

# SIGAR

**Special Inspector General for  
Afghanistan Reconstruction**

**SIGAR 15-54 Audit Report**

## Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data



APRIL  
2015

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT SIGAR REVIEWED

Since 2009, the U.S. government has provided more than \$2.3 billion to pay the salaries and incentives of the Afghan National Army (ANA), which includes the Afghan Air Force. In January 2015, Essential Function 4, a component of the new North Atlantic Treaty Organization (NATO) Resolute Support mission, reported 169,203 personnel assigned to the ANA, filling 87 percent of the force's 195,000 authorized positions as of September 30, 2014. The Afghan Ministry of Defense (MOD) and the ANA collect personnel and payroll data, while Essential Function 4—previously the Combined Security Transition Command–Afghanistan (CSTC-A)—is required to support the MOD in maintaining transparent processes to collect and verify this data, and CSTC-A continues to be responsible for overseeing U.S. direct assistance provided to the MOD to fund ANA salaries. Accurate ANA personnel and payroll data is essential to ensure the security and stability of the country.

The objectives of this audit were to assess (1) the processes by which CSTC-A, Essential Function 4, and the Afghan government collect personnel and payroll data for ANA personnel assigned and present-for-duty; (2) how CSTC-A, Essential Function 4, and the Afghan government store, access, transfer, and use this data; and (3) the extent to which CSTC-A, Essential Function 4, and the Afghan government verify and reconcile ANA personnel and payroll data in order to determine the accuracy of the data.

### WHAT SIGAR RECOMMENDS

SIGAR recommends that the Commander, U.S. Forces–Afghanistan (USFOR-A)—in coordination with the NATO Resolute Support mission and the MOD, as appropriate—(1) implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA

April 2015

## Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data

### SIGAR 15-54 AUDIT REPORT

#### WHAT SIGAR FOUND

Despite 13 years and billions of dollars in salary assistance to the Afghan government for the ANA, there is still no assurance that personnel and payroll data are accurate. Although the U.S. and Afghan governments have been working to develop effective ANA personnel and payroll processes, those processes continue to exhibit extensive internal control deficiencies.

SIGAR found that Essential Function 4 (and prior to January 2015, CSTC-A), relies on the MOD and ANA to collect and accurately report ANA personnel and payroll data. However, the ANA's process for collecting unit-level attendance data, upon which all ANA personnel and payroll data is based, has limited oversight and weak controls, and is not consistently applied across ANA locations. There are no requirements that supervisory ANA officials observe attendance data collection at lower level units. CSTC-A officials are not present during the attendance process, and command officials told SIGAR that they have limited knowledge of and influence over the process. The only control in place at the unit level to ensure accurate ANA attendance reporting on a day-to-day basis—a roster individual ANA personnel sign daily—was not consistently used across ANA locations. For example, officers used the roster, but enlisted personnel did not. This lack of control over enlisted personnel attendance provides minimal assurance that unit commanders are accurately reporting personnel attendance. These weaknesses in the ANA attendance data collection process could result in personnel being paid for days not worked, either with or without knowledge of supervisory personnel.

CSTC-A, Essential Function 4, and the MOD use both manual processes and electronic systems to store, access, transfer, and use ANA personnel and payroll



SIGAR staff collects data from ANA personnel in Herat province.

Source: SIGAR site visit, April 19, 2014

data. However, weaknesses within these processes and systems provide limited assurance that ANA personnel receive accurate salaries. SIGAR found that the Afghanistan Human Resource Information Management System—the ANA’s human resources system that CSTC-A has been implementing since 2010—lacks certain electronic data system functions and controls, such as the ability to differentiate between active and inactive personnel, and track ANA personnel by position and identification number. In addition, MOD does not have an electronic payroll data system for determining ANA salaries, but instead calculates salaries by hand. Further, the Afghan government’s financial management system, the Afghan Financial Management Information System, only contains aggregated ANA salary expenditures, not individual salary payments.

SIGAR found that the MOD, CSTC-A, and Essential Function 4 lack documented procedures for determining the accuracy of ANA personnel and payroll data. The MOD’s ANA Attendance and Reporting Policy lacks specific procedures for confirming personnel and payroll data; MOD officials confirmed that the MOD’s ANA data verification processes are informal, and conducted without written standards or procedures. Similarly, SIGAR found Essential Function 4 and CSTC-A had no direct oversight of ANA personnel data and took few actions to verify the accuracy of personnel figures reported by the MOD. The verification efforts CSTC-A reported undertaking were ad-hoc, and often based on specific officials’ undocumented familiarity with the data and the MOD’s reporting. Further, CSTC-A has minimal oversight of U.S. direct assistance funding for ANA salaries, making it difficult for the command to ensure that the funds are being used to pay authorized ANA personnel their correct salaries. Despite CSTC-A’s own requirements to ensure ministries receiving direct contributions—including the MOD—maintain adequate fiscal controls and auditable records, SIGAR found that the command has not been receiving required submissions of MOD financial records and conducted only two audits of MOD operations since January 2013. These audits uncovered personnel being paid without serving in authorized ANA positions and lacking conclusive identification.

As U.S. and coalition forces continue to draw down, the U.S. government will have increasingly limited visibility over ANA data collection processes. As a result, the U.S. government will become even more reliant on the MOD’s ability to verify the accuracy of the ANA personnel and payroll data it collects. Unless the MOD develops the capability to ensure and verify the accuracy of this data, there is a significant risk that U.S. funding for ANA salaries will be wasted or abused.



A SIGAR official collects personnel data from an ANA unit.  
Source: SIGAR site visit, April 19, 2014

personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify this process by December 2015; (2) ensure that, by April 2017, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation; (3) develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data; and (4) develop written procedures to document required steps for verifying ANA data, by July 1, 2015, that include risk-based procedures for conducting physical verification activities at ANA locations, and procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary payment confirmations.

SIGAR received comments from the Office of the Under Secretary of Defense for Policy and CSTC-A, through USFOR-A. The Office of the Under Secretary of Defense for Policy stated that developing and implementing an integrated personnel and pay system is a key focus area. Furthermore, the office stated that it plans to work closely with CSTC-A to provide support toward achieving a level of accountability that will contribute to the security of Afghanistan and the protection of U.S. taxpayers. CSTC-A partially concurred with the first three recommendations and concurred with the fourth; it described actions it will take, in coordination with the MOD, to implement them. SIGAR will continue to monitor these actions to ensure that the command fully implements the recommendations.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

April 23, 2015

The Honorable Ashton B. Carter  
Secretary of Defense

General Lloyd J. Austin III  
Commander, U.S. Central Command

General John F. Campbell  
Commander, U.S. Forces–Afghanistan and  
Commander, Resolute Support

This report discusses the results of SIGAR’s audit of the processes for collecting and verifying the accuracy of Afghan National Army (ANA) personnel and payroll data, which are relied upon by the Combined Security Transition Command–Afghanistan (CSTC-A), the North Atlantic Treaty Organization (NATO) Resolute Support mission Essential Function 4, and the Afghan government. The report includes four recommendations. We recommend that the Commander, U.S. Forces–Afghanistan (USFOR-A), in coordination with the NATO Resolute Support mission and the Afghan Ministry of Defense (MOD) as appropriate: (1) implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify the this process by December 2015; (2) ensure that, by April 2017, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation; and (3) develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data.

We also recommend that the Commander, USFOR-A, in coordination with the NATO Resolute Support mission, develop written procedures to document required steps for verifying ANA data by July 1, 2015. This documentation should include risk-based procedures for conducting physical verification activities at ANA locations, and procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary payment confirmations.

We received written comments on a draft of this report from the Office of the Under Secretary of Defense for Policy and CSTC-A, through USFOR-A, which we incorporated, as appropriate. The Office of the Under Secretary of Defense for Policy stated that developing and implementing an integrated personnel and pay system is a key focus area. Furthermore, the office stated that it plans to work closely with CSTC-A to provide support toward achieving a level of accountability that will contribute to the security of Afghanistan and the protection of U.S. taxpayers. USFOR-A concurred with one recommendation and partially concurred with three recommendations. These comments are presented in appendices II and III, respectively.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

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## ABBREVIATIONS

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2015 NDAA	National Defense Authorization Act for Fiscal Year 2015
AAF	Afghan Air Force
AFMIS	Afghan Financial Management Information System
AHRIMS	Afghanistan Human Resource Information Management System
ANA	Afghan National Army
CSTC-A	Combined Security Transition Command–Afghanistan
DOD	Department of Defense
DODIG	Department of Defense (Office of Inspector General)
GAO	U.S. Government Accountability Office
MOD	Afghan Ministry of Defense
MOF	Afghan Ministry of Finance
NATO	North Atlantic Treaty Organization
USFOR-A	U.S. Forces–Afghanistan

As of December 2014, the U.S. government has provided \$2.3 billion through the Afghanistan Security Forces Fund to pay Afghan National Army (ANA) salaries and incentives since 2009.<sup>1</sup> According to the Department of Defense (DOD), the ANA, which includes the Afghan Air Force (AAF), reached a maximum strength of 195,000 authorized personnel during 2015.<sup>2,3</sup> In January 2015, Essential Function 4 of the North Atlantic Treaty Organization (NATO) Resolute Support mission, the entity newly responsible for reporting ANA personnel figures, reported 169,203 personnel assigned to the ANA as of the previous quarter, ending September 30, 2014.<sup>4</sup> During Afghan fiscal year 1393—which began on December 21, 2013, and ended on December 20, 2014—the Combined Security Transition Command–Afghanistan (CSTC-A) provided the Ministry of Defense (MOD), which oversees the ANA, with a total of \$1.7 billion dollars to help build and sustain the ANA.<sup>5</sup> For Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—CSTC-A is slated to provide \$1.6 billion to the MOD for the ANA.

The Afghan government and ANA commanders require personnel data to effectively develop Army and Air Force personnel plans and identify personnel shortages. They require accurate payroll data to request sufficient salary funding and ensure personnel receive full and correct salary payments. The United States has used personnel and payroll data to verify ANA funding requests and to guide transition strategy—as the Afghan National Security Forces assumed full control over security in Afghanistan at the end of 2014—and its continuing support for the ANA. Accurate and reliable accounting of ANA personnel is necessary to ensure accountability over U.S. funds supporting the ANA and keep policy-makers and other stakeholders informed.

In a June 2008 report, the U.S. Government Accountability Office (GAO) warned of personnel accountability problems within the ANA. GAO cited DOD officials' statements that numbers on ANA personnel present-for-duty may differ from trained and assigned personnel numbers because of attrition, absenteeism, and casualties, and that roughly 20 percent of ANA combat personnel were not present for duty as of February 2008.<sup>6</sup> These DOD officials also noted that ANA troops who are killed may remain on the payroll in order for their families to receive compensation in lieu of an official death benefit. Since 2008, GAO, SIGAR, and the DOD Inspector General (DODIG) have all identified numerous weaknesses in fundamental ANA personnel data, including limited U.S. and Afghan oversight of data collection processes, little or no physical verification of ANA personnel existence and daily attendance, and lack of controls over the ANA payroll process.<sup>7</sup> Furthermore, in February

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<sup>1</sup> According to U.S. military officials, there is no data on salary funding provided by the U.S. government prior to 2009.

<sup>2</sup> Unless specifically noted, all references in this report to the ANA include the AAF. Civilian members of the ANA and AAF were not included in our review.

<sup>3</sup> DOD, *Justification for FY 2015 Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund (ASFF)*, June 2014.

<sup>4</sup> Essential Function 4 assumed responsibilities for reporting on Afghan National Security Forces personnel on November 1, 2014, when the essential function structure was phased into operation in preparation for the NATO's transition from the International Security Assistance Force to the Resolute Support Mission. Additional details on ANA personnel numbers, including the break out between the ANA and AAF, are classified.

<sup>5</sup> CSTC-A, a subordinate command of U.S. Forces–Afghanistan, is responsible for implementation of the U.S. advisory and assistance mission. On November 1, 2014, it was reorganized under the NATO's Resolute Support Mission. Under this new mission, CSTC-A's responsibilities for overseeing ANA personnel and payroll data were transferred to Essential Function 4 as a part of the latter's responsibilities to recruit, train, and equip the Afghan National Security Forces. CSTC-A initially disburses direct assistance funding for the MOD to the Afghan Ministry of Finance, which then disburses funds to the MOD.

<sup>6</sup> GAO, *Afghanistan Security: Further Congressional Action May Be Needed to Ensure Completion of A Detailed Plan to Develop and Sustain Capable Afghan National Security Forces*, GAO-08-661, June 18, 2008.

<sup>7</sup> For example, see: GAO, *Afghanistan Security: Further Congressional Action May Be Needed to Ensure Completion of A Detailed Plan to Develop and Sustain Capable Afghan National Security Forces*, GAO-08-661, June 18, 2008; SIGAR Audit 10-11, *Actions Needed to Improve the Reliability of Afghan Security Force Assessments*, June 29, 2010; GAO, *Afghanistan: Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government*, GAO-11-710, July 20, 2011; DODIG, *Distribution of Funds and Mentoring of Finance Officers for the Afghanistan National Army Payroll Need Improvement*, DODIG-2012-058, February 29, 2012; DODIG, *Assessment of U.S. Efforts to Develop the Afghan National Security Forces Command, Control and Coordination System*, DODIG-2013-058, March 22, 2013; DODIG, *Assessment of U.S. and Coalition Efforts to Develop Leaders in the Afghan National Army*, DODIG-2013-094, June 24, 2013; and DODIG,

2015, we learned that the Afghan National Security Forces personnel numbers DOD reported between April and October 2014 were incorrect due to a DOD accounting error.<sup>8</sup>

The objectives of this audit were to assess (1) the processes by which CSTC-A, Essential Function 4, and the Afghan government collect personnel and payroll data for ANA personnel assigned and present-for-duty; (2) how CSTC-A, Essential Function 4, and the Afghan government store, access, transfer, and use this data; and (3) the extent to which CSTC-A, Essential Function 4, and the Afghan government verify and reconcile ANA personnel and payroll data in order to determine the accuracy of the data.<sup>9</sup>

During this audit, we reviewed CSTC-A data verification requirements, plans, procedures, and reports, including CSTC-A audits, and ANA and MOD standard operating procedures for data collection and oversight. We visited the 207th Corps headquarters in Herat province, the 209th Corps headquarters in Balkh province, and the AAF Air Wing in Kabul, where we interviewed ANA officials, obtained ANA attendance documentation, and recorded personnel information for verification and reconciliation purposes. We obtained data from the Afghanistan Human Resources Information Management System (AHRIMS). We also reviewed prior audit reports from GAO and DODIG. In addition, we interviewed CSTC-A, MOD, ANA, and International Security Assistance Force officials familiar with ANA attendance procedures, relevant data systems, and the payroll process. We conducted our work in Kabul, Herat, and Balkh provinces in Afghanistan, and Washington, D.C., from February 2013 through April 2015 in accordance with generally accepted government auditing standards. Appendix I contains a more detailed discussion of our scope and methodology.

## BACKGROUND

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The Afghan transitional government established the ANA in 2002, as called for by the 2001 Bonn Agreement. The ANA is organized under the MOD and consists of six regional corps, headquartered in Kabul, Balkh, Kandahar, Herat, Paktia, and Helmand provinces, and one capital division, located in Kabul. The AAF, considered a branch of the ANA, consists of three air wings located in Kabul, Kandahar, and Herat provinces, and three air detachments located in Balkh, Herat, and Nangarhar provinces.

The U.S. and Afghan governments require the collection of ANA personnel and payroll data to support the MOD and ANA. Such data is necessary for the ANA to function as a security force, maintain accountability, and accurately pay salaries. This data includes name, rank, identification information, and duty location—which identify personnel—as well as daily attendance figures, base salary, and applicable financial incentives—which determine how much each individual will be paid. Essential Function 4, CSTC-A, and the Afghan government have requirements for collecting, updating, and verifying ANA personnel and payroll data as follows:

- Essential Function 4 has been given primary responsibility within Resolute Support for assisting the Afghan government with the creation of Afghan National Security Forces personnel accountability systems, a role it inherited from CSTC-A. The National Defense Authorization Act for Fiscal Year 2015 (2015 NDAA) requires the Secretary of Defense to submit to Congress a report that contains, plans for improving “[Afghan National Security Forces] ANSF oversight mechanisms, including an effective record-keeping system to track ANSF equipment and personnel and a sustainable process to identify, investigate, and eliminate corruption.”<sup>10</sup> The 2015 NDAA also requires the Secretary of Defense to

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*Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions*, DODIG-2014-102, August 29, 2014.

<sup>8</sup> SIGAR, *Supplement to SIGAR’s January 2015 Quarterly Report to the United States Congress*, March 3, 2015.

<sup>9</sup> In January 2015, we issued a similar report on our audit of Afghan National Police personnel and payroll data (see SIGAR Audit 15-26-AR, *Afghan National Police: More than \$300 Million in Annual, U.S.-funded Salary Payments Is Based on Partially Verified or Reconciled Data*, January 7, 2015).

<sup>10</sup> Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, § 1224 (2014). See also National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 1231, as amended, which required the Secretary of Defense to report similar information to Congress between fiscal years 2008 and 2014.

report semiannually to Congress “on building and sustaining the Afghan National Security Forces and enhancing security and stability in Afghanistan.”<sup>11</sup> Essential Function 4 is responsible for fulfilling the reporting requirements contained in the 2015 NDAA; between fiscal years 2008 and 2014, CSTC-A was responsible for these reporting activities.<sup>12</sup>

- CSTC-A, a subordinate command of U.S. Forces–Afghanistan that works closely with Resolute Support, continues to be responsible for overseeing U.S. direct assistance to the MOD, including funding provided for ANA salaries and other monetary benefits. According to CSTC-A’s Direct Contributions Standard Operating Procedures, the command is responsible for ensuring that the MOD establishes appropriate standard operating procedures and maintains adequate fiscal controls and auditable records of all disbursements, including supporting documentation.<sup>13</sup> In addition, the direct contributions standard operating procedure requires CSTC-A’s Financial Management Oversight office to account for and oversee all direct assistance funding using measures, such as payroll and contract compliance audits, and reviews of payroll expenditure reports, payroll summaries from the MOD and the Afghan Ministry of Finance (MOF), electronic financial transaction reports, and other payroll data. The office is also responsible for establishing and implementing a formal internal control program for direct assistance.
- The Afghan government is responsible for collecting ANA attendance data in daily and monthly status reports as required by the MOD’s *Policy, Regulation of ANA Personnel Accounting and Strength Reporting* issued in August 2008.<sup>14</sup> Additional requirements for the MOD’s monthly reporting are included in the *ANA Readiness Reporting System Regulations* of September 2011. These include requirements that the ANA Chief of Operations establish a methodology for analyzing readiness data and check the data for accuracy.

## ANA Personnel and Payroll Data Collection Processes

According to documents provided by CSTC-A and the Afghan government, as well as interviews with CSTC-A and Afghan government personnel, which we verified through site visits to ANA locations, ANA personnel and payroll data is intended to be collected and transferred using processes illustrated in figure 1.

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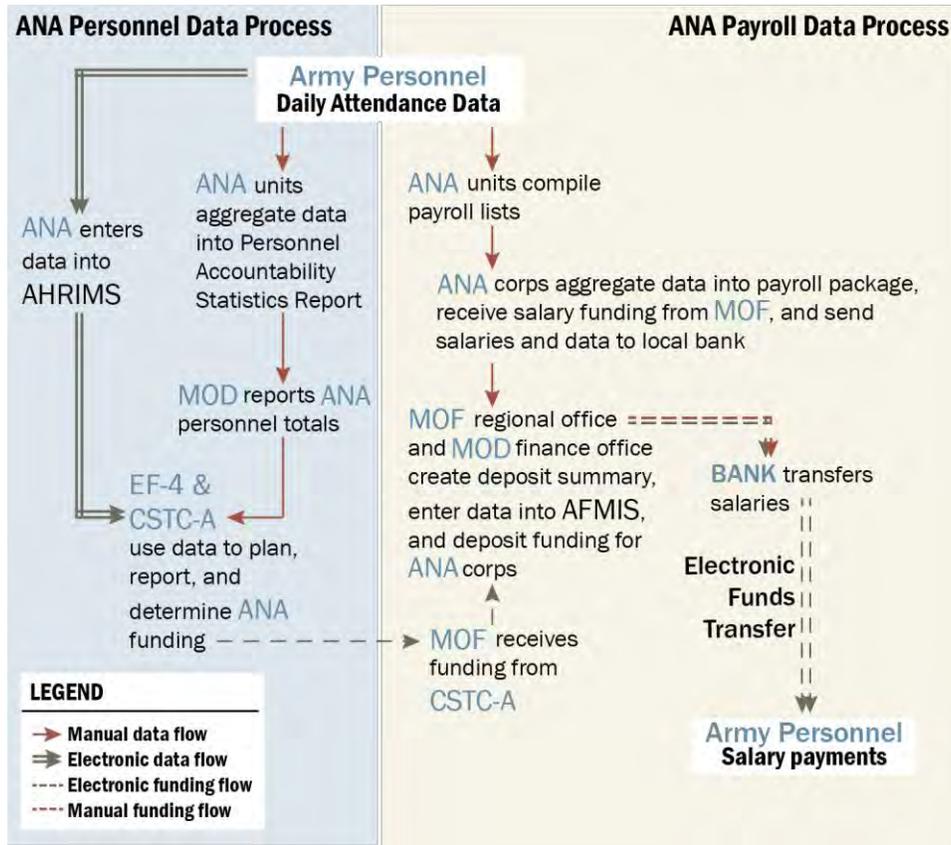
<sup>11</sup> Pub. L. No. 113-291, § 1225. This section repealed and superseded section 1230 of the National Defense for Fiscal Year 2008, Pub. L. No. 110-181, as amended, which required the Secretary of Defense to report to Congress on the progress made towards security and stability in Afghanistan.

<sup>12</sup> See Pub. L. No. 110-181, §§ 1230-31, as amended.

<sup>13</sup> CSTC-A Financial Management Oversight Office, *Afghanistan Security Forces Funds Direct Contributions Standard Operating Procedures*, October 30, 2013.

<sup>14</sup> According to CSTC-A officials, a revised policy is expected to be released later in 2015.

Figure 1 - ANA Personnel and Payroll Data: Key Players, Systems, and Data Flow



Source: SIGAR analysis of CSTC-A and MOD documents

Note: EF-4 abbreviates Essential Function 4.

The MOD requires the ANA to record personnel attendance—present- and not present-for-duty—on a daily basis. According to CSTC-A officials, ANA unit-level commanders base their daily attendance reports on check-in and check-out signatures from each individual under their command. Officials at lower-level ANA units pass attendance data to their corps headquarters by hand or email on a monthly basis. This attendance data serves two purposes: (1) personnel totals, ranks, skills, and locations are used to facilitate planning and reporting for human resources needs, and (2) personnel salary levels, incentive and deduction amounts, and attendance data are used to calculate salary payments. Corps headquarters officials also report personnel totals to the MOD. The MOD reports these totals by corps to Essential Function 4—previously CSTC-A—on a monthly basis, which uses them to develop its required submission for the DOD’s semiannual *Report on Progress Toward Security and Stability in Afghanistan*.

Once ANA personnel and payroll data is collected, it is entered into a series of data systems using manual entry and transfer processes. ANA Recruitment Center and Kabul Military Training Center officials collect new recruit data and create a personnel record for each recruit in AHRIMS, a system developed under a CSTC-A contract that the ANA and Afghan National Police use to store human resources information.<sup>15</sup> Human resource officials at the ANA corps headquarters are responsible for updating AHRIMS records to reflect changes in status, including rank, duty location, and training.

<sup>15</sup> During our audit work, corps headquarters officials were in the process of scanning hard copy ANA personnel records into AHRIMS. As of October 2014, corps officials had scanned approximately 180,000 personnel records into AHRIMS, and about 12,000 personnel records remained to be entered into the system.

According to CSTC-A, battalion-level ANA officials summarize each individual's monthly attendance and applicable incentives into a spreadsheet that they send to corps headquarters by hand or email. Corps headquarters officials manually calculate personnel salaries, deducting for absences, and create salary payment requests for personnel. These officials then pass the salary payment requests, along with payment summaries and bank transfer forms, to provincial-level representatives of the MOF. This MOF staff subsequently enters payroll data into the Afghanistan Financial Management Information System (AFMIS), the Afghan government's accounting system, determines the total salary amount to be sent to each ANA location, and disburses funds monthly to one of four banks.<sup>16</sup> The banks then electronically transfer salaries directly to individual bank accounts.

## Prior Reporting on ANA Personnel and Payroll Data Processes and Systems

Since 2008, U.S. government oversight agencies have reported on issues with tracking and reporting ANA personnel and payroll data. For example:

- In 2008, GAO reported that high rates of absenteeism and attrition within the ANA are a challenge to tracking personnel data.<sup>17</sup> We echoed this finding in a 2010 report, noting that the effect of substantial absent without leave rates has been significant and has contributed to an overstatement of the ANA's capabilities.<sup>18</sup>
- In February 2012, the DODIG found a lack of visibility into ANA data at the local levels, reporting that CSTC-A finance officials only visited and audited payroll data for each of the six corps twice a year and rarely performed site visits below the corps level.<sup>19</sup> The DODIG also reported that ANA brigade-level personnel identified by CSTC-A's Finance Management Oversight office had altered deposit reports to shift money into colluders' accounts, and noted difficulties CSTC-A finance officials faced in obtaining bank records in order to verify salary payments.
- In a March 2013 report, the DODIG voiced concerns with the implementation and future sustainability of the MOD's information technology systems, and in June of that same year reported that the ANA could not maintain accurate personnel records.<sup>20</sup>
- An August 2014 DODIG report highlighted the Afghan government's lack of accountability and transparency over Afghanistan Security Forces Fund direct assistance payments.<sup>21</sup> The MOF reportedly could not confirm its cash balance of CSTC-A contributions. Further, the report noted that the MOD and Ministry of Interior did not have adequate controls in place to ensure that they used CSTC-A contributions as intended or paid ANSF salaries appropriately. DODIG stated that these conditions in the Afghan government existed because CSTC-A has not held the Afghan government financially accountable for failures to implement controls and properly handle direct contribution funds.
- Most recently, the February 2015 supplement to our January 2015 quarterly report reported that between April and October 2014, the International Security Assistance Force, predecessor to the Resolute Support mission, provided incorrect Afghan National Security Forces personnel numbers for our recent quarterly reports. According to the commander of the Resolute Support mission, the

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<sup>16</sup> MOF disburses funding for ANA salaries to four banks authorized to handle Afghan government payrolls. These banks are the New Kabul Bank and three commercial banks—Azizi Bank, the Afghan United Bank, and Maiwand Bank.

<sup>17</sup> GAO-08-661.

<sup>18</sup> SIGAR Audit 10-11, *Actions Needed to Improve the Reliability of Afghan Security Force Assessments*.

<sup>19</sup> DODIG-2012-058.

<sup>20</sup> DODIG-2013-058 and DODIG-2013-094.

<sup>21</sup> DODIG-2014-102.

numbers were incorrect due to an “accounting error” identified in September 2014. However, the military failed to notify us of the error or provide updated numbers until February 2015.<sup>22</sup>

To address these findings, DODIG and SIGAR recommended multiple changes to the U.S. government’s efforts to improve ANA personnel and payroll data collection processes, including recommendations that DOD:<sup>23</sup>

- Work with CSTC-A to provide additional training and guidance to embedded NATO advisors regarding MOD procedures;<sup>24</sup>
- Work with the MOD, the MOF, and Kabul Bank to obtain payroll reports and verify payments made to ANA personnel; and <sup>25</sup>
- Implement data checks within AFMIS to disallow direct contributions from being used on unauthorized budget codes.<sup>26</sup>

Although DOD concurred with these recommendations, and CSTC-A noted that the command has taken measures to address the problems identified, many recommendations still have not been fully implemented and the problems they were designed to address still persist, as we discuss later in this report.

## ANA ATTENDANCE DATA IS MINIMALLY CONTROLLED, INCONSISTENTLY COLLECTED, AND LACKING DIRECT OVERSIGHT

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We identified inconsistencies with the collection of ANA present-for-duty attendance data as well as a lack of higher level ANA, MOD, and coalition oversight of the data collection process. CSTC-A requires ANA personnel and payroll data to support the ANA effectively and ensure accountability over ANA funding. However, neither CSTC-A nor Essential Function 4 directly collects this data. Instead, they rely on the ANA to collect its own data, with oversight from the MOD.

During visits to two corps headquarters, and interviews with both CSTC-A and ANA officials, we identified no examples of direct oversight—either consistent or ad-hoc—during attendance data collection and reporting. A CSTC-A advisor to the ANA reported that senior ANA officials who could provide direct oversight are not generally co-located with the unit-level officer responsible for collecting data, and during our site visits, we found no evidence that daily attendance procedures are supervised beyond the unit-level commander. In addition, CSTC-A officials are not present during the collection of ANA attendance data and reported limited knowledge of and influence over the attendance data collection process. CSTC-A officials stated that the command lacks sufficient staff to be present during ANA attendance data collection, and therefore must rely on ANA officials to collect and report accurate information.

In lieu of direct oversight, we found that the only control in place at the unit level to ensure accurate ANA attendance reporting on a day-to-day basis—a roster individual ANA personnel sign daily—was not consistently used across ANA locations. The Balkh ANA and Kabul AAF units we visited showed us their signed attendance roster books; however, during our visit to an ANA unit in Herat, we observed that the unit was not using the roster as intended. The attendance roster Herat ANA officials showed us did not include signatures of individual ANA personnel assigned to the unit; instead, check marks appeared to have been recorded by a single individual.<sup>27</sup>

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<sup>22</sup> SIGAR, *Supplement to SIGAR’s January 2015 Quarterly Report to the United States Congress*, March 3, 2015.

<sup>23</sup> In lieu of recommendations directly to DOD, GAO’s reports resulted in matters for congressional consideration to address the problems it identified.

<sup>24</sup> SIGAR Audit 10-11, *Actions Needed to Improve the Reliability of Afghan Security Force Assessments*.

<sup>25</sup> DODIG-2012-058.

<sup>26</sup> DODIG-2014-102.

<sup>27</sup> CSTC-A noted that check marks may be necessary in lieu of signatures when ANA personnel lack basic literacy skills.

In locations where the attendance rosters are being used as intended, CSTC-A and MOD officials stated they do not observe the signing of these rosters, review all rosters for verification purposes, or reconcile them against other personnel or payroll data. As a result, neither the rosters nor the checklists provide assurance that unit commanders are accurately reporting subordinate personnel attendance. This makes it possible for employees not performing assigned duties during the work day to go unnoticed or not reported as absent, which could result in personnel being paid for days not worked, either with or without knowledge from supervisory personnel.

## WEAKNESSES WITHIN ANA DATA AND PAYMENT SYSTEMS PROVIDE LIMITED ASSURANCE THAT PERSONNEL RECEIVE ACCURATE SALARIES

CSTC-A, Essential Function 4, the MOD, and the ANA use both manual processes and electronic data systems to store, access, transfer, and use ANA personnel and payroll data. We identified problems with these systems, including inconsistent use, incomplete or incorrect data, lack of system integration, and weak internal controls. Table 1 lists these data systems the ANA uses and describes the weaknesses we identified with each system.

**Table 1 - Data Systems Used to Store and Access ANP Personnel and Payroll Data**

Data System	Administrator	Uses	Identified Weaknesses
ANA Identification System	Resolute Support (under a contract with Netlinks)	Contains a list of the unique ANA-issued identification numbers for each member of the force	<ul style="list-style-type: none"> <li>Lack of regular use of ANA-issued identification cards within the force</li> </ul>
AHRIMS	MOD (under a CSTC-A-funded contract and managed by Resolute Support)	Storage system for data on personnel education level, training, equipment, medical status, danger pay level, and other information	<ul style="list-style-type: none"> <li>Not fully functional at all corps headquarters</li> <li>Contains many incomplete records and data fields that need to be re-entered or verified</li> <li>Unable to differentiate between active and inactive personnel</li> </ul>
ANA Payroll System	MOD	Series of forms for calculating and reporting ANA personnel salaries	<ul style="list-style-type: none"> <li>Consists of 160,000 pages of handwritten payroll records</li> <li>Not linked with other systems</li> <li>All data manually entered, processed, and transferred, which can be slow and untimely</li> <li>Limited U.S. visibility into the system</li> </ul>
AFMIS	MOF	Contains Afghan government expenditure data across all ministries	<ul style="list-style-type: none"> <li>Not linked with other systems</li> <li>All data manually entered</li> <li>Limited number of line items makes oversight of detailed expenditures and tracking of funding throughout the payroll process difficult</li> </ul>

Source: SIGAR analysis of CSTC-A and MOD documents

## AHRIMS Cannot Distinguish between Active and Inactive Personnel or Track Personnel by Their Position or Identification Number

The usefulness of AHRIMS, the ANA's human resource data system, is limited. Specifically, we found that AHRIMS lacks certain electronic data system functions and controls, such as the ability to differentiate between active and inactive personnel, and track ANA personnel by their position and identification number.

CSTC-A began developing AHRIMS in 2010. According to CSTC-A officials, it serves as an electronic filing system and lacks the capability of producing reports. According to CSTC-A, AHRIMS still cannot distinguish between active and inactive personnel. In a February 2013 audit report, CSTC-A noted that AHRIMS lacks the ability to identify inactive personnel and does not contain information on individuals' unit assignments.<sup>28</sup> CSTC-A also found that 85 percent of sampled records lacked accurate rank data.<sup>29</sup>

According to CSTC-A officials, matching individuals to authorized positions is the only way for AHRIMS to distinguish between active and inactive personnel, a capability they described as necessary for an effective human resources system. Officials told us they were in the process of matching each active ANA record with the authorized positions that the individual was filling. However, this process was not yet complete at the time we drafted this report. Without this capability, CSTC-A cannot determine what percentage of active ANA personnel has records in AHRIMS. Because neither CSTC-A nor the MOD can use AHRIMS to generate reports identifying all active ANA personnel, the MOD uses a separate and fully manual process to compile ANA personnel totals from daily attendance records for its monthly submission to CSTC-A. These manually generated totals are not reconciled against information contained in AHRIMS. As a result, there is no assurance that reported personnel totals are consistent with other available data. CSTC-A officials noted that AHRIMS should become capable of generating attendance reports after all personnel are listed within the system by ANA position, which they estimate will occur by July 2015. CSTC-A's commitment letter with the MOD for Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—addresses this effort by requiring that all assigned personnel be matched to authorized positions no later than June 1, 2015. In the letter, CSTC-A reserves the right to assess an unspecified "penalty" against the MOD if insufficient progress is made in this effort. As of February 15, 2015, CSTC-A reported 74 percent of personnel had been matched to a position, and anticipated the remainder to be completed by July 1, 2015, a month later than required by the commitment letter.

We found also that ANA-issued identification numbers are not consistently or effectively used for identification at ANA locations, to track attendance, to pay salaries, or to access electronic personnel records in AHRIMS. According to CSTC-A, during initial training, the MOD issues all recruits ANA identification cards with unique identification numbers. These cards are intended to be used for in-person physical identification purposes, and the identification numbers are supposed to allow personnel records to be tracked across systems, such as AHRIMS, and throughout the ANA payroll process. However, by not consistently using the identification cards and numbers, the MOD's and the ANA's ability to verify and track personnel is limited.

## The MOD Calculates All Salaries Manually Instead of Using an Electronic System

Despite previous U.S. government efforts to implement an electronic payroll system for the ANA, as of January 2015, no such system was in place, and the MOD still calculated ANA salary payments using an entirely manual process. CSTC-A's December 2012 *Afghan Ministry of Defense and Afghan National Army General Staff Master Development Plan* states that "automating processes may not always be the best solution," highlighting concerns with low ANA literacy rates and the expenses associated with electronic systems. That same year, the ANA's Computerized Payroll System, intended to be implemented by October 2012 as a way to

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<sup>28</sup> CSTC-A, *Pay Audit of the Afghan National Army, General Staff (MoD 2013-031)*, February 26, 2013.

<sup>29</sup> According to CSTC-A, some of these issues will be addressed by the newest version of AHRIMS, version 1.2.

automate the payroll process, was eliminated.<sup>30</sup> More recently, however, CSTC-A officials stated that many of the current risks inherent in the ANA's personnel and payroll data collection process could be mitigated or resolved by using electronic personnel and payroll systems. Further, CSTC-A's commitment letter with the MOD for Afghan fiscal year 1393—December 21, 2013 through December 20, 2014—required the ministry to implement and use an electronic system for ANA payroll. In its commitment letter for Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—CSTC-A reiterates the requirement for the MOD to implement an electronic pay system. CSTC-A also reports that it assigned personnel to work with the MOD to meet electronic payroll system milestones in 2015 and 2016. Despite these requirements, the ANA continues to rely largely on manual systems for ANA personnel and payroll data collection and reporting, and the electronic systems in place only partially function.

In April 2014, CSTC-A officials stated that they plan to transfer the ANA payroll process to the Electronic Payroll System, which the Afghan National Police uses for its payroll processes. However, our January 2015 audit report on ANP personnel and payroll data noted significant weaknesses in this system, such as the inability of the Electronic Payroll System to interface with AFMIS and issues with the payroll system's linkage to AHRIMS. After we discussed those weaknesses with CSTC-A in October 2014, command officials informed us that they were in the process of replacing the Electronic Payroll System with a new payroll system that both the ANA and the Afghan National Police would use.<sup>31</sup> In February 2015, CSTC-A reported that the command was evaluating available systems to select the most suitable automated pay system for the MOD, with the ultimate aim of achieving an integrated personnel and pay system. Until that system is implemented, the MOD will continue to calculate ANA salaries manually, making the salaries vulnerable to inaccuracy and manipulation and providing the U.S. government with little assurance that they are correct.

## **Weaknesses in AFMIS Call into Question the Accuracy of ANA Salary Payment Data**

We identified multiple weaknesses within AFMIS, the electronic system the MOF uses to track the Afghan government's expenditures. Specifically, AFMIS only contains aggregated ANA salary expenditures; it does not record individual salary payments. CSTC-A officials stated that the AFMIS system is not intended to capture or manage such individual payments, noting that the ANA conducts payroll payment tracking through the manual payroll system. According to its Afghan fiscal year 1393 commitment letter with the MOD, CSTC-A was required to audit AFMIS data every 2 weeks for transactions recorded using CSTC-A's funding code; the 1394 commitment letter calls for weekly reconciliations with AFMIS data. CSTC-A's direct contributions standard operating procedure states that reviews of AFMIS expenditure reports is one technique CSTC-A should use to audit direct assistance funding. However, because AFMIS data is aggregated, CSTC-A is only able to obtain summary-level data on ANA salary expenditures, limiting the command's ability to review individual salary payments.

In addition, provincial MOF officials enter data into AFMIS manually, which increases the risk that errors will occur in the data entry process. Further, AFMIS data is ultimately based entirely on unit-level attendance data, which, as previously discussed, lacks necessary controls and oversight. These weaknesses coupled with CSTC-A's limited oversight of AFMIS data limit assurances that ANA salary payments are accurate.

## **Some ANA Personnel Receive their Salaries via Trusted Agent Method of Salary Distribution**

CSTC-A's commitment letter for Afghan fiscal year 1394—December 21, 2014 through December 20, 2015—states that, beginning July 1, 2015, CSTC-A will only fund 80 percent of salary payments for ANA personnel receiving salaries in cash via an MOD-appointed "trusted agent" until they can be paid through an electronic

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<sup>30</sup> The CSTC-A officials we met with did not know why the Computerized Payroll System was eliminated.

<sup>31</sup> SIGAR 15-26-AR, *Afghan National Police: Salary Payments Based on Partially Verified Data*.

funds transfer method. We were unaware of the use of this method of salary payment within the ANA beyond limited cash salary payments during training, before recruits could receive electronic funds transfers, even after multiple meetings with CSTC-A, Essential Function 4, and ANA personnel.<sup>32</sup> CSTC-A estimated in February 2015 that 5 percent of ANA personnel are paid this way. When we asked CSTC-A officials for further details, they reported no knowledge of this type of payment, and Essential Function 4 did not respond to additional requests for information. As we reported in our January 2015 audit of Afghan National Police personnel and payroll data, the trusted agent process for salary payments lacks documentation and accountability, putting those funds at a higher risk of being subject to corruption.<sup>33</sup>

## Independent Efforts to Verify ANA Personnel and Payroll Data Confirmed Weaknesses in Existing Data Systems

Our efforts to test the accuracy of ANA data confirmed the problems we identified with ANA data systems, specifically the inconsistent use of ANA-issued identification cards and incomplete personnel records in AHRIMS. During our visits to the 207th Corps headquarters in Herat province, the 209th Corps headquarters in Balkh province, and the AAF Air Wing in Kabul, we collected personnel names, ranks, and identification numbers, and requested that CSTC-A officials verify the data we obtained against personnel records in AHRIMS.<sup>34, 35</sup>

Overall, we collected information on 134 personnel present-for-duty at the three units we visited using either their ANA-issued identification card or a bank card. At least 17 of the personnel we met did not have their ANA identification card. We were able to verify 103 (77 percent) of the 134 personnel we collected information on against personnel data from AHRIMS. Specifically:

- In Herat, we collected information for 39 individuals present at the time of our visit. The unit commander reported 17 personnel absent, meaning we could not physically verify at least 30 percent of the unit.<sup>36</sup> Of the 39 individuals present, 34 were able to present an ANA-issued identification card confirming their names and identification numbers. Five of the 39 individuals present did not have a personnel record in AHRIMS.
- In Balkh, we collected information for 35 individuals present at the time of our visit.<sup>37</sup> Of the 35, 23 were able to confirm their identities using an ANA identification card. Of the 23, 5 did not have a personnel record in AHRIMS.
- In Kabul, we collected information for 60 AAF personnel present at the time of our visit.<sup>38</sup> At least 3 of the 60 lacked any form of identification. In lieu of identification, AAF officials verbally confirmed the identities and identification numbers of these individuals, and provided a list of 9 additional

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<sup>32</sup> According to the CSTC-A officials we interviewed in April 2014, the trusted agent process was only used on a limited basis during recruit training, before ANA personnel had been assigned to a unit or location.

<sup>33</sup> SIGAR 15-26-AR, *Afghan National Police: Salary Payments Based on Partially Verified Data*.

<sup>34</sup> We did not give the officials we met with prior notice of our intention to physically verify a unit under their command.

<sup>35</sup> The documentation that unit officials in Herat and Balkh provided us did not clearly identify the total number of personnel assigned to the units. We requested this information from CSTC-A, but the command was unable to provide it. As a result, we could not determine the percentage of personnel that were physically present in each unit.

<sup>36</sup> Of the 17 personnel absent at the time of our visit, ANA officials told us 5 personnel were serving elsewhere on temporary duty, 4 were on leave, 3 were in training, and the remaining 5 had gone to the bank to obtain their salaries.

<sup>37</sup> Due to time constraints, we observed but were unable to collect data on an additional 16 unit personnel present-for-duty.

<sup>38</sup> We asked to observe personnel from the 310 section of the AAF unit we visited in Kabul. In addition to the 310 section, AAF officials assembled personnel from the 300, 301, and 320 sections. Overall, we observed and obtained information on 60 individuals from the 310 section, six from the 300 section, one from the 301 section, and nine from the 320 section, as well as 11 whose section we could not identify because we could not match their names and identification numbers to any documentation the unit provided. For this analysis, we only discuss the 60 individuals with the 310 section.

individuals, whom they reported to be on training during our visit. We were able to physically verify 60 of the 90 personnel assigned to the unit based on documentation provided by unit officials; of those 60, 11 did not have a personnel record in AHRIMS.

## THE MOD, CSTC-A, AND ESSENTIAL FUNCTION 4 LACK DOCUMENTED PROCEDURES FOR DETERMINING THE ACCURACY OF ANA PERSONNEL AND PAYROLL DATA, AND CSTC-A HAS LIMITED OVERSIGHT OF DIRECT ASSISTANCE FUNDING FOR ANA SALARIES

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### The MOD Collects and Reports ANA Data without Documented and Transparent Verification Procedures

The MOD and the ANA do not have documented or transparent procedures for verifying the ANA personnel and payroll data the MOD reports to CSTC-A. The MOD's *Policy, Regulation of ANA Personnel Accounting and Strength Reporting* specifies only that a battalion-level personnel officer must validate unit reporting forms for completeness and accuracy, without providing details about how this should be done. In addition, the MOD's *ANA Readiness Reporting System Regulations* require the ANA Chief of Operations to establish a methodology for analyzing readiness data and check the data for accuracy. The MOD chief of personnel stated that ANA corps level officials are responsible for ensuring accurate data, and that the MOD's processes for verifying this data consist of informal visits once or twice per year to the corps level but not below.

According to the *Policy, Regulation of ANA Personnel Accounting and Strength Reporting*, the MOD is responsible for conducting personnel asset inventories, which involve physical counts of ANA personnel, to maintain accountability. We requested that CSTC-A provide copies of all personnel asset inventory reports from 2013 and 2014 for the ANA and AAF. However, as of January 2015, CSTC-A officials had provided one personnel asset inventory report, stating that conducting or monitoring ANA personnel asset inventories are not part of CSTC-A's responsibilities because these activities are under the MOD's purview. The one personnel asset inventory provided by CSTC-A documented the AAF's inventory of 268 AAF personnel in Nangarhar province and took place in January 2013.<sup>39</sup> According to the report, AAF officials were unable to verify 43 individuals who were not physically present during their visit. If this one report does indeed represent the only personnel asset inventory the MOD conducted from 2013 through 2014, then the MOD only verified 0.1 percent of all authorized ANA and AAF personnel during this time.

CSTC-A has limited insight into the MOD's verification efforts. CSTC-A officials told us they lack oversight of any verification efforts that might occur at the battalion level and, aside from the one personnel asset inventory report, they have not been able to provide documentation of any other efforts undertaken by the MOD to ensure the accuracy of personnel and payroll data.

### CSTC-A and Resolute Support Mission Essential Function 4 Lack Required Procedures for Verifying and Reconciling ANA Personnel Data

During much of our audit work, CSTC-A was responsible for collecting, analyzing, validating, and reporting data on the total number of ANA personnel; maintaining written procedures for this verification process; and resolving identified discrepancies. That responsibility was transferred to the NATO Resolute Support mission's Essential Function 4 in November 2014. However, neither CSTC-A nor Essential Function 4 had written procedures documenting their verification and reconciliation processes. CSTC-A reported undertaking limited efforts to confirm the accuracy of data it receives from the MOD. We asked CSTC-A for documentation of how it confirms data accuracy. The assessments standard operating procedures CSTC-A gave us in response do not

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<sup>39</sup> Afghan Air Force, *Jalalabad Personnel Asset Inventory*, January 12, 2013.

provide any instructions for verifying that reported numbers from the MOD are correct; it only describes how to analyze ANA data for reportable statistics, such as changes in force size and ethnicity. The procedures do not explain how either CSTC-A or Essential Function 4 ensures that the numbers it receives are correct. At the time we drafted this report, Essential Function 4 had not informed us of any updates or revisions to this guidance.

The assessment standard operating procedures require CSTC-A, and now Essential Function 4, to maintain “continuity books” to guide those responsible for verifying this data; however, CSTC-A officials told us the command does not have or maintain such books.<sup>40</sup> One CSTC-A advisor who was responsible for confirming the accuracy of the MOD’s data described how he compared personnel data against the previous month’s figures, using his own familiarity with the size of each ANA unit to identify potentially erroneous figures in the MOD’s reporting. This familiarity, however, was not documented. As a result, as staff turned over and Essential Function 4 assumed control of reporting responsibilities, CSTC-A has no standardized, documented data verification or reconciliation procedures for its successors to follow, resulting in the use of ad-hoc, informal procedures that might not be effective or replicable.

Despite CSTC-A’s limited verification efforts, we found cases in which coalition advisors embedded with ANA units had taken it upon themselves to track personnel totals within units they advised. According to CSTC-A officials, the advisors’ knowledge of unit-level personnel had lent credibility to reported ANA personnel numbers. These officials added that they considered such tracking activities ad-hoc and only a temporary solution. As a result of the drawdown, fewer coalition advisors are embedded with the ANA. Those who remain will likely have limited interactions with lower-level units, limiting their ability to physically confirm personnel numbers in the locations that likely receive the least oversight. This has further restricted CSTC-A’s already limited ability to confirm that the source data underlying the MOD’s monthly, summary-level reports of ANA personnel totals are correct.

## **CSTC-A Has Limited Oversight of the Salary Funding It Provides to the MOD and Is Unable to Verify ANA Payroll Data**

CSTC-A lacks full oversight of the direct assistance funding it provides to the MOD to pay ANA personnel, and the command does not take all required actions to verify payroll data. CSTC-A’s direct contributions standard operating procedures states that CSTC-A’s Financial Management Oversight Office is responsible for overseeing all direct assistance funding to the MOD. However, CSTC-A acknowledges in its own documents that once funding reaches the MOF, the command “has very limited insights and oversight.”<sup>41</sup>

For example, according to its Afghan fiscal year 1393–December 21, 2013 through December 20, 2014–commitment letter with the MOD, CSTC-A was required to audit AFMIS data every two weeks for transactions recorded using CSTC-A’s funding code; the Afghan fiscal year 1394–December 21, 2014 through December 20, 2015–commitment letter requires CSTC-A’s Financial Management Oversight office to conduct these reconciliations weekly. Additionally, CSTC-A’s direct contributions standard operating procedure states that reviewing AFMIS expenditure reports is one technique CSTC-A should use to audit direct assistance funding. However, because AFMIS data is aggregated, CSTC-A is only able to obtain summary-level data on ANA salary expenditures, rather than data on individual salary payments. In addition, several CSTC-A officials told us they received no confirmations of salary payments from the MOD, the MOF, or the bank depositing the funds. One CSTC-A official reported that the banks paying ANA salaries reconcile payroll disbursements with the MOF each month and that the predominant commercial bank used for salary transfers—the New Kabul Bank—also provides a monthly payroll report to the MOF. However, CSTC-A did not receive or review this documentation. The 1394 commitment letter adds the requirement for the MOD to work with the MOF to reconcile payroll disbursements and provide documentation of the reconciliation to CSTC-A.

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<sup>40</sup> NATO Training Mission—Afghanistan, *Assessments Standard Operating Procedures (SOP)*, V1.0, November 20, 2012.

<sup>41</sup> CSTC-A presentation describing the U.S. and Afghan financial systems and processes, November 2013.

Additionally, we found that CSTC-A relies on payroll data provided by the MOD and does not undertake all required actions to verify and reconcile this data. CSTC-A's direct contributions standard operating procedures calls for the command to implement a formal internal control program with the MOD and MOF. The procedures also require CSTC-A to ensure that the ministries maintain adequate fiscal controls and auditable records of U.S. direct assistance funding. CSTC-A's commitment letter with the MOD and MOF for Afghan fiscal year 1393—December 21, 2013 through December 20, 2014—required the ministries to provide 13 financial and data reports to CSTC-A automatically each month and an additional 14 documents upon CSTC-A's request. All but two of these documents are also required to be provided by the fiscal year 1394 commitment letter. For example, the ministries were to provide CSTC-A with electronic funds transfer reports, raw AFMIS data, provincial headquarters-level payment request forms, and records of payments to individuals. During initial interviews with CSTC-A officials, they told us they stopped receiving MOF documentation after CSTC-A's Financial Management Oversight office had two key payroll positions eliminated. In later interviews, a CSTC-A official said that the documentation couldn't be provided because of the difficulty physically gathering, copying, and providing such a large number of payroll documents.

From 2013 through 2014, CSTC-A's Financial Management Oversight office released just two audits of the ANA payroll system: one in February 2013 and one in May 2014. According to a CSTC-A official, the office was only able to conduct two audits because its audit division was not fully staffed until late January 2014. The February 2013 audit tested 79 ANA personnel records and found that some Afghan legal officers were paid a "professional pay" incentive from the wrong funding source.<sup>42</sup> The incentive was paid using CSTC-A funding intended to pay the base salaries of ANSF officers, rather than the appropriate Afghan government fund. The audit also discovered 61 personnel who received salaries despite not occupying authorized positions within the ANA. CSTC-A's May 2014 audit covered 1,291 AAF personnel assigned to the 207th Corps in Herat.<sup>43</sup> According to the report, the auditors found improperly-calculated pension deductions and identified errors in payroll forms. For example, of the 1,291 payroll forms they reviewed, the auditors found 115 forms with identification number irregularities and 5 forms that lacked bank account numbers. Overall, the 1,370 ANA personnel whose records CSTC-A reviewed during the two audits accounted for less than 1 percent of total ANA personnel. According to CSTC-A, two additional payroll audits were in progress at the time we drafted this report, but had not yet been released. Because CSTC-A had conducted so few payroll audits prior to and during our audit work, we have been unable to determine how pervasive these problems are in other ANA units and throughout the ANA payroll system.

Due to CSTC-A's limited oversight of ANA salary disbursements and the underlying payroll data, the U.S. government cannot verify how the Afghan government is spending the hundreds of millions of dollars in direct assistance it is given annually to pay for ANA personnel salaries. This means that some payments may be diverted to the wrong individuals and that deserving ANA personnel may not be receiving the correct amounts they are owed.

## CONCLUSION

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The U.S. government has spent more than \$2.3 billion on ANA salaries since 2009. However, despite U.S. and coalition efforts to develop effective ANA personnel and payroll processes, those processes continue to exhibit extensive internal control weaknesses. These weaknesses increase the risk of unauthorized ANA personnel being paid and do not ensure that personnel receive correct payments. Furthermore, in the absence of a fully operational electronic system to track and report ANA personnel and payroll data at the corps level and above, internal errors and external inconsistencies will continue to exist, and the data will remain subject to manipulation. In addition, without written procedures to document steps for verifying ANA personnel and

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<sup>42</sup> CSTC-A, *Pay Audit of the Afghan National Army, General Staff (MoD 2013-031)*, February 26, 2013.

<sup>43</sup> CSTC-A, *Independent Audit of Ministry of Defense (MoD) Audit Report No. MoD-1392-A-006 MoD Payroll Audit*, May 3, 2014.

payroll data, CSTC-A and Essential Function 4 are not able to fully carry out their responsibilities for ensuring that U.S. taxpayer funding for ANA salaries is based on accurate data. With the U.S. government and the international community planning to continue funding ANA salaries for several more years, it is crucial that DOD and the MOD improve their ability to verify the accuracy of ANA personnel numbers and salary disbursements.

We understand the challenge to overseeing these funds posed by the decreasing U.S. and coalition troop presence. With the continuing drawdown of U.S. and coalition forces, and security responsibility now transferred to the Afghan National Security Forces, the U.S. government will continue to be almost fully reliant on MOD-provided data, even though the MOD lacks procedures to verify the data. This narrowing window may be the international community's last chance to ensure that supervised, controlled ANA data collection and reporting processes lead to accurate, validated salary payments. However, the importance of the ANA to the future stability of Afghanistan necessitates that steps be taken now to verify how the Afghan government is spending the hundreds of millions of dollars in direct assistance it is given annually to pay for ANA personnel salaries. Otherwise, millions of dollars in future U.S. and other donor contributions for salary payments may be spent on improper and inaccurate payments.

## RECOMMENDATIONS

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To improve oversight of the ANA's personnel and payroll data collection processes and to improve the accuracy and reliability of that data, we recommend that the Commanding General, U.S. Forces–Afghanistan, in coordination with the NATO Resolute Support mission and the MOD, as appropriate:

- 1. Implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify the this process by December 2015.**
- 2. Ensure that, by April 2017, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, and calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation.**
- 3. Develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data.**

To improve CSTC-A's and Essential Function 4's processes for verifying and reconciling ANA personnel and payroll data, and to increase oversight of funds provided to the Afghan government for ANA salaries, we recommend that the Commanding General, U.S. Forces–Afghanistan, in coordination with the NATO Resolute Support mission:

- 4. Develop written procedures to document required steps for verifying ANA data by July 1, 2015. This documentation should include:**
  - a. risk-based procedures for conducting physical verification activities at ANA locations, and**
  - b. procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary payment confirmations.**

## AGENCY COMMENTS

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We provided a draft of this report to the Office of the Under Secretary of Defense for Policy and USFOR-A for review and comment. The office and CSTC-A, through USFOR-A, provided written comments, which are reproduced in appendices II and III, respectively. CSTC-A also provided technical comments, which we incorporated into the report, as appropriate. The Office of the Under Secretary of Defense for Policy states that developing and implementing an integrated personnel and pay system is a key focus area. Furthermore, the office states that it plans to work closely with CSTC-A to provide support toward achieving a level of accountability that will contribute to the security of Afghanistan and the protection of U.S. taxpayers. CSTC-A partially concurred with our first three recommendations and concurred with our fourth recommendation.

CSTC-A partially concurred with our first recommendation. CSTC-A emphasizes that oversight of ANA unit-level attendance must be ANA-led. The command states that CSTC-A and Essential Function 4's advisors will place additional controls in the 1395—December 21, 2015 through December 20, 2016—financial commitment letter to strengthen personnel verification and internal audit control. The command notes, however, that given the Resolute Support Train, Advise, and Assist commands' reorientation, authorities, and structure, those commands cannot adequately observe or verify ANA attendance at or below the corps level, adding that the commands' support is "Kabul centric" and focused at the institutions and operational relationships at the corps. We understand the challenge of enhancing oversight of the unit-level ANA attendance process as the U.S. military presence in Afghanistan becomes more focused in Kabul. However, we maintain that it is imperative for CSTC-A, in coordination with Resolute Support, to work with the MOD to implement and enforce attendance policies, procedures, and controls that will result in accurate and verified attendance data. Given that the U.S.-funding for ANA salaries relies on attendance data, we believe CSTC-A must enforce a process that ensures accuracy and transparency to protect U.S. funding.

CSTC-A partially concurred with our second recommendation. CSTC-A agrees that a fully operational electronic personnel and pay system is absolutely necessary, adding that a reliable personnel and pay system is essential for self-support and sustainment of Afghan security institutions. CSTC-A states that, in March 2015, it completed a comprehensive assessment of ANA financial, personnel, and payroll systems. The technical team that completed the assessment recommended a phased and integrated personnel and pay system approach. The team also recommended establishing an information technology program office with reach back offices in the United States for support, and CSTC-A is seeking approval to staff the office. The command states that the January 2016 deadline we originally included in the recommendation for achieving full systems integration is unrealistic and suggested revising the date to April 2017. We understand this effort is a time intensive undertaking, and have revised the recommendation with the April 2017 deadline for implementation. We are concerned, however, that until the personnel and pay systems are fully integrated—which CSTC-A states will occur in 2 years—ANA personnel and payroll data will continue to be at risk of being inaccurate without additional controls in the near term. We encourage CSTC-A to carefully consider and take interim steps to improve controls over ANA personnel and payroll data until a fully operational electronic system is in place.

CSTC-A partially concurred with our third recommendation. CSTC-A agrees that personnel and payroll procedures need to be verifiable, and noted that the command would assist the MOD in updating and enforcing a verification plan and requiring compliance in an updated commitment letter. The command notes that it lacks sufficient personnel to implement a verification plan, and is therefore limited to developing guidelines. In addition, CSTC-A notes that the MOD must play a leading role in verifying ANA personnel. We understand CSTC-A's limitations and recognize MOD's role, but view CSTC-A's assistance to the MOD as instrumental to implementing an effective verification plan. Furthermore, given that U.S. funding for salaries must be based on verified personnel and payroll data, CSTC-A, in conjunction with Resolute Support, also have important roles in ensuring that the verification procedures are carried out and that MOD complies with CSTC-A requirements and guidance.

Finally, CSTC-A concurred with our fourth recommendation. The command agrees that risk-based procedures for conducting physical verification activities at ANA locations are important, and states that the MOD will

update procedures to document the required steps for verifying ANA personnel attendance data. CSTC-A also notes that its advisors and those of Essential Function 4 will stress the importance of auditable procedures. While we commend CSTC-A for assisting the MOD with updating its verification procedures as well as overseeing and enforcing compliance with these procedures, we maintain that CSTC-A must document and implement its own procedures for verifying ANA personnel and payroll data. CSTC-A also states that the MOD has procedures in place to reconcile ANA data after each disbursement, including attendance, personnel, and payment data, and salary confirmations. However, during the course of our audit, in response to our requests, CSTC-A did not provide any documentation confirming that these reconciliation procedures existed or took place. Furthermore, as we discuss in the body of this report, CSTC-A and the ANA are required to perform their own reconciliations of ANA data, but neither has procedures for doing so nor has performed the reconciliations in the past. CSTC-A's own reconciliation processes, when fully implemented, will provide an important added layer of oversight and control to ensure the accuracy and consistency of ANA data.

## APPENDIX I - SCOPE AND METHODOLOGY

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This audit examined the Combined Security Transition Command–Afghanistan’s (CSTC-A), the North Atlantic Treaty Organization (NATO) Resolute Support mission’s Essential Function 4, and the Afghan government’s processes for collecting and verifying the accuracy of Afghan National Army (ANA) personnel and payroll data. The objectives of this audit were to assess (1) the processes by which CSTC-A, Essential Function 4, and the Afghan government collect personnel and payroll data for ANA personnel assigned and present-for-duty; (2) how CSTC-A, Essential Function 4, and the Afghan government store, access, transfer, and use this data; and (3) the extent to which CSTC-A, Essential Function 4, and the Afghan government verify and reconcile ANA personnel and payroll data to determine the accuracy of the data. We reviewed documents dated from 2004 through February 2015, and analyzed ANA personnel and payroll data from 2013 and 2014.

To assess the processes that CSTC-A and the Afghan government used to collect personnel and payroll data for ANA personnel assigned and present-for-duty, we reviewed reports on this topic from SIGAR, the U.S. Government Accountability Office (GAO), and the Department of Defense Inspector General, issued from 2008 through 2014.<sup>44</sup> We also reviewed CSTC-A’s ANA payroll audits and CSTC-A’s and the Afghan government’s requirements and methods for collecting ANA personnel and payroll data. This included ANA orders, policies, and procedures. In addition, we interviewed the Ministry of Defense (MOD) ANA Personnel Chief and CSTC-A officials in the command’s MOD Ministerial Advisory Group, as well as officials with the NATO Resolute Support mission’s Essential Function 4.

To assess the processes by which the Afghan government collects and records attendance data at the unit level, we conducted site visits at three ANA locations—two corps locations, one in Herat City, Herat province, and the other in Mazar-e-Sharif, Balkh province, and one Afghan Air Force (AAF) unit located in Kabul.<sup>45</sup> We attempted to observe unit attendance procedures at all three locations. In Herat, we requested a lineup of unit personnel without prior notice. We then observed and recorded personnel names, ranks, and ANA identification numbers for the 39 personnel present from the 207th Corps, 1st Brigade, 4th Kandak intelligence unit. We conducted a similar procedure in Balkh, and observed the 209th Corps, 3rd Brigade, 3rd Kandak headquarters unit; however, due to time limitations, we were only able to collect data for 35 of the personnel present. During our site visit, we also interviewed personnel officers and unit commanding officers at the two provincial headquarters. In Kabul, we observed 87 AAF personnel; however, we limited our sample to the unit we requested to observe, the 310 Maintenance Section. Our analysis only includes the 60 personnel present from that section.

To assess how CSTC-A and the Afghan government stored, accessed, transferred, and used ANA personnel and payroll data, we reviewed their documentation on the electronic systems used for this data. For example, with respect to Afghanistan Human Resource Information Management System (AHRIMS), we reviewed performance work statements, deployment timelines, and job descriptions. We also reviewed CSTC-A briefing documents and other materials related to the manual payroll system, the identification card system, and AHRIMS. We also attended an AHRIMS working group meeting, which included CSTC-A officials assisting the MOD and the Ministry of Interior, to understand the status, timeline, and end-state of the AHRIMS system deployment for both

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<sup>44</sup> GAO, *Afghanistan Security: Further Congressional Action May Be Needed to Ensure Completion of A Detailed Plan to Develop and Sustain Capable Afghan National Security Forces*, GAO-08-661, June 18, 2008; SIGAR Audit 10-11, *Actions Needed to Improve the Reliability of Afghan Security Force Assessments*, June 29, 2010; GAO, *Afghanistan: Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government*, GAO-11-710, July 20, 2011; DODIG, *Distribution of Funds and Mentoring of Finance Officers for the Afghanistan National Army Payroll Need Improvement*, DODIG-2012-058, February 29, 2012; DODIG, *Assessment of U.S. Efforts to Develop the Afghan National Security Forces Command, Control and Coordination System*, DODIG-2013-058, March 22, 2013; DODIG, *Assessment of U.S. and Coalition Efforts to Develop Leaders in the Afghan National Army*, DODIG-2013-094, June 24, 2013; and DODIG, *Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions*, DODIG-2014-102, August 29, 2014.

<sup>45</sup> We planned to visit ANA corps headquarters locations in four provinces: Kandahar, Kabul, Herat, and Balkh. However, we were limited to three locations due to security restrictions, resource limitations, and a lack of responsiveness from U.S. Forces–Afghanistan—the command initially tasked to support our visits.

ministries. To understand how ANA personnel data is reported to and by the U.S. government, we reviewed MOD data submissions to CSTC-A and North Atlantic Treaty Organization Training Mission-Afghanistan Information Brief power point presentations, and the Department of Defense's biannual *Report on Progress Toward Security and Stability in Afghanistan*.<sup>46</sup>

To understand how the Afghan government collects, records, and transfers ANA data, we collected attendance and payroll records during our site visits. In addition, we interviewed the MOD ANA Personnel Chief and the corps personnel officer in Herat province, and we toured the biometrics and AHRIMS data entry centers for the AAF in Kabul, observing the AHRIMS interface to understand the system's level of functionality at this location. We also interviewed CSTC-A officials from the MOD Ministerial Advisory Group and the Financial Management Oversight office, Resolute Support mission officials from Essential Functions 1 and 4, and coalition military officials serving as ANA mentors and trainers in Balkh and Herat provinces.

To assess the extent to which CSTC-A and the Afghan government verified and reconciled ANA personnel and payroll data to determine the accuracy of the data, we reviewed the 1393 and 1394 commitment letters between CSTC-A, the MOD, and the Ministry of Finance; CSTC-A's assessments and direct contributions standard operating procedures for fiscal year 2013. We reviewed AHRIMS data, and information in the ANA's 2013 personnel authorization document. Using the names, ranks, and ANA identification numbers we collected during our site visits as well as the documentation provided by provincial finance officers, we compared lower-level source data with ministry-level AHRIMS data; the results of these comparisons are discussed in the body of the report.

We also reviewed documents detailing the Afghan and U.S. government goals and strategic plans for staffing and funding the ANA, such as the Bonn Agreement; the MOD Ministerial Development Plan; the National Defense Authorization Acts for fiscal years 2008 through 2015; the North Atlantic Treaty Organization Strategic Plan for Afghanistan; and the Department of Defense's Afghanistan Security Forces Fund budget, budget justification, and briefing materials for fiscal years 2012 through 2014.<sup>47</sup> In addition, we interviewed CSTC-A officials from the MOD Ministerial Advisory Group and the Financial Management Oversight office, as well as officials from Resolute Support mission Essential Functions 1 and 4.

Because the purpose of this audit was to assess the accuracy of ANA personnel and payroll data, we obtained some computer-processed data from CSTC-A, as well as a limited amount of original, source data from ANA units during our site visits. Based on the weaknesses we identified in the data collection and verification processes, we determined that this data was not sufficiently reliable for determining the number of ANA personnel assigned and present-for-duty. We also assessed the extent to which CSTC-A and the Afghan government complied with their internal policies for collecting and verifying the data and provisions in funding agreements, as well as the extent to which they implemented internal controls over these processes. The results of our assessment are included in the body of the report.

We conducted our audit work in Kabul, Herat, and Balkh provinces in Afghanistan, and Washington, D.C., from February 2013 through April 2015, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. SIGAR conducted this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

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<sup>46</sup> As of January 2015, the Department of Defense had submitted 14 of these reports to Congress.

<sup>47</sup> The national defense authorization acts are: National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-81; Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417; National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84; Ike Skelton National Defense Authorization Act for Fiscal Year 2011, Pub. L. No. 111-383; National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81; National Defense Authorization Act for Fiscal Year 2013, Pub. L. No. 112-239; National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66; and Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291.

APPENDIX II - COMMENTS FROM THE OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR POLICY

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ASIAN AND PACIFIC  
SECURITY AFFAIRS

ASSISTANT SECRETARY OF DEFENSE  
2700 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-2700

2 APR 2015

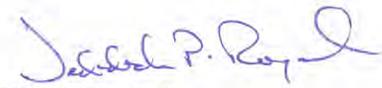
The Honorable John Sopko  
Special Inspector General for Afghanistan Reconstruction  
1550 Crystal Drive, 9<sup>th</sup> Floor  
Arlington, VA 22202

Dear Mr. Sopko:

I am responding to your draft audit, "Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data." The attached letter from MG Semonite provides DoD's comments on your specific recommendations.

Developing and implementing an integrated personnel and pay system for the Afghan Ministry of Defense is critical to ensuring sound management of the funding that Congress provides for Afghan Army pay. This project is a key focus area for the Department's defense institution building efforts as part of our enduring strategic partnership with the Afghan government.

Your audit provides valuable insights that will help us with this effort. My office will work closely with MG Semonite's team to ensure he receives whatever support he may need from the Department to achieve the level of accountability that will contribute to the security of Afghanistan and the protection of U.S. taxpayers.

*for*   
Christine Abizaid  
Deputy Assistant Secretary of Defense  
Afghanistan, Pakistan, and Central Asia

Enclosure: As stated

See appendix III for  
letter from Major  
General Semonite

APPENDIX III - COMMENTS FROM U.S. FORCES-AFGHANISTAN

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UNCLASSIFIED



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

USFOR-A DCDR-S

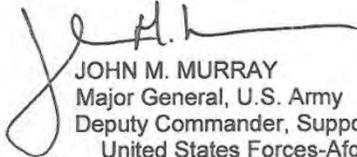
// April 2015

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

SUBJECT: USFOR-A's Response to Recommendations on SIGAR Draft Report  
079A-2B, "Afghan National Army: Millions of Dollars at Risk Due to Minimal  
Oversight of Personnel and Payroll Data"

1. I concur with CSTC-A's response to the above subject matter. USFOR-A recognizes that there is a critical need for reliable, useful data for the number of ANA authorized, assigned, and trained, and we remain committed to correcting deficiencies in systems involved in this effort.
2. I welcome any further recommendations. The point of contact is Col Patrick Davis: DSN [REDACTED]

Encl  
CSTC-A's Response, 7 Apr 15

  
JOHN M. MURRAY  
Major General, U.S. Army  
Deputy Commander, Support  
United States Forces-Afghanistan

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

DCOS SA/CSTC-A

7 April 2015

MEMORANDUM THRU

United States Forces - Afghanistan (CJIG), APO AE 09356  
United States Central Command (CCIG), MacDill AFB, FL 33621

FOR: Special Inspector General for Afghanistan Reconstruction, 2530 Crystal Drive, Arlington, VA  
22202-3940

SUBJECT: CSTC-A Response to Recommendations on SIGAR Draft Report 079A-2B, "Afghan  
National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data"

1. Reference: SIGAR 079A-2B Draft Report; Special Inspector General for Afghanistan Reconstruction (SIGAR).
2. The purpose of this memorandum is to provide a response to recommendations made in SIGAR 079A-2B "Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data."
3. In January 2015, SIGAR released SIGAR 15-26-AR "Afghan National Police: More Than \$300 Million in Annual, U.S.-funded Salary Payments is Based on Unverified and Unreconciled Data" highlighted a number of critical weaknesses with the Afghan National Police payroll and personnel data collection process. Similarly, SIGAR 079A-2B identified many of the same issues and problems. CSTC-A is aware of the systemic problems and is committed to fixing the problems that have existed over the years. In March 2015, CSTC-A completed a comprehensive review of the personnel and payroll information systems and the necessary financial system interfaces. This review was done by the Program Executive Officer, Enterprise Information Systems (PEO EIS) at the request of CSTC-A. Given the nature of the problems and complexity, an integrated personnel and pay systems approach is needed to address the accountability, accuracy, and auditability of the personnel data records.
4. An integrated personnel and pay systems approach is the best technical approach to resolve human errors, inefficiencies, poor record management, unverifiable data, mismanagement and/or corruption. CSTC-A is coordinating for Commander, RS approval and will seek support from the Department of the Army to establish a forward provisional non-standard IT program management office with reach back under PEO EIS. We believe this path will result in a system that addresses the SIGAR findings for both the ANA and ANP. Priority of effort will be ANA since it is a manual based system and process. Based on this approach, we believe a proper IT system can be fully operational by April 2017. CSTC-A remains focused on transparency, accountability, fiscal discipline, and anti-corruption. Furthermore, we are steadfast on setting the conditions for an effective and sustainable ANDSF while remaining committed to improving Afghan management deficiencies and system problems.

NON SENSITIVE INFORMATION RELEASABLE TO THE PUBLIC

DCOS SA/CSTC-A

SUBJECT: CSTC-A Response to Recommendations on SIGAR Draft Report 079A-2B, "Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data"

5. The point of contact for this action is CPT Brendan F. Lamb at DSN [REDACTED] or via e-mail at [REDACTED]

TODD T. SEMONITE  
Major General, U.S. Army  
Commanding General

THE DEDICATED MEMBERS OF THE RESOLUTE SUPPORT TEAM WORK EVERYDAY TO TURN THIS PAYROLL SYSTEM AROUND. IT IS EASY TO QUESTION WHY PAYROLL SYSTEMS AND PROCESSES WERE NOT FOCUSED ON EXCELLENCE IN THIS FIGHT... WELL, WE WERE FOCUSED ON SAVING AMERICAN LIVES! NOW... WE FOCUS ON THE ACCOUNTABILITY OF OUR CRITICAL RESOURCES. WE PLACE A HIGH PRIORITY ON ESTABLISHING STABLE AND EFFICIENT PAY AND PERSONNEL SYSTEMS. WE WILL CONTINUE TO WORK UP EVERY UNIT, IN A COMBAT ZONE - FOCUSED ON PROTECTING OUR SOLDIERS FIRST, AND THE SAFEGUARDING US TAXPAYER FINANCIAL AND HUMAN INVESTMENTS. ALWAYS THANKS FOR YOUR SUPPORT!!

M6 TODD SEMONITE

**CSTC-A DRAFT REPORT RESPONSE**

“Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data”  
(SIGAR 079A-2B)

**Recommendation 1: Implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify the this process by December 2015.**

**Response:** CSTC-A partially concurs with SIGAR as long as there is the understanding that the oversight must be Afghan National Army (ANA) led, not Coalition personnel, for ANA unit-level attendance controls. We concur that the Ministry of Defense (MoD) should implement the SIGAR recommendation. On 1 January 2015, U.S. Forces-Afghanistan (USFOR-A) ended its combat mission and transition to Operation Resolute Support (RS). The focus is completing Afghan National Defense Security Forces (ANDSF) and essential capabilities for long-term sustainability of the Afghan Security Institutions. This recommendation is not executable given the re-orientation, authorities, and structure of the Train, Advise, and Assist (TAA) Commands. These commands cannot adequately observe or verify at the Corps and below level. Under Resolute Support, the TAA support is Kabul centric and focused at the institutions and operational relationships at the Corps level. The ANA attendance process is covered under the MOD interim policy (ANA Policy #9 dated 16 January 2014). CSTC-A and Essential Function advisors will place additional controls in the 1395 financial commitment letter to strengthen personnel verification and internal audit control. As required in the 1394 financial commitment letter, personnel verification and accuracy of information must be reflected in the AHRIMS database or a penalty will be imposed for non-compliance.

**Recommendation 2: Ensure that, by January 2016, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, and calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation.**

**Response:** CSTC-A partially concurs with the recommendation. A fully operational electronic personnel and pay system is absolutely necessary; however, the full operational date of January 2016 is not achievable and we recommend changing the date to April 2017. In March 2015, CSTC-A completed a 3-month comprehensive financial, personnel, and payroll information system assessment by the Army’s Program Executive Officer, Enterprise Information Systems (PEO EIS). The technical team recommended a phased and integrated personnel and pay system approach for both ANA and ANP. Given the requirements and complexity, the PEO office recommended establishment of a provisional non-standard IT Program Manager, forward with PMO reach back in CONUS under PEO EIS. CSTC-A is staffing recommended approval from the Commander, RS and will engage the Department of the Army for support. We believe this integrated plan is achievable with the help of a tailored and skilled acquisition Program Management office. Although centralized systems have inherent technical challenges, we believe this is the best path to resolve control gaps, disjointed manual processes, and a lack of auditability. A reliable personnel and pay system is essential for self-support and sustainment of the Afghan Security Institutions.

**CSTC-A DRAFT REPORT RESPONSE**

“Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data”  
(SIGAR 079A-2B)

**Recommendation 3: Develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data.**

**Response:** CSTC-A partially agrees with the SIGAR findings. We agree personnel and payroll data procedures need to be verifiable. The MoD has a pay and personnel policy but it is out of date and lacks enforceability. This recommendation should be implemented and an updated CSTC-A financial commitment letter will allow for further compliance. CSTC-A will assist and support timely development of this guide; however, CSTC-A does not have the personnel to implement a verification plan because of the size and geographical dispersion of the ANA structure and the reduction of man power in the Essential Functions.

**Recommendation 4: Develop written procedures to document required steps for verifying ANA data by July 1, 2015. This documentation should include:**

**a. risk-based procedures for conducting physical verification activities at ANA locations, and**

**Response:** CSTC-A agrees that risk-based procedures for conducting physical verification activities at ANA locations is important. The Ministry of Defense (MoD) will update procedures to document the required steps for verifying ANA personnel attendance data. Each ANA Unit Commander is responsible for personnel verification within their unit(s) to ensure accuracy. As stated in our response to Recommendation 3, CSTC-A and Essential Functions (EFs) one and four (EF1 and EF4) advisors will stress the importance of enforcing auditable procedures.

**b. procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary payment confirmations.**

**Response:** The Ministry of Defense (MoD) has procedures in place to reconcile ANA data after each disbursement, including attendance, personnel and payment data, and salary payment confirmations. It is accomplished jointly by the Ministry of Defense Personnel Directorate (MoD-GSG1), who matches the unit attendance records with the Ministry of Defense (MoD-GSG8) Financial Management Directorate M-41 payroll forms. An M-16 (Request for Payment Payroll Voucher) is issued to the Ministry of Finance (MoF), which provides an electronic funds transfer to individual bank accounts. It is critical for the MoD to enforce its policies and procedures to address the systemic problems identified.

## APPENDIX IV - ACKNOWLEDGMENTS

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Gabriele Tonsil, Senior Audit Manager

Matt Miller, Analyst-In-Charge

Mia Bonarski, Senior Methodologist

The following staff provided technical assistance:

Davi D'Agostino, Report Reviewer

Michael Nasruddin, Interpreter

This performance audit was conducted  
under project code SIGAR-079A.

## SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) 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:

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