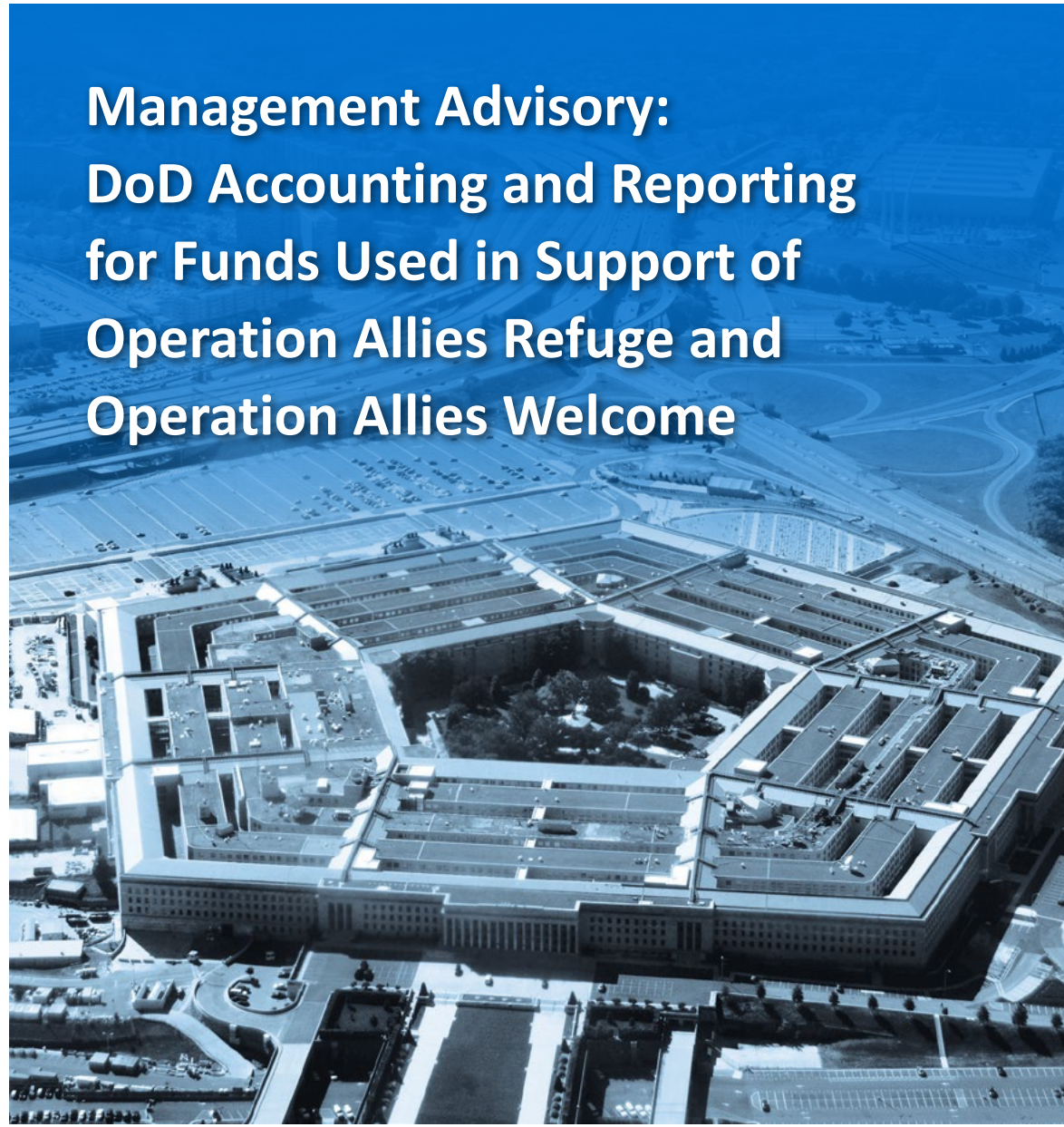




INSPECTOR GENERAL

U.S. Department of Defense

MAY 18, 2023



Management Advisory: DoD Accounting and Reporting for Funds Used in Support of Operation Allies Refuge and Operation Allies Welcome





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

May 18, 2023

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Management Advisory: DoD Accounting and Reporting for Funds Used in Support of Operation Allies Refuge and Operation Allies Welcome (Report No. DODIG-2023-071)

The purpose of this management advisory is to inform DoD leadership of the conditions found related to the accounting and reporting of funds used in support of Operation Allies Refuge (OAR) and Operation Allies Welcome (OAW). We conducted the “Audit of DoD Reporting on Obligations and Expenditures in Support of Operation Allies Welcome” (Project No. D2022-D000FI 0095.000) to provide an understanding of the financial reporting for OAR and OAW.

During our audit, we found that DoD Components did not properly record OAW obligations and expenditures in the February 1, 2022 report to Congress. In addition, officials from the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD (OUSD[C]/CFO) did not establish a uniform process for DoD Components to report the execution of OAW funding in the weekly flash reports. Furthermore, the OUSD(C)/CFO did not use an analytical tool, such as Advana, to generate a consolidated report of the OAW Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) appropriation. Due to the rapidly evolving environment related to OAR and OAW and to ensure timely delivery of all relevant information to DoD leadership, we are providing this advisory, rather than a full report, so that officials from the OUSD(C)/CFO can evaluate and verify potential internal control weaknesses and initiate corrective actions to improve transparency in reporting the use of appropriated funds for contingency operations, other operations, or supplemental funding. We conducted the work on this advisory with integrity, objectivity, and independence as required by the Council of the Inspectors General on Integrity and Efficiency’s Quality Standards for Federal Offices of Inspector General.

We provided a draft copy of this management advisory to DoD management and requested written comments on the findings and recommendations. We considered management’s comments on the draft and included comments in the final advisory.

This management advisory contains four recommendations that we consider resolved and open. The OUSD(C)/CFO and Headquarters, U.S. Marine Corps agreed to address all the recommendations presented in the report. As described in the Recommendations, Management Comments, and Our Response section of this report, we will close the recommendations when you provide us documentation showing that all agreed-upon actions to implement the recommendations are completed. Please provide us, within

90 days, your response concerning specific actions in process or completed on the recommendations. Send your response to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET. If you have any questions or would like to meet to discuss the advisory, please contact me at ([REDACTED])
We appreciate the cooperation and assistance received during the conduct of our audit, which resulted in this advisory.

FOR THE INSPECTOR GENERAL:



Lorin T. Venable, CPA
Assistant Inspector General for Audit
Financial Management and Reporting

Distribution:

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Operation Allies Refuge

On July 14, 2021, the President announced OAR with the Department of State (DoS) as the lead Federal agency, to support the relocation of Afghan evacuees who previously supported the U.S. Government and were in the process of completing their Special Immigrant Visa applications.¹ Applicants' immediate family members were also included in the relocation effort. During Operation Enduring Freedom and Operation Freedom's Sentinel, the U.S. Government employed Afghans in supporting roles to assist in these operations. Due to that employment, some Afghans, their families, and close friends faced serious and ongoing threats.

According to a statement by the President on August 30, 2021, the DoD executed the largest airlift in U.S. history, evacuating more than 120,000 people from Afghanistan in just 17 days. The DoS activated the Afghanistan Coordination Task Force and requested and received DoD assistance in the form of temporary housing, sustainment, and other support at suitable DoD facilities both within and outside the continental United States.²

Operation Allies Welcome

On August 29, 2021, the President announced that the Department of Homeland Security would serve as the lead Federal agency for OAW and coordinate efforts across the U.S. Government to resettle vulnerable Afghans in the United States, including those who worked for the U.S. and Coalition forces since 2001.³ The Department of Homeland Security processed and screened Afghans in coordination with the DoD, DoS, and other Federal agencies. The DoS and the Department of Health and Human Services were responsible for the final resettlement and integration efforts.

Use of OHDACA Funding for Operation Allies Welcome

In response to the DoS request for the DoD to provide temporary housing, sustainment, and other support to the Special Immigrant Visa applicants and their families, Congress appropriated \$6.7 billion in Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) funds to resettle vulnerable Afghans in the United States. Additionally, the DoD reprogrammed \$1.46 billion from various funding sources into the OHDACA appropriation to support OAW. On September 30, 2022, Congress

¹ In 2014, Congress amended the Special Immigrant Visa program to provide U.S. visas for translators and interpreters who performed "sensitive and trusted activities" for the U.S. Government in Afghanistan.

² The DoS led the Afghanistan Coordination Task Force that included experts from various U.S. Government agencies, including the DoD, Department of Homeland Security, and Department of Health and Human Services.

³ OAR was the operation to airlift at-risk Afghan evacuees who supported the DoD out of Afghanistan. OAW was an effort across the U.S. Government to support these Afghan evacuees as they resettled in the United States.

passed legislation allowing the transfer of up to \$3 billion from the DoD’s OHDACA fund to the DoS to support continued Afghan evacuee resettlement efforts.⁴ The DoD initiated the first transfer of funds on December 16, 2022, transferring \$1.67 billion to the DoS to support DoS operations related to OAW. DoD officials stated that they anticipated additional transfers to the DoS to support Afghan resettlement efforts. The total OHDACA funding available for DoD use related to OAW is \$6.49 billion. Table 1 provides a breakout of OHDACA funding sources.

Table 1. OHDACA Funds Received Through Appropriations and Reprogramming

Funding Source	OHDACA Funds (in Millions)			Total
	FY 22/23	FY 21/22	FY 20/21	
Emergency Security Supplemental Appropriations Act, 2021 (P.L. 117-31)	-	\$500.0	-	\$500.0
Afghanistan Special Immigrant Visas Program FY 21-13 PA (Reprogramming Action)	-	301.2	\$95.2	396.4
Afghanistan Special Immigrant Visas Program #2, FY 21-16 PA (Reprogramming Action)	-	1,000.0	66.2	1,066.2
Afghanistan Supplemental Appropriations Act, 2022 (division C of P.L. 117-43)	\$2,200.0	-	-	2,200.0
Additional Afghanistan Supplemental Appropriations Act, 2022 (division B of P.L. 117-70)	4,000.0	-	-	4,000.0
DoD Transfer to DoS (FY 23-03 LTR)	(1,670.2)			(1,670.2)
Total Available Appropriations	\$4,529.8	\$1,801.2	\$161.4	\$6,492.4

Source: Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD.

OHDACA is an annual appropriation with a 2-year period of availability that supports DoD humanitarian assistance activities. OHDACA funds activities meant to relieve or reduce conditions such as human suffering, disease, hunger, and poverty particularly in regions where humanitarian needs may pose major challenges to stability, prosperity, and respect for universal human values. The Under Secretary of Defense for Policy assigned the Defense Security Cooperation Agency (DSCA) the responsibility for program and resource management of the OHDACA appropriation.

⁴ Public Law 117-180, “Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023,” September 30, 2022.

DoD Roles and Responsibilities Supporting Operation Allies Welcome

On August 15, 2021, the Secretary of Defense directed the U.S. Northern Command to provide temporary housing, sustainment, and other support inside the United States for Afghan evacuees, their families, and other individuals at risk from the Taliban. As the DoD's lead combatant command for OAW, the U.S. Northern Command provided housing and security at U.S. military installations.

The Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD (USD[C]/CFO), assumed the overall DoD lead for all financial issues associated with the DoD's support to OAR and OAW. The Under Secretary of Defense for Policy assigned the DSCA responsibility for program and resource management of the OHDACA appropriation. Congress established reporting requirements for OHDACA funding use, stating in public law that:

Not later than 30 days after the date of enactment of this Act, and every 30 days thereafter through fiscal year 2022, the Secretary of Defense shall provide a written report to the congressional defense committees describing the execution of funds provided in this title, including the amounts obligated and expended, in total and since the previous report; the nature of the costs incurred or services provided by such funds; and any reimbursements or funds transferred by another Federal agency to the Department of Defense which relates to the purpose of the funds provided by this title.⁵

In an August 19, 2021 memorandum, the USD(C)/CFO established cost reporting requirements and procedures for DoD Components supporting the OAW effort. The memorandum from the Office of the USD(C)/CFO (OUSD[C]/CFO) included requirements for DoD Components to submit weekly flash reports of all costs associated with the relocation of Afghan evacuees and directed the Defense Finance and Accounting Service (DFAS) to provide additional reporting instructions to DoD Components.⁶ OUSD(C)/CFO officials also stated that once formal cost reporting was established and available, weekly flash reporting may transition to monthly cost reporting in the Contingency Operations Reporting and Analysis Service system. We discussed the use of the Contingency Operations Reporting and Analysis Service system for OAW cost reporting to Congress with OUSD(C)/CFO officials. They stated that although they received the monthly data from DFAS,

⁵ Public Law 117-43, "Extending Government Funding and Delivering Emergency Assistant Act," section 2201, "Overseas Humanitarian, Disaster, and Civic Aid," September 30, 2021.

⁶ Weekly flash reports were Microsoft Excel spreadsheets formatted in a template for use by DoD Components to report all costs associated with OAR and OAW. The weekly flash reports were not fed automatically by DoD financial systems; DoD Components manually entered OAR and OAW summary level details.

the officials decided not to use the Contingency Operations Reporting and Analysis Service system data because the weekly flash reports provided more timely and relevant cost data.

On September 27, 2021, OUSD(C)/CFO officials provided an updated weekly flash report template to DoD Components, including the Department of the Army, U.S. Navy, Department of the Air Force, U.S. Marine Corps, and Defense Health Agency (DHA). OUSD(C)/CFO officials manually consolidated all the OAW cost data received from the DoD Components. The officials stated that it took 2 weeks to consolidate, review, and approve the OAW cost data for the OAW report to Congress, and as a result the OUSD(C)/CFO provided the first OAW report to Congress on December 3, 2021, more than 30 days after the congressional due date of October 30, 2021.

DoD Uses Advancing Analytics (Advana) for Other Financial and Contingency Reporting

The OUSD(C)/CFO uses Advana as the DoD's single enterprise data and analytics platform. Advana enables visibility of DoD Component data quality and usability. According to the OUSD(C)/CFO, using regular, automated feeds of accounting data from DoD Component financial systems, Advana creates a fully reconcilable universe of transactions that enables the DoD to reconcile financial data and business events. This is necessary for the DoD financial statement audits and helps DoD leadership make informed business and financial decisions.

During the reporting of funds associated with both the Coronavirus Aid, Relief, and Economic Security Act and the Ukraine Supplemental Appropriations Act of 2022, the DoD established cost reporting guidance and named Advana as the authoritative source for cost reporting. In response to each Act, the Office of Management and Budget established a Disaster Emergency Fund Code (DEFC) for tracking funding execution.⁷ The DoD also established the Standard Financial Information Structure (SFIS) contingency codes to capture costs.⁸ OUSD(C)/CFO officials assigned DEFC and SFIS codes to each operation's funding. DoD Components are required to update reports in Advana weekly regarding the execution of direct funds for those missions.

⁷ The DEFC is a set of domain values set aside for the Office of Management and Budget to use to track any funding classified as disaster or emergency at a detailed level.

⁸ The SFIS is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise. SFIS standardizes financial reporting across the DoD and allows revenues and expenses to be reported by programs that align with major goals, rather than basing reporting primarily on appropriation categories.

However, OUSD(C)/CFO officials did not use Advana to generate consolidated reports of the OAW OHDACA appropriation in response to Afghan evacuee supplement appropriations reporting requirements. OUSD(C)/CFO officials stated that, due to the rapid missions of OAR and OAW, they could not develop the DEFC and SFIS code reporting in Advana for automated cost reporting in a timely manner, and rather used manually entered Excel spreadsheets for cost reporting purposes. Additionally, OUSD(C)/CFO officials established different business rules for the DEFC, which was associated with OHDACA funding appropriated for OAR and OAW, versus the SFIS, which was for OAR and OAW costs not funded by OHDACA appropriations.⁹

We asked officials from the Advana Program Management Office to develop a data query for the OHDACA appropriation across the DoD that was associated with OAR and OAW based on the DEFC. After discussions between the audit team and the Advana Program Management Office, the program management office promptly built an OAR and OAW OHDACA appropriation query in less than 2 weeks. In building this query, the Advana Program Management Office demonstrated Advana's capability as a reporting tool to capture and accurately report on OAW OHDACA funding. We reviewed the Advana database for OAW transactions from each of the five DoD Components that reported OAR and OAW costs to determine whether the data was accurate, complete, and reconcilable to other reliable financial information. We present our analysis of Advana data related to OAW in each of the DoD Component sections of the advisory.

Report to Congress Was Not Supported by Accounting Data

DoD Components did not properly record OAW obligations and expenditures in the February 1, 2022 report to Congress. Specifically, five DoD Components reported a total of \$3.77 billion in obligations and \$1.30 billion in expenditures in the January 12, 2022 weekly flash reports that were used to compile the February 1, 2022 report to Congress. However, Components could not provide transactional accounting data to support their January 12, 2022 weekly flash reports. Table 2 shows obligations and expenditures by Component for OAW OHDACA funding execution as reported in the January 12, 2022 weekly flash report.

⁹ Direct, nonreimbursable, and reimbursable costs, both within and outside the continental United States, not related to supplemental appropriated funding for OAR or OAW, are recorded under SFIS code "AFGSIV."

Table 2. Total OHDACA OAW Execution Data from the January 12, 2022 Weekly Flash Reports

Component	Obligations (in Millions)	Expenditures (in Millions)
Department of the Army	\$2,043.9	\$853.3
U.S. Navy	13.5	11.3
Department of the Air Force	1,511.6	425.7
U.S. Marine Corps	161.7	13.7
Defense Health Agency	40.5	0.0
Totals	\$3,771.2	\$1,304.0

Source: USD(C)/CFO.

The following sections discuss our efforts to reconcile the obligation and expenditure amounts reported in the February 1, 2022 report to Congress to the accounting data by using general ledger data, contracts, and Military Interdepartmental Purchase Requests (MIPRs) provided by the Department of the Army, U.S. Navy, Department of the Air Force, U.S. Marine Corps, and DHA.¹⁰ We nonstatistically sampled \$3.57 billion in obligations and \$1.16 billion in expenditures related to OHDACA funds used for OAW. Based on our review, the DoD inaccurately reported \$116.8 million in obligations and \$143.6 million in expenditures in its February 1, 2022 report to Congress. Table 3 shows the inaccurate obligation and expenditure amounts reported between the transactional accounting data provided by each Component and their January 12, 2022 weekly flash reports.

Table 3: Total OHDACA Funds Inaccurately Reported in the January 12, 2022 Weekly Flash Reports

Component	Nonstatistically Sampled (in Millions)		Inaccurately Reported (in Millions)	
	Obligations	Expenditures	Obligations	Expenditures
Department of the Army	\$1,843.0	\$712.0	\$0.0	\$4.9
U.S. Navy	10.3	9.4	3.9	0.0
Department of the Air Force	1,512.0	425.7	85.7	31.7
U.S. Marine Corps	161.7	13.7	14.6	103.2
Defense Health Agency	40.5	0.0	12.5	3.8
Totals	\$3,567.5	\$1,160.8	\$116.8	\$143.6

Source: Component Weekly Flash Reports.

¹⁰ MIPRs allow military agencies the opportunity to obligate funds from a finance and accounting office to Federal agencies for the purpose of purchasing products and services

The last report to Congress on OAW, dated September 30, 2022, reported \$4.4 billion in obligations and \$3.65 billion in expenditures for OHDACA-funded DoD Components involved in OAW. We confirmed with OUSD(C)/CFO officials that they used the same weekly flash report process for the last report as used for the February 1, 2022 report to Congress.

Department of the Army Reconciliation

The Office of Assistant Secretary of the Army (Financial Management and Comptroller) reported, in its January 12, 2022 weekly flash report, \$2 billion in obligations and \$853.3 million in expenditures of Army OHDACA funds supporting OAW. The Army accounting data did not fully reconcile to the January 12, 2022 weekly flash report used in the February 1, 2022 report to Congress. The Army transactional data did not support \$4.9 million in expenditures reported in the January 12, 2022 weekly flash report. While the Army accounting data did not support \$4.9 million in expenditures compared to the weekly flash report, the Army provided supporting documentation for \$1.84 billion in obligations and \$712 million in expenditures that we nonstatistically selected.

The Office of Assistant Secretary of the Army (Financial Management and Comptroller) provides a weekly flash report to OUSD(C)/CFO officials with the accumulated obligations and expenditures for the Army for OAW by Army command. The Office of the Assistant Secretary of the Army (Financial Management and Comptroller) creates the weekly flash report using data from the General Fund Enterprise Business System, Standard Finance System, and Corps of Engineers Financial Management System. The transactional data supporting the weekly flash report is maintained by 15 different Army commands.¹¹ Three of these commands had Logistic Civil Augmentation Program (commonly known as LOGCAP) contracts related to Army's operational cost for OAW, which supported accounting data.¹²

On April 7, 2022, Army command personnel provided transactional data for the January 12, 2022 weekly flash report. The commands could not reconcile the January 12, 2022 transactional data to the weekly flash report due to a system limitation in the Standard Finance System and timing differences. For example, \$3.9 million of the \$4.9 million increase in expenditures was the result of the Standard Finance System including transactional data beyond January 12, 2022.

¹¹ The 15 Army commands are: Headquarters, Department of the Army; Army Corps of Engineers; Army National Guard; Army Reserve Command; Army Intelligence and Security Command; Army Cyber Command; Army Training and Doctrine Command; Army Materiel Command; Army Material Command–Army Reserve Command; Army Medical Command; Army Forces Command; Army Europe and Africa; Army Central; Army North; and Army Futures Command.

¹² Logistic Civil Augmentation Program contracts are Army contracts for base operation support and sustainment services. The following commands used these contracts for OAW: Army Materiel Command, Army Forces Command, Army Europe and Africa, and Army Central.

The Standard Finance System could not limit transactional data to a specific date and instead included all transactions as of March 24, 2022, when Army personnel provided the transactional data. An additional \$1 million increase in expenditures was the result of timing differences. Army personnel generated the weekly flash report on January 12, 2022; however, the accounting data was generated on March 24, 2022. Any transactions recorded between January 12 and March 24 would be included in the transactional detail, but not in the weekly flash report or the February 1, 2022 report to Congress. While we received accounting data from Army personnel, we also pulled data from Advana to determine whether the OUSD(C)/CFO could use Advana data for missions similar to OAW in the future. The January 12, 2022 weekly flash report contains OAW obligation and expenditure data from FYs 2020, 2021, and 2022. Based on our review, we were able to reconcile FYs 2020 and 2022 obligations and expenditures from Advana to the weekly flash report, but not FY 2021.

According to the September 30, 2022 report to Congress, the Army reported obligations of \$2.62 billion and expenditures of \$2.07 billion in OHDACA funds in support of OAW.

United States Navy Reconciliation

The U.S. Navy reported \$13.5 million in obligations and \$11.3 million in expenditures in the January 12, 2022 weekly flash report for the U.S. European Command (USEUCOM), U.S. Central Command, and U.S. Northern Command. We nonstatistically selected USEUCOM, which reported \$10.3 million in obligations and \$9.4 million in expenditures, comprising the largest portion of the amounts reported by the Navy. The Navy accounting data did not reconcile to the January 12, 2022 weekly flash report used in the February 1, 2022 report to Congress.

To support the \$10.4 million obligations reported for USEUCOM on the January 12, 2022 weekly flash report under OHDACA funding, the Navy provided an internal transactions report generated from the Standard Accounting, Budgeting, and Reporting System (SABRS) and a series of MIPRs. The MIPRs are agreements between USEUCOM and the DSCA that allow USEUCOM to seek reimbursement for the amount spent using the Navy's Operations and Maintenance (O&M) funding in support of OAW. The internal transactions report documented \$10.1 million and the MIPRs documented a total of \$14.0 million in O&M funds. Between the MIPRs and the internal transactions report, there was an estimated \$3.9 million difference between the reported amounts in the January 12, 2022 weekly flash report and the supporting documentation provided. We asked USEUCOM personnel why the O&M funds from the MIPRs and internal

transactions report changed to OHDACA when reporting to the weekly report. USEUCOM personnel said management instructed them to change the weekly flash report from O&M funds to OHDACA funds; therefore, they made the change despite not having supporting documentation. As a result, without cost reimbursement supporting documentation and a documented standard operating procedure, we could not determine whether USEUCOM obtained reimbursements for the O&M funds used.

Although USEUCOM management was not able to provide a detailed universe of transactions to match the amount from the provided MIPRs, we pulled U.S. Navy USEUCOM obligations and expenditures data from Advana. Based on the data pulled, we were able to reconcile the total obligations and expenditures amounts in Advana to the provided MIPRs but not the obligations and expenditures amounts reported in the January 12, 2022 weekly flash report. Since the data in Advana matched the amounts from the MIPRs, we determined it would have been more appropriate for the Navy to use the Advana data rather than the weekly flash report data.

According to the September 30, 2022 report to Congress, the Navy reported \$12.4 million in obligations and \$11.9 million in expenditures for U.S. Central Command and USEUCOM in OHDACA funds in support of OAW. Additionally, for the U.S. Northern Command, the Navy and Marine Corps reported a combined total of \$243.1 million in obligations and \$238.6 million in expenditures.

Department of the Air Force Reconciliation

The Air Force reported \$1.51 billion in obligations and \$425.7 million in expenditures in OHDACA funds supporting OAW as of January 12, 2022. The Air Force accounting data did not reconcile to the January 12, 2022 weekly flash report used in the February 1, 2022 report to Congress.

Air Force personnel provided a status of funds report from the Defense Enterprise and Accounting Management System related to OAW. However, the Defense Enterprise and Accounting Management System status of funds data did not contain any of the needed data elements or transaction detail required to support the January 12, 2022 weekly flash report. We coordinated with personnel from the Air Force Financial Management and Budget and Integration Office to obtain the needed Defense Enterprise and Accounting Management System accounting data for OAW. After multiple attempts to obtain the Defense Enterprise and Accounting Management System data, personnel from the Air Force Financial Management and Budget and Integration Office were unable to produce a complete universe

of transactions supporting the weekly flash report and the report to Congress. Air Force officials stated that they do not have internal standard operating procedures for tracking costs, accounting, and reporting of OHDACA funding.

Although the Air Force was not able to provide the needed details to support the reports, personnel from the OUSD(C)/CFO Enterprise Data and Business Performance generated a universe of transactions using Advana. We determined that the flash report did not reconcile to the data from Advana. Specifically, the January 12, 2022 weekly flash report had an additional \$85.7 million in obligations and \$31.7 million in expenditures that we could not match to the Advana data. We determined that this discrepancy was from a MIPR request from USEUCOM to provide OAW services in Germany.

We nonstatistically selected Logistics Management Services contracts at three locations—Holloman Air Force Base, Joint Base McGuire-Dix-Lakehurst, and Goodfellow Air Force Base, to reconcile to Advana data. As of March 30, 2022, these three contracts totaled \$1.41 billion in obligations with \$874.4 million in expenditures for OHDACA. We were able to reconcile the obligation and expenditure amounts for all three of the contracts to the Advana data.

According to the September 30, 2022 report to Congress, the Air Force reported \$1.58 billion in obligations and \$1.29 billion in expenditures in OHDACA funds in support of OAW.

United States Marine Corps Reconciliation

The U.S. Marine Corps reported \$161.7 million in obligations and \$13.7 million in expenditures in OHDACA funds supporting OAW as of January 12, 2022. The Marine Corps accounting data did not reconcile to the January 12, 2022 weekly flash report used in the preparation of the February 1, 2022 report to Congress. Marine Corps personnel provided accounting data from the Defense Agencies Initiative (DAI) system and SABRS to support the amounts reported in the January 12, 2022 weekly flash report. The provided accounting data totaled \$176.3 million in obligations and \$116.8 million in expenditures, which resulted in a difference of \$14.6 million in obligations and \$103.2 million in expenditures. The Marine Corps provided two payment vouchers totaling \$109.4 million that were paid in November and December 2021; however, the payments were not reflected in the January 12, 2022 weekly flash report.

We determined that the Marine Corps expended \$109.4 million more than it reported in the weekly flash report and the February 1, 2022 report to Congress. According to Marine Corps personnel, the total expenditures may not have been included in the accounting data due to the Marine Corps changing

accounting systems from SABRS to DAI. Before September 30, 2021, SABRS was the Marine Corps' general ledger accounting system for recording and reporting all accounting data, including OAW obligations and expenditures. However, the Marine Corps stopped using SABRS on September 30, 2021, and began using DAI on October 1, 2021. According to Marine Corps personnel, there were significant challenges during the implementation of DAI, including many expenditures not posting to the correct accounts. For example, the \$109.4 million expenditure transactions were posted into the unmatched disbursement account in DAI because the transactions did not match to the corresponding obligated amounts. In March 2022, the Marine Corps posted the \$109.4 million into the correct account.

Although Marine Corps management provided the unmatched disbursement report, they did not support the expenditure amounts reported in the January 12, 2022 weekly flash report. In June 2022, we pulled the Marine Corps obligations and expenditure data from Advana. Based on the Advana data, we were able to locate the \$109.4 million in expenditures. The Marine Corps did not use Advana when reporting to Congress. Therefore, we were unable to reconcile the Advana data to the reported amounts in the January 12, 2022 flash report and February 1, 2022 report to Congress. Headquarters U.S. Marine Corps should reconcile the unmatched disbursements for OAW to the appropriate obligations in DAI.

According to the September 30, 2022 report to Congress, the Navy and Marine Corps reported a combined total of \$243.1 million in obligations and \$238.6 million in expenditures.

Defense Health Agency Reconciliation

The DHA reported \$40.5 million in obligations and \$0 in expenditures in OHDACA funds supporting OAW, as of January 12, 2022. DHA transactional accounting data did not reconcile to the January 12, 2022 weekly flash report used in the preparation of the February 1, 2022 report to Congress. The difference between the January 12, 2022 DHA weekly flash report and the accounting data totaled \$12.5 million in obligations and \$3.8 million in expenditures. The Centers for Disease Control and Prevention tasked the DHA to assist with vaccination requirements and medical supplies. To fund this activity, the DHA established a MIPR with the DSCA. According to the terms of the MIPR, the DHA would use its O&M funding to execute the requirements of the interagency agreement and the DSCA would reimburse the DHA with the OHDACA funds. We requested accounting data to support the February 1, 2022 report to Congress from the DHA Financial Operations Office, looking for transaction details and supporting documentation. Initially, DHA personnel provided the MIPRs and the interagency agreements that

did not contain all of the needed data elements or transaction detail required for the audit. The DHA sent additional supporting documentation, including a report of the activity that occurred within its accounting system, General Fund Enterprise Business System, at the General Ledger Accounting Code level. We were unable to reconcile the universe of transactions to the DHA weekly flash reports and the OAW report to Congress. DHA officials indicated that reporting \$0 in expenditures was the result of an error in accumulating the data.

We identified accounting transactions in Advana associated with the DHA's OAW activity. Using the Advana data and the transaction history report provided by the DHA, we determined that obligations and expenditures data were available to support the DHA's OAW financial reporting. However, the Advana data were not used to support the DHA report to Congress on OAW. Specifically, the DHA obligation amounts in the MIPRs totaled \$53 million and the DHA expenditure amounts in the transaction history report totaled \$4.2 million. Both of these amounts reconciled to the Advana data.

According to the September 30, 2022 report to Congress, the DHA reported obligations of \$47.7 million and expenditures of \$41.0 million in OHDACA funds in support of OAW.

Inaccurate Manual Data Compilation Led to Unreliable Financial Reporting

OUSD(C)/CFO officials did not establish a uniform process for DoD Components to report the execution of OAW funding in the weekly flash reports. In accordance with OUSD(C)/CFO guidance related to DEFC and SFIS codes, DoD Components had to separately track OAW funding execution for OHDACA appropriations, Component operations, and maintenance accounts expenditures. This created an environment where DoD Components completing weekly flash reports had to develop their own cost reporting methodologies, which resulted in inconsistencies when reporting OAW financial information.

According to OUSD(C)/CFO officials, they relied on each Component to provide detailed accounting transactions. While OUSD(C)/CFO officials instructed each Component to capture the obligation and expenditure amounts and report the OAW funding execution in the weekly flash report, the instructions did not ensure uniformity for how all DoD Components should capture and consolidate the appropriate funds in each weekly flash report. By not ensuring a uniform process in financial reporting, the OUSD(C)/CFO set conditions that resulted in inconsistencies in reporting for the January 12, 2022 weekly flash report.

In addition, the OUSD(C)/CFO did not use an analytical tool, such as Advana, to generate a consolidated report of the OAW OHDACA appropriation. We asked OUSD(C)/CFO officials why they did not use Advana for cost reporting of OAR and OAW. The OUSD(C)/CFO officials stated that due to the rapid missions of OAR and OAW, they could not develop the DEFC code in Advana for cost reporting. We asked officials from the Advana Program Management Office to develop a data query for the OHDACA appropriation across the DoD that was associated with OAR and OAW based on DEFC. After discussions between the audit team and the Advana Program Management Office, the management office promptly built an OAR and OAW OHDACA appropriation query in less than 2 weeks. In building this query, the Advana Program Management Office demonstrated Advana's capability as a reporting tool. As described in previous sections, we compared the Advana data to the MIPR and contract data and determined that Advana was more accurate than the data in the flash reports.

For each reporting month, OUSD(C)/CFO officials stated that they took 2 weeks to manually combine all the weekly flash reports from each DoD Component for each Congressional report developed. The process to produce the report to Congress was time consuming and did not allow personnel to perform a thorough review of Component data before issuing the report to Congress. Due to the time constraints, OUSD(C)/CFO officials did not conduct comprehensive reviews or reconcile the DoD Component results, and officials conducted limited followup on inconsistencies reported in weekly flash reports submitted by the DoD Components. In addition, there were 13 business days between the flash report date of January 12 and the report to Congress on February 1, 2022. By using Advana, the OUSD(C)/CFO would likely have spent less time compiling the report, allowing more time for reviewing for accuracy and reliability and ensuring the data would be more timely and relevant for decision makers.

The OUSD(C)/CFO did not have policies or use available automated processes to ensure DoD Components consistently and accurately reported obligation and expenditure amounts in the weekly flash reports. We recommend that OUSD(C)/CFO officials use Advana or a similar data and analytics platform to report for operations, such as OAR and OAW, to enable consistent and accurate financial reporting. Additionally, we recommend developing an overarching policy requiring DoD Components to develop standard operating procedures for tracking costs, accounting, and reporting of OHDACA funding. Furthermore, OUSD(C)/CFO officials should perform a review of OHDACA funds used from all DoD Components to ensure DoD Components captured and accurately reported the cost of the operations.

Use of Operations and Maintenance Funding by DoD Components

DoD Components funded most of the initial phases of OAW with their O&M accounts. As of January 12, 2022, DoD Components reported \$407.2 million in obligations and \$172.0 million in expenditures on FY 2021 O&M used but not yet reimbursed. While the O&M obligations and expenditures were related to OAW, they were not reflected in the report to Congress. Table 4 shows the total O&M funds used by DoD Components for OAR and OAW according to their weekly flash reports as of January 12, 2022.

Table 4. Total O&M OAW Execution Data from the January 12, 2022 Weekly Flash Reports (in millions)

Component	Obligations (in Millions)	Expenditures (in Millions)
Department of the Army	\$201.8	\$69.7
U.S. Navy	8.7	0.4
Department of the Air Force	128.3	89.6
U.S. Marine Corps	52.3	1.2
Defense Health Agency	16.1	11.1
Totals	\$407.2	\$172.0

Source: OUSD(C)/CFO.

DoD Components used O&M funds because OHDACA funding was not immediately available for DoD Components to support the rapid growth of the OAR and OAW mission requirements. However, DoD did not report the usage of O&M funds in support of OAR and OAW to Congress because DoD was not required to provide components' O&M fund usage. In response to the DoS request that the DoD provide emergency support for Afghan evacuees, the DoD transferred \$396.4 million from the Afghanistan Security Forces Fund and other contingency operation accounts into OHDACA on August 5, 2021. DoD Components used their own O&M accounts to fund any shortfalls during the initial stages of the mission. As of January 12, 2022, DoD Components reported \$407.2 million in obligations and \$172.0 million in expenditures from their O&M accounts in support of OAR and OAW in the weekly flash reports but not in the reports to Congress. DoD Components should work with the OUSD(C)/CFO on the review of the O&M expenditures used and determine whether the expenditures were appropriate and accurate with the OHDACA funding intended to support the OAR and the OAW missions.

DoD Provided Congress with Inaccurate Reports

The OUSD(C)/CFO and the DoD Components did not accurately record and report obligations and expenditures for OAR and OAW. DoD Components inaccurately reported \$116.8 million in obligations and \$143.6 million in expenditures of the \$3.57 billion in obligations and \$1.16 billion in expenditures that we nonstatistically selected from the February 1, 2022 report to Congress. In addition, we noted that DoD Components used FY 2021 O&M funding for the initial phases of OAW and did not obtain reimbursements for the O&M funds used through OHDACA funding. OUSD(C) personnel could not confirm whether the OHDACA obligations and expenditures in the February 1, 2022 report to Congress included all of the actual costs of the operations. As a result, decision makers cannot rely on the report to Congress.

Conclusion

DoD leadership and Congress need accurate information when overseeing the DoD's use of OHDACA funds authorized for OAW support. We identified multiple areas of concern where DoD Components could not provide a universe of transactions that matched their January 12, 2022 weekly flash reports used in the February 1, 2022 report to Congress. The last report to Congress on OAW, dated September 30, 2022, reported \$4.4 billion in obligations and \$3.65 billion in expenditures for OHDACA funded DoD Components involved in OAW. We confirmed with OUSD(C)/CFO officials that they used the same weekly flash report process for the February 1, 2022 report to Congress, which was the DoD's final report to Congress. While the DoD fulfilled its congressional reporting requirements for OAW, the DoD continues to have congressional reporting requirements for other operations, including Ukraine assistance. The DoD should learn from its OAW reporting experience that having an overly complex financial reporting process using Excel spreadsheets complicates reporting, while using analytical tools, such as Advana, simplifies reporting. Additionally, using analytical tools, rather than Excel spreadsheets that require manual data entry, may reduce the number of personnel needed to support financial reporting. The OUSD(C)/CFO did not establish an effective overarching process or policy to require uniform standard operating procedures, including specific steps performed and documentation used to support congressional reporting requirements for operations. In addition, DoD Components funded most of the initial phases of OAW with O&M, which was not included in the reports to Congress. As a result, congressional reports do not reflect the full cost of OAW.

To ensure adequate tracking through the entire life cycle of future disaster emergency funds, we recommend that OUSD(C)/CFO officials use Advana, or an equivalent data and analytics platform, to capture and accurately report the costs of the operations for financial reporting. Additionally, we recommend that the USD(C)/CFO develop an overarching policy for DoD Components to develop standard operating procedures for tracking costs, accounting, and reporting of OHDACA funding. Addressing these areas of concern is critical for improved transparency in reporting the use of appropriated funds for contingency operations or other types of operations or supplemental funding.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD:

- a. Establish policy to use Advana or an equivalent DoD single enterprise data and analytics solution to capture and accurately report the cost of operations or other supplemental funding.**

USD(C)/CFO Comments

The Deputy Under Secretary of Defense (Comptroller) agreed with this recommendation and stated that the transition effort for all contingency reporting to Advana is underway to ensure the budget and execution data reported is directly from the Component's respective accounting systems and to eliminate manual contingency reporting. In addition, the Deputy Under Secretary of Defense (Comptroller) stated that the transition to Advana will be completed by September 2025.

Our Response

Comments from Deputy Under Secretary of Defense (Comptroller) addressed the specifics of the recommendation. Therefore, the recommendation is resolved but will remain open. We will close this recommendation after the OUSD(C)/CFO provides an established and implemented policy to use Advana or an equivalent DoD single enterprise data and analytics solution to capture and accurately report the cost of operations or other supplemental funding.

- b. Develop and implement policy requiring DoD Components providing operational support to create standard operating procedures including specific steps and necessary documentation for the compilation, support, and submission of reports for future operations or other supplemental funding.**

USD(C)/CFO Comments

The Deputy Under Secretary of Defense (Comptroller) agreed with this recommendation and stated that for future cost reporting guidance to the DoD Components, the OUSD(C)/CFO will enforce and reiterate the current policy in the Financial Management Regulation (FMR), volume 12, chapter 23, which requires each Component to develop and publish a standard operating procedure (SOP) or other supplemental guidance that will cover Component specific items for cost reporting. At a minimum, the SOP should cover: (1) data source procedures and methodologies used for capturing costs by cost breakdown structure category, (2) validation to ensure reported costs are accurate and a fair representation of ongoing activities on a monthly basis, and (3) variance analysis.

Our Response

Comments from the Deputy Under Secretary of Defense (Comptroller) addressed the specifics of the recommendation. Therefore, the recommendation is resolved but will remain open. We will close this recommendation after the OUSD(C)/CFO provides copies of current DoD Component SOPs that comply with DoD FMR, volume 12, chapter 23, for current contingency cost reporting, demonstrating enforcement of existing policies.

- c. Coordinate with DoD Components on the review of Operation and Maintenance expenditures used during Operation Allies Refuge and Operation Allies Welcome and validate the accuracy of funds reported to Congress. If determined to be inaccurate, provide an updated report to Congress to ensure accurate reporting of the cost of this operation.**

USD(C)/CFO Comments

The Deputy Under Secretary of Defense (Comptroller) agreed with this recommendation and stated that monthly reviews will continue with the DoD Components on their expenditures incurred during OAR and OAW for accuracy. The OUSD(C)/CFO will provide updated reports to Congress as mandated by law to ensure accurate reporting of the costs of this operation.

Our Response

Comments from the Deputy Under Secretary of Defense (Comptroller) addressed the specifics of the recommendation. Therefore, the recommendation is resolved but will remain open. We will close this recommendation after the OUSD(C)/CFO provides an updated report to Congress resulting from coordination between the Components and the OUSD(C)/CFO.

Recommendation 2

We recommend that the Headquarters, U.S. Marine Corps reconcile the unmatched disbursements for Operation Allies Welcome to the appropriate obligations in the Defense Agencies Initiative system.

Headquarters, U.S. Marine Corps Comments

The Assistant Deputy Commandant Programs and Resources, Headquarters, U.S. Marine Corps agreed with this recommendation and stated during the first OAW report to Congress, that the Marine Corps was just beginning to assess the success of data migration and interface effectiveness after opening transactions were received in the Defense Agency Initiative system. The Assistant Deputy Commandant stated that although the Marine Corps is still in “stabilization” in 2023, the ability to reconcile unmatched transactions continues to improve. The Assistant Deputy Commandant stated the Marine Corps expects to be able to fully reconcile all unmatched transactions by June 2023 and will continue to keep the Department of Navy and OUSD(C)/CFO informed of the progress.

Our Response

Comments from Assistant Deputy Commandant Programs and Resources, Headquarters, U.S. Marine Corps addressed the specifics of the recommendation. Therefore, the recommendation is resolved but will remain open. We will close this recommendation after the Marine Corps provides supporting documentation of the fully reconciled unmatched transactions for OAW to the appropriate obligations in the Defense Agency Initiative system.

Management Comments

Under Secretary of Defense (Comptroller)/ Chief Financial Officer, DoD



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100


APR 20 2023

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

Subject: Comments on the Department of Defense Inspector General's Report, (Project No. D2022-D000FI 0095.000), "Audit of DoD Reporting on Obligations and Expenditures in Support of Operation Allies Welcome"

This is the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) response to the recommendation in the subject draft report, dated March 27, 2023. The OUSD(C) appreciates the DoDIG's work on this engagement, as well as the opportunity to review and comment on the draft report.

The OUSD(C) acknowledges receipt of the draft report and notes that DoDIG requests Under Secretary of Defense (Comptroller)/Chief Financial Officer to provide comments in response to recommendation 1. We reviewed your recommendation and our response is attached. My point of contact is [REDACTED] who can be reached at [REDACTED]


Kathleen S. Miller
Deputy Under Secretary of Defense
(Comptroller)

Attachment:
As stated

Under Secretary of Defense (Comptroller)/ Chief Financial Officer, DoD (cont'd)

OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER) (OUSDC) RESPONSE TO RECOMMENDATION 1

DOD OFFICE OF INSPECTOR GENERAL DRAFT REPORT, "AUDIT OF DOD REPORTING ON OBLIGATIONS AND EXPENDITURES IN SUPPORT OF OPERATION ALLIES WELCOME" (Project No. D2022-D000FI 0095.000)

Recommendation 1: The DoDIG recommends that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD:

- a. Establish policy to use Advana or an equivalent DoD single enterprise data and analytics solution to capture and accurately report the cost of operations or other supplemental funding.
- b. Develop and implement policy requiring DoD Components providing operational support to create standard operating procedures including specific steps and necessary documentation for the compilation, support, and submission of reports for future operations or other supplemental funding.
- c. Coordinate with DoD Components on the review of Operation and Maintenance expenditures used during Operation Allies Refuge and Operation Allies Welcome and validate the accuracy of funds reported to Congress. If determined to be inaccurate, provide an updated report to Congress to ensure accurate reporting of the costs of this operation.

OUSDC Response:

- a. Concur. The OUSDC is in the process of transitioning all contingency reporting to the Advancing Analytics (Advana) to ensure the budget and execution data reported is directly from the Component's respective accounting systems and to eliminate manual contingency reporting. The transition effort, which includes OAW reporting, will transfer all data from the contingency's inception to current date. Due to the magnitude of reports that are set to transition to Advana, the objective is to transition all contingency operations reporting to Advana no later than September 2025.
- b. Concur. In future cost reporting guidance to the DoD Components, the OUSDC will enforce and reiterate the current policy in the Financial Management Regulation (FMR), Volume 12, Chapter 23, dated December 2017, which requires each Component to develop and publish a standard operating procedure (SOP) or other supplemental guidance that will cover Component specific items for cost reporting. At a minimum, the SOP should cover: (1) data source procedures and/or methodologies used for capturing costs by cost breakdown structure category, (2) validation to ensure reported costs are accurate and a fair representation of ongoing activities on a monthly basis, and (3) variance analysis.
- c. Concur. The OUSDC will continue monthly reviews with the DoD Components on their expenditures incurred during Operation Allies Refuge and Operation Allies Welcome for accuracy. The OUSDC will provide updated reports to Congress as mandated by law to ensure accurate reporting of the costs of this operation.

Attachment 1 – OUSDC Response on Recommendation 1

Headquarters, U.S. Marine Corps



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HEADQUARTERS UNITED STATES MARINE CORPS
3000 MARINE CORPS PENTAGON
WASHINGTON, DC 20350-3000

IN REPLY REFER TO:
7502
R
APR 13 2023

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

Attention: [REDACTED]

Dear [REDACTED]

The Marine Corps reviewed the Draft Department of Defense (DOD) Management Advisory titled "DOD Accounting and Reporting of Funds Used in Support of Operation Allies Refuge and Operation Allies Welcome". Recommendation 2 specifically stated: "We recommend that the Headquarters United States Marine Corps reconcile the unmatched disbursements for Operation Allies Welcome to the appropriate obligations in the Defense Agencies Initiative system."

The Marine Corps concurs with this recommendation.

As a point of clarification, when Operation Allies Refuge and Operation Allies Welcome began the Marine Corps was migrating data and interfaces from the old Marine Corps accounting system (called SABRS) to the Defense Agency Initiative general ledger system. At the time of the first report, the Marine Corps was just beginning to assess the success of data migration and interface effectiveness after opening transactions were received in the Defense Agency Initiative system. Although the Marine Corps is still in "stabilization" in 2023, our ability to reconcile unmatched transactions continues to improve. ADVANA is a powerful enabler to help understand reconciliation issues, but other factors impact the ability to reconcile transactions including the effectiveness of interfaces, the timing of disbursements, and the skill of our workforce to use these new tools to match transactions. In May 2022, the Marine Corps had 341 unmatched transactions for a net value of over \$160 million for these operations. As of the end of March 2023, we have worked unmatched lines down to 35 remaining transactions worth just over \$200,000. We expect to be able to fully reconcile all unmatched transactions by June 2023 and will continue to keep the Department of Navy and OUSD Comptroller informed of our progress.

If you have any additional questions, I can be reached at [REDACTED]

E. C. GARDINER
Senior Executive Service
Assistant Deputy Commandant
Programs and Resources
Headquarters, U.S. Marine Corps



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

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