

SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR 16-3 Audit Report

Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction

Following issuance of this report, we made two revisions to more accurately reflect DOD's commitment to fund the ALP until 2016. First, we revised the last sentence in the third paragraph of the "What SIGAR Reviewed" section of the summary on page i (unnumbered). That sentence now reads, "Based on current DOD estimates, \$121 million will be needed annually to sustain the program." In the original draft, it read, "Based on current DOD estimates of \$121 million annually to sustain the program through 2018, the program is expected to cost an additional \$420 million." Second, we deleted the last sentence of the third paragraph on page 1 of the original report, which read "Based on these estimates, the total cost of the program is estimated to be more than \$890 million." These changes did not affect the findings or recommendations of this report.



OCTOBER
2015

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

The Afghan Local Police (ALP), established in 2010 under the authority of the Afghan Ministry of Interior (MOI), works to enhance security in rural areas outside the reach of the Afghan National Army or the Afghan National Police. The ALP is tasked with strengthening local security through the training of rural Afghans to defend their communities against insurgents and other illegally armed groups.

The ALP headquarters is in Kabul, but each ALP unit is controlled through its respective district and provincial police headquarters. The ALP is authorized a total of 30,000 personnel, and, as of August 2015, consisted of 28,073 personnel across 150 districts.

The ALP is supported by U.S. and coalition forces, with oversight from the Combined Security Transition Command–Afghanistan (CSTC-A). CSTC-A is responsible for managing the use of U.S. funds to equip and sustain the ALP, and for building the capacity of the MOI in support of the ALP. As of April 2015, the Department of Defense (DOD) had obligated and expended about \$470 million to support the ALP. Based on current DOD estimates, \$121 million will be needed annually to sustain the program.

SIGAR conducted this audit to (1) identify challenges to the ALP's success; (2) assess the MOI's internal controls and CSTC-A's oversight of salary disbursements to ALP personnel; and (3) determine how the U.S. government and the MOI plan to monitor and sustain the ALP program.

October 2015

Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction

SIGAR 16-3 AUDIT REPORT

WHAT SIGAR FOUND

Since 2010, the Department of Defense (DOD), has supported the creation, training, equipping, and sustainment of the Afghan Local Police (ALP). However, despite hundreds of millions of dollars invested in the program over the last 5 years, the ALP lack adequate logistics support, oversight, and a plan for either disbanding the force or incorporating it into the Afghan National Police.

SIGAR found that the ALP's effectiveness is hindered by inadequate logistics support and misuse of some ALP personnel. The ALP is the first line of defense for many villages across Afghanistan, but supplies ordered for the ALP are often diverted, delayed, of inferior quality, or heavily pilfered. Furthermore, coalition and ALP personnel SIGAR interviewed stated that unreliable logistics and lack of supplies also increase the likelihood of attrition. Several internal reviews conducted by ALP leadership, which SIGAR reviewed, reported supply shortages for ALP units across many districts and provinces. Additionally, SIGAR found that some ALP personnel have been used inappropriately as bodyguards for Afghan government officials, which is in direct violation of the program's regulating *Afghan Local Police Procedures of Establishment, Management and Activity*.

To independently assess internal controls of the time and attendance and salary disbursement data, SIGAR reviewed payroll documentation and identified several irregularities, primarily with the data collected and the forms used to facilitate the salary disbursement process. An audit conducted by the DOD Inspector General in 2012 recommended that the Combined Security Transition Command–Afghanistan (CSTC-A) should conduct a financial review of the funds spent on the ALP. While CSTC-A agreed with this recommendation, CSTC-A has not conducted any audits of the program. In 2014, CSTC-A commenced a limited audit of the program but cancelled it when SIGAR initiated this audit, despite SIGAR's request that the command not cancel its audit.

DOD intends to continue funding the ALP program through at least September 2016, but plans for transitioning or dissolving the ALP remain undefined, and recommended improvements are unimplemented. According to documents that created the ALP, the ALP is to be transferred to other Afghan security forces; however, age limitations and literacy requirements limit the number of ALP personnel who could potentially transfer. DOD's continuing support is contingent on the Afghan government determining its intent for the program and how it plans to pay the annual \$121 million in program costs. The ALP management staff, in conjunction with DOD personnel, conduct periodic site visits of ALP units and report recommendations, which detail how the program could be improved; however, the recommendations often are not implemented.

WHAT SIGAR RECOMMENDS

To ensure that the ALP program is responsibly managed and sustained, and oversight of U.S. funds is improved, SIGAR recommends that the Commanding General of CSTC-A consider making future funding for the ALP conditioned on the Special Operations Joint Task Force–Afghanistan (SOJTF-A) and the MOI taking steps to (1) develop and enact measures to ensure that ALP units, across all districts in which they are located, can reliably receive necessary supplies; (2) stop the misuse of the ALP as bodyguards for provincial and district officials; (3) create a comprehensive plan for the future transition, sustainment, or dissolution of the ALP; and (4) provide the ALP headquarters the authorities necessary to enact recommendations included in its field visit reports. Additionally, to improve the oversight of U.S. funds, SIGAR recommends that the Commanding General of CSTC-A (5) assist the MOI in taking steps to improve internal controls over ALP time and attendance recording and collection; (6) incentivize the MOI to maximize the use of electronic payment of ALP salaries, and reduce the use of the trusted agent method for paying salaries to the ALP; and (7) re-initiate its financial audit of the ALP program.

U.S. Forces–Afghanistan provided comments from SOJTF-A and CSTC-A. In comments on a draft of this report, SOJTF-A concurred with the first six recommendations and deferred to CSTC-A on the seventh. In response to that recommendation, CSTC-A stated that it has undertaken a comprehensive audit of the multiple aspects of the ALP payroll process. CSTC-A indicated that this audit will address issues in SIGAR’s report.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

October 16, 2015

Department of Defense Commands

This report discusses the results of SIGAR's audit of the Afghan Local Police (ALP). Based on the information obtained during the course of this audit, we are making seven recommendations. To ensure that the ALP program is responsibly managed and sustained, and oversight of U.S. funds is improved, we recommend that the Commanding General of the Combined Security Transition Command–Afghanistan (CSTC-A) consider making future funding for the ALP conditioned on the Special Operations Joint Task Force–Afghanistan (SOJTF-A) and the Ministry of Interior (MOI) taking steps to (1) develop and enact measures to ensure that ALP units, across all districts in which they are located, can reliably receive necessary supplies; (2) stop the misuse of the ALP as bodyguards for provincial and district officials; (3) create a comprehensive plan for the future transition, sustainment, or dissolution of the ALP; and (4) provide the ALP headquarters the authorities necessary to enact recommendations included in its field visit reports. To improve the oversight of U.S. funds, we recommend that the Commanding General of CSTC-A (5) assist the MOI in taking steps to improve internal controls over ALP time and attendance recording and collection; (6) incentivize the MOI to maximize the use of electronic payment of ALP salaries, and reduce the use of the trusted agent method for paying salaries to the ALP; and (7) re-initiate its financial audit of the ALP program.

We received written comments on a draft of this report from U.S. Forces–Afghanistan, including SOJTF-A and CSTC-A, which we incorporated, as appropriate. SOJTF-A concurred with the first six recommendations and deferred to CSTC-A on the seventh. CSTC-A stated that it has undertaken a comprehensive audit of the multiple aspects of the ALP payroll process. CSTC-A indicated that this audit will address issues in SIGAR's report. SOJTF-A and CSTC-A's comments are presented in appendix II.

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

DEPARTMENT OF DEFENSE COMMANDS

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

Major General Gordon (Skip) B. Davis, Jr.
Commander, Combined Security Transition Command–Afghanistan

Brigadier General Sean P. Swindell
Commander, Special Operations Joint Task Force–Afghanistan, and
NATO Special Operations Component Command–Afghanistan

TABLE OF CONTENTS

Background	1
The ALP Is Hindered by Inadequate Logistics Support and Misuse of Personnel	4
The MOI Lacks Internal Controls for ALP Time and Attendance and Salary Disbursements, and CSTC-A Has Not Conducted Any Audits of ALP Salary Disbursements	6
Long-term Plans for Transitioning or Dissolving the ALP Remain Undefined, and Recommended Improvements are Unimplemented	8
Conclusion.....	9
Recommendations	10
Agency Comments	11
Appendix I - Scope and Methodology	12
Appendix II - Agency Comments.....	13
Appendix III - Acknowledgements	21

FIGURES

Figure 1 - ALP Command Structure	2
Figure 2 - ALP Supply Request and Fulfillment Process.....	3
Figure 3 - ALP Salary Disbursement Process	4

ABBREVIATIONS

AHRIMS	Afghan Human Resource Information Management System
ALP	Afghan Local Police
ANDSF	Afghan National Defense and Security Forces
ANP	Afghan National Police
AUP	Afghan Uniform Police
CSTC-A	Combined Security Transition Command–Afghanistan
DOD	Department of Defense
MOI	Ministry of Interior
MOF	Ministry of Finance
SOJTF-A	Special Operations Joint Task Force–Afghanistan

A key objective of the coalition's reconstruction efforts in Afghanistan is to bolster the Afghan government's capacity to provide for its own security by equipping and training the Afghan National Defense and Security Forces (ANDSF). The ANDSF is mainly comprised of the Afghan National Army and the Afghan National Police (ANP). As of March 31, 2015, Congress had appropriated \$60.67 billion for the Afghan Security Forces Fund to equip, train, base, and sustain these forces.

In August 2010, the Afghan government, in coordination with coalition partners, established the Afghan Local Police (ALP) to strengthen local security in areas that have limited ANDSF presence by training rural Afghans to defend their communities against insurgents and other illegally armed groups. The ALP is a separate entity from the ANP, is under the authority of the Afghan Ministry of Interior (MOI), and is tasked and supervised by ANP Provincial Chiefs of Police and District Chiefs of Police. ALP personnel are nominated by prominent villagers to protect their communities against Taliban attack, guard facilities and checkpoints, and conduct local counterinsurgency missions. As of August 2015, the ALP consisted of 28,073 personnel. The ALP is currently authorized a maximum of 30,000 personnel.

The ALP is supported by U.S. and coalition special forces, and the Combined Security Transition Command–Afghanistan (CSTC-A). The Special Operations Joint Task Force–Afghanistan (SOJTF-A) is the coalition organization responsible for mentoring the ALP. CSTC-A is responsible for managing and overseeing U.S. funds used to equip and sustain the ALP, and for building the capacity of the MOI in support of both the ANP and ALP. According to the SOJTF-A Special Operations Advisory Group, as of April 2015, the Department of Defense (DOD) had spent \$469.7 million to fund the ALP through the Afghan MOI. DOD estimates that the program will cost approximately \$121 million annually to sustain, based on the ALP's fully authorized strength of 30,000 personnel.

The objectives of this audit were to (1) identify challenges to the ALP's success; (2) assess the MOI's internal controls and CSTC-A's oversight of salary disbursements to ALP personnel; and (3) determine how the U.S. government and the MOI plan to monitor and sustain the ALP program.

To accomplish these objectives, we obtained data and met with officials from CSTC-A, SOJTF-A, the ALP Special Operations Advisor Group, U.S. Forces–Afghanistan, the MOI, the ANP, and the ALP. We also reviewed relevant documents, including those on ALP management, operations, and performance. We conducted our work from August 2014 through October 2015 in Washington, D.C., and at coalition and MOI sites in Kabul, Wardak, and Nangarhar provinces in Afghanistan. This work was performed in accordance with generally accepted government auditing standards. Appendix I contains a more detailed discussion of our audit's scope and methodology.

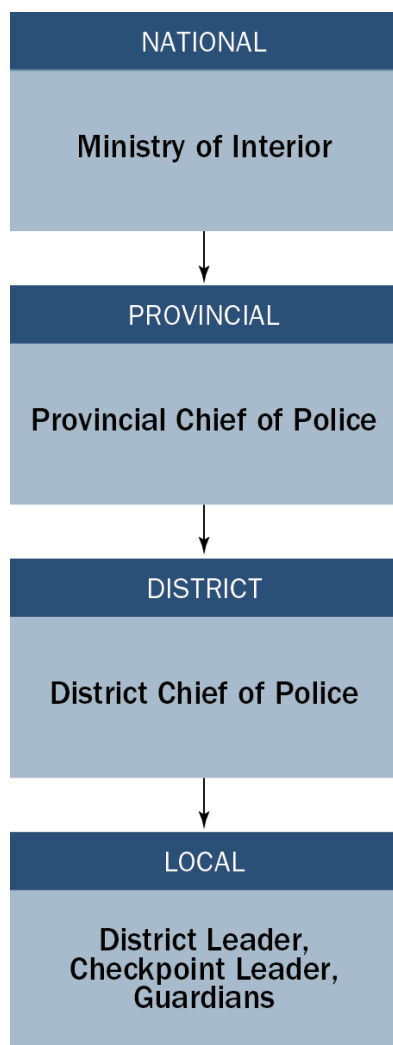
BACKGROUND

The ALP is an Afghan government-led, village stability-focused program intended to mobilize villages to establish local self-defense forces to counter insurgent activities and foster a stable environment. The MOI oversees the ALP and allocates resources to enable community defense in rural areas that have limited ANDSF presence. To regulate the creation, use, support, and oversight of the ALP, senior MOI and ALP headquarters personnel created the *Afghan Local Police Procedures of Establishment, Management and Activity*, hereafter referred to as the ALP Establishment Procedures, in 2012 and revised the procedures in 2014. These procedures set conditions for the establishment, pay, recruitment, operational activities, functional obligations, limitations, and authorizations of the ALP, and other required tasks.¹

¹ ALP personnel receive base pay plus an additional food stipend. The following monthly totals reflect base pay for each rank plus a uniform food stipend of 4,050 Afghanis (\$81): 10,050 Afghanis (\$201) for ALP Guardians; 11,300 Afghanis (\$226) for Checkpoint Leaders; and 12,300 Afghanis (\$246) for District Leaders.

Structure of ALP

Figure 1 - ALP Command Structure



Source: SIGAR analysis of SOJTF-A information

District Leaders. ALP personnel are vetted by prominent villagers, the National Directorate of Security, MOI Intelligence, the Criminal Investigation Department, and the Counter Terrorism Directorate.

ALP Supply Process

The ALP Establishment Procedures state that the ALP is to be resupplied through existing MOI processes. Accordingly, ALP supply requirements are formalized through ALP personnel and equipment lists, which authorize District Chiefs of Police to man and equip ALP personnel in their district. The equipment lists

² Following conclusion of audit fieldwork, on June 15, 2015, control of the ALP was transferred to the Afghan Uniform Police General Command.

The MOI has overall responsibility for the ALP at the national level. At the provincial and district levels, ALP management falls to the ANP Provincial Chief of Police and District Chief of Police, respectively. ALP District Leaders and Checkpoint Leaders manage the ALP's daily activities. Figure 1 shows a breakdown of the ALP command structure.

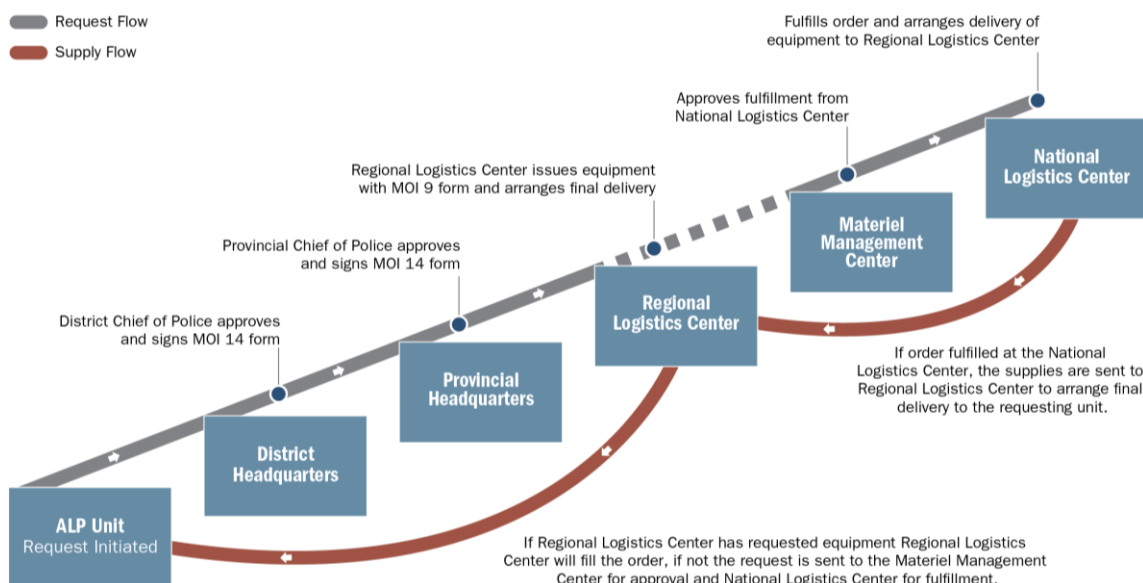
The MOI supports the ALP program through the Deputy Minister for Security (responsible for command and control), the Deputy Minister for Strategy and Policy (responsible for strategy, policy, and plans and analysis), the Deputy Minister for Support (responsible for logistics and finance), and the Deputy Minister for Administration (responsible for recruiting and training). Additionally, the MOI authorizes the establishment of new ALP units, can order the decrease or increase of unit manning levels, and eliminates ALP units. The number of ALP personnel vary across districts and provinces based on security needs, as determined by the MOI in consultation with coalition advisors. The ALP headquarters, located in Kabul, is also under the authority of the MOI. ALP headquarters is an administrative command advised by the SOJTF-A Special Operations Advisory Group. Although the ALP headquarters has no operational or tactical authority, it is responsible for overseeing ALP personnel and supply issues, and defining ALP duties and responsibilities.² The Deputy Ministers, in conjunction with the ALP headquarters, perform support and oversight functions nationwide.

Below the national-level support, the MOI oversees the ALP program's implementation through its Provincial and District Chiefs of Police, who are responsible for facilitating the ALP's operations by, for example, submitting payroll forms and providing logistics support. Control of ALP units rests with the ALP's District Leaders, who serve as the initial connection between the ALP and the MOI. Below ALP District Leaders are Checkpoint Leaders and Guardians, respectively.

The ALP are divided into three different ranks—Guardian, Checkpoint Leader, and District Leader—with Guardians making up the overwhelming majority of ALP personnel. For every 20 Guardians, there is one Checkpoint Leader, and for every district with an ALP presence, there is one District Leader. There are currently 150

designate the number of weapons, vehicles, and radios allowable for each ALP unit, and authorizes units to obtain logistical support through the MOI supply system. Based on this equipment list, ALP units identify supply shortages and submit resupply requests to the district headquarters. Due to the remoteness of these units, requests are often sent by phone or radio. MOI representatives at the district headquarters generate the necessary paperwork, in this case an MOI 14 form, for approval by the District and Provincial Chief of Police. Once approved, either the Regional or the National Logistics Center fills the order. The logistics center filling the order then completes a MOI 9 form authorizing the release and transportation or pick-up of the requested items. In cases where the National Logistics Center fulfills the request, the supplies are not sent directly to the requesting unit, but instead are sent to the requesting unit's proximate Regional Logistics Center, where final delivery arrangements are made. Ultimately, it is the District Chief of Police's responsibility to apportion the authorized ALP units and equipment in an equitable manner to secure the entire district. Figure 2 illustrates the ALP supply process in more detail.

Figure 2 - ALP Supply Request and Fulfillment Process



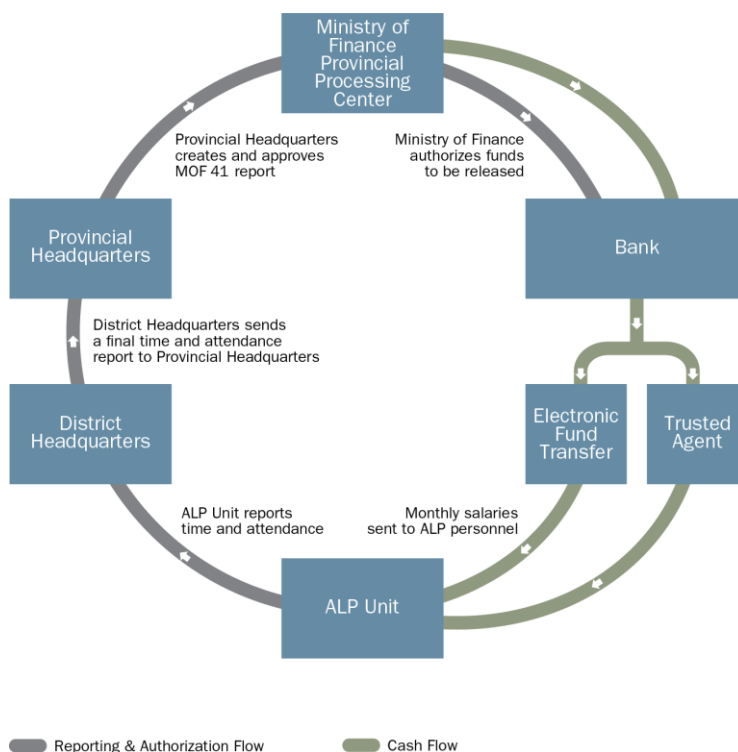
Source: SIGAR analysis of SOJTF-A information

ALP Salary Payment Process

The ALP salary payment process begins with individual ALP units reporting their time and attendance to the district headquarters. According to CSTC-A officials we interviewed, most units are in rural areas far from district and provincial centers, this process is sometimes completed using radios, cell phones, or hand delivery of time and attendance reports. The district headquarters compiles all of the unit reports into a formal time and attendance report, which is sent to the provincial headquarters. At the provincial headquarters, district time and attendance reports are compiled into a single report—the Ministry of Finance (MOF) 41 report—for approval by the politically appointed Provincial Chief of Police and are verified by the Provincial Governor. Once approved and verified, the MOF 41 report is sent to a provincial MOF branch for review and processing. This branch generates the MOI 16 form, which it uses to issue payment orders to the banks. The banks then pay personnel salaries using one of two systems: (1) electronic funds transfer, in which salaries are deposited directly into individual bank accounts, or (2) trusted agents, whereby provincial MOF officials transfer salary

payments to an account for withdrawal by a trusted agent. This trusted agent, who is selected by the Provincial Chief of Police, is charged with personally delivering cash salary payments to ALP personnel. According to SOJTF-A, the ability of the Provincial Chief of Police to both certify time and attendance reports, and to control final salary payments made through the trusted agent process, creates an opportunity for fraud and corruption by giving the Provincial Chief of Police complete authority over both the time and attendance and salary payment processes. Figure 3 depicts the ALP salary disbursement process.

Figure 3 - ALP Salary Disbursement Process



Source: SIGAR analysis of SOJTF-A information

THE ALP IS HINDERED BY INADEQUATE LOGISTICS SUPPORT AND MISUSE OF PERSONNEL

The ALP is the first line of defense for many villages across Afghanistan. According to DOD's October 2014 *Report on Progress Toward Security and Stability in Afghanistan*, the ALP program has had some success providing security to rural villages.³ However, limited logistics support and misuse of ALP personnel hinder its effectiveness. According to the ALP Establishment Procedures, the ALP is to be resupplied using the existing MOI processes. However, according to SOJTF-A and Afghan government officials, ALP-ordered supplies are often diverted to ANP units, delayed significantly, of inferior quality, or heavily pilfered. SOJTF-A also stated that

³ DOD, *Report on Progress Toward Security and Stability in Afghanistan*, October 2014.

ALP personnel have been used inappropriately as bodyguards for Afghan government officials, which is in direct violation of the ALP Establishment Procedures.

MOI Logistics Support to the ALP is Unreliable and Insufficient

The ALP's logistics support and supply system has a number of limitations. ALP headquarters and coalition field inspection reports indicate that personnel at the national and regional levels understand logistics processes, but personnel at provincial and district headquarters continue to struggle to understand supply request and maintenance procedures. During an April 2014 field inspection in Kandahar, coalition and ALP headquarters personnel noted that the logistics supply process appeared unorganized and chaotic. On another field inspection conducted in September 2014 in a district in Balkh province, they found that district ALP commanders relied on personal relationships with the District Chiefs of Police to circumvent the MOI supply process. Furthermore, one senior coalition advisor asserted that some officials in MOI leadership encourage ALP personnel to work around the system because the system does not work as intended. Finally, according to International Security Assistance Force documentation, the infrequency of sustainment convoys is another major factor limiting the effectiveness of the MOI supply system, with convoys running once a month, if at all.

Additionally, SOJTF-A and Afghan government personnel, including ALP commanders, told us that ALP-ordered supplies often arrive below request levels due to them being heavily pilfered or diverted to other units, are delayed significantly, or are of inferior quality. For example, the ALP commanders we interviewed stated that although team leaders submit the appropriate requests for fuel, the fuel usually arrives late and at an amount less than requested. For instance, one commander stated that when he ordered 1,400 liters of fuel, the unit usually received between 800 and 1,000 liters. ALP commanders also noted that when they make requests for supplies through the MOI 14 form request process, it has often taken more than a month to receive the requested items. On some occasions, the MOI 14 forms were lost, and the supply-request process had to be restarted.

Additionally, during an August 2014 inventory review and field inspection, ALP headquarters and coalition personnel identified significant equipment shortages within units located in multiple districts in Helmand province. This included shortages of weapons, trucks, and motorcycles. For example, in Marja district, they noted a shortage of 114 AK-47 rifles, and in Nehri-Saraj district, a shortage of 13 ALP Ranger pick-up trucks. These shortages persisted despite an ample amount of such equipment in the supply system. For example, in a July 2014 audit report, we reported that DOD had provided the ANDSF 83,184 more AK-47 rifles than required by current potential and future requirements.⁴ DOD noted later that year, however, that although there may be plenty of weapons and ammunition in the supply system, district and provincial requests go unfilled.⁵

Without the necessary supplies at the unit level, the ALP's ability to fulfill its mission will be hindered. SOJTF-A and Defense Intelligence Agency officials we spoke with told us that success of individual ALP units relies on the ability of both the Provincial and District Chief of Police in their area to remain well supplied. SOJTF-A personnel added that unreliable logistics support has contributed to increased ALP attrition rates.

Misuse of Some ALP Personnel Puts the Program's Effectiveness at Risk

ALP personnel use is regulated under the ALP Establishment Procedures, which limit ALP use to assigned districts and areas. Specifically, the ALP Establishment Procedures state that "the ALP of one district or area cannot be assigned to another district or area nor can they carry their weapons in areas where they are not assigned...the ALP is not to provide personal security for any government officials [and] must not work as

⁴ SIGAR Audit Report 14-84-AR, *Afghan National Security Forces: Actions Needed to Improve Weapons Accountability*, July 18, 2014.

⁵ DOD, *Report on Progress Toward Security and Stability in Afghanistan*, October 2014.

bodyguards.” Furthermore, key strengths of the ALP include its ability to distinguish local residents from insurgents, a higher level of perceived trustworthiness compared to outside forces, and an intimate knowledge of villages’ vulnerable sites and exit routes. Additionally, a MOI Deputy Minister noted that the effectiveness of the ALP is based, in part, on its ability to garner public support since its personnel are from the immediate area.

During one of its site visits to Balkh province, ALP headquarters staff reported multiple instances of misuse of some ALP personnel. According to the field report, several ALP personnel were tasked to perform duties that violate the ALP Establishment Procedures. For example, several ALP personnel were assigned as bodyguards to members of the provincial council and district governors. In another example, coalition advisors stated that a politician requested 50 ALP personnel and proceeded to use them as personal bodyguards.

According to a senior coalition advisor, another key factor contributing to the misuse of the ALP is the role of the Provincial Chief of Police. Because Provincial Chiefs of Police are appointed by the President of Afghanistan and are not professional policemen, they often lack the fundamental knowledge of how a police force should function and may be susceptible to political influences. A 2012 DOD Inspector General report noted that

MOI policy and implementing guidance was insufficiently defined regarding roles, responsibilities, and authority of Provincial and District Chiefs of Police over the ALP program. This caused individual Provincial and District Chiefs of Police to support the ALP program according to their individual interpretations of its purpose, thereby leading to inconsistent and even ineffective implementation of the program across provinces and districts where ALP units were established.⁶

According to SOJTF-A, misuse of the ALP is the strongest indicator of larger problems within a district, such as collusion with insurgents, human rights violations, or other illegal actions.

THE MOI LACKS INTERNAL CONTROLS FOR ALP TIME AND ATTENDANCE AND SALARY DISBURSEMENTS, AND CSTC-A HAS NOT CONDUCTED ANY AUDITS OF ALP SALARY DISBURSEMENTS

SIGAR’s Limited Review of Time and Attendance and Pay Data Identified Potential Irregularities and Highlighted a Lack of MOI Internal Controls

To independently assess the ALP pay process, we requested that CSTC-A provide us 25 MOI 16 forms and the corresponding MOF 41 reports. We requested that these documents include documents from at least five different provinces and cover at least 5 different months within the last Afghan fiscal year. CSTC-A actually provided a total of 88 individual MOI 16 forms, which covered seven provinces and 28 districts. We determined that only 72 percent—64 of the total 88—of the MOI 16 forms CSTC-A provided had corresponding MOF 41 reports. We also identified that there were several different versions of the MOF 41 report in use for ALP salary disbursements during that time period. For example, only 64 percent of the MOF 41 reports provided had a column reflecting ALP absentee data, and there was no standardization of the MOF 41 report templates used. One MOF 41 report we received from CSTC-A showed additional time and attendance collection, and recording irregularities in the Kuz Kunar district. Of the 142 ALP personnel listed on the MOF 41 report, 32 personnel were overpaid. They were paid for 54 days in a 30-day month.

Coalition officials we spoke with noted that they receive frequent reports of ALP personnel not receiving their full pay. According to one July 2014 ALP headquarters site visit report for Zabul province, both coalition and ALP headquarters staff observed several irregularities in the pay records. MOF records they reviewed during the site visit indicated that 240 ALP personnel were to receive additional pay, equivalent to half of their

⁶ DOD Office of Inspector General, *Assessment of U.S. Government and Coalition Efforts to Develop the Afghan Local Police*, DODIG-2012-109, July 9, 2012.

monthly salary, on top of their salary and food stipend, while 600 other ALP personnel were to receive less than their normal pay. Additionally, ALP personnel surveyed by ALP headquarters staff during the visit stated that they received 5,000 to 7,500 Afghanis (\$100 to \$150) a month, an amount equivalent to 50 to 70 percent of what they were supposed to be paid according to the ALP Establishment Procedures. Coalition sources noted that when they visited villages and checkpoints, and asked ALP personnel what their salaries were, they consistently received answers indicating that ALP personnel were either paid above or below the pay rate stipulated by the ALP Establishment Procedures.

The current MOF accounting system used to track ALP salary payment disbursement from the MOF to the banks may not be identifying when improper payments are being made. In a 2014 report by the DOD Inspector General, over 4,000 potentially improper transactions, including several for salary disbursements for ALP personnel, were identified, totaling approximately \$40 million.⁷ In one district, the report detailed consistent levels of salary payments despite unplanned personnel losses and, in one instance, identified a potential duplicate and subsequent triplicate salary payment.⁸ The report concluded that the potential improper payments occurred because the MOI lacked an approval process to ensure accurate payroll and did not conduct direct oversight.

According to several coalition officials we spoke with, ALP time and attendance reporting lack controls. Paper time and attendance reports can be altered throughout the process, thus creating the opportunity for corruption. For example, through this process, the Provincial Chief of Police may alter the MOF 41 report to reflect the maximum personnel allotment, allowing the receipt of more salary payments than are warranted. Our January 2015 report on ANP personnel and payroll data identified similar problems with the MOI's collection of time and attendance data.⁹ For example, the report states that we found "no examples of direct oversight—either consistent or ad-hoc—during attendance data collection and reporting." Furthermore, the report noted that as a result "there are no assurances that unit commanders are accurately reporting subordinate personnel attendance."

In addition, the use of trusted agents versus electronic payment continues to raise concern over the MOI's internal controls of ALP salary disbursements. Our January 2015 audit report also noted that use of trusted agents puts personnel salaries at risk because the process lacks documentation and accountability.¹⁰ In a May 2014 response by CSTC-A to a SIGAR Inquiry Letter, CSTC-A indicated that corrupt practices within the trusted-agent system of salary payments "could take as much as 50 [percent] of a policeman's salary."¹¹

ALP personnel paid using the same system are similarly at risk of not receiving their full salaries. Figures provided by SOJTF-A indicate that as of January 10, 2015, nearly 62 percent of ALP personnel were at risk of not receiving their full salaries because they were paid in cash by trusted agents. The trusted agent is selected by the Provincial Chief of Police and may not be the same individual from one month to the next. Coalition advisors we spoke with stated that one of the major issues with the salary disbursement system is the opportunity for corruption created by the use of trusted agents. Senior coalition advisors noted that the use of electronic funds transfer helps to ensure that the ALP personnel receive their full pay and increases oversight and accountability by limiting the ability of more senior personnel or trusted agents from taking salary disbursements intended for ALP personnel. Our January 2015 audit of ANP personnel and payroll data noted that as far back as 2007, "the U.S. Embassy in Kabul raised concerns about the trusted agent method for

⁷ DOD Office of Inspector General, *Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions*, DODIG-2014-102, August 29, 2014.

⁸ The report found that in Uruzgan province payroll costs from September 2013 to December 2013 remained the same despite 66 unplanned personnel losses. Additionally, in December 2013, the report identified triplicate entries for Uruzgan salary payments.

⁹ SIGAR Audit Report 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.

¹⁰ SIGAR 15-26-AR.

¹¹ CSTC-A Response to SIGAR Special Project 14-50-SP, *ANP Mobile Money Pilot Program Inquiry Letter*, May 3, 2014.

salary delivery, noting that this practice allowed district chiefs and other officials to take patrolmen's pay."¹² An MOI deputy minister we interviewed explained that some ALP personnel believed they received a pay raise of 30 percent when their district was switched from trusted agent to electronic funds transfer due to the fact that they were receiving their full pay for the first time.

CSTC-A Has Not Conducted Any Audits of ALP Salary Disbursements

CSTC-A is responsible for U.S. direct assistance provided to the MOI to support the ANDSF.¹³ As part of its mission, CSTC-A is required to account for and oversee direct assistance funding for the ALP and build the capacity of the MOI to support the ALP. In its 2012 report, the DOD Inspector General recommended that CSTC-A take steps to "reconcile the Afghan Local Police salary payment account with Coalition Partner Forces disbursements to prevent duplication of payments to individual Afghan Local Police."¹⁴ CSTC-A agreed to the recommendation in May 2012 and stated that it would "verify and review statistical samples of the payroll rosters [MOF 41 report]." In December 2013, 19 months later, CSTC-A responded to a DOD Inspector General inquiry on the status of this recommendation and stated that while it agreed with the recommendation at the time, the recommendation ended up being infeasible to implement. CSTC-A pointed to the difficulty in obtaining MOF 41 reports as to why the recommendation was unachievable.

In July 2014, 2 years after issuance of the DOD Inspector General report, CSTC-A was asked to provide another update on the status of the recommendation. Again, CSTC-A referenced its inability to access MOF 41 reports and added other reasons for its inability to conduct an audit, including reduction of coalition personnel, the potential that the ALP will be absorbed into other ANP forces, and personnel security concerns. CSTC-A also cited an effort by SOJTF-A to identify overpayments to ALP personnel. SOJTF-A's analysis compared salary disbursements to total ALP personnel authorizations. Although this analysis identified a ceiling on the amount of funds that could be disbursed to ALP personnel, it did not provide details as to whether those funds were disbursed appropriately. Although SOJTF-A's efforts to minimize overpayments were noted in CSTC-A's response to the DOD Inspector General, there was no mention of CSTC-A directly implementing measures to oversee or manage the funds. In CSTC-A's July 22, 2014, response to the DOD Inspector General, CSTC-A indicated that it had started a limited audit of the ALP payroll process that only included ALP districts in Helmand and Kandahar provinces for the period from November 22, 2013, to April 21, 2014. However, when we notified CSTC-A of our audit, CSTC-A cancelled its financial audit, even though ours was a performance audit and not a financial audit, and there would be no duplication or overlap between the two. The command currently has no plans to reinstate its audit.

LONG-TERM PLANS FOR TRANSITIONING OR DISSOLVING THE ALP REMAIN UNDEFINED, AND RECOMMENDED IMPROVEMENTS ARE UNIMPLEMENTED

SOJTF-A and the Afghan government continue to support the ALP, but long-term plans for the program remain undefined. According to the *Afghan National Police Plan*¹⁵ and the ALP Establishment Procedures, the ALP will be absorbed into the ANP. Despite this plan, age limitations and literacy requirements limit the number of ALP who could potentially transfer to into the ANP. Further, detailed guidance for this transition has yet to be issued, and the Afghan government has not yet determined the final disposition of the ALP or its funding source. According to coalition advisors, U.S. policy on funding the ALP will depend on when the ALP transition is scheduled to take place. However, the lack of certainty regarding the ALP's future continues to limit steps to

¹² SIGAR 15-26-AR.

¹³ Direct assistance includes government-to-government funding and host country contracts.

¹⁴ DODIG-2012-109.

¹⁵ MOI, *National Police Plan, Years 1393 and 1394 (2014 and 2015)*, May 10, 2014.

ensure that ALP personnel will be sufficiently employed and hinders U.S. efforts to garner international support to fund the program, which DOD estimates will cost \$121 million annually.

SOJTF-A officials stated that they will continue to monitor the program. However, due to the U.S. and coalition drawdown of military forces from Afghanistan, this monitoring is limited to engagement at the national and regional levels, and SOJTF-A will no longer have direct oversight of the ALP personnel at the provincial, district, or unit level. While its ability to conduct oversight will decrease, SOJTF-A officials added that they will continue to train, advise, and assist ALP headquarters staff on a daily basis and periodically conduct site visits to key ALP locations.

SOJTF-A and ALP headquarters personnel conduct site visits and make recommendations to solve problems identified during those visits, but they lack the authority to implement or enforce their recommendations. Between November 2013 and January 2015, SOJTF-A and ALP headquarters personnel, which included ALP headquarters management, and ALP professional staff with familiarity in ALP logistics, training, and pay processes, conducted nine site visits to inspect ALP units, as well as district and provincial police headquarters. Following each visit, ALP headquarters staff submitted a detailed report to senior ALP leadership outlining the problems identified and recommendations to fix them. Coalition personnel stated that once the reports were submitted to ALP headquarters, the recommendations were often not implemented because ALP leadership lacks the authority to enact recommendations. Despite little traction for the reports within the MOI, the site visits remain a beneficial oversight tool to SOJTF-A personnel since they are no longer directly involved in implementing the program at the district level.

CONCLUSION

The ALP program is helping to expand the reach of the ANDSF, and remains a key component in the Afghan government's ability to lead security operations. Despite the program's importance, there are a number of issues that continue to jeopardize its success. ALP supplies are often diverted to other units, delayed significantly, of inferior quality, or heavily pilfered. Without necessary supplies, ALP performance will be hindered and the likelihood of ALP attrition increased. In addition, ALP performance is hampered when units are tasked to perform duties that violate the ALP Establishment Procedures. Unless efforts are made to stop the use of some ALP as personnel bodyguards for Afghan government officials, the ALP's utility as a village security force will continue to be limited.

While the ALP program is under Afghan government control, DOD currently plans to fund the program through September 2016. However, the MOI lacks long-term plans for transferring or dissolving the program. Without a comprehensive plan for the future transition, sustainment, or dissolution of the ALP, it is unclear whether ALP personnel will be sufficiently employed in the future and whether international funding for the program in the coming years will be available. Similarly, if steps are not taken to ensure that ALP headquarters recommendations are implemented, opportunities to improve the ALP program continue to be missed.

With approximately \$470 million spent as of April 2015 and hundreds of millions more planned for the ALP, weak internal controls by the MOI and a lack of oversight by CSTC-A increase the risk of waste and fraud of U.S. taxpayer funds. The lack of MOI internal controls over the time and attendance reporting process, and the use of trusted agents for disbursing salaries enables fraud and corruption to continue in the process. The electronic funds transfer method limits opportunities for fraud or corruption compared to having salary payments delivered in cash by MOI-appointed trusted agents. As a result, efforts should be taken to increase the use of electronic funds transfer to the greatest extent possible. Furthermore, during our fieldwork, CSTC-A cancelled a financial audit of the ALP program that would have determined whether ALP personnel who are risking their lives are receiving their full salary. There are currently no plans to reinstate this audit.

As the drawdown of U.S. and coalition military personnel continues, the U.S. government will become increasingly reliant on the MOI to improve implementation and oversight of the ALP program. Unless addressed, the problems that have hindered ALP performance and oversight in the past will continue in the

future. The window of opportunity to address these problems is narrowing, and this may be the last opportunity to ensure that the ALP program is responsibly managed and sustained, and oversight of U.S. funds is improved.

RECOMMENDATIONS

To ensure that the ALP program is responsibly managed and sustained, and oversight of U.S. funds is improved, SIGAR recommends that the Commanding General of CSTC-A consider making future funding for the ALP conditioned on SOJTF-A and the MOI taking steps to:

- 1. Develop and enact measures to ensure that ALP units, across all districts in which they are located, can reliably receive necessary supplies;**
- 2. Stop the misuse of ALP as bodyguards for provincial and district officials;**
- 3. Create a comprehensive plan for the future transition, sustainment, or dissolution of the ALP; and**
- 4. Provide ALP headquarters the authorities necessary to enact recommendations included in its field visit reports.**

To improve the oversight of U.S. funds, SIGAR recommends that the Commanding General of CSTC-A:

- 5. Assist the MOI in taking steps to improve internal controls over ALP time and attendance recording and collection;**
- 6. Incentivize the MOI to maximize the use of electronic payment of ALP salaries, and reduce the use of trusted agent payment method for paying salaries to the ALP; and**
- 7. Re-initiate its financial audit of the ALP program.**

AGENCY COMMENTS

We provided a draft of the report to DOD for review and comment. SOJTF-A and CSTC-A provided written comments on behalf of DOD, which are reproduced in appendix II.

SOJTF-A concurred with recommendations 1 through 6, and deferred to CSTC-A on recommendation 7. In response to recommendation 1, SOJTF-A stated that the Afghan Uniform Police (AUP) recently conducted an audit of the ALP logistics system and identified challenges to the supply process. Subsequently, the AUP and MOI held a joint nationwide teleconference concerning ALP logistics issues, during which the MOI leadership indicated to Provincial Chiefs of Police that the coalition could pull funding if ALP supplies continued to be misappropriated. SOJTF-A noted that, “[c]urrently, there are no U.S./Coalition advisors present at the provincial level or lower that are able to monitor logistics support to ALP Guardians at the village level, but logistical conditions will be spelled out in the upcoming Commitment Letter” concerning ALP funding.

In response to recommendation 2, SOJTF-A explained that a recent audit conducted by the AUP Commander and a nationwide teleconference conducted by the MOI and the AUP addressed the issue of misusing ALP as bodyguards. SOJTF-A also stated that the MOI is “potentially looking at stopping pay” for ALP personnel that are working as bodyguards for parliamentarians and other powerbrokers.

In response to recommendation 3, SOJTF-A stated that the ALP was transferred under control of the AUP and that the ALP Commander “could see ALP Guardians demobilizing into the ANA, ANP, and civilian government positions; but this was just a conceptual comment.” In response to recommendation 4, SOJTF-A stated that the MOI published a cipher that transitioned the command and control of the ALP to the AUP with the intent of ensuring “unity of command and unity of effort in support of ALP Guardians at the village level.”

In response to recommendation 5, SOJTF-A stated that to assist the MOI to implement better controls SOJTF-A will condition its next commitment of ALP funding on the ALP’s enrollment in the Afghan Human Resource Management Information System (AHRIMS). SOJTF-A stated that the “ultimate goal of the AHRIMS database is to maintain a current manning roster of ALP Guardians at the village level, which will then be used to link Electronic Fund [sic] Transfer payments to an individual ALP Guardian’s bank account.” SIGAR has previously identified substantial weaknesses with AHRIMS.¹⁶ CSTC-A did not address recommendation 5, which was also directed to that command.

In response to recommendation 6, SOJTF-A and CSTC-A indicated that to incentivize MOI to maximize the use of electronic payment methods a new Mobile Money program was spearheaded by the Resolute Support Mission. CSTC-A also indicated that the President of Afghanistan has directed all ANDSF personnel be paid through Electronic Funds Transfer and transition from the Trusted Agent payment methodology. Also, SOJTF-A’s and CSTC-A’s responses provided details concerning the expansion of the mobile money program into various Afghan districts.

SOJTF-A deferred recommendation 7 to CSTC-A. In response to recommendation 7, CSTC-A stated that it has undertaken a comprehensive financial audit of the multiple aspects of the ALP payroll process. CSTC-A indicated that this audit will address issues put forth in SIGAR’s report.

¹⁶ SIGAR Audit Report 15-54-AR, *Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data*, April 23, 2015.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of SIGAR's audit of the efforts to develop, equip, and sustain the Afghan Local Police (ALP) program. The objectives of this audit were to (1) identify challenges to the ALP's success; (2) assess the Ministry of Interior's (MOI) internal controls and the Combined Security Transition Command-Afghanistan's (CSTC-A) oversight of salary disbursements to ALP personnel; and (3) determine how the U.S. government and the MOI plan to monitor and sustain the ALP program.

To identify challenges to the ALP's success, we reviewed progress reports covering August 2013 to September 2014 from Department of Defense (DOD) sources and assessments from the RAND Corporation. We also reviewed documents related to the transition of ALP districts to control of the Afghan government and MOI resupply process flows. Additionally, we interviewed Afghan personnel in charge of implementing the program, Special Operations Joint Task Force-Afghanistan (SOJTF-A) personnel tasked with overseeing its implementation, and other DOD officials monitoring the program and advising ALP Afghan leadership. During our fieldwork, we visited the National Logistics Center in Wardak, Afghanistan, to review their processes and met with contractors from Automotive Management Services who oversee maintenance of ALP vehicles. We reviewed five 2014 site visit reports compiled by both Afghan and ALP Special Operations Advisory Group personnel and engaged with ALP personnel involved in the ordering of supplies. During a visit to the Nangarhar Provincial Headquarters, we met with the Provincial Chief of Police, provincial finance staff, and senior Afghan officials charged with supplying the ALP. We also met with Security Assistance Office-Afghanistan staff to review the procurement process.

To assess the MOI's internal controls and CSTC-A's oversight of salary disbursements to ALP personnel, we spoke with CSTC-A, MOI, ALP, and coalition personnel. The results of our assessment are included in the body of the report. Additionally, we requested that CSTC-A provide a total of 25 MOI 16 forms and the corresponding Ministry of Finance (MOF) 41 reports from at least five different provinces, covering at least 5 different months within the last Afghan fiscal year. CSTC-A provided a total of 88 individual MOI 16 forms and 64 MOF 41 reports. We analyzed these documents and inventoried them according to district and reporting period. Additionally, we tallied the number of MOI 16 forms with corresponding MOF 41 reports, and reviewed the documents for discrepancies related to formatting and absentee reporting. For example, only 64 percent of the MOF 41 reports provided had a column reflecting ALP absentee data, and there was no standardization of the MOF 41 report templates used. We also reviewed prior SIGAR audit reports and inquiry letters, prior DOD Inspector General audit reports, and quarterly progress reports provided to Congress in accordance with Section 1230 of the National Defense Authorization Act for Fiscal Year 2008.¹⁷ To determine how the U.S. government and the MOI plan to monitor and sustain the ALP program after 2014, we met with senior coalition advisors overseeing the implementation of the program and reviewed U.S. and Afghan government planning and budget documents. In particular, we met with a MOI deputy minister in charge of strategy and policy planning and his senior coalition advisor.

We did not use or rely on computer processed data for the purposes of the audit objectives and, therefore, did not assess its reliability.

We conducted our work from August 2014 through October 2015 in Washington, D.C., and at coalition and MOI sites in Kabul, Wardak, and Nangarhar provinces in Afghanistan, 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; the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

¹⁷ National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, §1230.

APPENDIX II - AGENCY COMMENTS

UNCLASSIFIED



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

USFOR-A DCDR-S

14 September 2015

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

SUBJECT: USFOR-A's Response to SIGAR Draft Report, 098A "Afghan Local
Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support,
Oversight, and Direction"

1. I concur with both responses provided by CSTC-A and SOJTF-A. USFOR-A recognizes that developing and sustaining a cost-effective logistics capability is critical for the Afghan Local Police achieving long-term success. We are in constant contact to advise and assist the Ministries in the development of the management of supplies, payment accountability and oversight, and overall logistics internal controls.

2. I welcome any further recommendations. The point of contact is Ms. Shannon Smith: [REDACTED], [REDACTED].

2 Encls

1. SOJTF-A's Response, 8 Sep 15
2. CSTC-A's Response, 8 Sep 15

JAMES E. RAINEY
Major General, U.S. Army
Deputy Commander, Support
United States Forces-Afghanistan

UNCLASSIFIED

UNCLASSIFIED



DEPARTMENT OF THE ARMY
SPECIAL OPERATIONS JOINT TASK FORCE - AFGHANISTAN
CAMP INTEGRITY, AFGHANISTAN
APO AE 09320

SOJTF-A/NSOCC-A-CAG

8 September 2015

MEMORANDUM FOR Special Inspector General for Afghanistan Reconstruction
(SIGAR), Arlington VA 22202

SUBJECT: Special Operations Joint Task Force – Afghanistan, Follow Up Response to
Draft Report "Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate
Logistics Support, Oversight, and Direction" (SIGAR 15-XX-AR/Afghan Local Police)

1. SIGAR released a draft report on 7 August 2015, 15-XX-AR/Afghan Local Police, and listed SOJTF-A as a stakeholder in providing written comments to the results of the audit and on the seven recommendations outlined in the draft report.

2. SIGAR Recommendation 1. Develop and enact measures to ensure ALP reliably receive necessary supplies.

a. SOJTF-A Response: Concur with recommendation.

b. LTG Ehsas, the Afghan Uniform Police Commander, recently conducted a comprehensive, nationwide audit of the ALP Guardian program. This audit included an assessment of personnel accountability systems, logistics support and distribution systems, salary disbursement methods, and tactical employment of ALP Guardians at the village level. Results from the ALP Assessment indicate that there are systemic challenges in providing logistics support to ALP Guardians at the village level. The logistics system utilized to support ALP Guardians at the village level is accurately depicted in Figure 2 – ALP Supply Request and Fulfillment Process. The Minister of Interior, Deputy Minister General Salangi, and the AUP Commander LTG Ehsas held a nationwide ALP VTC that included logistics. The MOI leadership told the Provincial Chiefs of Police that ALP Supplies were for ALP Guardians only or the Coalition could pull funding for misappropriation of supplies. This VTC was followed up by a cipher to the PCOPs. The recent ALP Command and Control change, that puts the ALP under AUP, now has the ALP fully falling under the AUP logistical chain. Currently, there are no U.S./Coalition advisors present at the provincial level or lower that are able to monitor logistics support to ALP Guardians at the village level, but logistical conditions will be spelled out in the upcoming Commitment Letter.

UNCLASSIFIED

5 of 11

UNCLASSIFIED

SOJTF-A/NSOCC-A-CAG

SUBJECT: Special Operations Joint Task Force – Afghanistan, Follow Up Response to Daft Report "Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction" (SIGAR 15-XX-AR/Afghan Local Police)

3. SIGAR Recommendation 2. Stop the misuse of the ALP as bodyguards for provincial and district officials.

a. SOJTF-A Response: Concur with recommendation.

b. LTG Ehsas, the Afghan Uniform Police Commander, recently conducted a comprehensive, nationwide audit of the ALP Guardian program. This audit included an assessment of personnel accountability systems, logistics support and distribution systems, salary disbursement methods, and tactical employment of ALP Guardians at the village level. Results of the ALP Assessment indicate that parliamentarians and powerbrokers have improperly employed ALP Guardians as personal bodyguards or otherwise. LTG Ehsas has identified this practice as a critical issue that necessitates immediate resolution, and has elevated his concern to the Minister of the Interior (MOI) and the National Security Council (NSC). The Minister of the Interior, in partnership with LTG Ehsas, recently conducted a nationwide video teleconference (VTC) with Provincial Chiefs of Police (PCoP) in order to share the results of the ALP Assessment and provide recommendations to address the discrepancies identified. MOI is asking for coalition assistance in dealing with this issue. MOI is potentially looking at stopping pay and moving the tashkil of ALP that are working for Powerbrokers as options.

4. SIGAR Recommendation 3. Create a comprehensive plan for the future transition, sustainment, or dissolution of the ALP.

a. SOJTF-A Response: Concur with recommendation.

b. ALP was transferred under the control of the AUP on 15 June 2015 and NSOCC-A is currently monitoring the situation to determine what areas of concern exist under the new command structure. Once a determination of a concern is determined a comprehensive plan will be developed in conjunction with the AUP and ALP. The AUP Commander, LTG Ehsas, has stated that he could see ALP Guardians demobilizing into the ANA, ANP, and civilian government positions; but this was just a conceptual comment.

5. SIGAR Recommendation 4. Provide ALP headquarters the authorities necessary to enact recommendations included in its field visit reports.

a. SOJTF-A Response: Concur with recommendation.

b. The Ministry of Interior recently published a cipher that transitioned the command and control of the ALP to the AUP General Command. This cipher dissolved the ALP General Command and established the ALP Staff Directorate; thereby, relieving the ALP Leadership of command responsibility of ALP Guardians. The purpose of this cipher was to ensure unity of command and unity of effort in support of ALP Guardians at the village level. The effective date of this transition was 15 June 2015. Subsequent

UNCLASSIFIED

SOJTF-A/NSOCC-A-CAG

SUBJECT: Special Operations Joint Task Force – Afghanistan, Follow Up Response to Daft Report “Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction” (SIGAR 15-XX-AR/Afghan Local Police)

to this transition, LTG Ehsas, the AUP Commander, conducted a comprehensive, nationwide audit of the ALP Guardian program that was completed near the end of July 2015. This audit included an assessment of personnel accountability systems, logistics support and distribution systems, salary disbursement methods, and tactical employment of ALP Guardians at the village level. LTG Ehsas made available to the Minister of the Interior and President of Afghanistan the results of the ALP Assessment. In early August, the Minister of the Interior, in partnership with LTG Ehsas, conducted a nationwide VTC with PCoPs in order to share the results of the ALP Assessment and provide recommendations to address the discrepancies identified. This VTC was followed up by a MININT signed cipher that contained 48 Articles addressing ALP Reforms. The AUP Commander, LTG Ehsas, is planning an ALP Seminar in Kabul to get after ALP Reform actions. All the Provincial ALP Chiefs will be required to attend. NSOCC-A is putting ALP Reforms conditions in the next Commitment Letter.

6. SIGAR Recommendation 5. Assist the MOI in taking steps to improve internal controls over recording and collecting ALP time and attendance information.

a. SOJTF-A Response: Concur with recommendation.

b. The Afghan Human Resource Management Information System (AHRIMS) is an initiative spearheaded by Resolute Support Headquarters Essential Function 4 senior advisors, with support from SOJTF-A and Essential Function 1 senior advisors. AHRIMS is a management system developed by NETLINKS (Afghan contractor) to assist the Ministry of Interior with personnel management and support. AHRIMS functionality requires a “trifecta” of three distinct actions: (1) The upload of ALP personnel files into the database, (2) The upload of the current approved version of the ALP Tashkil (manning roster), and (3) The slotting of an individual name to an individual duty position on the Tashkil. The ultimate goal of the AHRIMS database is to maintain a current manning roster of ALP Guardians at the village level, which will then be used to link Electronic Fund Transfer payments to an individual ALP Guardian’s bank account. This process effectively eliminates the utilization of the Trusted Agent method of salary disbursement. ALP enrollment in AHRIMS will be a condition in the next Commitment Letter.

7. SIGAR Recommendation 6. Incentivize MOI to maximize the use of electronic payment of ALP salaries, and reduce the use of the trusted agent method for paying salaries to the ALP.

a. SOJTF-A Response: Concur with recommendation.

b. Mobile Money is an initiative spearheaded by Resolute Support Headquarters Essential Function 1 senior advisors, with support from SOJTF-A. The President of Afghanistan has directed that all ANDSF be paid through Electronic Funds Transfer; thereby, eliminating the use of the Trusted Agent salary disbursement system. The

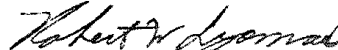
UNCLASSIFIED

SOJTF-A/NSOCC-A-CAG

SUBJECT: Special Operations Joint Task Force – Afghanistan, Follow Up Response to Daft Report "Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction" (SIGAR 15-XX-AR/Afghan Local Police)

Ministry of Finance has taken the lead by implementing the Mobile Money Program, which enables personnel to receive payments even if they are separated from a physical bank. The ALP Guardian program has been selected as the pilot program for Mobile Money implementation. Kapisa Province was selected as the pilot province for Mobile Money due to its close proximity to Kabul and having no ALP Guardians enrolled in any form of Electronic Fund Transfer salary disbursement methodology. Registration of ALP Guardians in Kapisa Province into the Mobile Money program began in early August and is scheduled for completion in mid-August. Planning efforts have begun to expand subsequent implementation of the Mobile Money Program into Parwan and Kandahar Provinces.

8. SIGAR Recommendation 7. Re-initiate CSTC-A's financial audit of the ALP program.
 - a. SOJTF-A Response: Neither concur nor non-concur.
 - b. SOJTF-A defers a response for this recommendation to CSTC-A.
9. SOJTF-A requests USFOR-A Audit Program Manager to forward our responses to the Department of Defense Inspector General.
10. The point of contact is MAJ Robert Erdman at [REDACTED] or [REDACTED]


ROBERT W. LYONNAIS
CAPT, USN
Chief of Staff



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

DCOS SA/CSTC-A

08 September 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 098A: Afghan Local Police Program "A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction"

1. Reference: SIGAR 098A Afghan Local Police Draft Report dated September 2015; Special Inspector General for Afghanistan Reconstruction (SIGAR).

2. The purpose of this memorandum is to provide a Responses to Recommendations on SIGAR 098A Afghan Local Police Program "A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction"

3. Combined Security Transition Command-Afghanistan (CSTC-A) appreciates SIGAR's efforts to ensure that the Afghan Local Police (ALP) program is responsibly managed, sustained, and that there is proper oversight of U.S. funds. CSTC-A agrees with SIGAR that key areas within the ALP program need to be addressed and is committed to fixing those problems that have existed over the years. CSTC-A plans to fund a pilot program expansion, an innovative Mobile Money (MM) payment methodology in order to maintain better accountability and transparency of payroll funds. The Ministry of Finance (MoF), in collaboration with several contractors, to include banks and telecommunication companies, have developed a new payment delivery system where ALP members can access their salaries payment without being required to visit a bank. This allows for better tracking and oversight and is safer for the ALP. The ALP can avoid gathering in large groups at banks, minimizing the ability of insurgents to easily target them. CSTC-A remains committed to working with SIGAR on key areas such as pay and logistics in order to continue to build capacities and capabilities through systems and processes helping to overall strengthen our transparency, oversight, and accountability.

4. The point of contact for this action is Rhonda C. Dinkins at [REDACTED], or via e-mail at [REDACTED].


EDWARD P. NAESSENS
Colonel, U. S. Army
Chief of Staff

Encl 2

CSTC-A DRAFT REPORT RESPONSE

**Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support,
Oversight, and Direction
(SIGAR – 098A)**

1. **Recommendation 6: Incentivize the MOI to maximize the use of electronic payment of ALP salaries, and reduce the use of trusted agent payment method for paying ALP salaries;**

Response:

The President of Afghanistan (PoA) has directed that all Afghan National Defense Security Forces (ANDSF) be paid through Electronic Funds Transfer (EFT) and transition from the Trusted Agent payment methodology. In an effort to increase the use of Electronic Fund Transfers (EFT) within the Afghan Local Police (ALP) and improve salary distribution, CSTC-A will be funding a pilot program expansion of an innovative Mobile Money (MM) payment methodology. The Ministry of Finance (MoF), in collaboration with several contractors (bank and telecom) has developed a new payment delivery system where policemen can utilize their salaries payment without being near a bank location.

The Electronic Fund Transfer (EFT) / Mobile Money (MM) program was initiated by the MoF (in keeping with the PoAs directive) with assistance from U.S. Agency for International Development (USAID). After the completion of a successful pilot within the MoF Treasury Department (50 personnel), CSTC-A approached the MoF with the possibility of expanding the pilot into the Ministry of Interior (MoI), specifically the ALP. With approximately 60% of the ALP using Trusted Agents to receive cash salary payments, CSTC-A felt the EFT/MM pilot may be an effective way to increase financial transparency within the ALP. As compared to the MoI, with a 16% reliance on Trusted Agents, it made sense to begin the pilot expansion of EFT/MM into the ALP first. The Trusted Agent payment methodology is believed to be a highly corruptible program; however, it has been a necessary component of the salary delivery system due to inaccessibility to banks outside the major Afghan cities. By definition, the ALP are located in rural areas at the district level where banks can be up to 150km away, if not more; thus making it almost impossible for policemen to attain his/her salary from a bank Automated Teller Machine (ATM) or branch location.

EFT/MM allows users to receive their monthly salary without having to step into a traditional brick and mortar bank. Instead of utilizing a Trusted Agent to physically deliver cash to remote province; the EFT/MM utilizes advancements in telecommunication technologies. The money is first transferred from the MoF to a user's personal bank account (EFT required), the user then receives a text message from the telecommunication company notifying them that funds have been successfully transferred into their account. At this point they are able to visit a local authorized telecom vendor to attain their salary. ALP members can also transfer money to family members' accounts when geographically separated. In order to attain their salary from the authorized vendor, it requires a three step verification process: 1) finger print scan, 2) bank card/ID [Near Frequency Communication (NFC) tag encrypted] and, 3) personal PIN code. The local vendors (located at the district level) will be given Point of Sale (POS) machines that require the mentioned verifications prior to allowing the cash withdrawal. The vendor will be able to print a receipt for the user.

This program is not the M-Paisa (Mobile Money) program launched by USAID back in 2009, subsequently cancelled at the end of 2014 because the MoI, MoF, and donors declared it was not feasible for the long-term. There are fundamental differences differentiate EFT/MM as compared to M-PAISA. Unlike M-PAISA, EFT/MM is supported by the MoF and the Central Bank and is tied to the banking system.

CSTC-A signed a Memorandum of Understanding (MOU) with the MoI and MoF, which allowed for the 09 August 2015 pilot launch in the Kapisa province. The registration teams are physically travelling to the province to register ALP members with bank accounts and telecom sim cards. The

CSTC-A DRAFT REPORT RESPONSE

**Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support,
Oversight, and Direction
(SIGAR – 098A)**

registration process includes representatives from the bank, telecommunication company, and oversight members from the MoF. Upon completion of a successful payroll period, CSTC-A intends to expand the EFT/MM quickly into additional provinces in order to increase financial transparency of salary payments. In addition to the pilot, CSTC-A will begin the development of the Afghan Personnel and Pay System (APPS) in the MoI in the next three months, which will include both the ANP and ALP. Currently the ALP Tashkil is being loaded into the Afghan Human Resource Information System (AHRIMS), and once completed; slotting will begin over the course of the next few months. As part of the integrated automated pay system (ALP pay is currently done manually), the ALP will be required to obtain a bank account and use EFT for salary payments that will be electronically processed through the bank.

2. Recommendation 7: Re-initiate CSTC-A's financial audit of the ALP program.

Response:

CSTC-A acknowledges the critical importance that a transparent, accountable, and accurate ALP payroll system is to GIRA, CSTC-A, and especially, to the policemen themselves. Therefore, CSTC-A has undertaken a comprehensive financial audit encompassing multiple aspects of the ALP payroll process. This audit will follow-up on payroll-related observations made in this report as well as review the implementation of the Mobile Money program. In particular, the auditors will obtain, analyze, and compare data from the Afghan Financial Management Information System (AFMIS), MoI Personnel Status (PERSTAT) reports, and the approved Tashkil. The team will also compare amounts recorded in AFMIS for sampled ALP salary to amounts that should be paid to determine any discrepancies. Further, the audit will analyze the payroll processes and supporting documentation to verify the accuracy of base pay, incentive pays, and salary deduction calculations.

APPENDIX III - ACKNOWLEDGEMENTS

Jeffrey Brown, Senior Audit Manager

Parker Laite, Analyst-in-Charge

Matthew Sternenberger, Program Analyst

The following staff provided technical assistance:

Davi D'Agostino, Report Reviewer

Lieutenant General John F. Goodman (U.S. Marine Corps. Retired), Special Advisor to the Inspector General

Touryalay Stanakzay, Translator

Ahmad Fawad, Program Analyst

Shokoor Siddiqi, Investigative Analyst

This performance audit was conducted
under project code SIGAR-098A.

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:

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

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publically released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202