



# **SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION**

**WRITTEN TESTIMONY FOR  
ACTING INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION  
STEVEN J TRENT**

**TO THE  
HOUSE SUBCOMMITTEE ON NATIONAL SECURITY, HOMELAND  
DEFENSE AND FOREIGN OPERATIONS**

**WEDNESDAY, DECEMBER 7, 2011**

**STATEMENT PREPARED FOR ACTING INSPECTOR GENERAL FOR  
AFGHANISTAN RECONSTRUCTION STEVEN J TRENT**

**HOUSE SUBCOMMITTEE ON NATIONAL SECURITY, HOMELAND DEFENSE AND  
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**WEDNESDAY, DECEMBER 7, 2011, 10:00 AM**

Thank you Mr. Chairman, ranking member Tierney, and members of the Committee.

I am pleased to be here with my oversight colleagues to discuss strengthening oversight of U.S. reconstruction efforts in Afghanistan. As you know, SIGAR was established by the National Defense Authorization Act (NDAA) in FY 2008, to provide oversight of reconstruction in Afghanistan. Over the last decade, Congress has appropriated nearly \$73 billion to rebuild Afghanistan. In his fiscal year (FY) 2012 budget request, President Obama asked Congress for an additional \$18.8 billion to support programs to build Afghanistan's security forces, develop the country's economy, and promote good governance. If approved, this would be the largest appropriation of funds for the reconstruction of Afghanistan in a single year. It would increase total U.S. funding to rebuild Afghanistan to \$90 billion since 2002, making this the most expensive U.S. reconstruction effort since the Marshall Plan following World War II.

Ensuring that the considerable funding provided by the U.S. taxpayer to rebuild Afghanistan is not subject to waste, fraud, or abuse, and that it is being spent efficiently and effectively to realize U.S. strategic objectives requires vigorous oversight. Responsibility for good oversight must be shared among oversight agencies, such as SIGAR; U.S. government agencies and departments charged with planning and managing reconstruction programs; and with the contractors and other entities, such as non-profit organizations, that are paid to implement projects.

At our best, oversight agencies not only detect and deter waste, fraud, and abuse; we also provide recommendations to help implementing agencies improve their own oversight and strengthen their ability to effectively develop and execute programs. Since 2008, when SIGAR was created, our auditors and investigators have had a positive impact on the reconstruction effort by helping to increase accountability and improve the planning, contracting, and program management of reconstruction projects. Let me share a few milestones demonstrating SIGAR's contribution to stronger oversight.

**SIGAR Accomplishments**

Over the last three years, SIGAR auditors have issued 49 reports and made 149 recommendations to improve contracting, program management, and quality assurance. In FY 2011, SIGAR auditors also identified up to \$69.9 million in funds that should be returned to the

U.S. government. SIGAR audits have led to changes in the ways implementing agencies are executing programs in Afghanistan. For example, one of our audits contributed to the Defense Department's decision to develop a new system to assess the capabilities of the Afghanistan National Security Forces (ANSF). Because more than half of all reconstruction dollars are going to rebuild Afghanistan's security forces and the U.S. strategy depends on these forces being able to provide security by 2014, it is vital that the United States and its coalition partners have a reliable way to measure ANSF progress.

Through our audits of infrastructure projects for the Afghan National Army and the Afghan National Police, SIGAR raised concerns about planning and underscored the significant challenges the Afghan government faces to sustain completed facilities. These audits have led implementing agencies to give greater consideration to how the Afghan government will operate and maintain these facilities after 2014. The oversight community has recognized the importance of SIGAR's work in this area. For example, the Commission on Wartime Contracting singled out SIGAR for highlighting problems related to the sustainability of construction spending in Afghanistan.

SIGAR auditors have overcome security constraints to provide valuable assessments of reconstruction programs in the provinces. For example, in its audit of the Commander's Emergency Response Program (CERP) in Laghman Province, SIGAR found that nearly half of the projects were at risk or had questionable outcomes. The audit raised questions about the adequacy of CERP oversight and the capacity of the Afghan government to sustain completed CERP projects. The Council of Inspectors General for Integrity and Efficiency (CIGIE) gave the 2011 Sentner Award for Dedication and Courage to the SIGAR team that conducted this audit.

SIGAR is also leading the way in investigating fraud, waste and abuse in Afghanistan. SIGAR has 111 ongoing investigations, 68 of which involve procurement and contract fraud. Recently, a SIGAR-initiated investigation resulted in the successful prosecution of the largest Afghan bribery case since reconstruction began. In addition, SIGAR investigations have produced \$51 million in fines, penalties, forfeitures, seizures and savings. To build on this record, SIGAR is putting more investigators where the money is. SIGAR has assigned agents outside of Kabul, so they are closer to the Regional Contracting Centers. Just last month, SIGAR opened three new offices in Khost, Herat and Helmand provinces.

In June 2011, to strengthen its ability to hold contractors accountable, SIGAR enhanced its suspension and debarment program to combat procurement fraud and corruption in Afghanistan's unique contracting environment. We believe our program is a model in the IG community, meeting or exceeding recommendations in a recent report released by CIGIE in September 2011.<sup>1</sup> This program is particularly important because the U.S. government has sought to increase the number of contracts awarded to Afghan entities. In fact, the majority of subcontractors implementing U.S. contracts are Afghan firms. As you know, U.S. law enforcement agencies have no authority to criminally prosecute Afghan citizens. But U.S.

implementing agencies do have the ability to suspend and debar any company or individual of any nationality from obtaining U.S.-funded contracts.

SIGAR determined that a significant number of cases in Afghanistan could be addressed using suspension and debarment, in addition to criminal convictions and civil recoveries. Specifically, SIGAR actively seeks out cases that are not accepted for criminal or civil action to refer for suspension or debarment. In addition, we look at cases that— with additional investigative work— can meet the evidentiary standards required for a successful suspension or debarment action. The use of suspension and debarment is especially important for SIGAR, as many cases opened and investigated involve local Afghans or third country nationals. Consequently, many cases lack either the jurisdiction or legal basis to sustain a criminal or civil case in federal district court. SIGAR took the initiative to address these issues to ensure that referrals for suspension and debarment actions occur in a timely manner and not as an afterthought to criminal and civil remedies. This program not only looks at the results of investigations but also has the capability to utilize the results of audit reports to develop suspension and debarment actions. SIGAR is currently on track to make approximately 80 suspension and debarment referrals by the end of 2011.

#### Strengthening SIGAR Oversight

Although SIGAR's body of audit and investigative work has led to improvements in the U.S. reconstruction effort in Afghanistan, I also believe that we can and should make our oversight more effective. Most important, I believe we need to adopt a more strategic approach to oversight in Afghanistan.

To help accomplish this, SIGAR has developed an FY 2012 audit plan that identifies five critical focus areas, including:

- **Private Security Contractors**

The future of the U.S. reconstruction effort depends to a great degree on the ability of implementing agencies and contractors to provide security for their staff and facilities. SIGAR is conducting a series of audits to determine 1) if the Department of Defense, the Department of State, and USAID have complied with requirements related to private security contractors in the 2008 NDAA, 2) what proportion of costs for reconstruction projects are directly attributed to security, and 3) how the impending transfer of security functions to the Afghan Public Protection Force will affect reconstruction efforts.

- **Afghanistan Governance Capacity and Sustainability**

The U.S. reconstruction strategy in Afghanistan places a high priority on increasing Afghan capacity to govern more effectively and sustain programs. Over the next year, SIGAR will evaluate 1) how Afghanistan's Ministries of Defense and Interior have used U.S. funds to

build their governing capacity, 2) whether these funds have been used effectively and efficiently, and 3) the extent to which U.S. reconstruction programs and investments have taken into account the capacity of the Afghan government to sustain these programs and investments.

- **Program Results and Evaluation**

SIGAR will be assessing reconstruction projects to determine 1) if they are achieving their intended results and outcomes; 2) the extent to which project managers are taking action to curtail efforts, amend projects and/or reduce funding for projects that are not delivering results; and 3) the extent to which stabilization initiatives are producing the expected outcomes.

- **Contracting**

Because the U.S. government relies heavily on contractors to implement reconstruction programs, SIGAR will continue to examine closely all aspects of the contracting process. Specifically, we will assess the extent to which the Departments of Defense and State, as well as USAID, are 1) awarding contracts competitively, and 2) administering contracts in a manner to ensure that costs are controlled and that contractors remain on schedule and perform as required.

- **Fraud Detection and Mitigation**

Given the large U.S. investment in rebuilding Afghanistan, SIGAR believes that U.S. programs must include mechanisms to detect and mitigate fraud. Our auditors will assess 1) the extent to which the U.S. reconstruction effort has assisted the ANSF to build a logistics capability to maintain their vehicles and supply their forces with food and fuel and 2) the extent to which these efforts have included internal controls to prevent fraud, waste, and abuse in the logistics processes. SIGAR will also conduct audits to determine 1) whether particular reconstruction programs and contractors are prone to corruption, such as collusive bidding, false billing, or duplicate payments, and 2) if they are, what steps could be taken to reduce their vulnerability.

Recognizing the need for “real-time” assessments in Afghanistan, SIGAR will augment its audits with inspections to conduct rapid reviews of infrastructure projects to verify if work was performed to quality standards, if the projects achieved intended outcomes, and if the projects are properly managed. SIGAR is also adding a series of audits to examine contract expenditures. These audits will allow us to more accurately assess whether the U.S. government is being properly billed.

Finally, SIGAR is working with our sister oversight agencies to develop a strategic framework to guide the IG community's work on Afghanistan reconstruction. As you may know, every year the IGs working in Afghanistan put forward an audit plan for the coming year. We meet on a regular basis under the auspices of the Southwest Asia Joint Planning Group. The group de-conflicts the content and schedules of our audits, and then publishes the result. This process ensures we are not spending precious resources duplicating each other's work.

But in discussing this process among ourselves, my colleagues and I have recognized that de-conflicting audit schedules is not enough. We need an overall strategic planning process that identifies the issues of most importance to law makers and policy makers, and uses these issues to drive the audits the IG community will perform. So on November 30, 2011, SIGAR hosted the first meeting to develop a FY 2013 strategic audit plan for the entire IG community working in Afghanistan.<sup>2</sup> The goal of this process is to:

- Reduce overlap and better leverage capabilities of the IG community to deliver higher quality results
- Better integrate client and stakeholder concerns into the audit planning process to ensure audits and inspections provide highest value
- Identify opportunities to communicate trends, lessons learned and policy recommendations.

As part of this process, we will also produce capstone reports that analyze and make recommendations on broad reconstruction issues, such as the effect of security on rebuilding efforts, obstacles to building governing capacity, and the challenges of implementing sustainable programs. We believe it's especially important in a contingency environment to identify the overarching issues that the IG community is consistently finding, so that solutions to these recurring problems can be proposed.

### Addressing Future Contingencies

SIGAR's main concern is ensuring that we provide the most robust oversight possible of what is the largest contingency operation in the last 60 years. While the likelihood of another contingency of this magnitude is unlikely, SIGAR's experiences and challenges in Afghanistan have provided us with insight that may be helpful in planning oversight for future contingencies. So in addition to outlining ways in which we have strengthened our own oversight efforts, let me make some observations that you may find useful.

First, oversight agencies need to be able to hire the right staff, with the right expertise, in a timely manner. One cost-effective and efficient way to meet this need would be to give existing IGs and the U.S. Government Accountability Office temporary 3161 hiring authority. This

would allow IGs to surge their staff, as required by new contingencies. And it would have the added benefit of allowing IGs to cut back their staff easily, as contingencies are resolved.

Second, our experience shows that resources need to be provided up front—as they were for the Iraq contingency—to allow oversight agencies to immediately begin fulfilling their mandates. The funding delays that we initially experienced prevented us from hiring and fielding the auditors and investigators required to exercise proper oversight.

Third, contingencies involving multiple agencies and multiple funding streams require a coordinated oversight plan that ensures the oversight community focuses on the most critical areas. As I discussed earlier, SIGAR is working with our colleagues to develop a strategic framework to address this need in Afghanistan. In the event of future contingencies, Congress could not only designate an existing oversight body to assume this leadership role, but mandate that the oversight community develop and publish such a plan.

Fourth, each contingency operation presents unique challenges. While it is possible and important to draw on the lessons learned from previous contingencies, we cannot underestimate the extent to which oversight will have to be customized for each situation.

Finally, implementing agencies must also take the responsibility to strengthen oversight of their own operations. They are the front line of planning, implementing, and overseeing contracts and programs. In November, I met with senior civilian and military officials in Afghanistan charged with implementing the reconstruction effort in Afghanistan. Through these discussions, I learned of steps they are taking to improve oversight in response to our findings and recommendations. We will continue to monitor their progress.

### Conclusion

Let me conclude by acknowledging the difficult choices facing lawmakers today regarding scarce government resources. As we look forward, the budget challenges facing our country suggest that spending for future contingencies will not approach the levels of magnitude of Iraq and Afghanistan. Many thoughtful recommendations have been put forward—by the Commission on Wartime Contracting and others—to improve oversight in contingency environments. At SIGAR, we are committed not only to identifying best practices—taking into account this unique budgetary environment— but to ensuring that our current oversight efforts are as strategic and effective as they can be.

SIGAR has a tremendous responsibility to do everything we can to ensure that the significant investment the United States has made in the future of Afghanistan is not lost to fraud, waste and abuse. We are committed to providing timely, targeted audits that identify problems and help implementing agencies design and execute sustainable projects. We are committed to doing everything we can to ensure that contractors are held accountable and bad actors removed from the Afghan theater as quickly as possible.

Thank you, Mr. Chairman, for convening this hearing and for giving SIGAR the opportunity to testify this morning.

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<sup>1</sup> Council of the Inspectors General on Integrity & Efficiency, Suspension and Debarment Working Group, [“Don't Let the Toolbox Rust: Observations on Suspension and Debarment, Debunking Myths, and Suggested Practices for Offices of Inspectors General,”](http://www.ignet.gov/randp/sandwgrpt092011.pdf) 20 September 2011, accessed at <http://www.ignet.gov/randp/sandwgrpt092011.pdf>

<sup>2</sup> SIGAR's coordinating authority is contained in the National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 1229(f)(4), 122 Stat. 380: “COORDINATION OF EFFORTS.—In carrying out the duties, responsibilities, and authorities of the Inspector General under this section, the Inspector General shall coordinate with, and receive the cooperation of each of the following:

- (A) The Inspector General of the Department of Defense
- (B) The Inspector General of the Department of State.
- (C) The Inspector General of the United States Agency for International Development.”

National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 842(d), 122 Stat. 235: “COORDINATION OF AUDITS.—The Inspectors General specified in subsection (c) [the Special Inspector General for Afghanistan Reconstruction, the Inspector General of the Department of Defense, the Inspector General of the Department of State, and the Inspector General of the United States Agency for International Development] shall work to coordinate the performance of the audits required by subsection (a) and identified in the audit plans developed under subsection (b) including through councils and working groups composed of such Inspectors General.”



**Steven J Trent**  
**Acting Inspector General**  
**Office of the Special Inspector General For Afghanistan Reconstruction**

President Obama designated Steven J Trent as Acting Special Inspector General on September 3, 2011. Mr. Trent, who held senior executive positions in the U.S. Customs Service and the Department of Homeland Security, joined SIGAR in March 2010. Most recently he was Acting Deputy Inspector General; prior to that he was Assistant Inspector General for Investigations, where he oversaw SIGAR's criminal investigations, suspensions and debarments.

"SIGAR plays an important role in our national strategy in Afghanistan," Mr. Trent said. "SIGAR auditors and investigators - many serving under difficult conditions in a conflict zone - are committed to ensuring that taxpayer dollars aren't lost to fraud, waste or abuse. I'm honored to lead this effort."

During a distinguished 29-year career in federal law enforcement, Mr. Trent developed special expertise in fighting financial crimes, drug cartel money laundering and narcotics trafficking, as well as combating arms smuggling and human trafficking.

Before joining SIGAR, Mr. Trent was Special Agent in Charge of Investigations in Baghdad for the Special Inspector General for Iraq Reconstruction (SIGIR). Prior to that, he was an adviser to the Iraqi Commission on Integrity, also in Baghdad.

Mr. Trent's career with the U.S. Customs Service began in 1978 with an internship while in graduate school at American University in Washington, D.C. He was hired as a program analyst, and developed a nationwide computerized resource-allocation system for the agency's Office of Patrol.

In 1982, he was selected to become a Special Agent; after graduating from the Federal

Law Enforcement Training Center, Mr. Trent joined the agency's San Diego field office. In the mid-1980s, Mr. Trent obtained the first wiretap in the nation issued under a new federal law permitting judges to authorize electronic surveillance solely on the basis of suspected money laundering.

Mr. Trent became supervisor of a Financial Investigations Group in San Diego, and in 1987 became Resident Agent in Charge of a multi-agency task force in the San Diego community of San Ysidro at the U.S.-Mexico border. There, Mr. Trent oversaw major narcotics and money-laundering cases developed at the largest international land border crossing in the world.

In 1991, Mr. Trent returned to Customs headquarters in Washington, D.C., where he led efforts to centralize the agency's nationwide investigations operations. From 1991 to 1994, Mr. Trent was Chief of Administration for the agency's Office of Investigations, managing 5,300 agents, intelligence analysts and support staff in 144 domestic and 23 foreign offices.

In 1994, Mr. Trent was named Special Agent in Charge of the Tampa field office, where he directed the criminal, civil and administrative investigations of 300 agents, intelligence analysts and support personnel in eight offices throughout Florida.

In Tampa, Mr. Trent oversaw a long-term nationwide narcotics and money-laundering case targeting Colombian cartel activities in South America and throughout the United States; that effort led to the seizure of \$11 million. Mr. Trent also oversaw investigations into illegal weapons smuggling, child pornography, immigration crimes and other criminal violations.

From 1999-2003, Mr. Trent directed the agency's Miami Internal Affairs office, overseeing investigations throughout the Southeastern United States, Puerto Rico and the U.S. Virgin Islands. He returned to Tampa in 2003 to run the Department of Homeland Security's Immigration and Customs Enforcement field office, a position he held for two years.

A California native, Mr. Trent attended high school in Morenci, Ariz., a small copper mining town. He served in Vietnam in 1971-72 with the Army Security Agency, and was awarded the Bronze Star. After Vietnam, he served three years as a patrol officer with the Mesa (Ariz.) Police Department. Mr. Trent holds bachelor's and master's degrees from American University, and is a graduate of the Senior Executive Fellows program at the John F. Kennedy School of Government at Harvard University.