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**EVALUATING DEPARTMENT OF DEFENSE
EQUIPMENT AND UNIFORM
PROCUREMENT IN IRAQ AND
AFGHANISTAN**

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS

OF THE

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HOUSE OF REPRESENTATIVES

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IN IRAQ AND AFGHANISTAN**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
Washington, DC, Tuesday, July 25, 2017.

The subcommittee met, pursuant to call, at 2:00 p.m., in room 2212, Rayburn House Office Building, Hon. Vicky Hartzler (chairwoman of the subcommittee) presiding.

OPENING STATEMENT OF HON. VICKY HARTZLER, A REPRESENTATIVE FROM MISSOURI, CHAIRWOMAN, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Mrs. HARTZLER. Good afternoon. This hearing will come to order. Welcome to our subcommittee members and witnesses testifying before us today.

In connection with today's hearing, I welcome the members of the full committee, who are not members of the subcommittee, who are or will be attending. I ask unanimous consent that these committee members be permitted to participate in this hearing with the understanding that all sitting subcommittee members will be recognized for questions prior to those not assigned to the subcommittee.

Without objection, so ordered.

One of the objectives of this subcommittee is to bring attention to programs or activities which face management challenges, are too costly, or could be administered better. Given the pressures on the budget of the Department of Defense [DOD], every dollar counts. We cannot afford to make avoidable mistakes.

Vigorous oversight can help ensure that mistakes don't happen, and when they inevitably do, we learn lessons from these missteps. For this reason, I am happy to convene this hearing today on several recent reports highlighting deficiencies within the Department.

Last month, the Special Inspector General for Afghanistan Reconstruction [SIGAR] released a report assessing that the Department overpaid as much as \$28 million on uniforms for the Afghan National Army. Furthermore, the pattern selected by the Afghan minister of defense may not even be appropriate for Afghanistan's environment.

I understand it is important to listen to and work collaboratively with our partner nations when we are helping to train and outfit their forces, but I am eager to know specifically how to avoid similar missteps in the future. I want to know what the Department

is doing to ensure that Afghan troops are appropriately outfitted at a price that is right for the U.S. taxpayer.

On Friday, the Secretary of Defense sent a very strongly worded memorandum to his senior-most deputies. In light of the Afghan uniform report, the Secretary directed them to, quote, “bring to light wasteful practices and take aggressive steps to end waste in our department,” end quote.

This is essential. Other recent reports by the Government Accountability Office [GAO] and the Department of Defense Inspector General identified issues with the management of equipment funded by the Iraq Train and Equip Fund, or ITEF.

GAO determined that DOD had difficulty tracking and accounting for material as it was procured, shipped to the theater, and then provided to Iraq security forces. Similarly, the Department of Defense’s Inspector General has conducted two inquiries which determined that the Army had ineffective controls for processing, transferring, and securing ITEF equipment in Iraq.

The Department must improve its monitoring and management of this equipment to be more accurate and transparent. I applaud the Army for already taking steps to do so.

I look forward to hearing what progress the Department has made in continuing to remedy these various deficiencies. Vigorous oversight can ensure that hard-earned taxpayer dollars are being put to good use in securing our Nation’s defense.

Our first panel will address the findings and recommendations of the various reports.

Our second panel will address how the Department is working to overcome the many challenges inherent to executing train and equip programs.

So I now turn to my colleague, Ranking Member Moulton, for his introductory remarks.

[The prepared statement of Mrs. Hartzler can be found in the Appendix on page 43.]

STATEMENT OF HON. SETH MOULTON, A REPRESENTATIVE FROM MASSACHUSETTS, RANKING MEMBER, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Mr. MOULTON. Thank you very much, Madam Chairwoman.

You know, this situation with the Afghan uniforms reminds me of when I was in the Kuwait desert with my platoon, and we were getting ready to invade Iraq. And a few days before we invaded fully anticipating to be hit with chemical weapons, we were issued our chemical weapons suits. And we ripped open the black plastic packages, we took out green camouflage chemical weapon suits to invade Iraq.

Now, this is back in the “axis of evil” days, and so we joked that they must be saving the desert ones for Korea. But you would think that we would learn from mistakes like that, and yet, a few years later, we see this happening again when it is completely within our control.

The uniforms that were issued to the Afghan National Army have been deemed inappropriate for 97 percent of Afghanistan. At the same time, there were desert pattern uniforms owned by the Department of Defense that would have been perfectly appropriate.

In response to this investigation, the House Armed Services Committee has acted and included a provision in the fiscal year 2018 NDAA [National Defense Authorization Act] that would require DOD to perform both cost and requirement analyses before awarding any new contract for uniforms in Afghanistan.

It is designed to ensure this particular mistake never happens again, but I want to ensure this oversight body hears from you about whether you believe that is the case, whether it will work, and whether there is much more we should be doing.

We need to get to the bottom of what went wrong. I can't tell you what I can do with \$26 million in my district.

I would also like to hear your thoughts on what we should do now that we have bought these uniforms for the Afghan forces and whether or not it makes sense to use additional taxpayer funds to buy replacements.

It is easy to conclude that the Defense Department did not subject this decision to sufficient supervision or oversight. But it is also important to say that DOD regularly complains that Congress imposes onerous reporting requirements and other oversight measures that take too much time, require too much bureaucracy, and hurt the operational efficiency of our military. We don't want to do that, but these are the kinds of situations that demand it.

Therefore, we want to better understand how these decisions were made and the broader policy changes you would recommend to prevent these outrageous mistakes in the future.

In the absence of good answers, we will demand stricter oversight, and we will get into the weeds. My hope is that we can eventually gain the confidence that DOD will prevent the massive waste of taxpayer dollars in the future without requiring us to impose more bureaucratic oversight on daily operations.

The second set of findings in some ways should concern us even more. If we are not adequately tracking and securing the weapons and equipment we send to our allies in Iraq or Afghanistan, or anywhere else, that endangers the critical efforts of the Iraqi security forces to defeat ISIS [Islamic State of Iraq and Syria] and ensure they are able to stabilize the country after combat operations are complete.

Both of the Department of Defense's own inspector general as well as the GAO have concluded that there are serious shortcomings remaining in our ability to sufficiently track and account for the weapons and other hardware we are providing via the Iraq Train and Equip Fund, or ITEF.

More specifically, the GAO found the Department of Defense only maintains, quote, "limited visibility and accountability over equipment funded by ITEF," end quote, and that a key tracking system is, quote, "not consistently capturing key transportation dates of ITEF equipment."

Again, I myself have been responsible for delivering ammunition, weapons, and other equipment to the Iraqi security forces. My team and I have maintained strict accountability of what was delivered and showed up to inspect those deliveries. We held our Iraqi leaders, our counterparts, accountable. We made them sign for everything, and we followed up with other inspections to make sure that they still had the inventory they accepted.

We can do this. We can do it right, and we need to do it, and the American taxpayer deserves it, not to mention our troops in the field, who certainly don't want to find themselves targeted by our own superior weapons and equipment.

Some progress has been made, but I am eager to hear more specifics about how we can ensure that hundreds of millions of dollars in weapons and equipment are, indeed, accounted for and confirmed as properly delivered where intended.

I thank you for your oversight work, and I look forward to your testimony today.

And with that, I yield back.

[The prepared statement of Mr. Moulton can be found in the Appendix on page 45.]

Mrs. HARTZLER. Thank you, Mr. Moulton.

And I am pleased to recognize our witnesses today, and I want to thank them for taking time to be with us.

We have the Honorable John Sopko, the Special Inspector General for Afghanistan Reconstruction; Mr. Michael Roark, the Assistant Inspector General for the Contract Management and Payments directorate at the Department of Defense Inspector General, and Ms. Jessica Farb, director on the International Affairs and Trade team at the Government Accountability Office.

So we will now hear your opening statements.

Mr. Sopko, we will begin with you.

STATEMENT OF HON. JOHN F. SOPKO, SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

Mr. SOPKO. Thank you very much, Chairman Hartzler, Ranking Member Moulton, and members of the subcommittee and committee.

It is an honor and a pleasure to be here again to discuss SIGAR's work in Afghanistan, and in particular, the purchase of uniforms for the Afghan National Army [ANA] by the Combined Security Transition Command in Afghanistan, commonly referred to as CSTC-A, which is responsible for the bulk of the training, advising, and assisting of the Afghan security forces there.

CSTC-A, as you alluded to, procured over 1 million ANA uniforms with a proprietary pattern without testing its effectiveness and costing up to \$28 million more than needed.

As Secretary Mattis recently noted, quote, "the key findings of the SIGAR report is not just that it exposes waste, but rather, it serves as an example of a complacent mode of thinking." He also refers to it as a cavalier attitude toward the expenditure of taxpayer funds.

This \$93 million procurement demonstrates what happens when people in the government don't follow the rules.

Now, I would like to highlight 10 specific areas of concern for you to consider. First, it appears that CSTC-A only showed the Afghan minister of defense proprietary camouflaged patterns owned by one company, a Canadian company called HyperStealth.

Secondly, CSTC-A failed to consider other available camouflage patterns, including those owned by the Department of Defense, which would have been cheaper and, perhaps, equally effective.

Third, CSTC-A never tested the HyperStealth pattern for its effectiveness in Afghanistan.

CSTC-A never justified the uniform requirements, which made those uniforms more costly than those used by other Afghan units and paid for by the U.S. taxpayer.

CSTC-A recommended using a sole source award to HyperStealth, even though DOD contracting officers objected.

CSTC-A got around those objections by using a de facto sole source process, which required whomever won the prime contract to use the HyperStealth pattern.

CSTC-A also mysteriously alerted HyperStealth to, quote, unquote, “wait by the phone” for a call from the Atlantic Dive Supply Company, also known as ADS, who ultimately purchased the exclusive license for their camouflage pattern in Afghanistan.

Now, Federal regulations dictate that brand name acquisitions like this require market research and require a justification. CSTC-A did neither.

In addition, we found that CSTC-A was unable to determine the total amount of direct assistance spent on procuring ANA uniforms, nor the amount of uniforms actually purchased, due to poor oversight and poor recordkeeping.

And lastly, an area of concern is that we uncovered that the Afghans did not adhere to the Berry Amendment, which requires the purchase of only U.S. textiles when procuring ANA uniforms of direct assistance.

Instead, the Afghans used U.S. taxpayer dollars to purchase inferior Chinese textiles for their uniforms.

Now, these problems, Madam Chairman, are serious. They are so serious that we started a criminal investigation related to the procurement of the ANA uniforms. But I must say, as a result of our work and as a result of conversations we have had with OSD [Office of the Secretary of Defense] Policy about other issues, that I want to announce today that we believe it is prudent to review all of CSTC-A’s contracts related to the procurement of organizational clothing and individual equipment in Afghanistan.

We are pleased that OSD Policy concurred with the report’s recommendations, because if unmodified, this procurement, if it continues, would needlessly cause the taxpayer an additional \$72 million over the next 10 years.

I would also like to thank my colleagues in OSD Policy for identifying some contracts they believe ripe for oversight.

I would also like to thank this committee and the committee members who recently voted for that amendment mandating a review of the cost-benefit analysis of this contract.

I would also like to encourage the subcommittee to ensure DOD conducts proper oversight that addresses the broader problems that SIGAR identifies in its work.

As we all know, oversight is mission critical, and we cannot afford to wait until we waste millions of dollars to try to fix it.

Finally, I would like to thank Secretary Mattis for his support and leadership as shown by his recent memo to senior DOD officials supporting SIGAR’s findings and reiterating the need to, quote, “take aggressive action to end waste in the Department of Defense.”

Thank you very much for the opportunity to testify, and I am happy to answer any questions.

[The prepared statement of Mr. Sopko can be found in the Appendix on page 48.]

Mrs. HARTZLER. Thank you very much.

Mr. Roark.

STATEMENT OF MICHAEL J. ROARK, ASSISTANT INSPECTOR GENERAL, CONTRACT MANAGEMENT AND PAYMENTS, DEPARTMENT OF DEFENSE INSPECTOR GENERAL

Mr. ROARK. Chairwoman Hartzler, Ranking Member Moulton, and members of the subcommittee, thank you for the opportunity to discuss our two audits on Iraq Train and Equip Fund equipment.

We initiated these two audits in 2016 based on concerns identified during previous audits in Kuwait for Operation Inherent Resolve and a request from the Army's 1st Theater Sustainment Command, or 1st TSC, to review its policies and procedures for the ITEF mission.

Our first audit focused on whether the Army had effective controls for processing and transferring ITEF equipment to the Government of Iraq, or GOI. And our second audit focused on the procedures for securing ITEF equipment, including weapons, in Kuwait and Iraq.

Congress created ITEF in 2014 to assist the GOI to combat the Islamic State in Iraq and Syria by providing assistance for training and equipment, logistic support, and supplies and services. Examples of ITEF equipment include body armor, weapons, and cargo trucks.

Army regulations require maintaining visibility and accountability, securing, and conducting inventories of equipment. The Army's 1st TSC has primary responsibility for maintaining visibility and property accountability of ITEF equipment transferred to Iraq.

ITEF equipment is typically staged in Kuwait and then shipped to multiple transfer sites in Iraq.

Our first audit found that the 1st TSC did not have complete visibility and accountability of ITEF equipment prior to transfer to the Iraqis because the command did not use automated systems to keep track of that equipment.

Specifically, we found two problems with accountability. First, the 1st TSC could not provide complete data for the quantity and dollar value of equipment on hand, including vehicles and ammunition.

Instead, the 1st TSC relied on multiple spreadsheets developed by different commands in both Kuwait and Iraq to provide visibility and accountability. When we requested the quantity and dollar value of equipment on hand and that had been transferred to the GOI, the 1st TSC had to contact various officials and manually calculate the data based on multiple spreadsheets and systems and even after that, their response was still incomplete.

Mr. SUOZZI. I am sorry, Mr. Roark. Could you just tell us what a TSC is, please?

Mr. ROARK. The 1st Theater Sustainment Command is the Army command in Kuwait that is responsible for keeping track of the equipment.

Mr. SUOZZI. Thank you.

Mr. ROARK. Second, the 1st TSC did not consistently account for equipment in Iraq. In some cases, they did not enter the property into property records when it initially arrived in country, or they sent it to Iraq and considered that it was already transferred to the Iraqis, although it could still be under U.S. control.

As a result, the 1st TSC did not have accurate up-to-date records on the quantity and dollar value of Iraq equipment that we valued at over \$1 billion.

As a result of our audit, the 1st TSC developed a shared spreadsheet for all commands to use to keep track of ITEF equipment, and then in the long term, they initiated steps to use automated systems by late 2016.

Our second audit focused on inventory and security procedures for ITEF weapons. As of October 2016, there were over 11,000 ITEF weapons valued at \$17.7 million in Kuwait and over 2,900 ITEF weapons valued at \$2.3 million at the one transfer site in Iraq that we visited.

Examples of these weapons included M-16 rifles, M-14 sniper rifles, and 12-gauge shotguns. We found that the Army did not have effective procedures for conducting inventories and securing ITEF weapons in both Kuwait and Iraq.

In Kuwait, we identified three main security problems. First, the Army did not consistently conduct inventories of weapons. Second, and most concerning, ITEF weapons were stored in cardboard boxes, some of which had holes in them or had partially collapsed. Weapons were also stored in wooden crates that were not banded or locked. As a result, we were able to open numerous boxes and expose their contents.

Third, we observed Syrian equipment managed by Army contractors that were stored right alongside ITEF equipment with no physical barrier separating the two. In response to our audit, the Army established inventory and security procedures for the Kuwait warehouse and then reorganized the warehouse to separate the ITEF and Syrian equipment.

In Iraq, we found that the Army did not effectively secure ITEF weapons at the site we visited in accordance with Army regulations. Specifically, incoming weapons were stored at a storage yard that had a perimeter fence with multiple holes in it large enough to grant unauthorized access.

As a result of our audit, the command repaired the fence and then later moved the equipment to a secured location.

During the audits, the Army commands that we dealt with were very receptive to our recommendations and initiated steps to implement corrective actions. These two audits continued our longstanding practice of informing commands in a contingency environment of our observations during the audit to allow them to make real-time corrective actions rather than waiting for a final report to be issued months later.

This concludes my statement, and I am prepared to answer any questions you may have.

[The prepared statement of Mr. Roark can be found in the Appendix on page 63.]

Mrs. HARTZLER. Thank you.
Ms. Farb.

STATEMENT OF JESSICA FARB, DIRECTOR, INTERNATIONAL AFFAIRS AND TRADE, GOVERNMENT ACCOUNTABILITY OFFICE

Ms. FARB. Chairwoman Hartzler, Ranking Member Moulton, and members of the subcommittee, I am pleased to be here today to discuss our May 2017 report on DOD's accountability for equipment provided through the Iraq Train and Equip Fund, or ITEF.

Congress created ITEF to provide equipment and other assistance to Iraq security forces to counter the expansion of ISIS. As of December 2016, DOD had disbursed about \$2 billion of the \$2.3 billion Congress appropriated to ITEF in fiscal years 2015 and 2016. These funds purchased personal protective equipment, weapons, and vehicles for these forces, among other things.

We found that DOD does not collect timely and accurate information on the status of equipment purchased through the fund. As a result, DOD cannot demonstrate that this equipment reached intended destinations in Iraq.

Specifically, DOD does not ensure that SCIP, the Security Cooperation Information Portal, consistently captures key transportation dates of ITEF-funded equipment. SCIP is designed to provide end-to-end visibility over equipment that DOD provides to foreign governments. For Iraq, SCIP is intended to provide visibility over equipment as it moves through three phases: acquisition and shipment, staging in Kuwait and Iraq, and transfer to the Government of Iraq or the Kurdistan Regional Government.

We found that SCIP captured some of the key transportation dates for orders of equipment during the acquisition and shipping phases; however, SCIP captured none of the transportation dates for these orders during the staging and transfer phases.

DOD officials attributed this to three potential interoperability and data reporting issues in SCIP. First, SCIP may not be importing key dates correctly from other DOD data systems. Second, SCIP's management report system may not be importing key dates from within SCIP itself. And third, DOD component staff may not be reporting key dates in SCIP. In some instances, staff are not required to do so, while in others staff reported difficulty recording these dates in SCIP due to the lack of clear procedures in a designated data field.

In addition to issues with reporting in SCIP, we also found that DOD cannot fully account for ITEF funded equipment transferred to the Government of Iraq or the Kurdistan Regional Government due to missing or incomplete documentation.

Most of DOD's transfer documentation lack case identifier information, which is key to tracking equipment throughout each phase of the process.

Although DOD issued a verbal order requiring the use of case identifiers, this was not incorporated into standard operating procedures for ensuring accountability.

We made four recommendations in our report. First, we recommended that DOD develop written procedures that specify the data field to be used to capture equipment transfer dates in SCIP. Second, we recommended that the Department develop written procedures for including case identifiers in the transfer documentation.

Third, we recommended that DOD should identify the root causes of the problems, such as interoperability and data reporting issues within SCIP and other data systems. And fourth, we recommended that the Department should develop an action plan with milestones and timeframes to address the root causes that they identify.

DOD has already taken some steps to begin to address these recommendations. With respect to the first two recommendations, the Department just this month provided us with updated procedures, and we are in the process of evaluating whether they fully address GAO's recommendations.

In response to our third and fourth recommendations, the Department said that it has begun identifying the root causes of the data reporting issues in SCIP and will develop an action plan and timeframe for addressing them.

In addition, DOD has requested GAO's assistance to ensure that the issues we identified are appropriately resolved.

We have recently started new work that will examine the disposition of ITEF-funded equipment after it has been transferred to the Government of Iraq or the Kurdistan Regional Government. As we conduct this important analysis, we will continue to follow up on DOD's efforts to improve its accountability and visibility over ITEF-funded equipment.

Chairwoman Hartzler, Ranking Member Moulton, and members of the subcommittee, this concludes my prepared remarks. I would be pleased to answer any questions you may have at this time.

[The prepared statement of Ms. Farb can be found in the Appendix on page 71.]

Mrs. HARTZLER. Thank you very much. Very good work on all your behalf. I appreciate you looking into this very important issue of making sure our tax dollars are spent wisely and the equipment gets in the hands of those who really need it.

I want to start with you, Mr. Sopko. So you address some new things. First of all, you provided all of us with some pictures here. I just wanted to, for the record and for the audience, make sure that they see what we are seeing here as a committee. That up here on the left is the pattern that was chosen that is proprietary, and the one on the right is the woodland battle dress uniform that goes to the Afghan special forces that I believe you said is not proprietary. And all of these patterns down below are owned by the U.S. Department of Defense and wouldn't have cost the additional money.

[The pictures referred to are retained in the subcommittee files and can be viewed upon request.]

Mrs. HARTZLER. Can you kind of walk through how you think—how this happened that we end up having this pattern here that looks like a forest, and that is what the Afghanistan security forces chose or wanted, but yet, we had these down here that were avail-

able at a much more economical cost that have—looked more like a sand environment and desert.

So can you kind of walk us through the different patterns and how we came to have this in Afghanistan?

Mr. SOPKO. Thank you. And I am happy to do that, Madam Chairman.

You are absolutely correct. This is the proprietary pattern. And what that basically means is that somebody owned that pattern, and the government has to pay a licensing fee for using it.

The woodland pattern over here that you pointed out, that I don't think—that is a nonproprietary pattern, so we didn't have to pay for it.

You asked the question, how did this happen? Well, that is part of our investigation. But it is pretty clear from our discussion with the CSTC-A officials in reviewing the files, the reason it happened is that the minister of defense, Minister Wardak, never saw the DOD-owned patterns down below. He was basically shown only patterns owned by one company, the Canadian company that I mentioned previously.

So that is why—I mean, this kind of reminds me of an old joke about buying a Model T. Henry Ford can say, you can get any car you want, as long as it is black. Well, basically, we gave—the only options we gave the minister of defense was the proprietary patterns. We never showed him this.

The bigger problem is, no one ever did an assessment as to what kind of camouflage is best in Afghanistan. And we talked to people who do that for a living. We talked to the military who do that for a living up in Massachusetts, and they said that is what you should do. You should look at the environment. And as a matter of fact, some of our military have two different uniforms, one for the desert and one for that small area where there is greenery. But that option was never provided.

Basically, what we were told by CSTC-A, and we are researching this right now, is the minister of defense liked this color, so he picked it.

Mrs. HARTZLER. Now, some of the information I had read prior to this hearing said that one of the reasons that he chose that is he wanted it to be unique. He wanted it to be different than, perhaps, what U.S. might be wearing or others to identify them. So maybe he had that rationale.

But I wanted to clarify, so if the U.S. Department of Defense owns these patterns down here, are they currently in use by our forces?

Mr. SOPKO. No, they are not. And they are not used—and no one is using them in Afghanistan. We have patterns that look like it, but not exactly the same. So if he wanted a unique pattern, he could have picked one of these if he had been shown. Some are green and some are brown or whatever color it is, but he could have picked those and wouldn't have cost the government anything extra.

Mrs. HARTZLER. Now, you mentioned—thank you.

You mentioned that we need to get to the bottom of this or that in the future we could have \$72 million additional money that was already spent. Can you clarify? What are you referring to there?

Mr. SOPKO. We are locked into providing the Afghans with uniforms. Every new soldier, Afghan soldier, gets four new uniforms when he starts, and they get replaced on a regular basis. And the way it is now, the only pattern we can buy is the pattern owned by the license—the company that owns the license. So we are locked into that. If we don't change this, we are going to pay extra, not just for the proprietary pattern, but the second part is they decided to have a more expensive uniform, a fancier uniform, more like the Americans, so it has zippers and a bunch of other things, they looked more fashionable, but no assessment was done why you needed that uniform for the Afghans.

Mrs. HARTZLER. Do you know how long the contract is currently?

Mr. SOPKO. I don't have that information right now. I can get that for you.

[The information referred to can be found in the Appendix on page 93.]

Mrs. HARTZLER. Okay. Very good. Well, I appreciate you looking at that.

I wanted to ask the other witnesses regarding the ITEF issues that you raised. Is it concerning to you that it took three separate reports before the Department of Defense, you know, started agreeing to some of these changes, or would you say that they have been doing the needed changes and following your recommendations from day one?

Mr. ROARK. Well, for our two reports, I think it is important to remember that the command—the Army commands that we are discussing here today, in Kuwait and Iraq, asked us to come in and take a look at their procedures. So, you know, in late 2014, Congress created ITEF, and so then in 2015, we were starting to procure equipment and so forth.

And so in 2016 when we did these two audits, they said, hey, I am adopting this new mission, can you come in and take a look at, as an independent party, how we are doing and, you know, make recommendations for how we could improve. And so we did that, and we thought the commands were very receptive to our feedback and did take corrective actions in a timely manner.

Mrs. HARTZLER. Great.

Ms. FARB. My response would be similar. They have been working with us. They asked for our assistance in helping us to implement the recommendations. They actually also asked for underlying data to help identify the particular problems we were pointing out within the data system that they provided.

GAO's previously done work on the standard operating procedures issues throughout the theaters that we have been in, and we have seen in the past that they have, you know, been very receptive to our recommendations. And so we look forward to our future work in terms of looking at this.

Mrs. HARTZLER. Very good. Ranking Member Moulton.

Mr. MOULTON. Thank you very much, Madam Chairwoman.

So, Mr. Inspector General, you mentioned that you are opening a criminal investigation into this incident. I mean, it certainly seems to me like a place where we might not just find a mistake but fraud or other improprieties.

What more should we be doing on this subcommittee to get to the bottom of what went on here?

Mr. SOPKO. Well, I would suggest that hearings such as this are important, bringing the spotlight of oversight is important.

I would suggest, and I had the good fortune to work for Sam Nunn as well as for John Dingell on the famous or infamous "Dingell-grams" that went out. I wrote quite a few for Chairman Dingell. I think a "Hartzler-gram" should get known around the Department of Defense in which hard, tough questions are asked, and we are happy to help you in addressing those questions.

But one question you could ask, and I think the full committee should ask, is how many people identified by my office, by the DOD office, or by GAO have actually lost their jobs because of wasting taxpayers' dollars? Send that letter to the Department of Defense. And while you are at it, send one or have somebody send one to USAID [United States Agency for International Development] or DOD and the Department of State.

I bet you no one. We identify these problems, no one is held accountable. We make the recommendations, and they sound really good, and you could get great procedures. Everything we identified were in the FAR [Federal Acquisition Regulation]. They totally ignored it. No one is being held accountable.

Mr. MOULTON. Mr. Roark, can you comment on that? Has anyone been held accountable for this gross error, this gross negligence?

Mr. ROARK. Well, we have been working on audits in Southwest Asia, in both Iraq and Afghanistan and in supporting countries like Kuwait, for many years, and each time we write a report or do an audit, we do think about does this—do the circumstances here meet the need for an accountability recommendation to hold someone accountable?

But in the end, as IGs [inspectors general], we can make a suggestion or recommendation to the command, but we—it is up to the commands to take action on whether or not to hold someone accountable. So there are pretty frequently, recommendations in DOD—

Mr. MOULTON. I understand that. But do you know in this instance, has anyone been held accountable?

Mr. ROARK. In this instance, I am not aware of any.

Mr. MOULTON. Mr. Sopko, to go back to you, are there any specific witnesses or other folks that you think we should call before this committee to help get to the bottom of what is going on here?

Mr. SOPKO. Well, I would ask that you don't call any other witnesses until we get to the bottom of the criminality. But there are some, probably, some of the contractors, some of the contracting officers. But I am happy to sit down and discuss names of people privately.

But, again, we are opening up an investigation. It is just in the beginning stage. So we can work with the committee if you want to talk about people, but I would defer, at least on this case—but we have many other cases that we have closed. We are happy to give you the names and locations of people who—remember, I have no subpoena authority over an individual. I cannot compel testimony. Okay? And I—

Mr. MOULTON. We will take you up on that offer.

Mr. SOPKO. Thank you.

Mr. MOULTON. Thank you very much.

Now, stepping back from this specific instance, can you comment on some of your observations—you have been doing this job for a long time, on the broader circumstances that lead to these situations?

The Armed Services Committee of the House of Representatives should not have to pass a specific provision in our law to detail the supervision of the purchasing of uniforms for the Afghan National Army. I mean, at a certain level, that is absurd.

We ought to just have an environment where these deficiencies, these mistakes, are caught, where proper supervision exists from the beginning so that gross—this gross waste of taxpayer dollars simply never occurs.

So can you comment on those broader—the broader situation here?

Mr. SOPKO. You know, the questions you are asking are the type of questions I would love to discuss in more detail. And I think we could have a broader hearing just about how to fix the government.

I have been looking at in this job—

Mr. MOULTON. I am not trying to fix the whole government.

Mr. SOPKO. Well, at least my little world for the last 6 years. And then I have 25 years on the Hill doing oversight, and I know the frustration you feel.

But based upon my experience in Afghanistan, I think a couple of things are very clear. Number one, there is no accountability. People are not being held accountable for wasting money.

We occasionally indict people, but we only indict the slow and the lame. I mean, basically, that is about all we are getting. So people are not held accountable.

We have a disincentive for good government. And I don't want to imply, first of all, that the people we send to Afghanistan are either very stupid or very venal. They are some of the best, bravest people in the world. But we have given our procurement people, our ambassadors, our generals a box of broken tools, the same broken tools that you see in the press with the VA [Department of Veterans Affairs], with the Department of Energy, Department of Commerce, HHS [Department of Health and Human Services], you name it.

Procurement is broken. HR [human resources] is broken. Our rotation, we have what we call in Afghanistan the annual lobotomy. Every year we change everybody out. I think I have gone through 8 or 10 commanders of CSTC-A in the 5½ years that I have been there, 8 or 10.

Mr. MOULTON. How many times was General Eisenhower replaced due to an annual rotation requirement?

Mr. SOPKO. Zero. He was there the whole length of duration.

I know we could also talk about Vietnam, while it may not be the best analogy. But what I am saying is—and I don't want to be hated by every spouse of every senior military officer, but the problem is this annual rotation. And in some areas, it is even shorter. There are FBI [Federal Bureau of Investigation] agents, there are Commerce officials, there are people there for just months at a time. They don't even know where the latrine is by the time they

leave. So they are never ever held accountable for the screwups, because they are not around when the screwup is discovered by us, because we usually don't get there.

DOD IG [Department of Defense Inspector General] and GAO and my office is really good. But by the time we get there, it is like the detective show you've seen on TV. If we are lucky, there is a chalk outline of the body. But usually, it is 7 years old. Remember, this contract is 7 to 10 years. It is ongoing, but the problem started back then. So there has to be something done to fix our personnel system. There has to be something done to fix our procurement system. We have to stop this disincentive of spend money.

I don't know how many contracting officers have told me, I get rewarded at the end of the year on how much money I put on contract, not on whether the contract is good or not.

We have to change that system, and I would highly recommend take a look at the HR system in the Defense Department, take a look at the procurement system, take a look at the incentives that you are allowing to occur, which create this problem.

And that may be the first place and the best place to look. Look at the personnel system and look at the incentives.

Mr. MOULTON. Great. Thank you very much. Madam Chairwoman.

Mrs. HARTZLER. Thank you. Mr. Gaetz.

Mr. GAETZ. Thank you, Madam Chair.

It appears as though we bought uniforms that didn't work and paid about \$28 million more than we should have to do so.

One of the reasons why that is so frustrating to all of us here on this panel is that we are the ones, Republicans and Democrats, who work hard every day to convince our colleagues that we need the resources in the Department of Defense to effectively protect the warfighter and military families. Circumstances like this undermine our bipartisan efforts to support warfighters and their families.

This appears to be either an event of stupidity or corruption. What is your assessment as to which of the two we are facing?

Mr. SOPKO. I don't mean to dodge the question. That is why we are doing the investigation right now. It is either venality or it is stupidity, or it is, like I say, it is a system that was set up where the person who was working this contract was rewarded by getting the contract out.

Mr. GAETZ. Is there any evidence that these proprietary uniforms have greater capability than the nonproprietary patterns?

Mr. SOPKO. We didn't look at that. I mean, we are not assessing whether the proprietary uniform is better or the camouflage pattern is better or not better. We are just saying that there were proprietary uniforms; there are also nonproprietary.

Mr. GAETZ. What is our current working theory as to why the customer was only shown the proprietary product of one Canadian company?

Mr. SOPKO. We don't know. That is why we are doing the investigation.

Mr. GAETZ. And we have no mechanism to determine whether or not that is stupidity or corruption at this time?

Mr. SOPKO. Well, we hope after the end of the criminal investigation we will find that out, but that is what we are in the process of doing right now, sir.

Mr. GAETZ. What is your expectation on the timeline there?

Mr. SOPKO. That is frustrating for me, as for everyone else. It takes a long time. One of the problems is, I don't have subpoena authority to compel somebody to talk to my agents. They can slam the door in their face.

Mr. GAETZ. Is there any person that you wish you could subpoena now that you can't?

Mr. SOPKO. Well, I can't subpoena anyone.

Mr. GAETZ. Right. Who would be the first three people you would subpoena if you had that power?

Mr. SOPKO. Well, I don't want to name names, because I think that is sending the wrong message to the people we are investigating.

Mr. GAETZ. I disagree. I think it sends exactly the right message. I mean, our committee has the subpoena power. So if the challenge is we have no timeframe, we have no mechanism to find out whether people were stupid or corrupt, we have subpoena power in the Congress, you don't, it seems as though a partnership here would be beneficial.

Mr. SOPKO. Well, I am happy to discuss names privately, sir, at any time with the chairman, or ranking member, or you.

Mr. GAETZ. Well, Mr. Roark, you indicated that your office has made accountability recommendations. Did those accountability recommendations name names?

Mr. ROARK. We used the position title of the person, that is usually how we do it.

Mr. GAETZ. And would you be willing to provide those accountability recommendations to the subcommittee so that we might be able to see who the individuals are that you seem to believe ought to be held accountable?

Mr. ROARK. We can. Now, just for a clarification, the accountability recommendations that I have issued in the past are on that body of audits that I have done over time not on this particular audit—these two audits we are discussing today.

Mr. GAETZ. Mr. Roark, I believe you gave testimony about weapons that were not properly guarded. In that particular circumstance, was there an accountability recommendation that came from your office?

Mr. ROARK. Sir, for the weapons storage issue, we made recommendations in real time to the command, and oftentimes they fix that right away.

In Iraq, I am thinking of the example where they used the storage lot that had holes in the fence. And, really, they were—that was the only yard that they were given, the only one that was available, and then they—I think the reluctance to fix that at the time was that they knew they were moving to a more secure location down the road. And so we kind of expedited that by recommending that they fix the fence no matter whether it was just for a short time or not, just because of the security risk there.

Mr. GAETZ. And so in that instance, was there an accountability recommendation tied to a specific individual?

Mr. ROARK. No, we did not make an accountability recommendation for that instance. We just basically talked with the command and made recommendations with them and then wrote about that in our report, and they fixed the problem in real time, so.

Mr. GAETZ. And I will go back to Mr. Sopko for my final question.

Will you—can you illuminate this committee as to any evidence of improper influence that this particular Canadian company may have had within our Department of Defense as it related to the sweetheart circumstances that led to their products being the only products shown to the customer?

Mr. SOPKO. At this stage, I can't. We haven't developed it that much.

Mr. GAETZ. I yield back.

Mrs. HARTZLER. Thank you. Mr. O'Halleran.

Mr. O'HALLERAN. Thank you, Madam Chair.

I am new at this. And I am sitting here in amazement, and we have just approved a tremendous amount of money within this body here to go out and fund new weapons, new uniforms, new personnel, and yet, we have a system before me that sounds like it is systemic in its problems with audits.

Now, I know the Secretary, when we were listening to him at the beginning of the year, made it clear that he understands that there is a problem within the system. But I can't believe that we haven't known that there is a problem within the system for a number of years.

And so I am—and I am confused by the fact that there is a trail of letters to a commander, Mr. Roark mentioned it. And is there—is that commander required to send back to you the information—the reason why they rejected what you wanted to have done or recommendations?

Mr. ROARK. So in these cases the commanders did not reject our recommendations. They adopted them and agreed with them. But I think the process you are discussing is follow-ups. So we will make a recommendation and then the command will either—you know, either agree or disagree with it. In this case, they agreed and took action.

However, we don't take their word for it. We either visit ourselves to do follow-up and make sure it was done, or we request documentation and photos to prove that it was done so that we can close out that recommendation.

Mr. O'HALLERAN. I was mentioning before about the stupid or corrupt. And I just, sitting here, feel that is going to happen in any system. But what can't happen in any system is that the system is broken, and that the system is at play here. If you don't have enough auditing power, then let us know. But if we are at a level here where the taxpayer's money is being spent without any accountability or limited accountability, then we have a real problem.

So my question is, to what extent does the current organizational structure help to—help the Department's ability to ensure accountability for the program?

Mr. SOPKO. Any witness? I didn't—

Mr. O'HALLERAN. Any witness.

Mr. SOPKO. You know, I may defer to my colleague from DOD. I don't think the way the system is currently created helps accountability in the DOD, State, AID, or anywhere. I hate to say that. I don't—I am usually not invited to parties like this, because I always am the—like the crazy uncle; you don't want him at the wedding.

But it is broken. I hate to say it. The system is broken on accountability, because we are not holding people accountable. Because by the time we get out there, the money has been spent, and the person who was involved is either retired or long gone. Because there is a 2-year or shorter appropriation cycle, and everyone's got the incentive to spend money.

It is—we have got to get ahold of how the government is working. It is not working quite well or as well as we would like to see it work.

Mr. O'HALLERAN. So how many times have you requested that the system be changed in written form or verbally or to people up the ladder?

Mr. SOPKO. Well, I am like a broken record in the last—this current job. Every time when I have been asked to testify, and I think some of you have heard me testify before, I have talked about that, that what we need to fix is not Afghanistan or how we do in Afghanistan. We need to fix it back here.

Mr. O'HALLERAN. That was my—that was what I thought needed to be done, that this is just a systemic problem throughout the process. But I would like to know, any one of you, the three of you, how you have worked to change it and so we can identify how many times within this group that there has been a request to change it, and it hasn't been changed?

Mr. SOPKO. I don't know if I should hog the answer, but this is also one of the problems. I am the Inspector General for Afghanistan Reconstruction. I have no jurisdiction over OPM [Office of Personnel Management]. I have no jurisdiction over the internal procurement at DOD, although the GAO has had defense procurement on a high-risk list since 1991.

I mean, that is kind of telling you we have a problem with DOD procurement. But I have no jurisdiction. That is also part of the problem. Every one of the IGs are limited.

Now, I have jurisdiction over any money spent on reconstruction in Afghanistan. And I am unique of any IG, but usually, we are stovepiped, and I think that is the problem here.

Mr. O'HALLERAN. Thank you, Madam Chair.

Mrs. HARTZLER. Thank you. Mr. Banks.

Mr. BANKS. Thank you, Madam Chair. There is so much to cover, and yet I only have 5 minutes.

But, Mr. Sopko, thank you for what you do. I think I told you before, when I was in theater, Sopko was a four-letter word. But on behalf of the American taxpayer, I sure appreciate what you do in exposing situations like these.

To begin with, on the note of uniforms, as I understand it there would have been a memorandum of request [MOR] that was signed by the commander of CSTC-A, the comptroller of CSTC-A, and others that would have authorized the purchase of the uniforms. But in your testimony, you talk about pattern of issues between

November of 2008 and January of 2017. Would that imply that there were numerous memorandums of requests, or was there a single MOR that was involved in this procurement?

Mr. SOPKO. I don't think we have found those records at all. Let me ask my colleague.

We don't have them, and CSTC-A doesn't have those records.

Mr. BANKS. But would it be safe to assume that there were a number of issues—I mean, in your testimony, between November of 2008 and January of 2017, a pattern of issues resulted in what you have exposed, therefore, there were, as you said, numerous commanders of CSTC-A that would have been involved in these, in a pattern of issues throughout those years rather than a single accountable commander at the beginning—at the outset of the procurement?

Mr. SOPKO. You are correct, but we have found no justification for lack of competition, no—

Mrs. HARTZLER. Could you put your microphone on, please.

Mr. SOPKO. Oh, I am sorry.

We have found no records in CSTC-A dealing with the one source, the use of the brand name, the acquisition planning, market research, or describing agency needs. So none of those have been signed.

And I know where you are getting to. When you do a sole source over a certain amount, it has to go up the chain. We found nothing.

Mr. BANKS. Okay. But, again, I want to emphasize. I want to move on to something else very quickly. In your testimony you said between November of 2008 and January 2017, DOD spent approximately \$93.8 million to procure X number of uniforms, et cetera. That means a pattern of issues in almost a 10-year span period, which would lead me to believe rather than stupidity or corruption, as one of my colleagues mentioned, that this is the result of a broken system at the end of the day that needs fixed rather than making accusations about stupidity or corruption.

Mr. SOPKO. We don't know until we do the investigation.

Mr. BANKS. Fair enough. Moving beyond uniforms. I have with me a copy of your 2012 report regarding end-use monitoring findings for vehicles provided to ANDSF [Afghanistan National Defense and Security Forces].

Your data at the time described a total shipment of 30,761 vehicles shipped to ANDSF through 2010, and based on my own experience in theater as recently as 2015, I know that we far surpassed that number in 2017. However, while your report from 2012 was generally positive, I am concerned about the struggles that I witnessed in terms of effective EUM, or end-use monitoring, of vehicles in theater, and the ultimate lack of accountability when it comes to the resources purchased by the American taxpayer.

So given our current troop levels, I am concerned about our ability to track the equipment that we are providing to our Afghan partners, whether weapons and ammunition, or uniforms, or vehicles, et cetera.

Can you describe for us the current environment in Afghanistan when it comes to maintaining accountability of resources provided to ANDSF? And since I have only got a minute and less than 20 seconds, can you also describe with a new ambassador chosen in

Afghanistan, your ability to get out around the country and do the important work that you do, whether or not there are any limitations on your ability to do that with the current leadership at the embassy?

Mr. SOPKO. Real quickly, we would have to get back to you on what the state is on the equipment. I don't have the data. As for ability——

Mrs. HARTZLER. Mic, please.

Mr. SOPKO. Sorry.

I would have to get back to you on the equipment. We have done a number of audits, but I don't have that data in front of me as to what the status is, and we are happy to get back to you.

[The information referred to can be found in the Appendix on page 93.]

Mr. SOPKO. As to our ability to get around, we have had problems. Over the last year, we have seen a greater reluctance to get out.

Now, the security situation has deteriorated, we understand that. But that is a serious problem. Even when we have U.S. military guardian angels protecting us, and even on my last trip, General Nicholson wanted me to visit a site that the U.S. military normally goes to, and we have an MOU [memorandum of understanding] with the Department of Defense to get us out there, the ambassador refused to allow me or my staff to go there. So that is problematic.

There was no objection for security reasons. It was just an objection—and, again, the explanation I got was, I am chief of mission, and I am the one who is accountable, and I am not going to let you go.

Now, I was surrounded by a lot of guys in green uniforms and there are green uniforms, not the Afghans, who had a lot of high-powered weapons, and I felt very secure. I have always felt secure. My staff has always felt very secure being protected by the U.S. military. But for some reason, the acting ambassador has abrogated our MOU with the Department of Defense and basically installed his restrictions on that.

That is a problem. If that continues, we will not have a whole-of-government approach in Afghanistan. We will have a hole in our government approach to Afghanistan. And what that means is no matter how many troops you give, it is not going to get an answer.

I think I am speaking too long.

Mr. BANKS. Thank you.

Mrs. HARTZLER. Yes. Thank you. Mr. Suozzi.

Mr. SUOZZI. Thank you.

First of all, thank you very much for your testimony and for your good work you have done in this instance.

My background, I am new to Congress. I am a freshman, but my background is as a certified public accountant and an attorney. I was the mayor of a small city and a county executive of a very large county with a \$2.8 billion budget.

We have heard it our entire lives, everybody in this room, about the \$500 hammer. We hear about waste, fraud, and abuse that takes place in huge government enterprises and, certainly, in the

DOD. And more recently, people have come to talk to me about corruption in Iraq and Afghanistan from the Iraq and Afghani side.

These issues that you are bringing up, I agree with Congressman Banks, you know, this is a systemic problem that exists that we need to address.

I am very attracted to the idea when you suggested earlier that, you know, we can help to bring a higher profile to some of the work that you are doing, not just by doing hearings like this, but if you can share with us areas that you would like us to probe in further by sending a letter, by making a phone call, by trying to call attention to areas where there is waste that is taking place, where there are bad decisions being made or procedures or processes don't exist.

Mr. Sopko—

Mr. SOPKO. Sopko

Mr. SUOZZI [continuing]. Sopko, you have been doing this a long time. You have been around this stuff for a long time. Is this, you know, an isolated incident do you think that you are seeing here, or do you see a systemic problem that is taking place?

Mr. SOPKO. No, it is not isolated, sir. It is a systemic problem.

Mr. SUOZZI. So what can we do to help you to shine a light on these things? You know, often this stuff becomes partisan, one party is going against the other party.

Now, with the change in administration, this is a good time for us to work together on a bipartisan basis to try and make our Defense Department more efficient and less wasteful. And we are talking about hundreds of billions of dollars, and there has got to be opportunities for us to work together as a team to try and identify places that we can improve the procedures and processes to get rid of this waste.

Mr. SOPKO. Congressman, I am happy to come up, and I can bring my staff up and brief any and all of you, including the chairman and ranking member, on issues where you can shine that light.

And having worked on your side for 25 years, that is so important. And I will take you up on that offer.

And, Madam Chairman, I will take up—ranking member also—on any offer you have.

We have a lot of areas where you can help us on, and that is the important role of working together. And as I have told people, waste is not red or blue. Waste is green. I am here to try to save the green, and I think all of you are, too. And we are looking for champions such as yourselves to do that.

So—and I am certain all of my colleagues in the DOD IG and the GAO would be happy to do that, too. I have a list we can give you.

Mr. SUOZZI. I will have a staff member of mine get your number, and you are going to get his number. His name is Connor. He is in the back right now. We are going to work together. And I am going to take you up on that briefing idea. If any of my colleagues want to join, certainly.

Madam Chairwoman, I don't want to overstep my bounds here, but if you don't mind, I want to pursue this further. I am very interested in this topic, and I would like to work with you to try to address this issue.

Thank you, Madam Chairwoman.

Mrs. HARTZLER. Thank you. And thank you for your contribution. Your expertise on this subcommittee, really, really appreciate that.

Mr. SUOZZI. Thank you so much.

Mrs. HARTZLER. Absolutely.

We are going to go now to our last member of the subcommittee, our newest member, Mr. Jimmy Panetta. We want to welcome you. We look toward to having you here on our subcommittee as well as Armed Services Committee.

And so I will be happy to turn it over to you if you have any questions.

Mr. MOULTON. Madam Chairman, if I may, Representative Panetta is also a former Naval Intelligence officer and someone who served, himself, in Afghanistan.

So we particularly appreciate your expertise here this afternoon.

Mr. PANETTA. Great. Thank you.

Thank you, Madam Chairman, Ranking Member Moulton, other members of the subcommittee. It is an honor to be here, absolute honor to be here.

Thank you to the witnesses who came here, prepared and testified. I apologize for being late. I did miss some of your testimony. I was meeting with the Chief of Naval Operations, Admiral Richardson.

And one of things we talked about, I told him I was going to my first subcommittee hearing, and it is on oversight. I said, what do you think, you know, for the Navy what would be a big change when it came to these types of issues? And he talked about procurement.

And he said, you know, for now, right now—and he mentioned a couple of ships, including the *Ford*, *Zumwalt*, that he was having issues with, and he talked about how the procurement process is too long, too—contracts are too far out, especially with the advances of technology and how quick those are coming now, and that you needed to shorten them, shorten those contracts.

Mr. SOPKO, obviously, thank you for your work. You mentioned your box of broken tools. And the first one you mentioned was procurement. And I don't know if this is something where you can talk to us about, but I think right now, with the procurement, with an issue like this, how would we make it better? How would we fix that broken tool of procurement?

Mr. SOPKO. There are many ways to do that. The first of all is to eliminate the incentive to spend quickly. That is one thing. And that is a—something I don't think you can legislate, but you could, but I think the first thing is look at how people are rewarded in the contracting office.

If that is what they tell you, what they are telling me and my staff out there, then we have a disincentive for good contracting. We just have an incentive for pushing money out the door.

I think the other issue in procurement is the files and the records are horrendous. I think one of your colleagues asked before, he said, this is a 10-year contract. Didn't they do X, Y, and Z. We can find no records. They don't keep them.

Now, if you were working in the private sector, you would go to jail for the kind of records that the Department of Defense keeps. That is something we can maybe learn from the private sector.

Somebody here was a certified public accountant. He would be shocked at the quality of records. And we did a whole investigation on the task force for business stabilization and operation, and we are going to be issuing a final audit on that. And it took us so long, because there was nobody in the Department of Defense who could discuss a nearly billion dollar program.

Mr. PANETTA. Culture, laziness? Where did that come from?

Mr. SOPKO. No incentive. No incentive. Not my watch. Not my job. That is the other thing, and that goes to procurement is, you do the procurement, then you are gone.

So when the proverbial stuff hits the fan, you are in another job, you may be in a whole different area of the world.

Mr. PANETTA. That goes to your third point of annual turnover, the constant turnover? You mentioned HR?

Mr. SOPKO. Well, the whole HR system is—we—and for procurement we—President Reagan was faced with the buildup—and I think Congress was at the time, and I am old enough to remember that, and we tried to design a real procurement core where people had incentives to do procurement and to stay with it. And I think that has kind of dissipated.

I don't think people are there. But there are probably smarter people on my staff who could give you a list of things to fix procurement.

And, again, we are happy to discuss that. Again, my world is Afghanistan. My colleagues here can speak, the GAO and DOD can also speak of broader issues.

Mr. PANETTA. Thank you. You have been doing it a while, and obviously, we have the uniform issue.

Mr. Banks talked about a vehicle issue. Is this the worst you have seen it? Have you seen—you have got worse examples?

Mr. SOPKO. Oh, far worse. This is de minimus in comparison. We spent \$8 billion on counternarcotics; \$8 billion, with a "b." And there are more drugs being put out now than when we started.

The insurgents are getting more drugs, money now than before. The insurgents are bribing more Afghan officials than before. We occasionally catch, again, the slow and the lame and those that don't pay the bribes, but that is one of the biggest things. That is \$8 billion.

We have buildings that are falling down. We had a building down in Camp Leatherneck, a 64,000 square-foot building, the best-built building in Afghanistan. The general who was there said, I don't want it, don't build it, I won't use it. His supervisor, General Allen, said, We don't want it, don't build it, we won't use it. By the time it was built, it was built for the surge. By the time it was finished, the surge was over, and we were pulling out.

We gave the name of the general who was responsible for ignoring General Allen and ignoring the Marine Corps general there. The Department of Defense—and not under the current leadership, I must say, but in the prior leadership—basically said, we didn't find the waste of 60—of \$36 million enough to hold the general accountable.

Mr. PANETTA. Thank you. Thank you, Madam Chairman.

Mrs. HARTZLER. Thank you. We are glad Mr. Jones is joining us today. And we appreciate your interest and your advocacy for wise spending. I turn it over to you.

Mr. JONES. Madam Chairman, I thank you, and I thank Mr. Moulton as well.

You know, I have been here 22 years. I was here in 2001 when we voted for the AUMF, authorization [for use] of military force on Afghanistan. I have sat in many, many hearings on the Armed Services Committee, both subcommittee level and full committee, and this is just what is just absolutely disgusting to the American people. If this could be on national TV, you would probably be having rallies out there right now protesting, because there is no one held responsible.

Mr. Sopko, you and your staff have done numerous reports through the years. I have read quite a few of them. Not all, but quite a few of them. You have recommendations in those reports that the American people can see as well as Members of Congress.

I think about the stories about ghost soldiers: we pay 200,000 Afghans millions and billions of dollars, don't even exist. Nobody is accountable for that. You testified to the Senate, and you told Senator McCaskill, I believe it was, she asked you about the fact that we bought nine goats for \$6 million. Your people looked for the goats, you can't find them, and maybe somebody ate them. Nobody knows.

Mr. SOPKO. But they were good goats.

Mr. JONES. Well, they were from Italy, I remember that. They were from Italy. They were quality goats to start a goat business. It is just one thing after another, after another, after another. I do have a question.

I wrote to President Trump, had it delivered on July the 18th. I wanted him, if he was going raise the troop levels in Afghanistan, to please come to Congress, ask Congress to meet its constitutional responsibility and have a debate.

After 16 years, we have had no debate on the future of Afghanistan. I want to read this, and then I am going get to the question:

You also tweeted that your let's get out of Afghanistan, our troops are being killed by the Afghans we train and we waste billions there. Nonsense. Rebuild the United States of America.

In addition, I put the next paragraph that: Mr. President, I agree with those remarks, and so does the 31st Commandant of the Marine Corps, my friend and unofficial adviser General Chuck Krulak, as he said in a recent email to me, no one has ever conquered Afghanistan and many have tried. We will join the list of nations that have tried and failed.

That is Commandant Krulak not Walter Jones.

This is what is to me why the taxpayers are so frustrated with Members of Congress, because every time we get these hearings, and I want to thank the chairman again and ranking member, we will keep funding Afghanistan. To your point and the point of the other two witnesses, nobody is ever held responsible. It just goes on and on and on. Our Nation is \$21 trillion in debt. We are headed for an economic collapse, but yet, we will find money to keep spending in Afghanistan.

And thank you and all the others who are here today for whatever you are doing to try to bring some accountability to the taxpayer. This is what I have never heard—and I am going to ask in the minute and 40 seconds left: If we have spent over \$800 billion in Afghanistan, what percentage of the \$800 billion would you estimate should be written off as waste, fraud, and abuse? Five percent? Six percent? Ten percent? What would you estimate should be written off as waste, fraud, and abuse out of \$800 billion of the taxpayers' money?

Mr. SOPKO. Congressman, I—again, I am not trying to avoid the issue.

I can't tell you what percentage. I know Stuart Bowen, who was the SIGIR [Special Inspector General for Iraq Reconstruction] in Iraq, came up with a number and was later attacked because he had no basis. And I would have no basis for giving it. All I can say is too much, way too much. Billions, but I can't tell you what percentage. I would love to, but I would be spending all my time—I can't get records on ongoing contracts nevertheless go back to that.

And of course, of that \$800 billion, a lot of it is the warfighting. And that is extremely difficult. I mean, did they fire too many shells this day or less? That's more difficult. I really can't tell you. But too much was wasted.

Mr. JONES. Well, I guess the last comment, because time is running out. I would hope that the Congress would feel as I do that we are just as responsible for waste, fraud, and abuse when we are told by experts like the three of you here today of what is going on and, yet, we keep spending billions and billions of dollars, and it just keeps going on and on. It is just like it is endless in this black hole of money, money going while Americans are being killed there.

And so Madam Chairman, and Ranking Member, thank you for this time.

Mrs. HARTZLER. Thank you.

Now, we do have two panels today, and the Department of Defense officials are coming up here in a minute. But I do want to give members an opportunity for a second round of questions.

I do have a couple of questions still for this panel I want to address. With the GAO, your testimony highlighted the importance of maintaining accountability over the equipment that the DOD provides to Iraq security forces.

And you alluded to it in your testimony, but I wonder if you can go into a little bit more details, what is the nature of the interoperability and data reporting issues that you have identified as a potential root cause of the problem and how can DOD improve them in a meaningful way?

So, basically, just walk through the process. We send over some guns or some body armor, and the different steps that are needed and what has been lacking and what you think needs to be done or have they addressed those issues to keep track of everything?

Ms. FARB. Well, as I mentioned, there are three phases, generally speaking, in the process of sending the equipment over. So there is the procurement and shipment from the United States, the staging in Iraq and Kuwait, and then the transfer over to the Government of Iraq or the Kurdistan Regional Government.

We found that, you know, only the very beginning phase, the procurement and shipment phase, that the dates, the transportation dates were reported in the SCIP system, which is the Security Cooperation Information Portal, which is a system that should give end-to-end visibility to the Department over where the equipment is in the process. When we looked at the other two phases, we found no dates entered into the system at all.

We did not determine the root causes ourselves. We suggested that—we made a recommendation to the Department that they should look into the root causes, because they are best positioned to understand the interoperabilities that we found.

They could not explain exactly why we weren't seeing the dates in the system. We had a lot of discussions with staff, their contractor, and other experts, which is detailed in our report. And it seems to us that they should be able to sort of under—look under all of this and understand better where the breakdowns are.

They did ask for our underlying data so that they could pinpoint some of the information that we were not seeing and try to go backwards and look from there.

So I think that is a question that hopefully the second panel will be able to address.

Mrs. HARTZLER. Do they have—does our equipment have the identification number, like a bar code or something that can be scanned at various stages along the way, like, you know, FedEx and Amazon and post office and other people do?

Ms. FARB. Yes, I am looking back at my team. Yes, it does have—there are identifiers, case identifiers, that are associated in the system as well as individual equipment and procurement—

Mrs. HARTZLER. So you say the dates weren't entered. Does that require somebody to type the date in, like scan it with a bar code scan and then record it, or can they just scan it?

Ms. FARB. I think for the dates themselves, there are a couple of different ways that they are entered into the system. Either users can enter them into the system, or the dates are pulled from other DOD sources. So there may be an external data system.

There are a couple of different information suites that we described also in detail in our report, that are used to pull the date—the dates from, but sometimes the dates are in those systems but not showing up in the Security Cooperation Information Portal.

Mrs. HARTZLER. Okay. I am going to follow up with this more with the DOD officials. But I did want to ask another question of Mr. Roark.

Today, if the committee were to request that DOD provide the immediate quantity, dollar value, and location of equipment on hand in Kuwait and Iraq, how quickly do you estimate that information could be found, and is the Department working on a system to improve recordkeeping?

Mr. ROARK. So we asked the same question during our audits; so one of the biggest problems that we found was automated systems weren't being used, so a lot of things were based on individual spreadsheets and so forth.

So we recommended that the commands implement some more recognized Army accountability and visibility systems. And so the commands wrote me back last week when I asked for a follow-up

to see what had happened over the last few months, and they indicated that they have implemented an automated system called the Global Combat Support System–Army. So that would be the system that they are using as of last week, and that would be the first place to go to try to get that information.

Mrs. HARTZLER. Okay. Very good. I think we have checked, there are no other questions on this round. So we want to thank you very much for your testimony.

And now we will move on to the second panel. And as they are making the transition there, I am going to go ahead with the introductions.

On this panel, we are going to be joined by Colonel David Navratil, the country director for Iraq at the Office of the Secretary of Defense for Policy; and Mr. Peter Velz, the director for Afghanistan, Resources and Transition, at the Office of the Secretary of Defense for Policy.

So we appreciate you gentlemen being here, and sitting through the first panel. And that will probably be very helpful to you beginning our—your testimony and questions. You know some of the issues that have been raised by the subcommittee for questions, and so, you know, we appreciate you addressing those.

So would you please go ahead and proceed with your statements.

STATEMENT OF PETER VELZ, DIRECTOR, AFGHANISTAN (RESOURCES AND TRANSITION), OFFICE OF THE UNDER SECRETARY OF DEFENSE, POLICY; AND COL DAVID NAVRATIL, COUNTRY DIRECTOR FOR IRAQ, OFFICE OF THE UNDER SECRETARY OF DEFENSE, POLICY

Mr. VELZ. Chairwoman Hartzler, Ranking Member Moulton, members of the subcommittee, thank you for inviting Department of Defense witnesses to testify here today, and thank you for the unwavering support that you and the defense committees give to the men and women of the Department of Defense, military and civilian alike, who serve and defend our country all over the world.

I am pleased to be here today to discuss the Department of Defense's efforts to ensure that taxpayers' funds used to train, equip, and sustain partner forces in Afghanistan are effectively managed and deliver results in support of our national security objectives.

You have our written testimony, so we will each provide a brief overview of the key points. Secretary Mattis has made it clear that even small instances of inefficient or ineffective use of DOD funds can have strategic impacts that can reverberate negatively on the DOD mission and our budget situation, and that we must earn the trust and confidence of Congress and the American people that we are diligent stewards of taxpayer dollars.

The Secretary expects all DOD organizations to end wasteful practices in any mission area and to bring forward proposals that make the Department more effective and efficient.

This guidance certainly applies to the Department's management of the Afghanistan Security Forces Fund, or the ASFF, which is the subject of Mr. Sopko's testimony, and all other DOD partner capacity building appropriations.

The Department greatly appreciates the strong support from Congress in general and the defense committees in particular for

the ASFF appropriation. This appropriation is the center of gravity of the DOD mission in Afghanistan.

It has enabled the United States and our coalition partners to transition responsibility for the security of Afghanistan to the Afghan defense and police forces. The Afghan forces have shown over the last 2½ years since the end of the U.S. combat mission that with limited U.S. enabler assistance they have been able to prevent the insurgency from achieving its strategic objectives, including capturing and holding a major city.

The Afghan forces have also proven to be very capable and critical partners in our counterterrorism efforts in Afghanistan. The work by the DOD IG, the SIGAR, and GAO are critical enablers of the Department's oversight and our oversight of the ASFF and the Afghanistan mission.

Throughout the course of audits, investigations, and other projects and through implementation of recommendations and production of their statutorily required quarterly reports to Congress, my office in the Office of the Under Secretary of Defense for Policy, as well as our commanders in the field and their staffs, work closely with the DOD IG and SIGAR, each of which have a robust presence in Kabul, Afghanistan, to identify opportunities for improvement.

We also work closely with GAO in their efforts to support congressional oversight requirements. These interactions with oversight organizations provide valuable insights into our efforts to implement the Secretary's guidance to effectively manage these funds while achieving the critically important national security outcomes for which these funds are intended.

The Department's congressionally chartered Afghanistan Resources Oversight Council, or the AROC, which has statutory authority to approve acquisition strategies and funding requirements for ASFF funding procurements, uses the results of IG work as a key input in the decision making and oversight.

And I would note that the Secretary Mattis letter that you referenced, it was directed to the three chairs of the AROC. So he intended those three principals to be accountable for the actions of the Department and specifically in the ASFF area.

We also use regular internal DOD staff interactions among OSD Policy staff, Joint Staff, CENTCOM [Central Command], and commanders in the field to ensure a common understanding of actions that are needed to improve accountability for the use of ASFF and to take appropriate corrective action when needed.

Regarding the SIGAR report on Afghan National Army uniforms, we agreed with SIGAR's suggestion that a DOD organization with expertise in military uniforms should conduct an analysis of whether there might be a more effective, a more cost-effective uniform design and camouflage pattern that meets operational requirements.

We believe this is the best way to determine the merits of the report's claim that DOD may have spent as much as \$28 million over 10 years more than was needed on uniforms that may be inappropriate for Afghanistan's operational environment.

The appropriate DOD experts have begun developing a plan for conducting the study, which we expect to begin in the coming

weeks. Secretary Mattis has made it clear in a recent memo to the three under secretaries, who are chairs of the AROC, as I mentioned, that rather than minimize this report or excuse wasteful decisions, DOD should use it as a catalyst to take aggressive steps to end waste in our Department.

The bottom line is the Department must continually seek ways to improve and enhance existing oversight of ASFF, just as we must across all of DOD's mission areas, whether that involves providing assistance to our partner forces in Afghanistan and Iraq or ensuring the readiness of U.S. forces.

As Secretary Mattis wrote in a memo to DOD personnel on his first day as Secretary of Defense, quote, "Every action we take will be designed to ensure our military is ready to fight today and in the future," unquote.

Madam Chairwoman, thank you again for inviting us to participate in this hearing, and I welcome any questions you or other members of the subcommittee may have.

[The joint prepared statement of Mr. Velz and Colonel Navratil can be found in the Appendix on page 84.]

Mrs. HARTZLER. Thank you very much, appreciate you being here. And I very much appreciate Secretary Mattis' very, very prompt and timely statement on this that we need to get accountable and look into all of this. I think that is what is needed certainly.

I did want to follow up on the subject of the uniforms. In our NDAA, we did put language in there requesting that this be looked at, and one of the recommendations is that the cost and feasibility of transitioning the uniforms of the Afghan military security forces to a pattern owned by the United States using existing excess inventory where available and acquiring the rights. That is something that is supposed to be looked at.

And I know that you have just said that a study is going to be done by DOD. But I wanted to ask your opinion about that. How much excess inventory do we have currently of uniforms?

And if we were to give those to the Afghan security forces, does that jeopardize our own security by having a foreign government wearing the same uniform perhaps that we had worn at least in the past?

So can you kind of explain the excess inventory we may or may not have and the viability of perhaps using this in the situation?

Mr. VELZ. Madam Chairwoman, I will have to get you the specifics on how much each of the services may have as excess. I know that, for example, there might be some quantity of older woodland uniforms—I don't know for sure—that the Army might have.

But, you know, what is excess and what is just in the inventory but not currently used and being held for eventual distribution is a fine science to determine. So I would like to get you a specific answer for the record on how much is available.

[The information referred to can be found in the Appendix on page 93.]

Mr. VELZ. In general, I think it is probably best to focus on trying to make sure that we determine what is the actual best operationally suitable camouflage pattern and design that is cost effective for the Afghan forces. The statute, the HASC [House Armed

Services Committee] amendment on requiring that study, I think it is entirely parallel with what we have signed up to do in the SIGAR report.

Mrs. HARTZLER. Okay. That will be very interesting to see certainly the cost involved. If you switched it totally over and whether you use excess inventory or whether you tried to replace it, it sounds costly to me.

But I would like to ask Colonel Navratil, since you oversee Iraq in that issue, can you kind of go into detail about what steps have been taken to address the recordkeeping issue that the GAO as well as Inspector General of DOD identified.

And have you coordinated with any private companies in our country, whether it be UPS or FedEx or any others on logistics and how they keep track of inventory? Have you incorporated any of their ideas?

Colonel NAVRATIL. Madam Chairwoman, thank you for that question. There have been several steps taken by mostly the 1st Theater Sustainment Command, as the IG and GAO reported is the theater sustainment headquarters, the logistic headquarters in charge of all this equipment going through to Iraq and through Kuwait.

So as inspector general mentioned, on site, after some issues were identified immediately, the 1st TSC and supporting units took steps to either properly safeguard the equipment, banding and packaging sealing boxes, or replacing holes in fences that were identified by the inspector general. So those are a couple things to point to.

For the GAO report, it has been only a couple months since those issues were identified, but I can tell you, we work closely again with 1st TSC. And what they have done is update their standard operating procedures, ensured that their supporting units below them, their at least three mentioned in the report, follow those procedures.

What GAO didn't mention in great detail is we are going to be working with them probably for a year or more, I would estimate, on some kind of system. And they have an automated system.

And we have heard reference to SCIP, the Security Cooperation Information Portal, that we are using and also GCSS-Army [Global Combat Support System-Army], which is Army, of course, you could tell by the name, Army internal system that maintains accountability for all Army units.

But what we want to do is find the root cause using the Security Cooperation Information Portal and trace it back to the people here at Defense Security Cooperation Agency, where the order is essentially placed, to the points of shipment from the U.S. and finally to receipt in OCONUS [outside the continental United States], whether Kuwait or Iraq, wherever the final destination is and kind of find out where the system is broke and the process is now being followed.

At this point we are not sure for that process that it is an IT issue or just a following-the-instructions issue. So we have heard GAO and SIGAR mention that some of these forces rotate through theater at periodic intervals. Army standards is 9 months on ground and then back at home station for at least twice that long.

So keeping the knowledge base is important, especially in written procedures, but I am not exactly sure the context when these investigations were performed what the situations were to see the unsecured weapons and the problems with the database.

Mrs. HARTZLER. So you feel confident the database is adequate. It is just a matter of personnel training and people not following procedure?

Colonel NAVRATIL. Ma'am, at this point, I cannot conjecture on the exact cause. That is why I said, we are not taking our time, but we are moving forward systematically with GAO to find out the steps from start to finish and where it is broken.

What we do know is, 1st TSC has changed some procedures. So what we are going to do is measure the information in the portal since May when they have updated their SOP [standard operating procedure], they changed procedures. We will see what kind of reaction we have to that.

And then we will just kind of narrow it down the root cause and work backwards and kind of reverse engineer the problem. So we will find out, if it is not in 1st TSC, where in the system it is broke.

We are not sure the system is broke, the information technology system is broke or the procedure is at this point, but we think it is probably a combination of the two. We just want to make sure we find this and identify so we can be better like some of the civilian companies you mentioned.

Mrs. HARTZLER. What was that last phrase? Because I was going to ask, have you—it sounds like you have not visited with any private companies on how they do logistics. You're just trying to address this internally or—

Colonel NAVRATIL. No, ma'am. We have not yet. Let me caveat that. We have not yet, it is a great idea. I will have to ask some folks in the logistics community what they have done in the past. Because I know, the Army's transition, I have been in about 24-plus years. Since I first got in, it was all internal Army units delivering parts and other things by supply system.

Then we transitioned to using commercial supply systems, whether overseas or CONUS. It worked very well CONUS, OCONUS, it worked in some cases. Not sure why it is not used more. I mean, I have a feeling some of these bulk procurements, the heavy lifts are better done by TRANSCOM [Transportation Command] and mobility forces. But we will have to find out more information for you on that question because I think it is valid.

[The information referred to was not available at the time of printing.]

Mrs. HARTZLER. Thank you. Ranking Member Moulton.

Mr. MOULTON. Thank you very much, Madam Chairwoman.

Going first to Afghanistan, Mr. Velz, can you talk about what changes DOD made in response to this particular incident? You talked about how you think that we did the right thing here on the committee by instituting this requirement. I would certainly like to think that that kind of thing is not required in the future. So what changes has DOD actually made?

Mr. VELZ. Ranking Member Moulton, I think the Secretary's memo that he just sent to the AROC principals, the Under Secre-

taries for Policy, ATL [Acquisition, Technology, and Logistics] and Comptroller, will really be the catalyst.

Mr. MOULTON. So it is safe to say, no changes have been made to date?

Mr. VELZ. The report has been out for about a month. The primary suggestion in the report was that we determine whether or not there is a uniform pattern that is more suitable.

So certainly that was something that was not done 10 years ago, in 2007. There wasn't, you know, a real requirement study that is normally done for something like this. That is what we are going to do now. The new commander of CSTC-A is supportive of that approach, and so that is how we are remedying this immediate issue.

The broader issue you are talking about though, as far as accountability for other aspects of execution of ASFF, I think that will flow from the Secretary's memo to the AROC principals. And then, you know, that will probably lead to further implementation guidance and more rigorous structures in oversight by those principals of decisions to expend ASFF.

Mr. MOULTON. So could you comment for a second on some of the recommendations made by the special inspector general, some of the things that he said about everything from rotations of units and commanders down to contracting procedures and incentives and whatnot.

Did you agree with most of what he had to say? Did you have specific areas where you disagreed? We would really appreciate DOD's perspective on this.

Mr. VELZ. Sir, I think, in some of those areas I think there is a recognition within the Department at the senior levels that are involved in Afghanistan that those are issues and concerns. There are short-term rotations of people into theater.

They may not have the exact expertise that is needed for the more complex jobs that are done in the security assistance arena, for example. When Congressman Banks was there, I think he probably saw some of this firsthand.

And those are things that we are very cognizant of. General Nicholson is very cognizant of them. We are looking at things like making significant improvements to adviser training before advisers deploy.

We also—we have put in place structures in the last 2 years or so, a governance board, if you will, that my immediate boss is the chairman of that is bringing together people who have been advisers over the last 2 or 3 or 4 years to stay part of the dialogue so that they don't just do their year and wander off into DOD and they are never heard from again.

So that is a mechanism that can bring in continuity of mission, and that is a really important principle for it because as people rotate in and out they lose corporate knowledge. So we are trying to put in place structures that maintain that corporate knowledge.

Mr. MOULTON. So just going to Iraq for a minute, Colonel Navratil, what sort of timeline should we expect to see the changes, the increased accountability, the improvements in security that you discussed?

I am the co-chair of the Iraq Caucus here in the House of Representatives, and we are going to be making a trip to Iraq this fall. We would like to know what we can expect to see by then and where to find it?

Colonel NAVRATIL. Yes, sir.

I think talking to IG, like I said, we work pretty well with IG—it sounds like the improvements have been done, either a work order has been implemented to fix the fence, they have changed to a new location with a more secure perimeter, and the boxes and crates that were identified before in a previous report are already banded up and better secured.

So it sounded like those two instances are done. But I agree with the IG where he wants to see it, they have to see pictures, they have to do an on-site visit just to make sure that it is done, for one; and for two, in the future when we receive more packages, they continue to use updated security procedures.

For the GAO report, it is a little more complex. I owe an action plan very shortly, I would say within 30 days, I mean, as far as working with GAO. I won't be ready to brief Congress within 30 days. But at least to GAO we are working out some sort of timeline on this action plan.

And we already started the work a month or so ago, initial discussions. But it is a big project. And speaking of accountability, which I know is a big discussion on the previous panel, I won't be in DOD and OSD for more than another year, but I fully expect this project to follow me wherever I end up.

So I will make sure it is completed, whether it is by myself or handing it off to somebody who replaces me. But this is a big project. So I think within the quarter we will have a solid plan as we figure out what the actual problems are in the system.

And probably within a quarter after that, we will have buy-in with the system, if you will, probably mostly in the Army system up through Defense Security Cooperation Agency to get this fix-it plan in place.

Mr. MOULTON. Well, we would certainly appreciate follow-up, and my staff and the committee staff can help get that follow-up from you. If you have this plan within 30 days and say in about 40 days we would appreciate a brief on it, because that would be in anticipation of our trip to Iraq where we hope to see some of these changes and improvements.

You know, to me, the bigger issue than the few boxes with holes in them is really the fundamental accountability in the system and ensuring that that is fixed.

You know, it also strikes me that we have spent literally tens of millions of dollars delivering weapons to the Iraqis. The same could be said about Afghanistan. But to focus on Iraq for a second, tens of millions of dollars of weapons, equipment, et cetera.

There are plenty of pictures on the internet that we see today of ISIS using many of those pieces of equipment, weapons, and associated ammunition against us. You know, at what point does Iraq have enough weapons? At what point are there enough weapons in the country that we should stop just spending millions of American taxpayer dollars on putting more guns on the ground in Iraq?

Colonel NAVRATIL. Sir, that is a great question. And I cannot provide a very detailed answer on that. What I can say is, we do not yet have what the Government of Iraq and what CENTCOM and the commanders in the DOD think are enough hold forces to protect these areas after ISIS has been defeated, like for Mosul, recent example.

So we continue to work with the Government of Iraq, by, with, and through them, and with our coalition partners, but we are not at a point yet. A lot are destroyed, some highly visible examples, you know, that weapons may be compromised or stolen or whatever the case may be, given to people who should not have them.

But those are things that as we identify them, we work through the Government of Iraq to take care of that situation. And they take those seriously. I can't say they get many results getting them back or what action they do take, but they take those seriously and we talk to them all the time. If we find any violation of that sort.

Mr. MOULTON. If you came to me and you said, you know, Congress, we really need to appropriate some money to send some oil to Iraq because Iraq is running short on oil, we would say that seems a little absurd because there is an awful lot of oil in Iraq.

Well, at some point there are enough guns in Iraq that we shouldn't be buying more; that we should tell the Iraqis to get the guns off the street or wherever else they need to get them from, or from the insurgents, and start putting them back into their inventory, it seems to me. I mean, maybe I am being too logical about this, but at some point this is not a good use of American taxpayer dollars.

Colonel NAVRATIL. No, sir. And I don't want to make an excuse for what we are doing, because I am not the commander on the ground. I know as we fight ISIS and we continue to fight them—and there is probably a year or two, maybe more left, as we fight them and eradicate them in Iraq, you know, we continually arm the soldiers that we are arming in the Iraqi security forces. Some of the partnered, vetted forces that we are working with with ITEF support provided by Congress.

So at some point we are going to cut the weapons off. I would just offer a data point that this war is very cheap compared to previous OIF [Operation Iraqi Freedom] and OND [Operation New Dawn], as you are probably aware. So I hate to compare it, but economy to scale, it is very—it is a lot better this way.

And when you look at the American people who have sacrificed in this war as well, there have been only been like six over the past 3 years that have died in hostile acts. So a couple measurements, but I just think at some point you are correct, we will cut them off. But that point is not yet.

Mr. MOULTON. Okay. Thank you, Madam Chairwoman.

Mrs. HARTZLER. Thank you. Mr. Gaetz.

Mr. GAETZ. Thank you, Madam Chair.

Colonel, no one is really responsible for overseeing end use of equipment that we provide once we provide it to the Iraqi military. Isn't that right?

Colonel NAVRATIL. So that is not quite accurate. The Office of Security Cooperation in Iraq has that responsibility on them.

Mr. GAETZ. And how would you assess their performance?

Colonel NAVRATIL. That is a difficult one to answer. But what I will tell you, it is a difficult environment. And I won't make excuses for them. We all know there is a lot of conflict in Iraq and those folks are over there trying to do a good job.

What they do is work with, through the GOI, the Government of Iraq, through the various ministries to get reports back, usually the quarterly reporting cycle.

Mr. GAETZ. I am speaking more to outcomes and less about process. So if we were to evaluate not the process that they use but the outcomes, would you say they have been effective at managing end use or ineffective at managing end use?

Colonel NAVRATIL. I am going to cut it down the middle and say so-so. I mean, I know there is a DSCA [Defense Security Cooperation Agency] report, I think from last year, that said they need improvement. But I can't get into that many more specifics on the topic because we weren't really prepared for this.

Mr. GAETZ. Okay. Well, so in 2015, Senator McCain said that—and I am quoting here—"The Iraqi military is a long way from being prepared to act in an impactful fashion. Meanwhile, the vacuum is being filled by Shia militias that are Iranian backed." And he continued, "Some of those arms have come from the United States of America."

So is the statement from Senator McCain accurate that the U.S. has allowed arms that are our arms to fall in the hands of Shia militia?

Colonel NAVRATIL. Sir, I would never contradict anything Senator McCain said. But what I can say is, I mean, "allowed" is kind of an exaggeration and I am not saying he exaggerated. But some U.S. equipment bought for ISF has more than likely found its way into enemy hands, whether—and I don't want to lump all the PMF [Popular Mobilization Forces] into enemy, but some of them have strong Shia backing, some strong Iranian ties. We all know this reading the paper.

So the same as before, when we determine these situations exist, we work with State and our partners through the Government of Iraq and the ministries to get those back in proper hands.

And we are—we deal with these issues infrequently, but when we do we treat them very seriously because, like you all know, we are putting a lot of money into this country trying to support them and enable them to govern and police themselves. That is a serious concern for us.

Mr. GAETZ. Madam Chair, I would like to seek unanimous consent to enter into our subcommittee's record a January 8, 2015, Bloomberg News article titled, "Iran-Backed Militias Are Getting U.S. Weapons."

Mrs. HARTZLER. So ordered.

[The information referred to is retained in the subcommittee files and can be viewed upon request.]

Mr. GAETZ. And Madam Chair, I also would seek unanimous consent to enter into our subcommittee's record a series of photographs showing U.S. tanks, U.S. equipment all flying under the flags of Iranian Shia militias.

Mrs. HARTZLER. So ordered.

[The photos referred to are retained in the subcommittee files and can be viewed upon request.]

Mr. GAETZ. My final question, Colonel, is what can we do to move from so-so performance on the management of end use to improved performance where the warfighters from my district and the districts of my colleagues all over the country are not having to fight against American equipment?

Colonel NAVRATIL. Sir, at this point it is partly a process of procedures, partly a—sorry. It is dependent on security and some is dependent on procedures and people following procedures. I think for the most part people know what the procedures are. We have written procedures, very easy to follow usually in the Army, and we do it that way for a reason.

The situation we are in right now, it is getting better in Iraq. There is still a lot of fighters, a lot of ISIS out there, so it is not as easy to get out and follow up as we should.

But at least for the very visible incidents, like the pictures you mention there, there is a lot of pressure from up high, and Secretary Mattis is, of course, tracking that very closely, to get the tanks where they should be, to get other weapons and equipment, if it is in the wrong hands, back to where it should be.

It is a delicate situation now with, you know, counterbalancing Iranian influence with all the other countries that are surrounding Iraq and may want some part of that country after this fight is done.

Mr. GAETZ. Thank you, Madam Chair. I yield back.

Mrs. HARTZLER. Thank you, Mr. Jones.

Mr. JONES. Madam Chair, I thank you again.

And Mr. Velz, I think you and I met a few months ago when I wrote the former Secretary of Defense Ash Carter to please explain to me how we made the mistake of taking the taxpayers' money and paying over 200,000 Afghans who didn't exist. The article said ghost soldiers, and I expressed that in the letter.

You and Mr. Royal, very kind, came to chat with me about that. And the only thing I took from the discussion was that they are changing the metrics on how they keep up with who we are paying for this and that. I still don't question you or Mr. Royal, but I still think it is an impossible situation. But that is my problem, not yours.

Last night I saw Peter Walsh, I believe his name is, with CNN [Cable News Network], with marines, I don't know if it was Helmand, but somewhere in Afghanistan, that they were waiting for the Afghan unit to come in to help them with a possible fire-fight.

I think they were—the unit was about 500 Afghan soldiers. It ended up that they got less than 100 soldiers. So, again, that just adds to the frustration of our military, I am sure, but also the taxpayers and those of us who represent the taxpayers.

Also this morning, I get in the office around 7:00, and I turn on the TV. And then I hear that the Russians are now doing a—quite an extensive supply of weapons to the Taliban. As we know, the Taliban make up the Afghan people. Most of them are Pashtuns. They have been fighting for 1,000 years and probably will for the next 1,000 years.

And I said to you and Mr. Royal, and I know we are going to try to get together in September, I just don't know how in the world—when I hear the testimony, I want to thank again the chairwoman and also Mr. Moulton. This has been an excellent hearing, and I think that it should be on national TV. I said that early on the stand.

But when we get to a point that we are spending billions and billions and billions in Afghanistan and we can't even get the majority—not all but the majority of the Afghans to stand up. And particularly what has distressed me—I represent Camp Lejeune, I represent Cherry Point Marine Air Station.

When I know that these marines that I talk to, who have been there many, many times, feel that there is nothing that is changing—I don't expect you to tell me today in 2 minutes that everything is changing. I understand that. But it is the accountability that I think is missing.

I don't know why someone cannot say to the Congress, you have spent close to \$800 billion. We have been training the Afghans for 16 years. Honest to God, I don't mean this is too ugly, but you can train monkeys to ride a bicycle in 16 years.

But we keep training and training, and half the people that we are training end up going with the Taliban. And a few of those we are training they killed two marines from my district, Major Palmer, Benjamin Palmer, and Sergeant Kevin Balduf, they both were shot and killed by the Afghans they were training.

And just in the last month, there were three Army fellows who were shot by the people they were training. And at some point in time, somebody has got to be honest with the American people and the Congress and say to us, what is the benchmark? What are we trying to do?

This 16 years cannot become 32 years. I will be dead and gone, but so America will be financially broke. When is the truth going to be told as to what is the benchmark?

Mr. VELZ. Sir, I think—first of all, thank you for your comments and questions. I think the main answer to your question will be when we get a decision from President Trump on our strategy and policy in Afghanistan. That is under review right now.

Secretary Mattis, Secretary Tillerson, National Security Adviser McMaster have been in discussions with him about that. I think they are very close to making a final recommendation and decision on what our posture will be going forward. And the outcome of that, I think, will include some points that can address your concerns, sir.

Mr. JONES. Thank you.

Mr. VELZ. So I can't offer you anything more on that.

If you don't mind, sir, a couple quick comments on some of your other points.

On the situation in Helmand, that has long been the most difficult security environment, most difficult area of responsibility within Afghanistan. And the problems of the Afghan National Army corps in that area are well known and have been the focus of a lot of attention over the last couple of years.

There are other parts of Afghanistan where the Afghan army and the Afghanistan police, and certainly the Afghan special forces are

frankly better organized, better led. Although, there have been leadership changes in the 215th Corps that are beginning to show improvements, but it still remains a work in progress.

But, sir, the key metric I would hold out to you as to Afghan will is the number of casualties that they are suffering: 7,000 or 8,000 a year KIA [killed in action]; 14,000 or 15,000 wounded in action. I think there is no question about the will of the Afghan soldier and police to fight.

There are questions about whether they are all adequately led, as we would like them to be, in some cases, perhaps not adequately equipped and supplied. But they are doing the bulk of the fighting.

Our combat forces are providing minimal support right now. Our special forces are working with the Afghan special forces who are highly, highly capable and are having a lot of successful counterterrorism operations.

But I would just note that it is the Afghans' fight now; we are there to support. They are fully responsible for the security of their country. The U.S. and dozens of other coalition partners are assisting them.

And, sir, I think, as I mentioned at the beginning, you know, once we have a decision from President Trump, I think we will be able to have more in-depth discussions on your question.

Mr. JONES. Thank you, Madam Chair.

Mrs. HARTZLER. I want to thank the witnesses today for your testimony as well as your service to our Nation. That concludes our hearing.

[Whereupon, at 3:51 p.m., the subcommittee was adjourned.]

A P P E N D I X

JULY 25, 2017

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

JULY 25, 2017

**Opening Remarks of Chairwoman Vicky Hartzler
Subcommittee on Oversight & Investigations Hearing
“Evaluating DOD Equipment and Uniform Procurement in Iraq and
Afghanistan”
July 25, 2017**

Welcome to our subcommittee members and witnesses testifying before us today. In particular, I would like to welcome Representative Jimmy Panetta as a new Member of the Armed Services Committee and the Oversight and Investigations subcommittee. We are pleased to have you. I look forward to your participation on this subcommittee.

One of the objectives of this subcommittee is to bring attention to programs or activities which face management challenges, are too costly, or could be administered better. Given the pressures on the budget of the Department of Defense, every dollar counts. We cannot afford to make avoidable mistakes.

Vigorous oversight can help ensure that mistakes don’t happen and when they inevitably do, we learn lessons from these missteps. For this reason, I am happy to convene this hearing today on several recent reports highlighting deficiencies within the Department.

Last month, the Special Inspector General for Afghanistan Reconstruction released a report assessing that the Department overpaid as much as \$28 million on uniforms for the Afghan National Army. Furthermore, the pattern selected by the Afghan Ministry of Defense may not even be appropriate for Afghanistan’s environment.

I understand it is important to listen to and work collaboratively with our partner nations when we are helping to train and outfit their forces. But, I am eager to know specifically how to avoid similar missteps in the future. I want to know what the Department is doing to ensure that Afghan troops are appropriately outfitted at a price that is right for the U.S. taxpayer.

On Friday, the Secretary of Defense sent a very strongly worded memorandum to his senior-most deputies. In light of the Afghan uniform report, the Secretary directed them to “bring to light wasteful practices, and take aggressive steps to end waste in our Department.” This is essential.

Other recent reports by the Government Accountability Office and the Department of Defense Inspector General identified issues with the management of equipment funded by the Iraq Train and Equip Fund, or ITEF. GAO determined that DOD had difficulty tracking and accounting for materiel as it was procured, shipped to the theater, and then provided to Iraq’s security forces. Similarly, the Department of Defense’s Inspector General has conducted two inquiries which determined that the Army had ineffective controls for processing, transferring, and securing ITEF equipment in Iraq.

The Department must improve its monitoring and management of this equipment to be more accurate and transparent. I applaud the Army for already taking steps to do so.

I look forward to hearing what progress the Department has made in continuing to remedy these various deficiencies. Vigorous oversight can ensure that hard-earned taxpayer dollars are being put to good use in securing our nation's defense.

**Ranking Member Moulton Opening Remarks – As Prepared
House Armed Services Committee – Subcommittee on Oversight and
Investigations**

**Hearing: “Evaluating DOD Equipment and Uniform Procurement in
Iraq and Afghanistan”**

July 25, 2017

Thank you, Chairwoman Hartzler and thank you to all of our witnesses. I’d also like to take a moment to recognize the newest member of our subcommittee, Representative Jimmy Panetta. As a former Naval Intelligence Officer who served in Afghanistan as well as former Deputy District Attorney, we are fortunate to have his expertise on the subcommittee.

Today we’re addressing findings from the Special Inspector General for Afghan Reconstruction, the Department of Defense’s Inspector General, and the Government Accountability Office that should alarm us all.

Mr. Sopko, the Special Inspector General for Afghan Reconstruction, has determined that our Department of Defense wasted tens of millions of dollars in a grant to the Afghan National Army to purchase uniforms with a camouflage pattern that doesn’t work for 97% of Afghanistan. There are appropriate, desert patterns DOD could have sourced at much lower cost.

This reminds me of when we were in the Kuwaiti desert days before the invasion of Iraq, and we were issued our chemical weapons suits—in green camouflage, similar to these uniforms now worn by the Afghan National Army. This was back in the “Axis of Evil” days and so we joked that they must be saving the desert ones for Korea.

You would think we would have learned from our mistakes, but several years later, DOD failed in basic supervision and oversight to ensure this didn’t happen again. We can’t count how many Afghan soldiers’ lives may have already been lost due to inappropriate camouflage, but we can account for how many American taxpayer dollars have been wasted—and it’s a lot of money: estimated between \$26 and \$28 million wasted.

In response to this investigation, the House Armed Services Committee has acted and included a provision in the FY18 NDAA that would require DOD to perform both cost and requirements analyses before awarding any new contract for uniforms in Afghanistan. It’s designed to ensure this particular mistake never happens again, but I want to ensure this oversight body hears from you about whether you believe that’s the case, whether it’ll work, and

whether there's more we should be doing. We need to get to the bottom of what went wrong. I can't tell you what I could do with \$26 million in my district.

I'd also like to hear your thoughts on what we should do now that we've bought these uniforms for Afghan forces and whether or not it makes sense to use additional taxpayer funds to buy replacements.

It's easy to conclude that the Defense Department did not subject this decision to sufficient supervision or oversight, but it's also important to say that DOD regularly complains that Congress imposes onerous reporting requirements and other oversight measures that take too much time, require too much bureaucracy, and hurt the operational efficiency of our military. We don't want to do that, but these are the kinds of situations that demand it.

Therefore, we want to better understand how these decisions were made and the broader policy changes you would recommend to prevent these outrageous mistakes in the future. In the absence of good answers, we will demand stricter oversight, and we will get into the weeds. My hope is that we can eventually gain the confidence that DOD will prevent the massive waste of taxpayer dollars in the future without requiring us to impose more bureaucratic oversight on daily operations.

The second set of findings should concern us even more. If we're not adequately tracking and securing the weapons and equipment we send to our allies in Iraq, that endangers the critical efforts of the Iraqi security forces to defeat ISIS and ensure they are able to stabilize the country after combat operations are complete.

Both the Department of Defense's own Inspector General as well as the GAO have concluded serious shortcomings remain in our ability to sufficiently track and account for the weapons and other hardware we are providing via the Iraq Train and Equip Fund or "ITEF." More specifically, the GAO found the Department of Defense maintains only "limited visibility and accountability over equipment funded by ITEF" and that a key tracking system is "not consistently capturing key transportation dates of ITEF equipment."

I have been responsible myself for delivering weapons, equipment, and ammunition to Iraqi Security Forces. My team and I maintained strict accountability of what was delivered and showed up to inspect their delivery. We held our Iraqi leaders accountable and made them sign for everything, following up with other inspections.

We can do this. We need to do it. And the American taxpayer deserves it, not to mention our troops in the field who certainly don't want to find themselves targeted by our own, superior weapons and equipment.

Some progress has been made but I am eager to hear more specifics about how we can ensure that hundreds of millions of dollars in weapons and equipment are indeed accounted for and confirmed as properly delivered where intended.

I thank you for your oversight work, and I look forward to your testimony today. With that I yield back.

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SIGAR

Testimony

Before the Subcommittee on Oversight and
Investigations

U.S. House of Representatives Committee on
Armed Services

Procurement of Afghan Army
Uniforms: Poor Decisions and
Questionable Contracting
Processes Added \$28 Million to
Procurement Costs

Statement of John F. Sopko,
Special Inspector General
for Afghanistan Reconstruction
July 25, 2017

Chairwoman Hartzler, Ranking Member Moulton, and Members of the Subcommittee,

I am pleased to be here today to discuss SIGAR's June 2017 report assessing DOD's procurement of uniforms for the Afghan National Army (ANA).¹ My testimony today will address the following issues related to that procurement:

- The generation of unnecessary, untested, and costly uniform specifications;
- Circumvention of Federal Acquisition Regulation requirements; and,
- A lack of oversight of direct assistance funds and the violation of U.S. law by the Afghan government.

Again, I thank you for your interest in this important matter and for your shared goal of ensuring that the tens of billions of U.S. taxpayer dollars spent to help rebuild Afghanistan are used wisely and protected from greedy and corrupt actors, as well as from poor decision making. We remain vigilant and as committed as ever to shining the bright light of oversight throughout the Afghan reconstruction effort.

Our report clearly showed that DOD's lack of due diligence and its decision to purchase ANA uniforms using a proprietary camouflage pattern and more costly style resulted in costs that are significantly higher than those for similar nonproprietary camouflage uniforms, potentially costing the U.S. taxpayers between \$26.65 million and \$28.23 million since 2008. Moreover, given our historical and pledged commitments supporting the continued development of the ANA, we found that changing the ANA uniform to a nonproprietary camouflage pattern and less costly style, similar to those procured for comparable ANP units, could save U.S. taxpayers between \$68.61 million and \$72.21 million over the next 10 years.

We are pleased to report that as a result of our report, DOD agreed to (1) take swift action and conduct an assessment to determine whether there is a more effective alternative, considering both operational environment and cost, available for the ANA, and (2) ensure that current contracting practices for ANA uniforms as well as Afghan National Police (ANP) uniforms conform to all Federal Acquisition Regulation requirements.²

We first identified the potential issues associated with DOD's requirements generation process for the procurement of uniforms for the ANA through work performed by our Audits and Inspections Directorate for our April 2017 audit examining clothing and equipment requirements for the entire Afghan National Defense and Security Forces (ANDSF).³ This work uncovered contract anomalies, which the Audits and Inspections Directorate forwarded to our Special Projects Directorate for further review.

¹ The ANA is a subordinate component of the Afghan Ministry of Defense (MOD).

² The ANP is a subordinate component of the Afghan Ministry of Interior and comprises the following police units that use a comparable uniform to that of the ANA with a nonproprietary camouflage pattern: the Afghan Uniform Police (AUP), the Afghan Border Police (ABP), and the Afghan Local Police (ALP). The ANP also includes the Afghan National Civil Order Police, Afghan Anti-Crime Police, Afghan Protection Unit, and the Afghan Public Protection Force, which are not discussed in this report because they either also use a proprietary pattern or have dissimilar uniform requirements or specifications that would not be appropriate for comparison.

³ See SIGAR, *Afghan National Defense and Security Forces: DOD Needs to Improve Management and Oversight of Uniforms and Equipment*, SIGAR 17-40 Audit Report, April 25, 2017. The audit found that Combined Security Transition Command – Afghanistan's (CSTC-A's) plan to transition procurement responsibility to the Afghan government failed when it became apparent that the Afghans could not purchase these items in compliance with U.S. law, resulting in a uniforms crisis beginning in 2013. Due to organizational restructuring within the coalition, CSTC-A struggled to resume procurements of ANDSF uniforms and

SIGAR's Office of Special Projects, an office I established in 2012 in response to requests from Congress and executive branch agencies for more rapid, actionable assessments on emergent issues, then conducted its work and uncovered more than \$72 million in potential cost savings. The Special Projects review also uncovered questionable actions related to the requirement generation process that were immediately referred to our Investigations Directorate, which opened a criminal investigation related to the matter. I want to specifically express my thanks to Matt Dove and Parker Laite for their outstanding work on this assignment.

THE CAMOUFLAGE PATTERN SELECTED FOR THE ANA WAS BASED ON INDIVIDUAL PREFERENCES, WITHOUT TESTING FOR EFFECTIVENESS, AND USED A QUESTIONABLE PROCUREMENT PROCESS

Equipping the ANA and ANP involves numerous Afghan, U.S., and international organizations. Under the current Resolute Support mission and the International Security Assistance Force mission that preceded it, the Combined Security Transition Command–Afghanistan (CSTC-A) is the DOD organization responsible for: overseeing efforts to equip and train the ANA and ANP; validating requirements; validating existing supply levels; submitting requests to DOD components to contract for procurement of materiel for the ANDSF; and ensuring that the Afghan government appropriately uses and accounts for U.S. funds provided as direct contributions from the Afghanistan Security Forces Fund.

From 2002 to 2007, the ANA relied on a hodgepodge of donated uniforms from several nations with little standardization. By 2007, CSTC-A and the Afghan government had achieved some standardization in the ANA uniform through the procurement of a uniform that was a nearly identical variant of the U.S. Army's Woodland Battle Dress Uniform (BDU). However, according to CSTC-A documentation establishing the requirement for a new ANA uniform, the BDU's "prevalence in the region and non-unique nature . . . allowed enemy forces to copy or obtain excess quantities of the uniform. As a result, Enemy forces can easily infiltrate into or around ANA forces."⁴ As a result, the Afghan MOD determined that it required a new and distinctive uniform to separate the ANA as armed forces of a sovereign government. At that time, the Minister of Defense, with an endorsement from the President of Afghanistan, requested the development of a new ANA uniform. CSTC-A, responsible for reviewing, validating, and funding all ANA organizational clothing and individual equipment requirements, supported the Afghan government's decision to field a distinctive uniform.

CSTC-A Officials Appeared to Limit Camouflage Options to Those Developed by HyperStealth, and MOD Selected the Spec4ce Forest Pattern for ANA Conventional Forces

Our review found that CSTC-A officials appeared to limit the camouflage options available for conventional ANA forces to patterns owned by HyperStealth instead of working with DOD experts to determine the availability or effectiveness of existing DOD-owned camouflage patterns, or other proprietary patterns not owned by HyperStealth. Specifically, by February 2007, CSTC-A personnel responsible for assisting the Afghan MOD to identify or develop a new uniform specification had presented the available HyperStealth patterns to the

equipment through DOD's supply chain. These delays compounded shortages of Afghan uniforms and equipment. Additionally, we found that coalition officials lacked the data they needed to make good decisions. As a result, CSTC-A and coalition officials exacerbated shortages in some cases by failing to order needed items in a timely fashion, and created surpluses in other cases by ordering or re-ordering items that the ANDSF already had or that were already working their way through DOD's supply chain.

⁴ CSTC-A, *Afghanistan National Army Uniform Specification*, November 25, 2007.

Afghan Minister of Defense.⁵ CSTC-A personnel then requested that HyperStealth provide several camouflage examples with varying color schemes that the Afghan MOD could select from. By May 2007, the Afghan MOD, in coordination with CSTC-A, had selected HyperStealth's Spec4ce Forest camouflage pattern for ANA conventional force uniforms moving forward.⁶

On November 25, 2007, CSTC-A and the Afghan MOD approved new specifications for the ANA combat uniform. According to the specifications, the goal of the new design was to provide a unique ANA uniform that used a pattern that would be difficult to duplicate. CSTC-A developed the specifications in coordination with ANA senior leaders and contractors. The specifications included significant design cues from the U.S. Army Combat Uniform and required the use of a proprietary camouflage pattern—Spec4ce Forest—developed by HyperStealth. The design features taken from the U.S. Army Combat Uniform—including zippers instead of buttons for the blouses, use of hook and loop fasteners, and more pockets—resulted in a uniform that was more difficult and costly to produce than the Battle Dress Uniforms that are used by Afghan Commandos and police.

The Spec4ce Forest Camouflage Pattern Was Not Tested for Effectiveness in Afghanistan

Determining the effectiveness of an existing uniform pattern for a specific environment requires formal testing and evaluation. Similar testing and evaluation is required when developing a new camouflage pattern for a specific environment. This is a difficult and complex process. According to our review of correspondence with Dr. Timothy O'Neill, founder of West Point's (the U.S. Military Academy's) engineering psychology program and creator of the camouflage pattern which served as the basis for the Army Combat Uniform, "Evaluation of camouflage designs is an extremely fussy and demanding experimental design problem."⁷ Dr. O'Neill describes camouflage as a "vision science, which includes visual psychophysics and biophysics, optics, and sensory neuroscience, colorimetry and photonics, environmental surveys, mathematics of spatial patterns, dye and coating chemistry, and very rigorous test design."⁸

A technical paper prepared for the U.S. Marine Corps and the U.S. Army concludes that the most effective way to design camouflage is through the "quantitative definition of tactical environments using spatial and colorimetric analysis"—in other words, it is best to tailor the spatial characteristics and color palette of a camouflage pattern to the specific environment and tactical position where those using the camouflage would be inclined to hide.⁹ According to the report, matching a camouflage pattern "with background texture, color, and contrast is essential to all levels of visual processing."¹⁰ Additionally, the contrast used in a particular camouflage's color scheme should match as closely as possible the environment in which it will be used.

CSTC-A, however, made the decision to procure 1,364,602 ANA uniforms (we define a uniform as 1 shirt and 1 pair of pants) and 88,010 extra pairs of ANA pants—totaling approximately \$94 million—using HyperStealth's Spec4ce Forest camouflage pattern without conducting any formal testing or evaluation to determine the pattern's effectiveness for use in Afghanistan

⁵ Our interviews with officials involved in the selection, as well as our review of emails documenting the decision-making process, found no indication that any non-HyperStealth patterns were ever presented to MOD for consideration.

⁶ The ANA Commando and Special Forces Units—Afghanistan's most elite forces—continue to wear the Woodland Battle Dress Uniform, a less expensive uniform using a nonproprietary camouflage pattern.

⁷ Dr. Timothy O'Neill, email to SIGAR, October 31, 2016.

⁸ Ibid.

⁹ Timothy O'Neill, "Innovative camouflage measures for the United States Marine Corps" (technical paper prepared for MARCORSYSCOM under Sverdrup Technology Agreement Number 0965-36-01-C1), p. 36.

¹⁰ Ibid.

CSTC-A, in consultation with the Afghan MOD, decided to adopt the camouflage pattern containing a “forest” color scheme for ANA uniforms, despite the fact that forests cover only 2.1 percent of Afghanistan’s total land area.¹¹ In addition, the National Oceanic and Atmospheric Administration’s National Climatic Data Center characterizes Afghanistan as “a mountainous country in a dry part of the world which experiences extremes of climate and weather. Winters are cold and snowy, and summers hot and dry . . . the country on the whole is dry, falling within the Desert or Desert Steppe climate classification.”¹²

According to a 2010 U.S. Government Accountability Office audit, camouflage patterns are characterized as environment-specific or universal. Environment-specific patterns, such as woodland (or forest) and desert patterns, are expected to perform best in the specific environment.¹³ Similarly, our review of correspondence with Dr. O’Neill found that in areas with wide seasonal variations in color (temperate regions) one-pattern camouflage solutions should be avoided. Dr. O’Neill stated, “For this reason the Marines chose a two-pattern family [sic] (desert and woodland); both performed very well in their proper environments, but . . . desert designs don’t work well in woodland areas and woodland patterns perform poorly in the desert.”¹⁴

CSTC-A Used Questionable Procurement Methods that Limited Competition and May Have Deviated Improperly from Federal Acquisition Regulation Requirements

Our analysis of documentation and correspondence from 2007 showed that to procure the new ANA uniforms, CSTC-A officials recommended that the command pursue a sole-source award to HyperStealth for the camouflage license and uniform design. CSTC-A officials at the time stated that a sole-source acquisition strategy best met Afghan President Karzai and Minister of Defense Wardak’s intent and was most likely to achieve the desired delivery milestones.¹⁵

The plan to use a sole-source award, however, met resistance from the responsible DOD contracting office, which made it clear that a sole-source award to HyperStealth for the uniform pattern might not have been possible. Our analysis showed that the DOD contracting office raised concerns that, because there were so many available camouflage patterns in the world, a sole-source award would be hard to justify. For example, aside from the many patterns available from commercial sources other than HyperStealth, the U.S. government already had rights to multiple uniform patterns that were not in use by U.S. forces that could have been used by the ANA and may have been equally effective in the Afghan environment. Upon hearing the concerns of the contracting officials, one CSTC-A Senior Afghan MOD Mentor stated in an email to his colleagues, “They [the ANA] have already chosen the pattern they want. We cannot and will not pick for them.”¹⁶ While Afghan government input to a decision by CSTC-A for an Afghan Security Forces Fund procurement may be desirable, it is not required under pseudo FMS processes. Furthermore, in addition to U.S. government-owned patterns, it is possible that camouflage patterns used by other coalition partners could have been made available for use by the ANA.

¹¹ World Bank, “Forest Area (% Land Area),” <http://data.worldbank.org/indicator/AG.LND.FRST.ZS?end=2015&locations=AF&start=2015&view=map>, accessed March 2, 2017.

¹² National Climatic Data Center, “Climate of Afghanistan,” <https://www.ncdc.noaa.gov/oa/climate/afghan/afghan-narrative.html>, accessed March 3, 2017.

¹³ U.S. Government Accountability Office, *Warfighter Support: Observations on DOD’s Ground Combat Uniforms*, GAO-10-669R, May 28, 2010.

¹⁴ Dr. Timothy O’Neill, email to SIGAR, October 31, 2016.

¹⁵ CSTC-A, *New ANA Combat Uniform, Acquisition Strategies and Other Considerations*, May 13, 2007.

¹⁶ Internal CSTC-A email correspondence, May 19, 2007.

Had CSTC-A decided in early 2007 to use a nonproprietary pattern available to them at the time or to develop a new pattern for the ANA, the Natick Soldier Research, Development and Engineering Center estimated that it would have taken 22 weeks and cost \$156,400 to test the utility of a pre-selected textile pattern for use in Afghanistan; or 26 weeks and \$228,400 to compare the advantages and disadvantages of several pre-selected patterns for use in Afghanistan; or 14 months and \$420,400 to independently develop a textile pattern appropriate for use in Afghanistan.¹⁷

Our analysis showed that despite the lack of testing of the Spec4ce Forest pattern for Afghanistan, and concerns from the responsible DOD contracting office that choosing such a pattern would be hard to justify given the availability of other patterns (including U.S. government-owned patterns that would not require the payment of a licensing fee or royalty), CSTCA officials pushed forward with the ANA uniform procurement. We found that instead of issuing a sole-source contract to HyperStealth for the Spec4ce Forest camouflage license and uniform design, DOD issued a local acquisition solicitation in June 2008 that included the requirement that the uniforms use the Spec4ce Forest camouflage pattern. This requirement meant that whichever vendor was awarded a contract to provide ANA uniforms would effectively be required to purchase pre-patterned material or obtain the rights to use the proprietary pattern from either HyperStealth or an authorized licensee.¹⁸

Information obtained during the course of our review, however, indicated that some CSTC-A officials may have disclosed contractor proposal information by facilitating the purchase of HyperStealth's intellectual property by a preferred U.S. contractor. According to the Federal Acquisition Regulation, "Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none."¹⁹ The FAR goes on to state that persons who are either United States government officials or who have acted as advisors to the government with respect to a procurement are prohibited from disclosing proprietary or source selection information prior to the award of a contract. Acting in such a manner is improper and can be a violation of the Procurement Integrity Act.²⁰

According to HyperStealth, the company was told "by [a CSTC-A official] in a phone call that [HyperStealth] would be contacted by ADS [Atlantic Diving Supply Inc.] to represent our pattern as the Prime. ADS Inc. contacted [HyperStealth] by phone to begin the exclusive license for the pattern for Afghanistan."²¹ On January 16, 2008, almost a year after CSTC-A initially contacted HyperStealth to express interest in purchasing the rights to the Spec4ce Forest camouflage pattern, HyperStealth signed an agreement granting ADS the exclusive rights and license "to decorate materials or sublicense and subcontract to other companies . . . [the] Spec4ce Afghan Forest Camouflage Patterns." The agreement included a designated authorized customer list that stipulated that items containing the Spec4ce Forest pattern "may not be sold in part or as an end product through ADS or any subcontractor or sub-licensee to any individual or entity outside of the Governments of

¹⁷ According to the U.S. Army's Natick Soldier Research, Development and Engineering Center, CSTC-A never requested that the center test nonproprietary patterns available at the time or develop a new pattern for the ANA. At our request, the center provided these time and cost estimates in January 2017.

¹⁸ In January 2008, HyperStealth and ADS Tactical signed an exclusive license agreement for the Spec4ce Forest camouflage pattern

¹⁹ 48 C.F.R. § 3.101-1 (2008).

²⁰ 48 C.F.R. § 3.104-3(a) and 41 U.S.C. § 423(a) entitled *Restrictions on Disclosing and Obtaining Contractor Bid or proposal Information or Source Selection Information, Prohibition on Disclosing Procurement Information*. Violations of 41 U.S.C. § 423(a) can result in criminal, civil and administrative actions, to include confinement, monetary penalties, debarment and/or the recession of a previously awarded contract, 41 U.S.C. 423(e).

²¹ Guy Cramer [HyperStealth CEO], email to SIGAR, January 24, 2017.

Afghanistan and the United States.” We are continuing to investigate the possibility that the contractor proposal information may have been inappropriately disclosed.²²

CSTC-A is responsible for validating ANA uniform requirements, budgeting funds from the Afghanistan Security Forces Fund to procure ANA uniforms, and placing orders to be fulfilled by other U.S. agencies that either contract for new procurements or provide items as sales from existing stocks. As part of this obligation, DOD is required to ensure that requirements meet the Federal Acquisition Regulation. These requirements included documenting how the use of Spec4ce Forest pattern, a brand-name product, was justified, as well as what steps were taken to properly plan the acquisition, conduct market research, and define CSTC-A and the ANA’s needs for this product.

Regarding the requirement that only HyperStealth’s proprietary Spec4ce Forest pattern would be an acceptable camouflage pattern, an acquisition that includes a brand-name description or specifies a brand-name product, or feature of a product particular to one manufacturer and does not provide for full and open competition, must be justified by the contracting activity. This justification should indicate that the use of the brand name is essential to U.S. government requirements, thereby precluding consideration of other products and should contain sufficient facts and rationale, including a description of the market research conducted or a statement why market research was not conducted and a certification by the contracting officer that the justification is accurate and complete. According to the FAR, this justification is required to be approved by the head of contracting activity (a general officer or civilian member of the Senior Executive Service) for procurements with an estimated total value of up to \$78.5 million or by head of the agency’s procuring activity for procurements with an estimated total value higher than \$78.5 million. These justifications are required to be made available for public inspection.²³

In addition to justifying and seeking approval for the use of a brand-name product, CSTC-A was obligated to conduct acquisition planning and market research to show support of its decision-making process regarding the ANA uniform procurement. According to the FAR, acquisition planning will describe how competition will be sought throughout the acquisition and, if full competition is not contemplated, such as when a brand name is specified, the plan will state who the sources for the acquisition are and why full and open competition cannot be obtained.²⁴ The Department of Defense Supplement to the FAR, applicable to CSTC-A procurements, also adds the requirement that a written acquisition must be prepared for procurements estimated to be more than \$50 million for all years of the acquisition or for those that are more than \$25 million in a single year.²⁵ Supporting the acquisition planning process is the FAR’s discussion of market research, which states that it is a policy that agencies must conduct appropriate market research before solicitation of offers and must use the results to determine sources capable of meeting requirements. This market research should be documented appropriately based on the size and complexity of the acquisition.²⁶

Finally, the FAR states that when describing agency needs, requirements shall not be written to require a particular brand name, product, or a feature of a product particular to one manufacturer unless the feature is essential to the government’s requirements and market research indicates that other similar products or products lacking a specific feature do not or cannot meet minimum needs. When these exceptions are met, less than full and open competition is contemplated, and the procurement must be justified and approved by

²² We have asked ADS to provide any and all communication (emails, internal working documents, etc.) regarding the ADS agreement with HyperStealth for exclusive rights to the Spec4ce Forest camouflage pattern. That information will be used as part of our investigation in this matter moving forward.

²³ 48 C.F.R. §§ 6.302-1(a) and (c), 6.303-2, 6.304 and 6.305 (2008).

²⁴ 48 C.F.R. §§ 7.102(a) and 7.105 (2008).

²⁵ 48 C.F.R. § 207.103(d)(i)(A) (2008).

²⁶ 48 C.F.R. § 10.001(a) (2008).

the head of contracting activity, or the head of the agency's procuring activity, depending on its overall estimated value.²⁷

DOD was unable to provide us with documentation demonstrating that the Spec4ce Forest pattern specification was essential to the U.S. government's requirement and market research indicating that other companies' similar products were inadequate to meet DOD's requirements for ANA uniforms. DOD was also unable to provide documentation justifying or approving the Spec4ce Forest requirement in the ANA uniform specification. Based on DOD's inability to provide this documentation and SIGAR's analysis of the circumstances surrounding the use of the Spec4ce Forest pattern in the specification, there appears to have been an improper deviation from the FAR's requirements regarding competition, acquisition planning, market research, and CSTC-A's need for this particular camouflage pattern for the ANA.²⁸ Neither DOD nor the Afghan government could demonstrate the appropriateness of the ANA uniform for the Afghan environment, the research and planning that went into choosing the Spec4ce Forest pattern, the justification and authorizations for the use of a brand name and the corresponding impact on competition, or show that the new camouflage pattern did not hinder ANA operations by providing a more clearly visible target to the enemy.²⁹

DOD SPENT APPROXIMATELY \$94 MILLION TO PROCURE ANA UNIFORMS, BUT THE PREFERENCE FOR A PROPRIETARY CAMOUFLAGE PATTERN AND MORE COSTLY STYLE RESULTED IN UP TO \$28 MILLION IN EXCESS COSTS

Between November 2008 and January 2017, DOD spent approximately \$93.81 million to procure 1,364,602 uniforms and 88,010 extra pairs of pants for the ANA made using a proprietary pattern.³⁰ Between November 28, 2008, and August 31, 2011, DOD issued eight task orders through three local acquisition contracts and three blanket purchase agreements (BPAs) for ANA uniforms that included a requirement for uniforms with the Spec4ce Forest camouflage pattern and features of the U.S. Army Combat Uniform. These local acquisition contracts, task orders, and BPAs represent approximately \$50.95 million in expenditures for 870,447 ANA uniforms. From February 27, 2015, to January 8, 2017,³¹ Defense Logistics Agency (DLA) issued 17 pseudo FMS task orders under four contracts for ANA uniforms that included a requirement for the Spec4ce Forest camouflage pattern. These pseudo FMS task orders represent approximately \$42.85 million in expenditures for 494,155 uniforms and 88,010 extra pants for the ANA.³²

²⁷ 48 C.F.R. § 11.105(a) (2008).

²⁸ The FAR's definition of "Deviation" includes the issuance or use of a policy, procedure, solicitation provision, contract clause, method, or practice of conducting acquisition actions of any kind at any stage of the acquisition process that is inconsistent with the FAR. 48 C.F.R. 1.401(a) (2008).

²⁹ DOD continues to purchase of uniforms for the ANA using the Spec4ce Forest pattern under the color scheme designation of "ANA – Afghan Forest Pattern". To date DOD has not provided SIGAR with any information showing that it has taken steps to correct the improper deviation from the FAR's requirements at the time the initial contracts were awarded. We will continue to investigate this issue further.

³⁰ DOD spent more than \$154.53 million for 4,139,786 proprietary shirts, pants, field jackets, and caps for the ANA between 2008 and 2016. This total includes \$93.81 million for 1,364,602 uniforms and 88,010 extra pairs of pants; \$54.39 million for 471,547 field jackets; and \$6.33 million for 851,024 caps.

³¹ The data we received from DLA regarding pseudo FMS contracts for proprietary uniforms, field jackets, and caps for the ANA was current as of January 8, 2017. Some of the contracts and task orders included in this data were ongoing and may have accrued additional costs after we received the information.

³² In addition to these procurements, in September 2016, DOD awarded a \$7.8 million firm-fixed-price, sole-source contract to ADS for the production of fabric printed with the Spec4ce Forest uniform pattern necessary

ANA Uniforms Made with the Spec4ce Forest Camouflage Pattern Cost an Average of 40–43 Percent More than Similar ANP Uniforms Made with Non-Proprietary Camouflage Patterns

We found that ANA uniforms made with the Spec4ce Forest camouflage pattern cost an average of 40–43 percent more than comparable ANP uniforms made with non-proprietary camouflage patterns.³³ Some of the difference in price between proprietary patterned ANA uniforms and non-proprietary patterned ANP uniforms may be attributable to the licensing fee, paid as a defined percentage of fabric sales, to secure the rights to use the Spec4ce Forest pattern from HyperStealth.³⁴ We also reviewed the uniform specifications for the different uniform types (ANA and ANP components) and found them to be similar, with the primary difference being that the ANA Spec4ce Forest camouflage uniform included design features from the U.S. Army's Combat Uniform.³⁵ These design features and the required use of the proprietary pattern for the ANA uniform both increased uniform costs. To determine the premium paid for ANA uniforms, we used DLA-provided data (which covered only pseudo FMS procurements from February 2015 through January 2017) to calculate the average unit price per uniform for both ANA (proprietary) and ANP (non-proprietary) components. The calculation resulted in the following average unit prices per uniform: ANA, \$79.14; ABP, \$56.65; ALP, \$53.47; and AUP, \$55.32.³⁶

Since the ANA uniforms were the most expensive per unit, we calculated the premium paid for ANA uniforms per unit as a percentage of uniform unit prices for the ANP components. This calculation showed that ANA uniforms were approximately 40 percent more expensive than ABP uniforms per unit, 43 percent more expensive than ALP uniforms per unit, and 43 percent more expensive than AUP uniforms per unit—a range of 40–43 percent.

Proprietary ANA Uniforms Cost Significantly More than CSTC-A Initially Estimated

In mid-2007, CSTC-A initially estimated that the new ANA uniform, which would use a yet-to-be determined unique camouflage pattern, would cost \$25–\$30 per set. In 2007, ANA BDUs were either contracted for locally

for the assembly of an additional 195,000 ANA uniforms. This procurement was not included in the \$93.81 million total for proprietary patterned ANA uniforms because it does not include the total cost of the uniforms.

³³ While we did not include any cost comparisons between ANA uniforms made with the Spec4ce Forest camouflage pattern to the cost of U.S. Army combat uniforms in our Special Project report (such a comparison was outside the scope of our objectives), we were able to find open source reports that put the cost of the U.S. Army combat uniforms (shirt and pants only) between \$84 and \$90 (see, Army Public Affairs, "Soldiers to get new camo uniform beginning next summer," August 6, 2014; Kyle Jahner, Army Times, "Army's new camouflage uniforms hit stores July 1," June 1, 2015).

³⁴ We are not disclosing the amount of the licensing fee to protect information that may be procurement sensitive and could influence other acquisitions.

³⁵ Besides small variations in button/Velcro use, we found the following differences in textile requirements: the textile specification for ANA uniforms required a cotton/nylon blend, whereas ANP uniforms required a 50% nylon and 50% cotton/polyester blend; ANA uniforms required a breaking strength filling of 125 pounds, whereas ANP uniforms required a breaking strength filling of 130 pounds; ANP uniform specifications included a "rip-stop" requirement, whereas the ANA uniform specifications included no such requirement.

³⁶ ABP, ALP, and AUP units did not use a proprietary pattern for their uniforms. To determine the uniform cost per unit for the ANA and ANP components, we divided the sum of the total cost of shirts and pants procured for each unit by the total number of shirts and pants procured.

or procured via pseudo FMS programs. BDU sets contracted locally were priced at \$15–\$20. BDU sets procured through FMS in fiscal years 2006 and 2007 were \$57 a set.³⁷

As discussed above, CSTC-A also supported—and continues to support—the ANP and provides their operational clothing and equipment. For comparison, in 2007 ANP's uniforms were manufactured locally at a cost of \$18 (summer) and \$25 (winter) per set. The ANA requested both a summer and winter weight for their new uniform. Based on the ANA BDU and ANP uniform costs, CSTC-A anticipated the ANA's new uniform using a unique pattern would cost slightly more than the ANA BDUs and ANP uniforms, and estimated a cost of \$25 per set for the summer-weight and \$30 per set for winter-weight uniforms. These estimates were significantly lower than the actual cost per ANA uniform containing the new requirement, which ranged from \$45.42–\$80.39 per set, depending on the contractor and procurement method.

Total Amount Spent to Procure ANA Uniforms is Unknown Due to Lack of CSTC-A Oversight of Direct Assistance Funds

As stated above, between November 2008 and January 2017, DOD spent approximately \$93.81 million for 1,364,602 uniforms and 88,010 extra pairs of pants for the ANA that were made using a proprietary camouflage pattern. This amount includes both local acquisitions and pseudo FMS contracts, task orders, and BPAs.

DOD has provided uniforms to the ANA and ANP using three procurement strategies: (1) pseudo FMS,³⁸ under which DOD purchases new supplies from vendors for use by the Afghan government or transfers excess U.S. military items to the Afghan government; (2) local acquisitions under which uniforms are purchased from Afghan vendors through contracts awarded directly by the theater contingency contracting command; and (3) providing U.S. funds to the Afghan Ministries of Defense and Interior as direct assistance to enable the Afghan government to procure uniforms through its own contracts. CSTC-A and other coalition organizations provide the requirements that are executed through pseudo FMS and local acquisition contracts. Contract oversight is provided by the DOD component that awards the contract in coordination with CSTC-A. The Offices of the Undersecretaries of Defense for Policy, Comptroller, and Acquisition, Technology, and Logistics provide oversight of the acquisition strategies and funding execution for the contracts through the Afghanistan Resources Oversight Council, which was established by statute in 2012. The Afghan Ministries of Defense and Interior are responsible for managing direct assistance in accordance with the stipulations contained in commitment letters between the Afghan government and CSTC-A.

SIGAR found that the Afghan government could not track clothing and equipment purchased using direct assistance from 2012 to 2013. Because CSTC-A did not enforce the conditions established in commitment letters requiring the Ministries of Defense and Interior to use electronic systems to track clothing and equipment purchases, the command cannot say how much clothing and equipment the ministries bought with U.S. money. CSTC-A officials said they chose not to enforce these requirements because the mission to fully

³⁷ Both these prices were for summer, rather than winter, BDUs. Summer BDUs would generally be cheaper than winter BDUs.

³⁸ DOD uses the FMS system to provide security assistance to other countries. Typically, traditional FMS cases funded either by the host nation or by State Department Title 22 Foreign Military Financing, and the host nation is responsible for developing and validating requirements and may choose to do so with the assistance of US Embassy elements. Pseudo FMS, in contrast, are typically funded with DOD Title 10 security assistance funding, and DOD organizations may determine and validate requirements and optionally may seek host nation input. Other elements of DOD refer to pseudo FMS as the "Building Partnership Capacity" program, but we use pseudo FMS because that is how CSTC-A referred to these acquisitions.

equip the ANDSF superseded their mission to improve the ministries' financial reporting practices. As a result, CSTC-A did not properly oversee the money given to the Afghan government for clothing and equipment.³⁹

Afghan Government Expenditure of Direct Assistance Funds Violated U.S. Law

Compounding the challenges with CSTC-A's provision of direct assistance are U.S. legal requirements that promote the purchase of certain U.S. goods (referred to as The Berry Amendment).⁴⁰ According to DOD,

"The law [Berry Amendment] restricts any funding appropriated or otherwise available to DoD from being used to buy the following end items, components, or materials unless they are wholly of US origin: An article or item of food; clothing; tents, tarpaulins, or covers; cotton and other natural fiber products; woven silk or woven silk blends; spun silk yarn for cartridge cloth; synthetic fabric or coated synthetic fabric (including all textile fibers and yarns that are for use in such fabrics); canvas products, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles); or any item of individual equipment (Federal Supply Class 8465) manufactured from or containing such fibers, yarns, fabrics, or materials; and hand or measuring tools."⁴¹

Between 2012 and 2013, when CSTC-A was providing direct assistance to the Afghan government for the purchase of ANA uniforms, CSTC-A included language in its commitment letter with the Afghan government on February 27, 2013, that required that the MOD adhere to Berry Amendment requirements.⁴² However, an April 2015 CSTC-A audit found that MOD did not comply with the Berry Amendment for contracts awarded from December 21, 2012 through December 20, 2013, including for nearly \$28 million in contracts MOD issued for ANA and ANP clothing.⁴³

In mid-2013, CSTC-A shifted from direct assistance back to procuring all ANDSF clothing and equipment through pseudo FMS orders because of the lack of oversight, MOD's non-compliance with the Berry Amendment, and concerns over the quality of the material MOD was procuring. For the past several years, CSTC-A has worked with the DLA to issue contracts and task orders to directly procure the textiles for ANDSF uniforms using the pseudo FMS process.

³⁹ SIGAR, *Afghan National Defense and Security Forces: DOD Needs to Improve Management and Oversight of Uniforms and Equipment*, SIGAR 17-40-AR, April 25, 2017.

⁴⁰ According to DOD, the Berry Amendment was originally passed by Congress in 1941 to promote the purchase of certain U.S. goods. The Amendment was included in subsequent defense appropriations acts until it was made permanent in Fiscal Year 1994 by section 8005 of Public Law 103-139. It was subsequently codified as 10 U.S.C. 2533a in 2002 by section 832 of Public Law 107-107. On October 17, 2006, the President signed the National Defense Authorization Act for Fiscal Year 2007. Under section 842 of this Act, the restrictions relating to specialty metals were deleted from 10 U.S.C. 2533a and placed in 10 U.S.C. 2533b (see, Berry Amendment FAQ, http://www.acq.osd.mil/dpap/cpic/ic/berry_amendment_faq.html, accessed July 17, 2017.)

⁴¹ *Id.*

⁴² CSTC-A obtained a legal opinion on the applicability of the waiver to the clothing items procured after notification of the Berry Amendment. International Security Assistance Force Contract and Fiscal Law Office opined disapproving any request from the MOD to use ASFF direct contribution funds to pay for uniform items procured after 27 February 2013 that do not comply with the Berry requirement.

⁴³ The CSTC-A audit did not delineate the amount of those clothing funds MOD used to purchase ANA uniforms versus other clothing purchases.

CONCLUSION

DOD procured ANA uniforms using a proprietary camouflage pattern without determining the pattern's effectiveness in Afghanistan compared to other available patterns. As a result, neither DOD nor the Afghan government knows whether the ANA uniform is appropriate to the Afghan environment, or whether it actually hinders their operations by providing a more clearly visible target to the enemy. While we understand the importance of providing the ANA with a unique uniform that distinguishes it from its allies and other ANDSF components, we are concerned with the way in which DOD approached requirement generation, validation, and procurement with respect to ANA uniforms. Furthermore, DOD's lack of due diligence and its decision to purchase ANA uniforms using a proprietary camouflage pattern appear to have resulted in unit costs that are significantly higher than those for similar non-proprietary camouflaged uniforms, potentially costing the U.S. taxpayers between \$26.65 million and \$28.23 million, since 2008. Moreover, given our historical and pledged commitments supporting the continued development of the ANA, our analysis found that changing the ANA uniform to a non-proprietary camouflage pattern, similar to those procured for comparable ANP units, could save U.S. taxpayers between \$68.61 million and \$72.21 million over the next ten years. As a result, we suggested that a DOD organization with appropriate expertise in military uniforms conduct a cost-benefit analysis of the current ANA uniform specification to determine whether there is a more effective alternative, considering both operational environment and cost, available to the ANA. Such an analysis should include, at a minimum, establishing the efficacy of the existing pattern against other alternatives (both proprietary and non-proprietary patterns), a consideration of transitioning the ANA uniforms to a pattern owned by the United States, using existing excess inventory where available, and acquiring the rights to the Spec4ce Forest pattern. As previously mentioned, our review uncovered questionable actions related to the requirement generation process. As a result, we referred this matter to our Investigations Directorate, which opened a criminal investigation related to it.

Finally, we are happy to report that initial indications from DOD demonstrate a willingness to address this issue and take steps to ensure the ANA is properly equipped while ensuring the best value for the U.S. taxpayer.

Thank you for the opportunity to testify today. I look forward to answering your questions.

Appendix I - Relevant Reports

SIGAR

1. SIGAR, *Afghan National Defense and Security Forces: DOD Needs to Improve Management and Oversight of Uniforms and Equipment*, SIGAR 17-40 Audit Report, April 25, 2017.

Others

1. DODIG, *Report on the Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Afghan National Security Forces*, SPO-2009-007, September 30, 2009.
2. GAO, *Warfighter Support: Observations on DOD's Ground Combat Uniforms*, GAO-10-669R, May 28, 2010.
3. DODIG, *Assessment of U.S. Government and Coalition Efforts to Develop the Logistics Sustainment Capability of the Afghan National Army*, DODIG-2012-028, December 9, 2011.
4. DODIG, *Development of Individual Equipment Requirements for the Afghan National Army Needs Improvement*, DODIG-2012-092, May 25, 2012.
5. DODIG, *Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions*, DODIG-2014-102, August 29, 2014.
6. DODIG, *The Government of the Islamic Republic of Afghanistan's Controls Over the Contract Management Process for U.S. Direct Assistance Need Improvement*, DODIG-2015-082, February 25, 2015.
7. CSTC-A, *Audit of MoD Berry Amendment Compliance for FY 1392*, April 1, 2015.
8. CSTC-A, *MOI Clothing Purchase*, MOI-1392-A-003, May 20, 2015.

John F. Sopko
Special Inspector General

John F. Sopko was sworn in as Special Inspector General for Afghanistan Reconstruction on July 2, 2012. Mr. Sopko, appointed to the post by President Obama, has more than 30 years of experience in oversight and investigations as a prosecutor, congressional counsel and senior federal government advisor.

Mr. Sopko came to SIGAR from Akin Gump Strauss Hauer & Feld LLP, an international law firm headquartered in Washington, D.C., where he had been a partner since 2009.

Mr. Sopko's government experience includes over 20 years on Capitol Hill, where he held key positions in both the Senate and House of Representatives. He served on the staffs of the House Committee on Energy and Commerce, the Select Committee on Homeland Security and the Senate Permanent Subcommittee on Investigations.

In his most recent congressional post, Mr. Sopko was Chief Counsel for Oversight and Investigations for the House Committee on Energy and Commerce, chaired by Rep. John D. Dingell (D-Mich.), during the 110th Congress. There, he supervised several investigations focused on matters regulated by the Food and Drug Administration, Department of Energy, Department of Commerce, Federal Communications Commission, Federal Energy Regulatory Commission, U.S. Commodity Futures Trading Commission and Consumer Product Safety Commission.

Mr. Sopko also served as General Counsel and Chief Oversight Counsel for the House Select Committee on Homeland Security, where he focused on homeland security and counter-terrorism investigations and issues.

At the Senate Subcommittee on Investigations, chaired by then-Sen. Sam Nunn (D-Ga.), Mr. Sopko conducted investigations on a broad range of issues, from healthcare insurance to complex weapons systems. From 1982 to 1997, Mr. Sopko led investigations for the chairman and subcommittee members that included a multi-year investigation related to health insurance; union infiltration by organized crime; protection of critical infrastructure; the potential spread of weapons of mass destruction in the former Soviet Union and elsewhere; enforcement of the Foreign Corrupt Practices Act; cybersecurity; international drug interdiction programs; counter-terrorism policies and procedures; government procurement fraud and the illegal export of dual-use technologies.

After his work in the Senate, Mr. Sopko was recruited by the Commerce Secretary to manage the department's response to multiple congressional, grand jury and press inquiries. While at the Commerce Department, Mr. Sopko was named Deputy Assistant Secretary for Enforcement for the Bureau of Export Administration, and Deputy Assistant Secretary for the National Telecommunications and Information Administration.

Mr. Sopko previously served as a state and federal prosecutor. As a trial attorney with the U.S. Department of Justice Organized Crime and Racketeering Section, he conducted numerous long-term grand jury investigations and prosecutions against organized crime groups. He was the lead attorney in the first successful federal RICO prosecution of the entire leadership structure of an American La Cosa Nostra crime family. In 1982 he received the Justice Department's Special Commendation Award for Outstanding Service to the Criminal Division, and in 1980 he received the department's Special Achievement Award for Sustained Superior Performance.

Mr. Sopko began his professional career as a state prosecutor in Dayton, Ohio, with the Montgomery County prosecutor's office. He served as an adjunct professor at American

University's School of Justice, where he received the Outstanding Adjunct Faculty Teaching Award in 1984 and the Professor of the Year Award in 1986. He received his bachelor's degree from the University of Pennsylvania in 1974, and his law degree from Case Western University School of Law in 1977. He is a member of the bars of Ohio and the District of Columbia.



INSPECTOR GENERAL
U.S. Department of Defense

Statement of Michael Roark
Assistant Inspector General
Contract Management and Payments Directorate
on

**"Evaluating DOD Equipment and Uniform
Procurement in Iraq and Afghanistan"**

Testifying before the
Subcommittee on Oversight and Investigations
House Armed Services Committee
July 25, 2017

For Release on Delivery, Expected at 2:00 p.m.

Good afternoon, Chairwoman Hartzler, Ranking Member Moulton, and distinguished members of the Subcommittee. Thank you for the opportunity to appear before you today to discuss our two audits on Iraq Train and Equip Fund (ITEF) equipment.¹

As part of the FY 2013 National Defense Authorization Act (NDAA), Congress amended the Inspector General Act of 1978 by adding a new Section, 8L, which created a Lead Inspector General to coordinate comprehensive oversight of overseas contingency operations. Section 8L requires the Chair of the Council of Inspectors General for Integrity and Efficiency to designate the Lead Inspector General from among the Inspectors General of the three agencies involved in overseas contingency operations: the Department of Defense, Department of State, and the United States Agency for International Development. Section 8L provides a mandate for the three Lead Inspector General agencies to work together from the outset of overseas contingency operations to develop and carry out joint, comprehensive, and strategic oversight. These two audits are examples of oversight of contingency operations by the DoD Office of Inspector General, and are part of a series of audit and assessment reports on the train and equip missions in Iraq and Afghanistan. Our completed, ongoing, and planned work in this area, as well as the work of other oversight organizations, to include the Special Inspector General for Afghanistan Reconstruction, are discussed in greater detail in sections 1 and 2 of our 2017 Management Challenges report, as well as in our semiannual reports to Congress.

Background

We initiated the two audits based on concerns we identified during previous audits on property accountability in Kuwait for Operation INHERENT RESOLVE and a request from the

¹Report No. DODIG-2016-134, "The Army Did Not Implement Effective Controls To Maintain Visibility and Accountability of Iraq Train and Equip Fund Equipment," September 14, 2016, and Report No. DODIG-2017-058, "Iraq Train and Equip Fund Weapons Not Properly Inventoried and Secured in Kuwait and Iraq," February 16, 2017.

Deputy Commanding General, 1st Theater Sustainment Command (1st TSC) to review its policies and procedures for the ITEF mission. The objective of our first audit was to determine whether the Army had effective controls for processing and transferring ITEF equipment to the Government of Iraq (GoI). The objective of our second audit was to determine whether DoD had effective procedures for securing ITEF equipment in Kuwait and Iraq. We initially visited both countries in May 2016 and conducted a follow-up visit to Kuwait in October 2016 to carry out these two audits.

The FY 2015 NDAA created ITEF to assist the GoI to combat the Islamic State of Iraq and Syria. ITEF includes assistance for training, equipment, logistics support, and supplies and services. Examples of ITEF equipment provided to the GoI include body armor, weapons, and cargo trucks.

Army Regulations require maintaining visibility and accountability, securing, and conducting inventories of ITEF equipment. The majority of ITEF equipment is staged in Kuwait and is shipped to sites in Iraq for transfers to the GoI. The Army's 1st TSC has primary responsibility to maintain visibility and property accountability of ITEF equipment until transferred to the GoI. Once GoI officials sign for the equipment and the 1st TSC receives all the transfer documentation, the command is no longer responsible to account for the equipment and it is removed from its accountable record.

Visibility and Accountability of ITEF Equipment

Our first audit found that several standard operating procedures were developed to provide guidance for processing and transferring ITEF equipment. However, the 1st TSC did not have complete visibility and accountability of equipment prior to transfer to the GoI. These problems occurred because the 1st TSC did not have centralized systems to maintain visibility

and accountability of ITEF equipment. Specifically, we found two main problems with accountability.

First, the 1st TSC could not provide complete data for the quantity and dollar value of equipment on hand, including vehicles and ammunition. The 1st TSC relied on multiple spreadsheets developed by different commands in both Kuwait and Iraq to provide visibility and accountability of equipment. For example, we requested the 1st TSC provide the quantity and dollar value of equipment on hand in Kuwait and Iraq and equipment transferred to the GoI. To obtain this data, the 1st TSC had to contact various officials and manually calculate the data based on multiple spreadsheets and systems, and their response was still incomplete.

Second, the 1st TSC did not consistently account for equipment in Iraq. In some cases, the 1st TSC did not enter equipment into their property records when the equipment initially arrived in Iraq. Instead, the officials delayed the entry until after the equipment was transferred to the GoI. In other cases, the 1st TSC considered equipment that was sent to Iraq as transferred to the GoI, although the equipment could still be on hand under U.S. control.

As a result, the 1st TSC did not have accurate, up-to-date records on the quantity and location of ITEF equipment. The use of manually populated spreadsheets increased the risk for human-error when inputting and updating data for equipment worth over \$1 billion. Not having accurate records of equipment on hand could result in delayed and duplicate equipment requests.

During the audit, we recommended that the 1st TSC use automated systems to account for and provide visibility of ITEF equipment. The 1st TSC initiated steps to implement corrective actions. As a short-term solution, the 1st TSC developed a shared spreadsheet for all commands involved in handling ITEF equipment, and as a long-term solution, 1st TSC initiated steps to use automated systems by late 2016.

Inventory and Security Procedures of ITEF Equipment

Our second audit focused on inventory and security procedures for ITEF weapons. As of October 2016, there were over 11,400 ITEF weapons, valued at \$17.7 million, in Kuwait, and over 2,900 ITEF weapons, valued at \$2.3 million, at the site in Iraq we visited. Examples of these weapons include M16 rifles, M14 sniper rifles, and 12-gauge shotguns. Overall, we found that the Army did not have effective procedures for conducting inventories and securing ITEF weapons in Kuwait and Iraq.

ITEF Weapons in Kuwait

In Kuwait, we identified three main problems:

- First, the 1st TSC's Combat Sustainment Support Battalion (CSSB) did not consistently conduct inventories of weapons.² Officials were unable to provide evidence that the CSSB conducted and documented inventories.
- Second, ITEF weapons were stored in cardboard boxes, some of which had holes in them, or had partially collapsed. Weapons were also stored in wooden crates that were not banded or locked. As a result, we were able to open numerous boxes and expose their contents.

² There were two CSSBs, one in Iraq and one in Kuwait, which were subordinate commands of the 1st TSC.



In fact, three prior internal Army physical security assessments were performed in 2016 at the Kuwait warehouse that also identified inventory and security deficiencies. However, the 1st TSC was not aware the assessments had been conducted.

- Third, during our October site visit, we observed Syrian equipment managed by contractors stored alongside ITEF equipment at the Kuwait warehouse, with no physical barrier separating the two. CSSB officials were concerned they could be held accountable for lost or stolen Syrian equipment.

We recommended that the 1st TSC improve oversight by establishing guidance for conducting consistent inventories and storing ITEF weapons in accordance with Army Regulations. The 1st TSC established inventory and storage procedures for the Kuwait warehouse and documented those procedures in an appendix to their standard operating procedure. In addition, the Kuwait CSSB rearranged the ITEF and Syrian equipment and requested containers to place between the two sections of the warehouse.

Storage of ITEF Weapons in Iraq

In addition to the problems identified in Kuwait, we also found that the CSSB in Iraq did not effectively secure ITEF weapons at an Iraq storage site, in accordance with Army Regulations. Specifically, the Iraq CSSB received incoming ITEF weapons at a storage yard that had a perimeter fence with multiple holes large enough to allow unauthorized access. This occurred because the storage yard was the only area provided to receive incoming ITEF weapons until another designated location was refurbished.

We recommended that the CSSB initiate action to repair the fence surrounding the ITEF portion of the storage yard or designate a new, secure storage location. The CSSB repaired the fence, and later moved the equipment to a new, secured location.

Conclusion

During the audits, the Army commanders were receptive of our observations and recommendations and initiated steps to implement corrective actions. Each commander coordinated with us to identify immediate solutions that strengthened the controls for ITEF equipment until a long-term solution was finalized. We frequently follow-up to ensure commands take action to resolve our recommendations. We also plan to continue our oversight of Operation INHERENT RESOLVE through audits, assessments, and investigations.

This concludes my statement and I would be happy to answer any questions you may have.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments Directorate
Biography

Michael J. Roark has served with the Department of Defense Office of Inspector General since June 2000 in a variety of staff and leadership positions. On September 21, 2014, he became a member of the Senior Executive Service as the Assistant Inspector General for the Contract Management and Payments (CMP) Directorate. The CMP directorate conducts audits of contract management, payments, and contingency operations. CMP has field offices in Columbus, Ohio; Yorktown, Virginia; Bagram Air Field, Afghanistan; Al Udeid Air Base, Qatar; and Camp Arifjan, Kuwait. Mr. Roark has also served on the planning team supporting the Lead Inspector General for overseas contingency operations.

On July 2, 2013, Mr. Roark became the Deputy Assistant Inspector General for the Readiness and Cyber Operations (RCO) Directorate. The RCO directorate conducted audits of current operations in Afghanistan, Combatant Command operations, and joint capabilities. Notable RCO audits included fielding a cyber career force, retrograde of cargo in Afghanistan, military construction projects, transferring medical records to the Department of Veterans Affairs, and operations in U.S. Africa Command.

From August 11, 2011, to July 1, 2013, Mr. Roark served as the Director, Joint and Southwest Asia Operations (JSAO) Directorate. The JSAO directorate conducted audits of DoD operations in Afghanistan, Southwest Asia, and the Combatant Commands. The directorate consisted of audit teams in Tampa and Virginia, as well as forward deployed audit teams to field offices in Afghanistan and Qatar. Notable JSAO audits included projects on military construction in Afghanistan, the Afghanistan retrograde, civil-military operations in U.S. Africa Command, Combatant Command disaster relief operations, and Information Operations in Iraq and Afghanistan.

Mr. Roark obtained his undergraduate degree in business from Virginia Tech and master's degree in policy management from Georgetown University. In 2004, he completed a detail assignment to the Iraq Coalition Provisional Authority Inspector General.



United States Government Accountability Office

Testimony before the
Subcommittee on Oversight and
Investigations, Committee on Armed
Services, House of Representatives

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IRAQ

DOD Should Increase Visibility and Accountability Over Equipment Provided to Iraq's Security Forces

Statement of Jessica Farb, Director,
International Affairs and Trade

Chairwoman Hartzler, Ranking Member Moulton, and Members of the Subcommittee:

I am pleased to be here to discuss our work regarding the Department of Defense (DOD)'s efforts to maintain visibility and accountability over equipment funded by the Iraq Train and Equip Fund (ITEF). In 2013 and 2014, the self-declared Islamic State of Iraq and Syria (ISIS) emerged as a major threat to Iraq and Syria and to U.S. interests in the region after seizing control of large areas of territory in both countries. In 2014, Congress authorized the creation of ITEF to provide equipment and other assistance to Iraq's security forces, including the Kurdish and tribal security forces, to counter-ISIS's expansion.¹ As of December 2016, DOD had disbursed about \$2 billion of the \$2.3 billion Congress appropriated for ITEF in fiscal years 2015 and 2016 to purchase personal protective and communications equipment, weapons, and vehicles for these forces.²

My testimony summarizes our May 2017 report on DOD's efforts to maintain visibility and accountability over equipment funded by ITEF.³ To provide U.S. government personnel and others with access to information on the status of DOD-purchased equipment for Iraq and other foreign governments, DOD maintains a web-based Security Cooperation Information Portal (SCIP). In this report, we examined the extent to which DOD maintains visibility and accountability over ITEF-funded equipment from acquisition through transfer to the government of Iraq or the Kurdistan Regional Government. To do so, we analyzed DOD guidance, procedures, SCIP data, and transfer documentation and interviewed officials from DOD agencies with a role in the ITEF equipping process in the United States, Kuwait, and Iraq. All of our work was performed in

¹Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (Pub. L. No. 113-291, §1236 (2014)) as amended.

²Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113-235, Div. C, Title IX (2014); Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Div. C, Title IX (2015). ITEF funds are available for obligation for 2 fiscal years.

³GAO, *Iraq: DOD Needs to Improve Visibility and Accountability Over Equipment Provided to Iraq's Security Forces*, GAO-17-433 (Washington, D.C.: May 25, 2017). GAO also issued three classified reports on DOD's efforts to train and equip Iraq's security forces. See *Iraq: Status of DOD Efforts to Train and Equip Iraq's Security Forces*, GAO-17-32C (Washington, D.C.: Apr. 7, 2017); GAO, *Iraq: State and DOD Need to Improve Documentation and Record Keeping for Vetting of Iraq's Security Forces*, GAO-16-658C (Washington, D.C.: Sept. 30, 2016). Unclassified information from these reports is included in GAO, *Countering ISIS and Its Effects: Key Issues for Oversight*, GAO-17-687SP (Washington, D.C.: July 18, 2017).

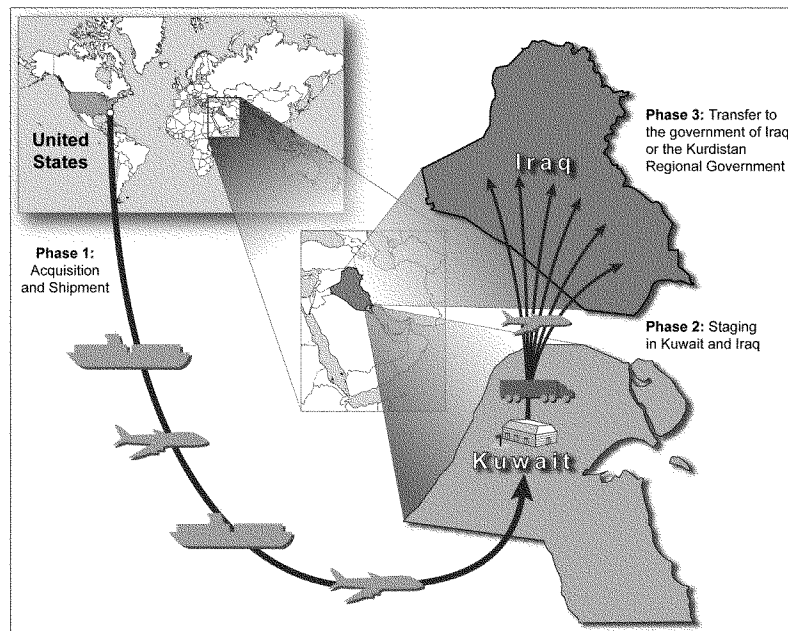
accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, our review found that DOD maintains limited visibility and accountability of ITEF-funded equipment using SCIP from acquisition through transfer to the government of Iraq and the Kurdistan Regional Government. Specifically, DOD is not ensuring that SCIP is consistently capturing key transportation dates of ITEF-funded equipment. While we did not independently determine the root cause for this issue, DOD officials attributed the lack of key transportation dates to potential interoperability and data reporting issues in SCIP. In addition, we found that DOD cannot fully account for ITEF-funded equipment transfers because of missing or incomplete transfer documentation. We made four recommendations to address these issues.

Background

The process for providing ITEF-funded equipment to Iraq's security forces generally falls into three phases: (1) acquisition and shipment, (2) staging in Kuwait and Iraq, and (3) transfer to the government of Iraq or the Kurdistan Regional Government (see fig. 1).

Figure 1: The Iraq Train and Equip Fund Equipping Process



Sources: GAO analysis of Department of Defense (DOD) documents; Map Resources (maps). | GAO-17-771T

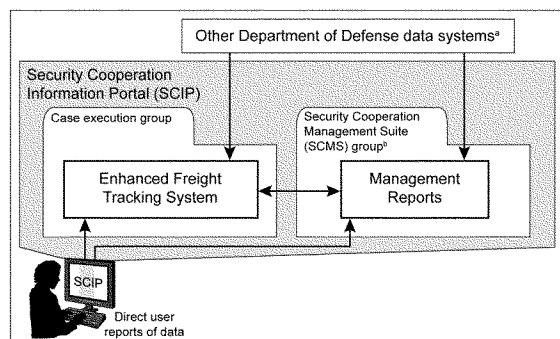
Notes: According to DOD officials, a limited number of ITEF-funded equipment items, such as small arms, ammunition, and some types of bridging equipment, are shipped directly from the United States to Iraq. In addition, DOD officials said that a small portion of ITEF-funded equipment items, such as spares and support parts, are sourced from U.S. pre-positioned stocks in the region or locally.

Multiple DOD components, including the Defense Security Cooperation Agency (DSCA), the U.S. Army Security Assistance Command (USASAC) and the 1st Theater Sustainment Command (1st TSC), are responsible for ensuring the visibility and accountability of ITEF-funded

equipment throughout the ITEF equipping process up until U.S. personnel in Iraq transfer the equipment to vetted officials from the government of Iraq or the Kurdistan Regional Government.

DOD generally administers ITEF-funded equipment purchases as individual building partnership capacity cases that are tracked through SCIP. An individual case may have multiple—sometimes thousands—of requisitions or procurement actions. SCIP, which is maintained by DSCA, includes a variety of different features for tracking defense articles and services, including equipment. These features are organized into 13 different groups. Two of these 13 groups are the Security Cooperation Management Suite (SCMS) group and the Case Execution group (see fig. 2).

Figure 2: Relationship between the Enhanced Freight Tracking System and the Security Cooperation Management Suite in the Security Cooperation Information Portal



Source: GAO analysis of the Defense Security Cooperation Agency documentation. | GAO-17-771T

*Other Department of Defense data systems include logistics and transportation information.

*SCMS is also populated with data from other groups of features within SCIP.

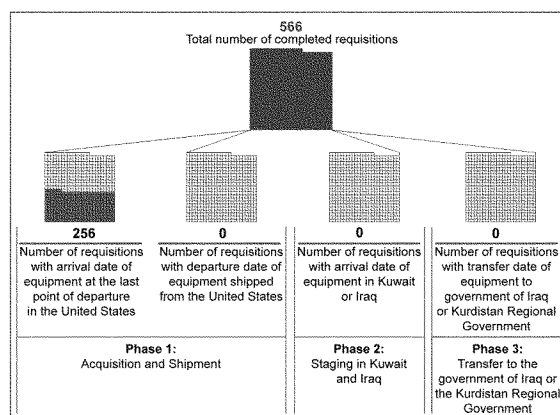
SCMS provides program managers and implementers for Iraq and other countries with customizable and ad hoc management reports on the status of ITEF-funded equipment cases. The Case Execution group contains the Enhanced Freight Tracking System (EFTS), a tracking

system within SCIP that contains shipment information of ITEF-funded equipment cases. SCMS is populated with data from systems within SCIP, DOD external data systems, and SCIP users. EFTS is populated with shipment information from external DOD data systems and SCIP users. According to DSCA officials, EFTS data should be captured in SCMS.

**DOD Maintains
Limited Visibility and
Accountability of
ITEF-Funded
Equipment Using
SCIP**

DOD components do not ensure that SCIP consistently captures key transportation dates of equipment funded by ITEF from procurement through transfer to the government of Iraq or the Kurdistan Regional Government. According to DOD guidance, DOD components should use SCIP to identify the status and track the transportation of all building partner capacity materiel, such as ITEF. DOD also issued an order in October 2016 requiring the 1st TSC, in coordination with a USASAC program manager, to ensure that equipment transfer dates are properly recorded in SCIP. However, our analysis of the 566 requisitions marked as complete in SCMS as of February 2017 found that in phase 1, the system captured one of two key transportation dates (the arrival date of equipment at the last point of departure in the United States) for 256 of the requisitions in phase 1, and none of the key transportation dates for these requisitions in phase 2 or phase 3 (see fig. 3).

Figure 3: Key Transportation Dates for Completed Iraq Train and Equip Fund (ITEF)-Funded Equipment Requisitions Captured in the Security Cooperation Information Portal's Management Reporting System, by Equipping Phase



Source: GAO analysis of Iraq Train and Equip Fund (ITEF)-funded equipment completed requisitions in the Security Cooperation Information Portal's Security Cooperation Management Suite. | GAO-17-771T

DSCA officials responsible for the management of SCMS said SCMS is not capturing such dates because of potential interoperability and data reporting issues in SCIP and other DOD data systems in all three equipping phases. For example:

- Phase 1: Acquisition and Shipment and Phase 2: Staging in Kuwait and Iraq.** DSCA officials responsible for the management of SCMS said that SCMS may not be capturing dates because of three potential issues. First, SCMS may not be importing data correctly from other DOD data systems used by DOD components to track ITEF-funded equipment. Second, SCMS may not be importing transportation data correctly from EFTS within SCIP as intended. Third, DOD components may not be reporting key transportation dates in EFTS or SCMS. USASAC officials responsible for overseeing the delivery of ITEF-funded equipment to Kuwait or Iraq said they do not report any ITEF-funded transportation dates in EFTS or SCMS because they rely on other DOD data systems for this information, which DSCA officials

said should be captured in SCIP. According to 1st TSC officials responsible for the receiving, storing, and transporting of ITEF-funded equipment in Kuwait and Iraq, the 1st TSC does not report dates in SCIP and has no plans to report the arrival dates of ITEF-funded equipment to Kuwait or Iraq because it is not required to do so.

- *Phase 3: Transfer to the government of Iraq or the Kurdistan Regional Government.* Between August 2016 and April 2017, DOD took steps to report the transfer dates of some ITEF-funded equipment in EFTS as required by DOD guidance. However, DOD officials and contractors have had difficulty locating these dates in EFTS because of a lack of clear procedures for reporting them. In our review of DOD's written procedures for ensuring the accountability and transfer of ITEF-funded equipment, we found that the procedures did not specify under which data field ITEF-funded equipment transfer dates should be reported. In April 2017, 1st TSC officials identified the data field in EFTS that they were using to report the transfer dates of ITEF-funded equipment and provided evidence that they had reported transfer dates for about 5,000 ITEF-funded equipment requisitions in EFTS as of March 2017. According to DSCA officials, SCMS should automatically capture all transfer dates of equipment reported in EFTS. DSCA officials responsible for the management of SCMS said that SCMS may not be importing the transfer dates from EFTS as intended because of interoperability issues with EFTS.

By not capturing the transfer dates of ITEF-funded equipment in SCMS or EFTS, DOD components' visibility over the amount of ITEF-funded equipment transferred to the government of Iraq is limited.

In addition, we found that the 1st TSC cannot fully account for ITEF-funded equipment transferred to the government of Iraq or the Kurdistan Regional Government because of missing or incomplete transfer documentation. According to the 1st TSC's standard operating procedures for ensuring the accountability of ITEF-funded equipment, DOD officials are required to complete a U.S. transfer and receipt form to document the transfer of ITEF-funded equipment to a government of Iraq or Kurdistan Regional Government official. For example, of the 284 U.S. transfer and receipt forms dated between March 2015 and April 2016 that we reviewed, we found that almost all of the forms were signed by a government of Iraq or Kurdistan Regional Government official. However, more than half of the forms did not contain the date of transfer of the

equipment.⁴ In addition, we found that most of the transfer documentation lacked case identifier information, which would help ensure that DOD personnel are able to track ITEF-funded equipment throughout the equipment process. The director of the 1st TSC's equipping team said he issued a verbal order requiring case identifier information on the forms documenting the transfer and receipt of equipment. However, as of March 2017, the 1st TSC's Standard Operating Procedures for ensuring the accountability of ITEF-funded equipment do not include this requirement. Without accurate and up-to-date written procedures, new personnel may not be aware of the verbal order, thus increasing the risk that they will not follow the order and limiting the 1st TSC's ability to account for the equipment.

In conclusion, the congressional appropriation of \$2.3 billion for ITEF in fiscal years 2015 and 2016 has enabled DOD to provide equipment vital to helping Iraq's security forces counter-ISIS. However, DOD's ability to maintain visibility and accountability over ITEF-funded equipment remains limited. Without timely and accurate transit information on the status of ITEF-funded equipment, DOD cannot ensure that the equipment has reached its intended destination, nor can DOD program managers conduct effective oversight of the ITEF program.

Our Recommendations and DOD's Response

We made four recommendations in our report. We recommended that the Secretary of Defense (1) identify the root causes, such as potential interoperability and data reporting issues within SCIP and other DOD data systems, for why DOD components are not ensuring that ITEF-funded equipment transportation dates are captured in SCIP and (2) develop an action plan with associated milestones and time frames for addressing these root causes. DOD concurred with these two recommendations.

The department commented that it had begun identifying the root causes of the data reporting issues in SCIP and would provide us with the reasons for these issues within 30 days of the issuance of our report. The department also commented that it would develop an action plan with a timeline to measure progress in addressing the root causes and would notify GAO when these were addressed. In June 2017, the department said it would require periodic support from GAO to ensure that these

⁴The 1st TSC also provided 48 internal memos dated between October 2015 and February 2016 from a 1st TSC official seeking to reconcile discrepancies he found in the documentation, such as missing serial numbers for weapons.

issues are resolved. As of July 2017, according to a DOD official, the department had not resolved these issues.

We also recommended that DOD (3) develop written procedures that specify under which data field ITEF-funded equipment transfer dates should be captured in EFTS in SCiP and (4) update the 1st TSC's written standard operating procedures to include the 1st TSC commander's verbal order requiring the inclusion of unique equipment case identifier information for ITEF-funded equipment on transfer documentation. DOD partially concurred with our third recommendation and concurred with our fourth recommendation. In July 2017, DOD provided us with updated written procedures that it believes address both recommendations. We are in the process of evaluating these procedures to determine whether they address the recommendations.

We will continue to follow up with DOD on its efforts to implement these recommendations as part of our ongoing review that responds to a provision in a conference report accompanying the 2017 National Defense Authorization Act.⁵ This review examines the disposition of ITEF-funded assistance after transfer to the government of Iraq or the Kurdistan Regional Government.

Chairwoman Hartzler, Ranking Member Moulton, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Jessica Farb, Director, International Affairs & Trade at (202) 512-6991 or farbj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Judith McCloskey (Assistant Director), Kira Self (Analyst-in-Charge), Ashley Alley, Martin De Alteriis, Lynn Cothorn, Neil Doherty, and B. Patrick Hickey, and Jeff Isaacs.

⁵H.R. Rep. No. 114-840, at 1216 (2016).

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Jessica Farb's Bio

Jess Farb is a Director on the International Affairs and Trade (IAT) team, where she leads the Countering Overseas Threats portfolio of work. She also leads the Health Care team's Research Support Group. Jess served for 15 years in the Health Care team, where she led numerous engagements on Medicare payment policy and other health care financing issues. Her extensive Medicare payment work has included detailed analyses of Medicare's physician payment systems, as well as payment reforms for hospitals, dialysis providers, ambulance suppliers, and skilled nursing facilities.

Jess Farb's reports helped inform policymakers in their deliberations on the long-term sustainability of the Medicare program, and resulted in savings of over \$15 billion. In 2011 and 2012, Ms. Farb served as a detailee to the House Ways and Means Subcommittee on Health. During her detail, she developed several pieces of Medicare payment reform legislation, including the initial draft of the "doc fix" bill, whose final passage ended years of legislative gridlock on the issue.

Throughout her GAO tenure, Ms. Farb has been recognized with numerous awards, including a Meritorious Service Award in 2010 and a Managing Director's Award for exceptional performance in 2007. She received her master's degree in international development studies from the George Washington University and holds a bachelor's degree in anthropology and a bachelor's degree in social science education from Appalachian State University.

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JOINT STATEMENT OF
PETE VELZ, DIRECTOR, AFGHANISTAN (RESOURCES AND TRANSITION)
OFFICE OF THE UNDERSECRETARY OF DEFENSE, POLICY
&
COL. DAVID NAVRATIL, COUNTRY DIRECTOR FOR IRAQ
OFFICE OF THE UNDERSECRETARY OF DEFENSE, POLICY
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
HOUSE ARMED SERVICES COMMITTEE
ON EVALUATING DOD EQUIPMENT AND UNIFORM PROCUREMENT IN IRAQ
AND AFGHANISTAN
25 JULY 2017

**NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE**

**WRITTEN TESTIMONY ON “EVALUATING DOD EQUIPMENT
AND UNIFORM PROCUREMENT IN IRAQ AND AFGHANISTAN”
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
TUESDAY, JULY 25, 2017**

Chairwoman Hartzler, Ranking Member Moulton, Members of the Committee: Thank you for inviting Department witnesses to testify here today, and thank you for your steadfast support for the men and women of the Department of Defense (DoD)—military and civilian alike—who serve and defend our country all over the world.

We are pleased to be here today to discuss the Department of Defense’s efforts to ensure that taxpayers’ funds used to train, equip and sustain partner forces in Iraq and Afghanistan are effectively managed and deliver results in support of our national security objectives. Secretary Mattis has made it clear that even small instances of inefficient or ineffective use of these funds can have strategic impacts that can reverberate negatively on the DoD mission and our budget situation and that we must earn the trust and confidence of Congress and the American people that we are diligent stewards of taxpayer dollars. He expects all DoD organizations to end wasteful practices in any mission area and to bring forward proposals that make the Department more effective and efficient. This guidance certainly applies to the Department’s management of the Afghanistan Security Forces Fund (ASFF), the Iraq Train and Equip Fund (ITEF), and the new Counter-ISIL Train and Equip Fund (CTEF).

The Department recognizes and greatly appreciates the strong support from the defense committees for these appropriations. The ASFF, the ITEF, and the CTEF have been absolutely critical in ensuring our Afghan and Iraq partners have the forces, capability and capacity to defend their nations against insurgents and international terrorist groups. The efforts and sacrifices of the Iraqi and Afghan defense and police forces are noteworthy. We know of the tremendous success that the Iraqi security forces have had in defeating ISIS in Mosul, liberating that city and freeing its people. The Iraqi security forces are continuing their momentum to the next ISIS stronghold in Iraq, as they maintain the initiative, backed by strong Baghdad leadership and unwavering coalition support. The Department will use the remaining ITEF funding as well as the new CTEF funding to help reset Mosul forces while training and equipping other combat units in Iraq. The Afghan forces have shown over the last two and a half years since the end of the US combat mission in Afghanistan that, with limited US enabler assistance, they have been able to prevent the insurgency from achieving its strategic

objectives, including capturing and holding a major city. We have used and will continue to use the ASFF appropriation of \$4.2 billion in Fiscal Year 2017 to improve the Afghan forces with a focus on their capabilities that have proven particularly effective, such as aviation and special operations. It should be noted that other operational partners provide about \$1 billion annually to fund the Afghan forces and the Afghan government provides about \$500 million annually—equivalent to about one fifth of its entire government revenues.

The Department recognizes that to ensure continued Congressional support for the ASFF, the ITEF, and the CTEF so we can build upon and improve upon the results that Afghan and Iraqi forces have demonstrated on the battlefield, strong DoD oversight of use of these funds is imperative. The ASFF and ITEF are the two appropriations that are involved in the issues that are at the center of the three inspector general (IG) reports on which this hearing is focused. Learning from work such as this by the DoD Inspector General and the Special Inspector General for Afghanistan Reconstruction (SIGAR) is a central component of our oversight. Throughout the course of audits and investigations, and through implementation of recommendations and production of their statutorily required quarterly reports to Congress, the Afghanistan and Iraq offices in the Office of the Under Secretary of Defense for Policy (OSD Policy) work closely with the DODIG; the Afghanistan office also works closely with SIGAR. We also work closely with GAO in their efforts to support Congressional oversight requirements; for example, we have had an extensive dialogue with GAO in support of an ongoing review it is conducting at the direction of Congress of all DoD equipment procurements for the Afghan forces.

These interactions with oversight organizations provide valuable insights into our efforts to implement the Secretary's guidance to effectively manage these funds while achieving the critically important national security outcomes for which these funds are intended. Moreover, for the ASFF, the Department's Congressionally chartered Afghanistan Resources Oversight Council, which has statutory authority to approve acquisition strategies and funding requirements for ASFF-funded procurements, uses the results of IG work as a key input in its decision making and oversight. We also use regular staff interactions among OSD Policy staff, Joint Staff, CENTCOM, and commanders in the field to ensure a common understanding of actions that are needed to improve accountability for the use of ASFF and ITEF and to take appropriate corrective action when needed.

Regarding the three IG reports that the subcommittee cites in its announcement letter on this hearing, the Department is implementing the IGs' recommendations in those reports. For example, the SIGAR report on Afghan National Army uniforms suggested that a DoD organization with expertise in military uniforms should conduct an analysis of whether there might be a more

cost-effective uniform design and camouflage pattern that meets operational requirements. The appropriate DoD experts have begun developing a plan for conducting this study, which we expect to begin in the near future.

The appropriate DoD agencies also continue to develop and implement solutions for findings highlighted in both IG reports on ITEF. Each report exposed accountability or physical security issues with the management of ITEF property. Immediately after identification of these issues, the appropriate units implemented actions to fix the problems. In both reports, the IG writes that their concerns were addressed.

The Department is committed to enhancing existing oversight of ASFF and ITEF to prove ourselves as worthy stewards of taxpayers' money. This is critically important across all of DoD's mission areas, whether that involves providing assistance to our partner forces in Afghanistan and Iraq or ensuring the readiness of US forces. As Secretary Mattis wrote in a memo to DoD personnel on his first day as Secretary of Defense, "Every action we take will be designed to ensure our military is ready to fight today and in the future."

Mr. Peter M. Velz

Mr. Peter M. Velz is the Director, Afghanistan in the Office of the Undersecretary of Defense (Policy), a position he has held since January, 2013. He is responsible for developing policy on and conducting oversight of the bilateral security relationship with Afghanistan focused on efforts to develop the Afghan security ministries and their forces, including proponentcy of the \$4B annual Afghanistan Security Forces Fund.

From January 2008 to January 2013 he was on the staff of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) as the Director of Acquisition Program Protection Policy. In this position, he created and led the Army Defense Industrial Base Cyber Security Task Force. He also led the effort to consolidate multiple procurements by various Department of Defense entities of Russian Mi-17 helicopters totaling over \$1 billion, resulting in establishment of the Nonstandard Rotary Wing Program Office within PEO Aviation. He also served as an advisor for Secretary of the Army task forces on restructuring the Army acquisition enterprise and on transforming Headquarters, Department of the Army.

From December 2003 to January 2008, he served in the Office of the Secretary of Defense (OSD) as an Iraq desk officer and was the principal author of DoD's quarterly report to Congress on "Measuring Stability and Security in Iraq." He was also OSD's lead staff expert for the multi-billion-dollar program for developing the Iraqi Ministries of Defense and Interior and their forces.

Mr. Velz worked in the private sector from 1999 to 2003 as Managing Director of a boutique investment bank with operations focused in Asia. From 1985 to 1999, Mr. Velz served in the intelligence community as an economic analyst.

A Captain in the Navy Reserve, he is currently the Deputy Commander, Navy Information Force Reserve Region Northwest, headquartered at Naval Base Kitsap-Bangor in Silverdale, WA, with responsibility for training and mobilizing more than 300 reserve intelligence, information warfare, cyber, cryptological, meteorology and oceanography personnel assigned to Navy Reserve units across the Pacific Northwest. From 2007-2012 he was Commanding Officer of Naval Reserve Naval Criminal Investigative Service 2794, San Diego, CA and Executive Officer and Operations Officer of Office of Naval Intelligence units in Suitland, MD. Prior to that, he served in numerous other Navy Reserve units since receiving a Direct Commission in 1988.

Mr. Velz was awarded the Office of Secretary of Defense Exceptional Civilian Service Award and the Army's Superior Civilian Service Award has earned numerous Intelligence Community commendations. His military decorations include the Defense Meritorious Service Medal, Meritorious Service Medal, and Joint Service Commendation Medal.

Mr. Velz holds an M.A. in Economics from the University of Connecticut and a B.B.A. in Economics from Temple University.

Colonel David Navratil
Country Director for Iraq
Office of the Secretary of Defense (Policy)

COL Navratil is the Country Director for Iraq in the Office of the Deputy Assistant Secretary of Defense (DASD) for Middle East Policy. COL Navratil previously worked in the US Army Forces Command (FORSCOM) G3/5/7 Plans Division, in Fort Bragg, NC. He is still a permanent civilian there, specializing in brigade combat team (BCT) planning and the Pacific Command area of responsibility. He is a mobilized Reserve Soldier working in OSD since November 2016, and plans to return to FORSCOM in November 2017.

From 2009-2014, COL Navratil was mobilized in FORSCOM, performing duties as a unit executive officer before transitioning to the G3/5/7 Plans Division to serve on the US Central Command Team as the BCT and division headquarters planner. In this position, he had the responsibility to plan and brief leadership on all brigade and higher unit missions as part of his duties to manage the HQDA/FORSCOM "Patch Chart," the dashboard used by the Army to portray all pending brigade-and-above deployments worldwide.

Prior to working at FORSCOM, COL Navratil performed various roles as a field artillery officer in Ft Stewart, GA, Camp Casey, Korea, and finally Ft Carson, CO, where he left the active component. He deployed to Bosnia in 2000 with the 3d Armored Cavalry Regiment and then to COB Speicher, Iraq from 2006-2007 with the 101st Airborne Division and the 82d Airborne Division. After leaving active duty, he worked for Home Depot for seven years in nine stores ranging from the Bay Area in northern CA, to the DC/MD area, and finally the Atlanta area.

COL Navratil graduated from the USMA with a BS in Environmental Engineering and earned an MBA from the Terry College of Business (University of Georgia) and a Master of Strategic Studies from the US Army War College. His awards and decorations include the Bronze Star Medal, Meritorious Service Medal (4), Army Commendation Medal (2), Iraqi Campaign Medal (2 Campaign Stars), Korea Defense Service Medal, Armed Forces Reserve Medal (with 10 and "M" Device), Overseas Service Ribbon (2), NATO Medal, Combat Action Badge, Parachutist Badge, and Air Assault Badge. He is married to his USMA classmate Charina (Oro) Navratil and has two children, Aiza (11), and Calvin (7). They plan to reside in Pinehurst, NC upon returning to Fort Bragg.

**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

JULY 25, 2017

RESPONSES TO QUESTIONS SUBMITTED BY MRS. HARTZLER

Mr. SOPKO. The Department of Defense currently contracts for the provision of uniforms for the Afghan National Army (ANA) on an “as needed” basis. The most recent contract was issued as a \$7.8 million firm-fixed-price, sole-source award in September 2016 for the production of fabric printed with the Spec4ce Forest uniform pattern necessary for the assembly of an additional 195,000 ANA uniforms. The contract was awarded to Atlantic Diving Services (ADS), Inc., which holds the exclusive rights to the proprietary ANA camouflage pattern developed by HyperStealth, Inc., of Canada. The Department is not locked into any future purchases of uniforms from ADS, to SIGAR’s knowledge. However, purchases using the existing camouflage pattern can only be made through ADS, as it holds the license from HyperStealth. [See page 11.]

Mr. VELZ. The Department of Defense does not have enough excess uniforms in inventory of a type that could be transferred to the Afghan Security Forces without jeopardizing our own security to outfit more than a few thousands Afghan soldiers at one time.

U.S. combat military uniforms may be eligible for sale or transfer to foreign countries via Foreign Military Sales if the following three conditions apply:

1) The uniform must be designated as excess by the U.S. Armed Forces; 2) The uniform must no longer be actively used by the U.S. Armed Forces or Reserves; and 3) The uniforms cannot contain Identification Friend or Foe (IFF) technology.

The Defense Logistics Agency has confirmed that only three types of uniforms in its inventory currently meet all three requirements:

1) Three-color Woodlands Battle Dress Uniforms; 2) Three-color Desert Camouflage Uniform; and 3) Six-color Desert Camouflage Uniform.

Of these three types of uniforms, the quantities available of a full set are in the low 1000s whereas the annual requirement for Afghan National Army uniforms is in the hundreds of thousands.

As I mentioned in my opening remarks, and in accordance with SIGAR’s suggestions, DOD experts are undertaking a study to determine whether an Afghan National Army uniform could be produced that would be more cost effective and meets operational requirements, taking into account clothing design and camouflage pattern. [See page 28.]

RESPONSE TO QUESTION SUBMITTED BY MR. BANKS

Mr. SOPKO. SIGAR has consistently observed and reported on poor record keeping, limited oversight, and unclear roles and responsibilities, in regard to maintaining accountability for equipment purchased through the Afghanistan Security Forces Fund (ASFF) and provided to the ANDSF by CSTC-A. For example, in April 2017, SIGAR issued report 17-40, “Afghan National Defense and Security Forces: DOD Needs to Improve Management and Oversight of Uniforms and Equipment,” which included recommendations to CSTC-A to improve accountability of uniforms and equipment provided to the ANDSF. SIGAR found that CSTC-A’s ability to develop and validate clothing and equipment requirements for the ANDSF is limited by poor data, reliance on questionable assumptions, and a lack of clear roles and responsibilities. For example, because CSTC-A relies on unreliable Afghan data, coalition officials assume that the Afghan military is operating at full capacity and consumes all its clothing and equipment every year without any surplus left over. CSTC-A’s history of delivering large shipments of clothing and equipment at a level that often exceeds the number of assigned personnel in the ANDSF, makes it unlikely that the ANDSF is using all of its clothing and equipment every year. Reports from DOD describing unopened shipping crates of clothing that is not reflected in the ANDSF’s current inventories lends credence to that presumption. SIGAR also found that CSTC-A did not demonstrate that it conducted effective oversight and accountability of clothing, equipment, and funds transferred to the Afghan government. The Department of Defense concurred with the five recommendations SIGAR made in the report, including improving needs forecasting models, and improving inventory records. In addition, SIGAR report 14-84, “Afghan National Security Forces: Actions

Needed to Improve Weapons Accountability,” found that poor record keeping by the Afghan National Army and Afghan National Police limited the Department of Defense’s ability to monitor weapons after transfer to the ANDSF, as required by the National Defense Authorization Act of 2010. SIGAR will continue to conduct regular oversight into CSTC’s ability and effectiveness to maintain accountability for equipment purchased through ASFF and provided to the ANDSF, and will keep the subcommittee apprised of SIGAR’s findings. [See page 19.]

