDR-S

2 September 2009

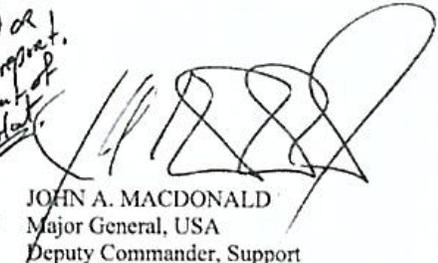
MEMORANDUM FOR Special Inspector General for Afghanistan Reconstruction, 400 Army
Navy Drive, Arlington, VA 22202

SUBJECT: USFOR-A Response to Draft Report on Increased Visibility, Monitoring, and
Planning Needed for Commander's Emergency Response Program in Afghanistan (SIGAR
Audits 09-5).

1. Reference Final – Draft Report SIGAR Audits-09-5, Special Inspector General for
Afghanistan Reconstruction, subject same as above.
2. This memorandum formally responds to recommendations within the draft report. USFOR-A
continues to improve oversight and control measures put in place to manage and execute the
Commander's Emergency Response Program (CERP). In our response, you will find a number
of actions taken since USFOR-A assumed responsibility for CERP in May 2009. In addition,
USFOR-A will be releasing a Fragmentary Order outlining additional limitations on numbers of
projects by regions and monetary magnitude approval authorities.

3. Point of contact for this report is USFOR-A IG, Col Lawrence Brundidge, DSN: 318-237-
1678.

*MGR (R) Fields
This report is disaffirmed
Your team has acknowledged all
the progress we have made in
AFGHAN, yet it is buried or
not evident in this report.
Not all of the SIGAR's intent.*



JOHN A. MACDONALD
Major General, USA
Deputy Commander, Support
United States Forces- Afghanistan

SIGAR DRAFT REPORT – (Undated)
SIGAR 09-005
“INCREASED VISIBILITY, MONITORING, AND PLANNING NEEDED FOR
COMMANDER'S EMERGENCY RESPONSE PROGRAM IN AFGHANISTAN”
(SIGAR Project 005)

USFOR-A COMMENTS
TO THE DRAFT REPORT

RECOMMENDATION 1. (page 6, SIGAR Draft)

SIGAR recommends that the Commander of USFOR-A develop a process to systematically collect and track project information on CERP-A project execution, disbursements, and results over the entire life of the program.

USFOR-A RESPONSE: USFOR-A concurs with information provided in this report. See general comments.

RECOMMENDATION 2. (page 6, SIGAR Draft)

SIGAR recommends that the Commander of USFOR-A implement a solution for centralizing CERP records in a complete and up-to-date manner, in accordance with regulations and requirements. This solution should consider strengthening electronic record keeping and reporting capabilities.

USFOR-A RESPONSE: USFOR-A concurs with information provided in this report. See general comments.

RECOMMENDATION 3. (page 6, SIGAR Draft)

SIGAR recommends that the Commander of USFOR-A develop a plan that addresses how to manage the heightened risks associated with devoting increasing funds to large-scale projects of \$500,000 or higher. The plan should take into account the capabilities of the program's implementing units and processes/given their current limitations in such areas as staffing levels, technical expertise, and rotation timelines. The plan should, among other things, identify funding and resource requirements needed to improve the program's oversight capabilities for larger and more complex projects.

USFOR-A RESPONSE: USFOR-A partially concurs with information provided in this report.

The SIGAR argument that “large-scale projects pose particular risks for CERP” is not valid. (Page 5). Using the definition of a large-scale project as one over \$500,000, almost all large-scale projects are roads. We have executed enough roads that we understand those better than many smaller projects. Building or improving a gravel road is not complex or difficult, it is only expensive. It involves grading dirt and distributing and compacting gravel. With our history of projects we know exactly how much a kilometer of grading costs, how much a metric ton of gravel costs, how much a culvert costs, and so on. The contractors by this point are known quantities in terms of abilities and performance. The report also does not mention that projects over \$500,000 are overseen by a Warranted Contracting Officer in addition to the Project Purchasing Officer (PPO). We believe this policy actually reduces the risk to funds on larger projects.

1

Smaller projects can be very diverse, some being scoped for the first time, and many involve vertical construction requiring the PPO to have a working knowledge of utilities, building codes, and land ownership issues. These issues are much more complex than road work. Evaluating the vendors' knowledge of these codes and requirements is also more difficult.

GENERAL COMMENTS ON THE REPORT

1. (U) Page 5. The report states that task forces and PRTs rotate every nine months. This was not the case until recently. Rotations for many task forces used to occur every 15 months. PRTs are now primarily manned by guardsmen and reservists. SECDEF policy limits reserve mobilization to 12 months. After completing training these units have 9 months in theater. Therefore, PRTs do currently rotate at 9 month intervals. USFOR-A, CENTCOM, and the Joint Staff are evaluating several courses of action such as a split rotation schedule which will enhance continuity on the ground.

2. (U) General Comment. USFOR-A was activated in October 2008 and assumed responsibility for management of the CERP in May 2009. Prior to that date the Combined Joint Task Force (CJTF) in Regional Command East was responsible for the CERP. Since assuming responsibility USFOR-A has reviewed the program and is currently implementing the following changes in policy and procedure to address deficiencies.

- CERP projects are currently administered by two individuals, the Project Purchasing Officer (PPO) and Paying Agent (PA). We are adding to this team a Project Manager. The Project Manager's primary duty assignment will be CERP administration. Currently CERP is typically a collateral duty for both the PPO and PA. The Project Manager will be limited to managing ten active projects at a time.
- The PPO will be limited to managing 20 active projects at a time.
- Project files will be maintained electronically in the CIDNE database. Hard copy documents will have to be scanned and attached. This will accomplish two goals – improving access to project information by all interested parties, and having the enduring record in electronic format rather than a single hard copy paper file.
- In June 2009 RC(E) established a contract for civilian civil information managers to input and analyze data throughout their AO. USFOR-A is requesting a modification to that contract to extend the same service to RC(S). If approved this contract would provide approximately 19 additional information managers to help facilitate the electronic record process.
- There are approximately 1500 CERP projects in RC(E) either currently active, or complete but not fully closed out administratively. We are implementing a limit of 500 open projects in RC(E) and 300 in RC(S). By implementing a project limit we can enforce the proper electronic documentation and closeout of prior projects by making those events a prerequisite for funding new projects.
- The CJTF Commander and USFOR-A Deputy Commander have in the past been delegated approval authority for projects up to \$2 Million. That limit has changed to \$1M. The Commander, USFOR-A, will now approve all projects over \$1M.
- These changes are being implemented through a Fragmentary Order in the short term and permanently through changes to the Money As A Weapons System document, which serves as the CERP SOP.

- Mobile Training Teams are being established by ARCENT to provide a common CERP curriculum to all units in pre-deployment training, and also for on-site training in theater.



REVIEWED BY:
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Command Inspector General
USFOR-A, DSN 318-237-1678



PREPARED BY:
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USFOR-A, DSN 318-237-4272

(This report was conducted under the audit project code SIGAR-005A).

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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- Phone Afghanistan: +93 (0) 700-10-7300
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