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Before the

Subcommittee on
Readiness and Management Support

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON OVERSIGHT OF TASK
FORCE FOR BUSINESS AND STABILITY OPERATIONS
PROJECTS IN AFGHANISTAN

Wednesday, January 20, 2016

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U.S. Senate

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Subcommittee on Readiness and

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Management Support

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Committee on Armed Services

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Washington, D.C.

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The subcommittee met, pursuant to notice, at 3:03 p.m.

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in Room SR-232A, Russell Senate Office Building, Hon. Kelly

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Ayotte, chairman of the subcommittee, presiding.

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Committee Members Present: Senators Ayotte

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[presiding], Rounds, Ernst, Kaine, McCaskill, Shaheen, and

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Heinrich.

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1 OPENING STATEMENT OF HON. KELLY AYOTTE, U.S. SENATOR
2 FROM NEW HAMPSHIRE

3 Senator Ayotte: Welcome, everyone. I appreciate both
4 of our witnesses being here today for this important hearing
5 to receive testimony on the oversight of the Task Force for
6 Business and Stability Operations in Afghanistan. This is a
7 hearing of the Subcommittee on Readiness and Management
8 Support.

9 I want to thank, first of all, my ranking member,
10 Senator Kaine, for joining me in leading this subcommittee
11 and for his hard work every day on behalf of our
12 servicemembers and their families. I look forward to the
13 work we will do together this year.

14 We begin this subcommittee's first hearing of the year
15 to receive testimony on the Task Force for Business and
16 Stability Operations, TFBSO, projects in Afghanistan. We
17 are joined this afternoon by Secretary Brian McKeon, the
18 Principal Deputy Under Secretary of Defense for Policy, as
19 well as Mr. John F. Sopko, the Special Inspector General for
20 Afghanistan Reconstruction.

21 I want to thank each of you for your willingness to
22 testify today and for your dedicated service to our country.

23 TFBSO was a Department of Defense task force created to
24 address economic revitalization efforts in Iraq. Then in
25 early 2010, TFBSO began operations in Afghanistan.

1 The goals of TFBSO in Afghanistan were to reduce
2 violence, enhance stability, and support economic normalcy
3 for Afghanistan. The task force sought to, one, restore
4 productive economic capacity; two, stimulate economic
5 growth; and three, serve as a catalyst for international
6 investment in Afghanistan.

7 In order to support these goals, according to SIGAR,
8 more than \$820 million was appropriated since fiscal year
9 2009 for TFBSO programs and operations in Afghanistan. Of
10 that \$820 million, about \$759 million was obligated, and
11 \$638 million was disbursed for the task force's operations
12 and activities in Afghanistan.

13 The real purpose of today's hearing is to determine,
14 foremost, whether these resources were spent wisely and
15 properly, and whether measurable results were achieved from
16 the hundreds of millions of dollars that were spent on task
17 force TFBSO.

18 SIGAR has published a number of reports and inquiries
19 on this task force. I am going to briefly touch on them.

20 First, in July 2014, SIGAR released an inspection
21 report about a cold and dry storage facility, which cost
22 TFBSO nearly \$3 million for this facility to store local
23 produce, provide a location for sorting and packaging
24 produce, and serve as a transit point for trucks. According
25 to SIGAR's report in July 2014, it has never been used and

1 is not being maintained.

2 In April 2015, SIGAR released the first report about
3 TFBSO and USAID extractive projects. This report identified
4 a lack of a clear and cohesive development strategy by TFBSO
5 and that TFBSO had not improved interagency coordination,
6 subsequent to issues that were identified by the GAO as a
7 weakness in 2011, when it evaluated this issue.

8 In October 2015, SIGAR released a special projects
9 report about TFBSO's compressed natural gas filling station
10 project, which TFBSO paid \$43 million in direct and overhead
11 costs to construct, according to a number originally
12 provided by the DOD to the SIGAR and was not subsequently
13 disputed until we received Mr. McKeon's testimony recently.

14 A somewhat similar facility in Pakistan, according to
15 SIGAR, would cost only between \$200,000 and \$500,000 to
16 build.

17 In November 2015, SIGAR sent an inquiry to DOD
18 questioning the expenditure of \$150 million, nearly 20
19 percent of its total budget, for villas and associated armed
20 security. SIGAR found that TFBSO could have saved tens of
21 millions of taxpayer dollars, if TFBSO members had lived at
22 existing DOD facilities, bases existing in Afghanistan.

23 Then most recently in January 2016, SIGAR released an
24 audit report on TFBSO's and USAID's efforts to assist
25 Afghanistan's oil, gas, and mineral industries. The report

1 found eight of the 11 TFBSO extractive projects, worth \$175
2 million of the total \$215 million disbursed, either had
3 little to no or partial project achievement. Further, not a
4 single project was transitioned to the Department of State
5 or USAID when the TFBSO task force ceased operations in
6 Afghanistan.

7 The totality of these reports, and some of the
8 conclusions reached in a RAND report that was actually
9 commissioned by TFBSO itself, raise very serious questions
10 about how the money that was appropriated by Congress for
11 TFBSO and its work in Afghanistan was spent, and whether
12 this money was wasted.

13 SIGAR concluded that TFBSO generally has not delivered
14 on its stated goals. According to SIGAR, they have received
15 more complaints of waste, fraud, and abuse relating to TFBSO
16 activities than for any other organization operating in
17 Afghanistan.

18 These questions have been exacerbated by the failure of
19 the Department of Defense to respond to SIGAR's legitimate
20 questions.

21 TFBSO ended its programs in Afghanistan in December
22 2014, and the task force ceased operations in March 2015.

23 One of the most troubling aspects of this task force
24 and DOD's oversight is that, on multiple occasions, SIGAR
25 asked DOD to answer questions about this task force,

1 including about the compressed natural gas station as early
2 as May 2015, at that point, 2 months after the task force
3 ceased. Yet, DOD repeatedly failed to provide documents,
4 claiming the department no longer processed the personnel
5 expertise to address these questions.

6 These assertions were made repeatedly despite the fact
7 that members of TFBSO were still working for DOD, and the
8 former acting director of TFBSO worked in the Office of
9 Secretary of Defense beginning in June. In fact, a hard
10 drive of over 100 GB of documents was just recently made
11 available to SIGAR only last week.

12 In Secretary McKeon's testimony today, DOD disputes
13 SIGAR's numbers on what the compressed natural gas station
14 cost. According to SIGAR, DOD actually gave this number to
15 a company called Vestige, the \$43 million figure, that was
16 contracted by DOD, which in turn provided this information
17 to SIGAR.

18 It is notable that when the draft report was issued by
19 SIGAR on the compressed natural gas station in September,
20 DOD did not dispute the \$43 million figure then, and did not
21 dispute it at the time the final report was issued in
22 October. We have only recently received the dispute of what
23 the number is.

24 But most importantly to this, putting aside the dispute
25 on how much the compressed natural gas station actually

1 cost, there are many other important questions that need to
2 be addressed today. First of all, what happened to the
3 money, all of it? Second, regardless of cost for this
4 compressed natural gas station, was there ever even a
5 feasibility study conducted before money was invested on
6 this project and other projects in Afghanistan?

7 There are other troubling issues raised. Why did we
8 spend \$150 million on villas and security for no more than
9 five to 10 TFBSO staff a majority of the time when they
10 could have stayed on base? Why did we spend \$55 million to
11 facilitate an oil lender process that resulted in a Chinese
12 company winning a contract that some have said -- and, in
13 fact, this Congress has even noted -- could be used to
14 exploit an estimated \$1 trillion worth of Afghanistan
15 mineral resources? What did DOD spend and should DOD have
16 spent money to develop carpet, jewelry, and ice cream
17 businesses in Afghanistan? Why is it that after operating
18 for years and spending millions of dollars that most of
19 TFBSO's extractive projects failed to fully meet project
20 objectives? Finally, why were any of TFBSO's projects not
21 transferred to State or USAID, so that we have continuity
22 after having spent hundreds of millions of taxpayer dollars?

23 Every dollar the Pentagon wastes is a dollar that we do
24 not have to restore military readiness and provide our
25 troops with what they need to protect themselves and our

1 country. At a time of growing threats and constrained
2 defense budgets, when we have issues like this raised and
3 where we have serious questions about how taxpayer dollars
4 have been spent, this is a very important inquiry for this
5 committee and for the Senate because of our shared concern
6 that we use every dollar to support our men and women in
7 uniform in what they need to do to defend this station.

8 So today, I will be asking these questions and many
9 more. I look forward to this hearing, and I thank both of
10 you for being here.

11 With that, I would now like to call on the ranking
12 member, Senator Kaine, for his opening remarks.

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1 STATEMENT OF HON. TIM Kaine, U.S. SENATOR FROM
2 VIRGINIA

3 Senator Kaine: I want to thank you, Madam Chair, and
4 my colleagues, the witnesses, and all who are here.

5 This was a hearing that got its momentum following the
6 release of a SIGAR Office of Special Projects report that
7 was issued in October. The report had an attention-grabbing
8 title, "DOD's Compressed Natural Gas Filling Station in
9 Afghanistan: An Ill-Conceived \$43 Million Project." I read
10 and reviewed the report, and there are a number of issues
11 that are raised by the report.

12 TFBSO ceased existing at the end of 2014, so it is no
13 longer a project in its own way, but there are a number of
14 lessons here that we need to dig into do make sure, A, that
15 we understand the situation; and B, if there were mistakes,
16 we need to correct them going forward, issues that interest
17 me.

18 First, in doing economic development or reconstruction
19 work, is the DOD the best agency to do it, or should we rely
20 upon agencies of the United States Government that do it as
21 their normal, everyday work, like USAID, for example. I
22 think that is a very important question for Congress.

23 Second, to the extent that DOD does work on economic
24 reconstruction or other projects, has money been wasted?
25 Can it be used better? That is a traditional oversight role

1 that this subcommittee and the larger committee needs to
2 take very seriously.

3 Third, what is the relationship between the Department
4 of Defense and the IG's office? Is it a cooperative one?
5 Does the DOD provide the information that it is supposed to?
6 We are all human beings. We can understand there might be
7 some natural tension in the relationship of an agency to an
8 IG, but the public looks at us as all part of the same
9 family, and we are all supposed to be working together.

10 The role of the IG is a critical one. Congress would
11 not pass statutes empowering IGs if we did not think they
12 were important. And one of the issues raised by this report
13 is whether the DOD has been cooperative with the IG or not.
14 That is a very important question.

15 There are also some questions about the IG. The report
16 with the attention-grabbing headline about the ill-conceived
17 \$43 million expenditure was issued by one division of SIGAR,
18 the Office of Special Projects. But there have been other
19 reports issued earlier in April and subsequently in December
20 from the SIGAR's Audit Division suggesting that the cost of
21 this filling station was not \$43 million but \$5 million.

22 So if the SIGAR that is charged with providing the
23 facts that we need to exercise oversight is producing
24 different answers depending upon which division of SIGAR is
25 speaking, that is a question as well. What is the reason

1 for that? Is there communication between the different
2 divisions of SIGAR? Do the different divisions of SIGAR,
3 Special Projects and Audit Division, use different
4 accounting standards?

5 I think when the \$43 million report came out, a lot of
6 us were outraged. Many took to the floor, put out
7 information about this as a classic example of government
8 waste. But it was generally not put out at the same time
9 that SIGAR had previously and subsequently reached a
10 different calculation about the cost of this gas station.

11 Now, I am not in the business. I do not know whether
12 \$5 million is an effective figure and \$43 million is not.
13 But the fact that the IG is putting out material with two
14 different numbers is something that I definitely want to dig
15 into today and understand.

16 If there is a need for us to clarify that the
17 government accounting standards should be used uniformly
18 regardless of which division is looking at a problem, I hope
19 that is something that we will explore as well.

20 So this is a big hearing because it is about what is
21 the right role for DOD in reconstruction. Has DOD wasted
22 money in this now defunct project? And should there be
23 lessons learned going forward for other projects? Does the
24 DOD fairly cooperate and communicate with the IG, which we
25 expect them to do as Members of the Senate. And why would

1 the IG be producing reports with different numbers about
2 this?

3 Those are the questions that I am interested in
4 exploring today and in the future.

5 Madam Chair, I would like to just ask for a few items
6 to be put into the record, with consent, first the TFBSO
7 activities reports to Congress beginning in 2011 through
8 2014; second, a letter to Chairman McCain and Ranking Member
9 Reed from the former Minister of Mines and Petroleum of
10 Afghanistan; third, a letter to SASC from Jim Bullion, who
11 is a former director of the TFBSO; fourth, a letter to the
12 Readiness Subcommittee from Paul Brinkley, a former Deputy
13 Under Secretary of Defense and director of the TFBSO; and
14 finally, a letter to SIGAR from Paul Brinkley's counsel. I
15 would just like to make those part of the record, without
16 objection.

17 Senator Ayotte: Without objection.

18 [The information referred to follows:]

19 [SUBCOMMITTEE INSERT]

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1 Senator Kaine: Thank you, Madam Chair.

2 Senator Ayotte: Thank you.

3 First, we are going to receive testimony from the
4 Principal Deputy Under Secretary for Defense Policy,
5 Secretary Brian McKeon.

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1 STATEMENT OF HON. BRIAN P. McKEON, PRINCIPAL DEPUTY
2 UNDER SECRETARY OF DEFENSE FOR POLICY

3 Mr. McKeon: Thank you very much, Senator Ayotte,
4 Senator Kaine, members of the committee. You have my longer
5 statement for the record. Let me focus on a few key
6 elements, including the genesis and purpose of the Task
7 Force for Business and Stability Operations, and the
8 oversight of the task force.

9 Ultimately, time will tell whether the task force
10 succeeded in its objectives. Independent assessments tell
11 us that it had mixed results with some successes and some
12 failures.

13 The origins of the task force are rooted in the chaos
14 of Iraq before President Bush ordered the military surge
15 early in 2007. It was created in June 2006 by then-Deputy
16 Secretary Gordon England. He charged the task force with
17 transforming military contracting in Iraq so that the task
18 force could generate stability through economic development
19 and job creation.

20 In March 2010, Secretary Gates directed the task force
21 to expand its efforts to support Operation Enduring Freedom.
22 In my statement for the record, I provide a detailed
23 timeline of the task force's authority to operate in
24 Afghanistan, including planning to transition the task
25 force's projects to other government agencies and the

1 Government of Afghanistan.

2 Consistent with the direction from Congress and the
3 Secretary of Defense and plans to draw down U.S. force
4 levels in Afghanistan, the task force ceased its operations
5 at the end of 2014. I requested authority for an additional
6 3-month administrative sunset period, during which a small
7 number of the task force employees engaged in closeout
8 activities, as well as responded to SIGAR's request for
9 information.

10 I was not serving in the department for most of the
11 period during which the task force operated, but I have
12 spoken to many former senior U.S. officials involved in
13 Afghanistan policy, including Generals McChrystal, Petraeus,
14 and Allen, and Ambassadors Eikenberry and Crocker, to
15 understand the history and rationale for the task force.
16 These conversations make clear there was a strong demand
17 signal from the field, strong support in the Pentagon, and
18 strong support in the Government of Afghanistan for the work
19 of the task force, the objective of which was to assist that
20 government to generate economic activity in support of the
21 military campaign plan.

22 You asked me to address DOD's oversight of TFBSO
23 activities. Let me make two broad points. There are a lot
24 more in my statement for the record.

25 First, the task force did not have independent

1 contracting or procurement authority. All task force
2 contracting and disbursement of funds and other support
3 functions were handled either by U.S. Army Central in
4 Kuwait, by DOD headquarters elements, or by other U.S.
5 Government entities.

6 Second, the reporting chain of the task force to the
7 Under Secretary for Policy only commenced in August 2011.
8 Prior to that time, the task force reported directly either
9 to the Secretary or the Deputy Secretary. I have spoken to
10 all of my predecessors and OSD policy, who have reported
11 they had regular meetings with task force leadership.

12 In April 2014, as the task force was winding down,
13 Michael Lumpkin, then performing the duties of the Under
14 Secretary for Policy, asked the department Inspector General
15 to perform an overarching audit of the task force
16 operations, financial actions, and contracts. The IG
17 declined to do so due to limited resources and the need to
18 focus its efforts on "projects with the greatest potential
19 return on investment."

20 After my arrival in DOD of August 2014 until the final
21 administrative closeout in March 2015, I met every few weeks
22 with the acting director. My primary focus was on ensuring
23 the orderly shutdown of the task force and responsible
24 preservation of the records. In the fall of 2014, I
25 requested a financial audit of the task force, which was

1 completed last April.

2 My written statement examines in some detail OSD's
3 policy engagement with SIGAR over the last 2 years. Let me
4 comment on the issue of SIGAR's access to the task force
5 records.

6 First, at all times, SIGAR had unfettered access to
7 TFBSO records, consistent with the Inspector General Act of
8 1978.

9 Second, SIGAR now possesses a hard drive containing the
10 unclassified records of the task force. The provision of
11 the hard drive followed a meeting that I initiated with
12 SIGAR, and followed an exchange of letters between myself
13 and Mr. Sopko setting forth the conditions of our doing so.

14 With regard to the CNG station project that has been
15 mentioned, I would offer two observations and point you to
16 my statement for the record for more detail.

17 First, SIGAR has issued two reports conducted by its
18 Office of Audits on U.S. Government support for the
19 extractives industry in Afghanistan, one issued last April
20 and one issued last week, both of which review the CNG
21 project in some detail. Notably, in the most recent report,
22 one of the projects that SIGAR concluded had generally met
23 project objectives is the CNG station project.

24 Second, in preparing this report on the CNG station
25 project, SIGAR relied on information provided by an economic

1 impact assessment prepared by a consulting firm that was
2 hired by TFBSO. That assessment stated that the task force
3 spent \$43 million to fund the station, of which \$12.3
4 million were direct costs and \$30 million were overhead
5 costs. We believe the methodology used by the EIA is
6 flawed, and that the project costs are far lower.

7 The consulting firm that conducted the assessment has
8 also reviewed its work, and we have seen a copy of their
9 memo to the committee staff indicating that total costs of
10 the station are likely well under \$10 million.

11 With that, let me break down the costs of the station,
12 as we understand them.

13 First, the cost for the entire station project was \$5.1
14 million. Of this amount, the gas station itself cost \$2.9
15 million. This is consistent with the amount reported by
16 SIGAR in its April 2015 audit report.

17 Second, the data that they EIA team reviewed suggests
18 that approximately \$7.3 million was spent on subject matter
19 experts, or SMEs. These experts were also involved in a
20 broader effort to advise the Afghan Government to develop a
21 natural gas industry. The figure of \$7.3 million appears to
22 be an average of all labor costs across the energy sector
23 work by the task force divided by the number of projects.
24 We believe the assumption that the labor costs were equal
25 across all projects is likely flawed.

1 Third, we cannot validate the figure of \$30 million in
2 overhead costs as being directly attributable to the CNG
3 station. As with the labor costs, this appears to encompass
4 the entire amount spent to support all natural gas or energy
5 projects, which is a flawed method of accounting.

6 I would note that in the most recent SIGAR audit on the
7 extractives industry, when analyzing the costs of projects,
8 it also appears to apply similar methodology to the one I
9 just described.

10 Reports that we commissioned to assess the task force
11 work as well as SIGAR's work tell us that the task force had
12 a mixed record of success. As was highlighted by both
13 Senator Ayotte and Senator Kaine, the most recent audit on
14 the extractives industry portrayed a mixed record of the
15 various projects in the energy sector by the task force,
16 some meeting their objectives, some not, some partially
17 meeting their objectives.

18 The overarching question of how we promote economic
19 development during a contingency operation, the point which
20 Senator Kaine emphasized, remains a challenge for all of us
21 in the U.S. Government. I personally am skeptical that the
22 Department of Defense is a natural home for that mission.
23 As a government, we need to consider and develop a
24 functioning mechanism so that we are prepared for future
25 contingencies, and I commend the committee for engaging in

1 that discussion.

2 Thank you for listening.

3 [The prepared statement of Mr. McKeon follows:]

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1 Senator Ayotte: Thank you. I would now like to call
2 on Mr. Sopko. Mr. Sopko is the Special Inspector General
3 for Afghanistan Reconstruction.

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

3 Mr. Sopko: Thank you very much, Chair Ayotte, Ranking
4 Member Kaine, and other members of the subcommittee. Thank
5 you for inviting me to testify today about our ongoing work
6 related to the Task Force for Business and Stability
7 Operations, or TFBSO.

8 TFBSO, as has been stated, was an \$800 million
9 experiment in which DOD attempted to attract private sector
10 investment to Afghanistan to stimulate the economy and
11 create jobs. Unfortunately, what might have seemed like a
12 good idea on paper seems to have turned out rather
13 differently in reality.

14 SIGAR's review of the construction of the compressed
15 natural gas filling station in Sheberghan, Afghanistan,
16 highlights many of the problems we have found in other TFBSO
17 programs dealing with planning, management, coordination,
18 and oversight.

19 I would like to address two issues right now in my oral
20 statement. My written statement covers a lot more issues.

21 The first issue is this question about the cost of the
22 CNG station. It is important to note that the \$43 million
23 number is not a SIGAR number. That number came from the
24 Department of Defense. Although Mr. McKeon's testimony
25 glosses over this and makes it sound like the number came

1 from their consultant Vestige or SIGAR, the truth is that
2 number came from the Department of Defense.

3 SIGAR had an obligation to report that number when we
4 found it. It was the best evidence we had at the time. It
5 would have been irresponsible for SIGAR not to report it.

6 In addition, yesterday, the Department of Defense made
7 available to us for the first time the DOD comptroller who
8 reviewed that \$43 million number for Under Secretary McKeon.
9 That comptroller told our staff that he confirmed, first of
10 all, the \$12 million of direct costs, but he also said that
11 while his "gut feeling" was that the overhead charge was
12 wrong and was probably less than \$30 million, due to the
13 poor records maintained by TFBSO, the \$43 million number
14 with the \$30 million overhead was the best number available.

15 I would remind all of the members, our requirement is
16 to report the best number available. We do not make numbers
17 up. We do not call people in Afghanistan to get their
18 opinion or send an email to someone in Afghanistan to get
19 their opinion on what the number is. We tend to rely on the
20 Department of Defense when we ask for records about DOD
21 expenditures.

22 Remember, we asked the Department of Defense to comment
23 on that number and explain that number as far back as May
24 18, 2015. Again, along with the rest of our draft report
25 that we sent to Under Secretary McKeon on September 24, we

1 again repeated our request to please explain that number,
2 explain that overhead, because we ourselves realized it was
3 a very extraordinarily high number.

4 We never got an answer. You never got an answer. The
5 American taxpayer never got an answer, until last night when
6 apparently DOD discovered that the number was in error.

7 Now, if DOD now repudiates that number and says it was
8 actually \$10 million or \$7 million or \$5 million or some
9 other number, we are glad they finally decided to look at
10 their own records and take a second look. But I have to
11 say, Senators, I wish they had done so earlier, but I guess
12 it is better late than never.

13 In the end, whether it is \$43 million or \$20 million or
14 \$10 million, it is still a lot more than should have been
15 spent in Afghanistan, and DOD to date still has no real
16 explanation for the expenditure and what benefit the U.S.
17 taxpayer got from that expenditure.

18 It is very clear at this point that DOD never did a
19 cost-benefit analysis before they spent whatever the amount
20 is in Afghanistan.

21 Right now, essentially, this is a giveaway that
22 apparently benefits 150 taxi drivers in Sheberghan. That is
23 all the U.S. taxpayer got out of it.

24 The second issue I want to address -- and, Senator
25 Kaine, I am glad you raised it -- is the mistaken notion

1 that special reports issued by SIGAR for some reason do not
2 follow professional standards. That is simply incorrect.

3 All SIGAR reports are fact-based. All SIGAR reports
4 note the sources. And all SIGAR reports comply with
5 relevant, professional standards, including CIGIE, which is
6 the Council of Inspectors General on Integrity and
7 Efficiency Silver Book standards.

8 Senator Kaine, you pointed out that we have used
9 different numbers in different reports. I am certain your
10 staff has read the reports and has told you that the reports
11 where we use the \$5 million number was because we were
12 comparing TFBSO programs and AID programs, and we did not
13 have overhead numbers for those reports. So in fairness to
14 TFBSO, in fairness to AID, we did not want to compare apples
15 and oranges. So we used just direct costs to make the
16 comparison.

17 With the special projects report, which was a discrete
18 report that was based upon work that our auditors and
19 investigators uncovered, we had seen this tremendously high
20 expenditure of overhead, we had the overhead cost numbers.
21 We had them from the DOD contractor. I must to say, it is
22 surprising now that it turns out DOD spent \$2 million for
23 that contract report and apparently DOD is now saying that
24 they wasted the \$2 million because they did not know how to
25 figure overhead costs.

1 Now only late last Thursday, my office received from
2 DOD a hard drive containing what DOD claims to be all of
3 TFBSO's unclassified records. My staff has spent the
4 weekend doing a preliminary review. What does that review
5 show us? It again corroborates the \$43 million number.

6 The records show that TFBSO managers, including senior
7 managers of TFBSO, reviewed the draft economic impact
8 statement numerous times, even corrected numbers, because
9 the initial draft was \$50 million. They backed out \$10
10 million that had been erroneously put in, and TFBSO accepted
11 the overhead charges.

12 But now, mysteriously last night, the numbers are
13 wrong.

14 In addition, we have not been able to find in our
15 preliminary review any cost-benefit analyses done by TFBSO.

16 However, I will say this and caution you, the data
17 provided is substantially inadequate. There is obviously a
18 lot of data missing in this hard drive that we got, so much
19 so that we have forensic accountants now reviewing it to
20 determine if the data has been manipulated. We are also
21 concerned that we are missing emails, major email files.

22 We are also concerned that this is supposed to be all
23 of the records of TFBSO and it only amounts to 100 GB of
24 data. That seems extraordinary for an organization that
25 lasted for 5 years and employed up to 80 people. As one

1 younger staffer in my office has said, 100 gigabytes of data
2 is what I have on my iPhone. We are surprised by the
3 assurances from DOD that these are all the records of TFBSO.

4 Finally, I want to raise one last issue, which is again
5 a larger issue beyond how much money a gas station costs in
6 Afghanistan. That is the issue that, since December 2014,
7 the Department of Defense has been telling us, because of
8 legislation Congress passed, they have no authority, no
9 money, and no bodies to explain this important program to an
10 Inspector General who is required by statute to investigate
11 allegations of fraud, waste, and abuse.

12 Now I worked for Sam Nunn for approximately 15 years,
13 worked for John Dingell for other years. In my 20-some
14 years working in Congress, I have never heard of that
15 excuse. My deputy worked for 38 years for GAO. He has
16 looked at many closed programs. He has never heard that
17 excuse.

18 As a matter of fact, USAID and State Department and
19 other elements of DOD have been reporting to us on a regular
20 basis on closed programs. Only TFBSO has this institutional
21 amnesia.

22 I close by saying if that institutional amnesia
23 continues, it will be bad for oversight, bad for criminal
24 investigations that we are conducting, and bad for the U.S.
25 taxpayer.

1 Thank you very much, Senators.

2 [The prepared statement of Mr. Sopko follows:]

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1 Senator Ayotte: Thank you, Mr. Sopko.

2 I want to start with a basic question, Secretary
3 McKeon. That is, there was roughly \$638 million disbursed
4 over the life of the TFBSO task force. Can the DOD account
5 for how each of those dollars was spent? As I look at the
6 big picture here, and a lot of the questions that have been
7 raised on recordkeeping, can you fully account to the
8 taxpayers as to how each of those \$638 million was spent?

9 Mr. McKeon: Senator Ayotte, we can give you a list of
10 the contracts, and I believe we can tell you how all the
11 money was disbursed broadly by sector. In answering the
12 question about the CNG station, it points to an inadequacy
13 in the way they kept the books in the task force in terms of
14 allocating the support costs to specific projects. They did
15 not do it on a project-by-project basis, which gives us the
16 challenge of coming up with the right number for the CNG
17 station.

18 But it is my understanding, based on what I have been
19 told and what I have seen in reviewing some of the records,
20 that we know where all the money went. The money was
21 contracted or disbursed through other parts of the
22 department, either U.S. Army Central in Kuwait or other DOD
23 entities, such as the Washington Headquarters Services, or
24 contracts that went through the Department of the Interior,
25 for example. So I think we have all the paper that shows --

1 Senator Ayotte: Let me just ask you a basic question,
2 then. If we can account for each of these dollars -- but I
3 have serious questions given even this dispute listening to
4 this that we can -- was it worth it? What did we get for
5 the taxpayers? That is the fundamental question. What can
6 we say in terms of deliverables for the mission that is
7 anything sustainable that we get to accomplish the purpose
8 of economic development in Afghanistan?

9 Mr. McKeon: That is the big question, Senator, and it
10 is the right one. As I said in my statement, I think it is
11 a mixed record. I also think it is a little early to say.

12 So, for example, some of the work the task force did
13 and USAID has done in advising the Ministry of Mines and
14 Petroleum on governance, competitive tenders, administration
15 of the ministry, that kind of thing, the jury is still out
16 on that. There are number of tenders that I am told are
17 still in a decision making process within the government.
18 The Ghani government is looking closely at and reviewing a
19 number of decisions by the Karzai government.

20 As I think even the task force's most recent audit on
21 the extractives industry says, it is ultimately up to the
22 Government of Afghanistan to carry the ball forward.

23 Senator Ayotte: Right. So did we keep metrics or
24 anything like that for this task force?

25 Mr. McKeon: I have not seen, in all the materials I

1 have reviewed, specific metrics.

2 Senator Ayotte: Is Mr. Sopko right when he said, using
3 the gas station as an example, that there was no feasibility
4 study?

5 Mr. McKeon: I cannot dispute that, Senator. We have
6 not found in our search of the records what we would
7 understand to be a feasibility study.

8 Senator Ayotte: So there are a number of other issues,
9 one that I wanted to ask about as well, and I am going to
10 give Mr. Sopko an opportunity to comment on the questions
11 that I have raised, but there was a letter that was written
12 about \$150 million that was spent on villas and security for
13 TFBSO staff. That is 20 percent, roughly, of the money
14 appropriated by Congress.

15 Why could they have not stayed on base? And why was
16 that decision made? And why is it justifiable for 20
17 percent of the money allocated for economic development for
18 that purpose?

19 Mr. McKeon: Senator, we owe SIGAR an answer to that
20 letter. We are still digging into the questions that he
21 asked about the housing in Kabul and Herat and a couple
22 other places.

23 What I understand was the reason for this was, first,
24 the task force was unique insofar it was not under the Chief
25 of Mission authority. They were somewhat entrepreneurial

1 and took a little risk.

2 I think part of the reason for the housing was housing
3 for staff coming from Washington in and out. I do not think
4 a lot of people lived there permanently. They were also
5 used as offices, and they were used to show international
6 businesses and executives that they could come to
7 Afghanistan to do business.

8 Senator Ayotte: So did we get any deliverable
9 contracts of international businesses there because we spent
10 \$150 million on villas versus having them stay on base?

11 Mr. McKeon: Senator, I cannot tie a specific visit of
12 an executive in one of these houses to a later investment.
13 I would not make that claim.

14 The other thing I would say is the task force had their
15 own private security to help them with security movements.
16 They were not relying on the United States military for
17 movements within the country, by and large. There is a
18 document that we have seen in the records that --

19 Senator Ayotte: Could they not have? I mean, they
20 were a DOD task force. Could they not have asked the DOD
21 and allocated some of the cost to support that?

22 Mr. McKeon: I have not asked that question of CENTCOM,
23 whether that would have been feasible at the time. I have
24 seen one document where they signed an MOU between USFOR-A
25 and the task force as a contingency, essentially, for the

1 task force to go on base or to be supported by the military.
2 It was signed by a one or two star general who wrote a note
3 to the commander and said he had a little misgivings about
4 this because he was not sure if they were going to be able
5 to support it completely.

6 Senator Ayotte: Well, it just seems to me as a DOD
7 task force, \$150 million, this is very important question.
8 And obviously, I think we as a committee would like to know
9 why those decisions were made and what were the
10 justifications, and what return on investments we think we
11 got from taking 20 percent of the appropriations to do that.

12 I also wanted to follow up on the issue of the \$55
13 million that was spent to facilitate an oil lender process
14 that resulted, essentially, in the Chinese company winning a
15 contract for extractives in Afghanistan. Do you think that
16 was a wise use of taxpayer dollars?

17 Mr. McKeon: Senator, what I know about that is the
18 task force assisted the Afghan Ministry of Mines to offer a
19 tender in accordance with general international principles,
20 and the Chinese company competed and won. I cannot tell you
21 whether it was completely transparent and followed all the
22 rules that we would expect in such a tender.

23 Senator Ayotte: But stepping back for a second, my
24 time is expiring and I know a number of others have
25 questions, and I am, certainly, going to want another round

1 of questions, but I am just trying to think how I tell the
2 people of New Hampshire that we spent \$55 million to
3 facilitate an oil tender process so that we could pave the
4 way for the Chinese to get a contract in Afghanistan, where
5 apparently what is at issue is their ability to exploit an
6 estimated \$1 trillion worth of Afghanistan mineral
7 resources.

8 I am laying it out there. Just in your opinion, do you
9 think that was a wise use of our resources?

10 Mr. McKeon: Senator, it is my opinion, the
11 foundational work, as I said, of advising the Ministry of
12 Mines may pay off in the future. There are a lot of ifs.
13 It will require some significant advances in security,
14 significant advances in the rule of law, and significant
15 embedding, essentially, of a culture of openness and
16 transparency in business practices.

17 So I am not going to tell you that we are happy about
18 the Chinese Government winning that tender. I do not think
19 we tried to skew the results toward a non-Chinese firm. I
20 do not know great detail about who else bid on the contract.
21 We will go back and try to look at that.

22 But, as I understood it, the task force was going in to
23 try to advise them about how to do an international tender
24 the way that international businessmen would expect. That
25 was the objective.

1 Senator Ayotte: Mr. Sopko, did you want to add on
2 that?

3 Mr. Sopko: Yes, Madam Chairman. If I could just add
4 one thing about the Ministry of Mines -- and I think,
5 Senator Kaine, this is also important to you, because I know
6 you got a letter from a former minister. There has been a
7 lot of analysis of that one tender, but there has been even
8 more analysis done by Afghans themselves that during the
9 time that tender was done -- remember, this is the Karzai
10 regime -- the Ministry of Mines was the most corrupt
11 ministry in a very corrupt government. It was so corrupt
12 that USAID pulled back any direct assistance because they
13 did a study on that, and it is a public study provided to
14 all government agencies about how corrupt and incompetent
15 that ministry was under the leadership of Minister Shahrani.

16 Now what is important about this, and some of you know
17 I am a former prosecutor, but I also was an attorney and
18 partner for Akin Gump, representing a lot of Fortune 100
19 firms. One thing you know when you deal with corporate
20 America, American businesses know their customers, they know
21 where they are going to be selling the products, and they
22 know what the bottom line is. If you look at TFBSO and
23 apply just reason and common sense, what we are talking
24 about is here the Department of Defense still does not know
25 who their clients were and what the bottom-line cost was for

1 all of this.

2 So I would caution, before we have this pie in the sky
3 that this is all going to come to fruition, we understand
4 what we are dealing with. I think that is the big picture
5 question about TFBSO. They did not know where they were
6 working.

7 Senator Ayotte: Thank you.

8 Senator Kaine?

9 Senator Kaine: Thank you, Madam Chair.

10 I, basically, have three lines of questioning, but the
11 testimony has knocked off the first one. I wanted to ask
12 DOD about the efficacy of DOD doing these kinds of
13 reconstruction projects.

14 Secretary McKeon, I gather from your testimony that, in
15 analyzing this, you think they should be placed somewhere
16 other than DOD. I strongly believe that. I am a member of
17 the Senate Foreign Relations Committee. I am ranking on the
18 committee that oversees USAID. Whether it is USAID or
19 another agency that does economic development as their daily
20 work -- we would not ask USAID to do military operations,
21 for sure. I appreciate your concession that activities of
22 this kind are probably best done somewhere else in
23 government. So I am not going to beat that one. I think we
24 have established that.

25 I have then one line of questioning for SIGAR, and one

1 other one for DOD.

2 So on SIGAR, just looking at the record, I have the
3 April 2015 audit report, Audit Report 1555. There is a
4 discussion on page 6 of the compressed natural gas station.
5 There is a listing of its cost, distributed funds, \$5.051
6 million.

7 By my read of this, I see no caveat that does not
8 include overhead or this is an incomplete number. Maybe
9 that is somewhere else in the report, but I do not see a
10 caveat or qualification with respect to that.

11 I will get to my question in a second, and I would love
12 to hear if there is a caveat there.

13 I see, after that, an April 2015 report saying the cost
14 is \$5.051 million, and the October 2015 special projects
15 report with the title, "DOD's Compressed Natural Gas Filling
16 Station in Afghanistan: An Ill-Conceived \$43 Million
17 Project."

18 Then I am looking at the January Audit Report 1611,
19 basically saying TFBSO spent at least \$39.4 million, \$5.1
20 million toward a compressed natural gas infrastructure
21 development and \$33.8 million for other activities. I do
22 not see a caveat on that \$5.1 million number, that it does
23 not include overhead costs, although in the next paragraph,
24 there is a reference to the special projects report and the
25 \$42.7 million number.

1 So the questions that I have are basically these, and
2 you testified to this, and I want to make sure I understand
3 this. Does SIGAR's special projects unit use the government
4 accounting standards? You mentioned the standards that are
5 unique to IGs. But are these done according to Generally
6 Accepted Government Auditing Standards, the special project
7 department's work?

8 Mr. Sopko: By definition, GAGAS, which is the
9 Generally Accepted Government Auditing Standards, only apply
10 to audits. This is not an audit. SIGAR, like 11 other
11 inspectors general, have other reports than audits. They
12 use different terms.

13 Senator Kaine: Okay, this is very helpful.

14 Mr. Sopko: Of those 11 other IGs -- and actually, the
15 GAO issues reports that are not GAGAS. Now we follow the
16 general overarching policies of GAGAS in all of our reports,
17 and that is that you have to be factual, you have to be
18 independent, you have to be free of any conflicts of
19 interest, and you have to support all the statements you
20 make.

21 In some areas, and it is very interesting, even in
22 GAGAS for audits, you are not required to do indexing and
23 referencing, but we do indexing and referencing for even our
24 special project reports.

25 Senator Kaine: Do you believe the audit reports of

1 April and January from your agency were performed in
2 accordance with GAGAS?

3 Mr. Sopko: Yes.

4 Senator Kaine: Because they are audits?

5 Mr. Sopko: Yes, they are audits. By definition, they
6 have to. They take longer because of --

7 Senator Kaine: They take longer. Are they more
8 elaborate?

9 Mr. Sopko: Well, yes, the whole audit process, and
10 that is one of the reasons why we created special projects
11 and why other IGs have created it. For an audit, usually,
12 and the way we work, we get together with the GAO, State,
13 AID, the Department of Defense IGs, and do an audit plan
14 based upon what the big issues are out there.

15 When we do an audit, there is a set policy of sitting
16 down, having an entrance conference, and do planning.
17 Audits usually take up to a year to get out.

18 When I took this job 4 years ago, I met with the staff
19 of this committee and the staff of many other committees,
20 including the Foreign Relations Committee --

21 Senator Kaine: Just really quickly, because I am going
22 to be out of time. I just want to put on the record that
23 there is a little bit of a challenge for those of us who are
24 exercising an oversight function if the auditing division of
25 SIGAR issues reports that are consistent with GAGAS

1 standards with one number and they are consistent, and the
2 special projects division uses a different set of standards
3 -- I am not saying they are inappropriate; I gather that
4 they are the standards that are used by IGs -- that come up
5 with a different number. That kind of leaves us in a jump
6 ball as to which we believe and how we harmonize those.

7 Some I am just going to put on the record that that may
8 be a point for some additional conversation, because I,
9 certainly, find it confusing to see that \$5 million number
10 in two audits, and the \$43 million number on the headline of
11 the report. So that is something that we want to dig into.

12 I want to come back to DOD with a minute 20.

13 Mr. Sopko's testimony was not too complimentary about
14 this "we will turn over the records at the 11th hour." I
15 mean, I find that pretty disappointing, because while I
16 certainly get the natural human tension between an agency
17 and Inspector General -- I have been in this business for a
18 while -- we are all on the same team. This is all of our
19 taxpayer dollars. We have to be accountable for them.

20 So, Secretary McKeon, you spoke first, then you heard
21 his testimony. How do you respond to the notion that it was
22 only when we had this hearing and it was going to happen
23 finally that DOD said, okay, here are all the records that
24 you ought to take a look at?

25 Mr. McKeon: Sure. Senator, I would point you to my

1 written statement for more detail on this, but let me try to
2 talk through the story as quickly as I can.

3 Last year around this time from January to March, the
4 task force responded to voluminous requests for information
5 from SIGAR and turned over about five discs of CD-ROMs of
6 material, including a list of the former staff of the task
7 force for the last several years.

8 When we got the request for information in the spring,
9 we made available to SIGAR the task force records that were
10 set aside in a reading room at the Washington Headquarters
11 Services. They had full access to those records, which is
12 what the IG Act requires, which is access to records. What
13 we said to them is that if you want to copy any of these
14 documents and take them back to your office, we need to
15 review them for FOIA releasability.

16 The reason we did that, sir, is, in a prior case,
17 working closely with SIGAR, our Afghanistan and Pakistan
18 Office had given over 18,000 records from the Commander's
19 Emergency Response Program. Those records were then
20 released to media organizations subject to a FOIA request
21 submitted to SIGAR. There were names of soldiers and Afghan
22 partners in that dataset that was put on the Internet. It
23 is still on the Internet. We have asked this media
24 organization to take it down because of our security
25 concerns for our soldiers and their Afghan partners. They

1 have refused to do so. So that is why we did not simply
2 hand over the records.

3 Secondly, we did not have task force employees. In the
4 normal case, our Office of Afghanistan and Pakistan works
5 very closely with SIGAR. They come in and say, "We want to
6 examine this program. Can you give us your records on these
7 issues?" We never hand over full hard drives and computer
8 drives in the way that we have here. It is a dialogue.
9 "Tell us what you need and we will provide it to you."

10 So there were two reasons that we set aside this
11 reading room for SIGAR to access. But there were no
12 restrictions on what they could read, absolutely none. They
13 could read the full records unredacted.

14 The question was, could they come back, take those
15 records back to their office. After I met with Mr. Sopko in
16 December, and we exchanged letters expressing our concern
17 about the issue of the release of the information, and we
18 came to a meeting of the minds on that, we agreed to turn
19 over the hard drive, which SIGAR now has.

20 Senator Kaine: Thank you, Madam Chair.

21 Thank you to the witnesses.

22 Senator Ayotte: Senator Rounds?

23 Senator Rounds: Thank you, Madam Chair.

24 Mr. Sopko, I am just curious, maybe just in terms of
25 the topline that we have been looking at, a lot of

1 discussion has been occurring based upon the CNG station.
2 It would appear that this is just part of the overall number
3 of projects. You did a pretty good job of laying out a
4 series of projects down the line that this particular
5 operation was responsible for.

6 But we started out by saying that there was about \$822
7 million that was appropriated, and we have approximately
8 \$638 million that was disbursed. The delta between the two,
9 was it simply a matter that the other money was not
10 released? Where is that, the delta between the \$822 million
11 that was appropriated and the \$638 million that was actually
12 spent, or that we can find disbursements for?

13 Mr. Sopko: Senator, I do not have a good answer on
14 that. I will ask one of my auditors, who probably knows.

15 What he is saying is that the numbers could have been
16 obligated, but not yet disbursed. And that is delta we are
17 talking about.

18 Mr. McKeon: Senator, my understanding is this is not
19 atypical for assistance programs, that an amount is
20 allocated and put on the contract, but then over the course
21 of the contract, they decide they do not need to spend as
22 much of it. So the actual disbursements are lower. I do
23 not know whether the ratio here is typical in an AID
24 setting, but having that kind of delta is not atypical.

25 Senator Rounds: The reason why I ask is I just want

1 make sure we had an understanding of where we are beginning
2 from, in terms of what the TFBSO was actually responsible
3 for disbursing. That appears to be \$638 million. A fair
4 statement? The big picture, that is what we are talking
5 about?

6 Mr. McKeon: I think we have a slightly different
7 number, but we are in the ballpark, yes, sir.

8 Senator Rounds: Okay. Of the \$638 million, there
9 seems to be a question of how we would appropriate or at
10 least allocate the resources for overhead, travel, and so
11 forth, and whether it was appropriately laid out project-by-
12 project.

13 I will direct this to Mr. McKeon. Is there a broad
14 understanding between both you and Mr. Sopko's office that
15 there is an understandable appropriation or at least
16 allocation among the different projects for overhead?

17 Mr. McKeon: Senator, I do not know that we have had
18 that discussion.

19 Senator Rounds: You have not quite gotten to that
20 point?

21 Mr. McKeon: I am happy to engage in --

22 Mr. Sopko: I think that probably both of our staffs
23 feel that it is very difficult to find out how they did
24 allocate.

25 Mr. McKeon: Senator Rounds, I think we can say that

1 the spending was roughly evenly divided between project
2 spending and overhead and security. Security costs are
3 quite high because it is in a warzone. I talked about this
4 at length with General Petraeus, and he sort of walked me
5 through why it was so expensive.

6 Mr. Sopko: Senator, if I can just add, the comptroller
7 who helped Mr. McKeon take a look at it actually contacted
8 one of our staff and gave some data. In that data, it looks
9 like the overhead costs actually exceeded the amount of the
10 actual programs. But I cannot confirm that yet. That was
11 just something he shared with our staff recently.

12 Senator Rounds: Mr. McKeon, did TFBSO personnel
13 actually attend a designer and tradeshow event in Europe in
14 support of the TFBSO's Afghanistan carpet initiative?

15 Mr. McKeon: I do not know the precise answer to your
16 question about the show, Senator. I know it is listed in
17 our activities reports, the task force activities reports to
18 Congress. There was support for the indigenous carpeting
19 industry in Afghanistan. They thought it was one of the
20 high-end industries that could be advanced through regional
21 and international markets.

22 Senator Rounds: Could you then perhaps, just for the
23 record, provide a summary of where the TFBSO personnel
24 traveled in Europe in support of the carpet initiative, how
25 long they stayed, and the total costs of those trips?

1 Mr. McKeon, I just want to add, is it true that the
2 TFBSO actually imported a large number of Italian goats via
3 air shipment from Italy to Afghanistan?

4 Mr. McKeon: I have not heard that, Senator. We will
5 have to check.

6 Senator Rounds: Okay, will you provide that for the
7 record for us as well, please?

8 Mr. McKeon: Yes.

9 Senator Rounds: Thank you.

10 I was going to ask whether or not the goat initiative
11 was a success or failure, but apparently you are not in a
12 position to find that out.

13 Mr. McKeon: I am pretty sure if it happened, it
14 happened before my time.

15 Senator Rounds: My time has expired. Just looking at
16 this project, I have one question for Mr. Sopko. That is,
17 if you are not already looking at the entire \$638 million in
18 disbursements, do you have the capability to look through
19 and to gain access to lay out where these disbursements were
20 at? And do you have the capabilities to find the
21 individuals who were working for us who are within the Armed
22 Forces or contractors responsible to the Armed Forces? Do
23 you have the legal capabilities right now to follow this
24 through with your existing powers, sir?

25 Mr. Sopko: In part. We can only find all of that and

1 answer those questions if we have the total, full
2 cooperation of the Department of Defense, because we need to
3 find these individuals, and we need access to all the
4 records. That is the only way we can do it.

5 Now, we lack subpoena authority to get testimonial
6 subpoena. I think there was legislation pending, but that
7 would be very helpful. I am probably not allowed to
8 pontificate on pending legislation, but I think you can see
9 right now, if we had had subpoena authority to actually
10 bring some of these people in, we may have gotten to the
11 bottom of this a lot earlier than now.

12 Right now, we have to basically beg people to talk to
13 us who are nongovernment employees. We were trying to get
14 Mr. Brinkley. He is an excellent witness, but we kept
15 contacting him, and he kept blowing us off. It was not
16 until we put his name in the report explaining why we were
17 quoting his book but not him that all of a sudden he
18 contacted us. Then, I must say, he submitted to an
19 interview, which was very helpful.

20 But if I had subpoena authority, like most prosecutors
21 do, I could have dropped paper on him and gotten him in here
22 for an interview, so that would have been helpful.

23 Senator Rounds: Mr. McKeon, I just want to give you an
24 opportunity to respond. Based upon the discussion that we
25 have had here today, it would seem as though you are in a

1 position to where we are going to be looking back at you for
2 additional answers in the future. Can you make a commitment
3 to this committee to provide as much information as possible
4 or that you have available to you, and that that information
5 would also be made available to Mr. Sopko on a timely basis?

6 Mr. McKeon: Yes, Senator. To the extent we can help
7 find additional records, if Mr. Sopko thinks there are
8 shortcomings, we will do that. I believe the records that
9 we turned over are the unclassified records. There may be
10 other records elsewhere in the department not owned by the
11 task force relative to this work.

12 Senator Rounds: By that, would you be suggesting that
13 in a classified setting, you would have it additional
14 information that you would share with this committee?

15 Mr. McKeon: No. I do not have additional information.
16 For example, as I said, the contracting was done by other
17 elements, not by the task force. There may be records in
18 those components that are not on the hard drive that we gave
19 Mr. Sopko.

20 Senator Rounds: Meaning the Department of the
21 Interior?

22 Mr. McKeon: Department of the Interior or U.S. Army
23 Central or Washington Headquarters Services.

24 Senator Rounds: One last question. Do you have the
25 ability to follow through with the Department of the

1 Interior, Mr. Sopko?

2 Mr. Sopko: Yes, sir. We will pursue wherever we can,
3 where the records are. I think we are probably going to do
4 either a complete financial audit -- we have been asked by
5 some Senators to do that -- or we will do an entire
6 programmatic audit of TFBSO.

7 Senator Rounds: Thank you, sir.

8 My time is expired. Thank you, Madam Chair.

9 Senator Ayotte: Thank you. I would just say that we
10 would appreciate that audit. I think it would be very
11 important for us to have a financial audit, so that we can
12 ensure that each of the dollars that were disbursed, how
13 they were spent, we can account to taxpayers for that.

14 I would like to call on Senator Shaheen.

15 Senator Shaheen: Thank you, Madam Chair.

16 And thank you both for being here.

17 I found the history of the task force very instructive,
18 Secretary McKeon, because one of the things that you point
19 out is, in March 2009, Secretary Gates issued a memo
20 indicating he had asked Mr. Brinkley to continue the task
21 force efforts. Then there was a new memorandum in 2010
22 directing Mr. Brinkley to continue the efforts. I think it
23 was in 2009 that the chain of command was shifted so that he
24 reported directly to Secretary Gates.

25 But what I particularly found instructive was looking

1 at the role that this committee played, which I confess I
2 did not remember with respect to continuing the organization
3 in the 2011 National Defense Authorization Act, where we
4 initially said that the authority should expire in September
5 2011 and because of concerns by General Petraeus and the
6 Chairman of the Joint Chiefs, Mike Mullen, they came back
7 and asked Chairman Levin and Senator McCain to change the
8 provision and not require the shutdown of the task force.

9 So clearly, there were a lot of hands in why we got to
10 the place that we got on the TFBSO.

11 I wonder if, Mr. Sopko, you can suggest the kinds of
12 questions that this committee should have asked or what kind
13 of information we should have been looking for, as this
14 issue of whether we should continue what they were doing
15 came up before this committee.

16 Mr. Sopko: I would be happy to provide that to you. I
17 think right now I will go back to the point I made to
18 Senator Kaine based upon my experience dealing with
19 companies, corporations. Corporate America understands whom
20 they are selling to. They understand their market.

21 Again, this may have been the problem. We are asking
22 the Department of Defense to start thinking like corporate
23 America. I represented clients who knew how many pickles
24 were being used on any particular day in a city, when I
25 worked for Akin Gump. DOD does not think in those terms.

1 I remember having a nice conversation with a three star
2 general who said, "Look, we are good at blowing things up.
3 We are not really good at building things." Now, they will
4 do it, and they may do it, if the State Department and AID
5 are not there and are not sitting at the table. Like on
6 many of these provincial reconstruction teams, we knew there
7 were seats for State and AID, and we actually reported on
8 it, but State and AID for financial reasons, they did not
9 have the bodies, they are not there. So DOD is then forced
10 to take up the slack.

11 I think, Senator, it is great that you are sitting on
12 both committees because you realize -- and you, too, I am
13 sorry, Senator Shaheen -- it is going to be a whole-of-
14 government approach the next time we do this. And if we
15 just plus-up DOD and do not plus-up State and AID, then who
16 is going to be left doing this kind of work?

17 I agree with Secretary McKeon, but I cannot speak from
18 a GAGAS point of view or audit point of view. We have not
19 done the report yet. That is a serious question that needs
20 to be asked: Is this the proper role for DOD?

21 Senator Shaheen: Well, I would, certainly, agree with
22 Secretary McKeon and with Senator Kaine. I think that this
23 is not the proper role for DOD. I appreciate the challenges
24 that we were facing in Afghanistan, but it seems to me that
25 one of the things that we do need to look at is what the

1 role for DOD is, and what the role for the Department of
2 State is, and how diplomacy figures in to what we are doing
3 as we are facing conflicts in places like Afghanistan.

4 We had a hearing before the Armed Services Committee
5 today where we heard comments from the people who were
6 speaking about the need for military action sometimes to get
7 to diplomacy, but they were not making the connection that
8 we needed to do economic development through DOD in order to
9 get diplomacy.

10 So I do think it raises serious questions.

11 And I guess I would ask you, Mr. Sopko, are there other
12 takeaways from your analysis of the TFBSO that you would
13 urge us as a committee to look at?

14 Mr. Sopko: Senator, I think it is important to look at
15 lessons learned. Now, the TFBSO hired CSIS, the Center for
16 Strategic and International Studies, to do lessons learned
17 on Iraq. What we found out is that issued a pretty good
18 report, but it does not seem like anybody ever read it and
19 followed up on it.

20 The RAND Corporation has been hired, and I give credit
21 to TFBSO, and I think maybe Under Secretary McKeon was
22 involved with that. RAND is a reputable organization. They
23 came in and developed some lessons learned.

24 The problem with the RAND report is they even admit in
25 the beginning they did not consider the cost-benefit

1 analysis, so they are leaving that to us to do.

2 So I think lessons learned is so important. You may
3 want to require every agency that participated that is under
4 your jurisdiction in Afghanistan, ask them if they are doing
5 real lessons learned.

6 Now, we are trying to do that, because we are required
7 to do it. Actually, General Allen said we are the only
8 agency in the government that has this broad ability,
9 because we are not housed in any government agency. We can
10 do an across-the-board, whole-of-government approach. So we
11 are doing that. But each particular agency can also help.

12 Clearly, not only lessons observed, but you have to
13 apply them. I do not think this was done in this case at
14 all.

15 Senator Shaheen: Just a final comment because you
16 raised the question of being able to subpoena people to come
17 before SIGAR. I would point out that, as you said, I was
18 one of the people who introduced that legislation in August
19 2012 that would have allowed subpoena power for SIGAR. I
20 think it is something that we actually ought to consider
21 again. I do not know if either of you would like to comment
22 on whether that is helpful.

23 Secretary McKeon, I think we have already heard Mr.
24 Sopko's view of that. Do you have thoughts about whether
25 that is legislation that should be in existence that might

1 help deal with some of these questions before we get to this
2 point?

3 Mr. McKeon: Senator Shaheen, the power of the IGs is a
4 little bit outside my lane in OSD policy. What I have said
5 and committed to is any former task force employees who work
6 in the department, we will obviously make them available,
7 and any former employees that we can help try to find, we
8 will do that. Whether he needs subpoena power or the IGs
9 need subpoena power, that is not really for me to say.

10 If I could comment on your other statement about
11 lessons learned, first, quickly, I suspect the Army Corps of
12 Engineers would take exception to the unnamed general that
13 said the Army does not know how to build things.

14 But I think one thing to think about, as you think
15 about this issue, is the task force was a startup, and they
16 brought in a lot of business folks from outside the
17 department and were outside of Chief of Mission authority.
18 There is a law in the Foreign Service Act of 1980 that says
19 everybody is under the Chief of Mission except Voice of
20 America correspondents and people under combatant commander
21 authority.

22 It is unusual for civilians, unless they work directly
23 for the COCOM, to be under COCOM authority and not Chief of
24 Mission. So you already had this very unusual animal of the
25 task force being under COCOM authority. The other parts of

1 the department and other agencies -- and now I am just
2 speaking impressionistically -- some of the antibodies in
3 government and human nature come out. They look at who are
4 these people, and why are they in our swim lanes? I think
5 it is quite clear that there were challenges in cooperation
6 across interagency at least in the beginning, and then it
7 was mandated that the State Department concur on projects,
8 and I think it got a little bit better.

9 But there is an opportunity cost any time you stand
10 something up and you bring in people from outside the
11 department who are not really of the department.

12 Now Mr. Brinkley would say that is what made us
13 different. We were entrepreneurial. We did not follow the
14 normal government rules. We were able to do things quickly.
15 Those are some of the comments I heard from General Petraeus
16 and General Allen.

17 So it is a trade-off. If you want to do it that way,
18 you are breaking a little china in the normal governmental
19 systems, and the other side of the ledger is
20 institutionalizing them in normal government entities.

21 So I do not have a clear answer for you. Obviously, I
22 have a bias that this is not a DOD function, but that is
23 something you need to think about.

24 Senator Shaheen: Well, my time is up, but I would just
25 say I think we would all be okay with breaking a little

1 china if they were efficient and effective in doing it. The
2 challenge here is that there are real questions about how
3 effective and efficient they were.

4 Thank you, Madam Chair.

5 Senator Ayotte: Senator McCaskill?

6 Senator McCaskill: This is like deja vu all over
7 again, over and over and over and over again.

8 We had an ugly morphing of CERP to this task force to
9 the AIF, no proof that the metrics worked on any of it in
10 terms of fighting counterinsurgency. There has never been
11 any data presented that the walking around money in CERP
12 helped. There has never been any data presented that the
13 ridiculous fuel station in Afghanistan helped anything. It
14 was dual fuel and totally impractical and not sustainable.
15 There has never been any data that the highway that we had
16 to spend more on security to build than actually it cost to
17 build it did any good.

18 So the idea that we are worried about yellow book
19 standards today, give me a break. We have almost \$1 billion
20 -- no metrics, no cost-benefit analysis, no sustainability
21 analysis, a program that is dumb on its face.

22 The average person in Afghanistan, their annual income
23 is \$690. It costs \$800 to convert a car to natural gas.
24 Did anybody in the room sit there and say, is there anybody
25 in Afghanistan that can afford this? The 120 cars we did,

1 we paid for.

2 Now what I want to know, Secretary McKeon, is who made
3 this decision? Was it Brinkley? Was it Petraeus? Who
4 decided it was a brilliant idea when the people of a country
5 make \$690 a year that we are going to spend -- I do not care
6 if it was \$2.9 million or \$200 million. Who made the
7 brilliant decision that this was a good idea to put a
8 natural gas station in Afghanistan?

9 Mr. McKeon: Senator McCaskill, the project started in
10 2011. Mr. Brinkley left in June 2011. I am not sure if it
11 was in the first half or second half that this decision was
12 made to start it. I think it was under Mr. Brinkley, but I
13 will have to get that --

14 Senator McCaskill: I want to know, because I want to
15 talk to that person and find out what they were on that day,
16 because that is bizarre.

17 Do you not agree that sounds improbable on its face
18 that we are going to get a good result out of that?

19 Mr. McKeon: Senator, there is a long excerpt that I
20 would point you to in the SIGAR report about what the theory
21 of the case was and how this was a proof of concept. It is
22 in the SIGAR audit report of April 2015. That is what we
23 have is evidence of what the plan and what the thinking was
24 behind it.

25 Senator McCaskill: Okay.

1 When SIGAR asked questions about this, you said in a
2 letter that DOD lacked personnel expertise to address the
3 questions. I am quoting from your letter.

4 Is it true that Dr. Joseph Catalino, a former acting
5 director of TFBSO, was actually working in your office at
6 the time?

7 Mr. McKeon: He was not working in my office at the
8 time. He was employed after that letter was written.

9 Senator McCaskill: Okay. But when he was, did you
10 offer him up, since now you had personnel that obviously
11 knew an awful lot about it because he was the director of
12 the program?

13 Mr. McKeon: Senator, he started as the director in
14 2014. He was interviewed at length by SIGAR before the task
15 force shut down. He was interviewed again earlier this
16 month. So he has been available to the task force.

17 Senator McCaskill: You know, the point I am trying to
18 make, Secretary, is the program has been shut down for 5
19 months and all of a sudden nobody is home, nobody knows
20 nothing. We have nobody here to help you. We have no
21 personnel to help you, because nobody is here. And it has
22 been shut down for 5 months.

23 Do you think you would be frustrated if you were trying
24 to get to the bottom of what occurred and why the money was
25 spent and how it was spent?

1 Mr. McKeon: Senator, it was a unique task force, as we
2 discussed. It is far from the core competency of the
3 Department of Defense. We do not have investment bankers
4 and energy sector advisers working in OSD Policy or even in
5 AT&L.

6 So what we thought and understood was SIGAR was set up
7 for success. We provided a lot of information in the first
8 quarter of 2015. We made the records available. They had a
9 list of all the former employees. We let the task force
10 people go, and we brought back Mr. Catalino to perform a
11 different function. He has been advising me and helping me
12 respond to these queries that the committee has given us,
13 and the SIGAR questions. But this expertise does not
14 normally reside in OSD Policy, ma'am.

15 Senator McCaskill: Well, there is a lot of expertise
16 that normally does not reside in the Department of Defense.
17 It does not mean that they did not start building highways
18 and they did not start building a lot of other things in
19 both Iraq and Afghanistan that never were good investments
20 of taxpayer money because of sustainability and security
21 issues.

22 So let us talk about security. If you are spending
23 close to \$800 million and 20 percent of the money has to be
24 spent on security in order to convince businesses to come do
25 business in Afghanistan, once again, common sense, do you

1 see a problem with that scenario? And you do not want them
2 to be military because you do not maybe want the businesses
3 to know that they are going to have to spend multiples of
4 millions just to be secure in this country, if they want to
5 come in and do business? Do you see the fallacy in the
6 logic there that you have one company making \$50 million.
7 You have 24/7 -- I mean, I wish our embassies had the
8 security these villas had.

9 We have a whistleblower who says they sat empty except
10 for the security personnel most of the time. I mean, it was
11 amazing the security they had in place, besides the queen-
12 size bed, flat-screen TVs in each room 27 inches or larger,
13 a DVD player in each room, a mini refrigerator in each room,
14 and an investor villa that had even upgraded furnishings.

15 But we are talking about \$51 million for secured
16 accommodations 24 hours a day, 7 days a week by armed guards
17 and a CCTV monitoring system where you can view the entire
18 perimeter and surrounding area. They paid another person
19 \$40 million to provide transportation and personal
20 protection from terrorists or criminal attacks.

21 I mean, look at the money we are spending supposedly
22 keeping the people safe that we are trying to get there to
23 come open businesses.

24 This is not exactly a traditional Chamber of Commerce
25 move. If you have to spend that much money on security, do

1 you think most businesses are going to go, "We cannot afford
2 to open a business here, especially if the average Afghan
3 make \$690 a year?"

4 Mr. McKeon: Senator McCaskill, I am not a businessman.
5 You make a lot of valid points. Investing in a warzone and
6 conducting activities is dangerous and high cost. What I
7 said at the outset is I think there was an understandable
8 imperative and desire on the part of the commanding generals
9 to get something going, recognizing that it was high cost.

10 Whether it has succeeded, the jury is out, but it is a
11 pretty mixed picture. I agree with a lot of what you have
12 said. The costs sound quite exorbitant. We are digging
13 into this villas question.

14 Senator McCaskill: I apologize for being so short but
15 you have no idea how many hearings like this I have sat in
16 and gone through project after project not well thought out.
17 These all began before we passed the contracting bill where
18 you have to show sustainability, and you have to show some
19 other measures.

20 But I will tell you that not cooperating and pulling
21 the Band-Aid off as quickly as possible just makes it worse.
22 The argument that has been put forth in the press that
23 somehow the figures in this are not correct, I mean,
24 frankly, all you did was fan the flames that somehow it was
25 not \$43 million when you cannot even say where the \$30

1 million went.

2 This is a terrible waste of taxpayer money when we have
3 so many other uses for it.

4 Mr. Sopko, I wish we could get you testimonial subpoena
5 power. A bunch of us are trying for both you and the IGs.
6 We are running into roadblocks, but we are going to keep
7 trying, and thank you for your work.

8 Senator Ayotte: Thank you, Senator McCaskill.

9 I fully support what Senator McCaskill and Senator
10 Shaheen have said, that our IGs deserve subpoena authority
11 and full access to records, which they are not getting right
12 now. And important legislation is being blocked by the
13 Department of Justice, of all people.

14 But anyway, I would like to call on Senator Heinrich.

15 Senator Heinrich: Thank you, Madam Chair.

16 I want to get back to this issue of core competency.
17 At this point, it seems very clear to all of us that this
18 was not a natural place or function for DOD. I want to pick
19 at a little bit why this occurred in the first place. I am
20 trying to remember back.

21 What years, for starters, Secretary, did this task
22 force exist? From what fiscal years?

23 Mr. McKeon: It was created in June 2006 by Deputy
24 Secretary England to operate initially in Iraq. Then
25 Secretary Gates in 2010 directed them to operate in support

1 of Operation Enduring Freedom, which technically would have
2 put them in places other than Afghanistan. Mr. Brinkley's
3 book details exploratory efforts in Pakistan.

4 Senator Heinrich: That is consistent with my memory.
5 In 2009, I was a new Member of Congress in the House and
6 trying to understand why we would fund some of these things
7 through DOD as opposed to through USAID and other State and
8 other more appropriate places.

9 If my memory serves me right, there was, to some
10 degree, an attitude that things that could get appropriated
11 through DOD would never ever get appropriated if they were
12 sought through USAID or State. Do you have an opinion as to
13 whether or not some of these things landed in DOD's lap
14 because it seemed at the time easier to put them in the
15 budget there and actually get appropriations, as opposed to
16 where the core competencies would have existed to execute
17 more appropriately?

18 Mr. McKeon: Senator Heinrich, at the time, I was
19 working at the Senate Foreign Relations Committee for then-
20 Senator Biden. So that was the conventional wisdom, that
21 the Department of Defense could more easily get the funds
22 from Congress, and there was some skepticism about State and
23 AID's ability to operate, particularly in a warzone. There
24 was even a case in the second term of President Bush where
25 there was a lot of criticism of the police and security

1 forces training program in Iraq, and I cannot remember
2 exactly how it got done, but essentially Secretary of State
3 Rice pushed over a lot of the authority for that kind of
4 training to the Department of Defense. So that was what was
5 sort of in the atmosphere at the time.

6 Senator Heinrich: That is actually quite helpful. I
7 am in no way justifying the sort of lack of analysis or
8 execution that may have gone into this CNG project or any
9 other projects. But I do think we need to learn some
10 lessons in terms of when you sort of play those games, what
11 the potential ramifications are, because, obviously, this
12 simply has not worked.

13 Mr. Sopko, do you have any opinion on that matter
14 whatsoever? Or is that outside the scope of what you look
15 at, at SIGAR?

16 Mr. Sopko: As to how this came about, in our analysis
17 we basically identify, and I think we reported in some of
18 our audits, similar to what the Under Secretary said. There
19 was a view that State or AID could not move fast enough and
20 was not quite attuned to it.

21 Now, again, State and AID, and particularly AID, they
22 have implementing partners who have the same flexibility in
23 movement that TFBSO did. We were a bit surprised when we
24 interviewed Mr. Brinkley that Mr. Brinkley had never known
25 that. He had never talked to an implementing partner.

1 So there seemed to have been a parallel track, and they
2 were not well coordinated.

3 Senator Heinrich: Clearly.

4 Mr. Sopko: One of our audits said that. They did not
5 coordinate very well.

6 It did cause a lot of resentment. When we say we heard
7 so many complaints, many of the complaints came from people
8 inside our own Embassy about how this program was being run.

9 So there were warning bells about this program from the
10 beginning.

11 Senator Heinrich: Would you ever think it would be
12 appropriate to have an agency or task force that could pay
13 contractors who do not keep project-by-project financial
14 numbers?

15 Mr. Sopko: I would never do that, particularly in
16 Afghanistan. You are just basically asking to lose all your
17 money.

18 That is the big problem now. We do not really know how
19 much money of this was stolen. I mean, I can understand why
20 the Minister of Mines loved this program and sent that
21 letter. I saw a copy of it. Of course, he did. I mean,
22 his predecessor disappeared to Germany with \$35 million in
23 cash, as reported in the press.

24 Senator Heinrich: As a standard matter, should access
25 to those kinds of records be contractually obligated for any

1 contract?

2 Mr. Sopko: Absolutely. And the interesting thing is,
3 USAID did an analysis of the ministry it is dealing with and
4 withheld money because they did not trust it. TFBSO, no
5 problem, let us just give them the money.

6 I think that is a good analysis of how USAID is used to
7 this. They deal with this all the time. They work in some
8 very difficult places. And they understand the terrain and
9 who they are dealing with.

10 The TFBSO team was just short of a scattershot
11 approach. I know one of the members started talking about
12 the things with the goats and everything else. It sounded
13 like they just got together and said, hey, this sounds like
14 a great idea and we have an unlimited budget, let us just do
15 it and see if it works.

16 That is why no one can really say with any credibility
17 that the programs were effective.

18 Senator Heinrich: Thank you, Madam Chair.

19 Senator Ayotte: Thank you.

20 I am actually going to call on the ranking member,
21 Senator Kaine, first, and then I am going to go to my
22 questions.

23 Senator Kaine: Thank you, Madam Chair.

24 She knows I just have one question while she has
25 multiple.

1 My question, actually, Mr. Sopko, I want to give you a
2 chance to respond to some of what Secretary McKeon said in
3 response to one of my questions. Your testimony had a
4 litany of kind of instances where it was difficult for SIGAR
5 to get the records that you needed to basically offer the
6 oversight that you want to. I find that troubling. I think
7 it is not a capital offense, but at least it is a cardinal
8 offense to not cooperate with an IG that Congress has put in
9 place to give us information that we need to exercise
10 oversight.

11 Since you testified after he testified, I asked him to
12 respond, and he kind of went through a response. One of the
13 elements of his response was the concern that kind of came
14 up in this relationship over material that had been
15 delivered from the DOD to SIGAR that was, I guess,
16 mistakenly released via a FOIA that led to the identities of
17 U.S. personnel and some contractors being disclosed in ways
18 that could jeopardize them.

19 He said that, and I did not give you a chance to
20 respond, so I wanted to just see if you had any response.

21 Mr. Sopko: Yes, I do. I mean, I think the claim that
22 DOD has made that the individual names were covered under
23 the Privacy Act is in error. The names that were in that
24 CERP data -- remember, we did not put it up on the Web.
25 Somebody filed a FOIA, and we responded to the FOIA. Our

1 staff normally as just a courtesy will take names out, if we
2 are asked. But we did release some names.

3 The point is that names of soldiers, names of civilian
4 employees, are not covered or barred from being released.
5 We have actual DOD regs that talk about the Department of
6 Defense privacy program dated 2007, which says civilian
7 records can be revealed that include the names, titles, et
8 cetera. I can give you a copy of that. So they are not
9 covered.

10 The other thing is the Privacy Act does not really
11 protect names. It protects records about the names. The
12 name itself you can reveal. I am happy to put into the
13 record, if you want to, dozens of press releases from the
14 Office of Secretary of Defense where they not only name the
15 soldiers serving in Iraq, they name their wives, they name
16 their kids, and they give their addresses.

17 So we find this as a red herring. It is not Privacy
18 Act material.

19 Now what I also find is a red herring is this access
20 was restricted only for TFBSO. No other element of the
21 Department of Defense restricted our access to records, and
22 we deal with classified information all the time. Nobody
23 had this concern. Only for TFBSO was there some concern,
24 and they put in these restrictions that basically violate
25 the IG Act.

1 Remember, I am supposed to be independent. I cannot
2 let the department apply FOIA exemptions to my request for
3 documents, and that is what Mr. McKeon was suggesting.
4 "All" means all under the IG Act.

5 Senator Kaine: Let me just follow up. You indicated
6 that it is your normal practice, and I think you used the
7 word courtesy, when releasing information pursuant to FOIA
8 of this kind, to take the names out, but in this case that
9 did not happen.

10 Mr. Sopko: There was a mistake because it was a
11 multiple filing and you had to dig down. We accepted that
12 the person did not understand. We do that just as a
13 courtesy, if we are asked to do it.

14 Senator Kaine: Is that a courtesy that you do because
15 you are aware that there could be security sensitivities to
16 names?

17 Mr. Sopko: If there is specific security sensitivity,
18 we will definitely do that. We do not release -- we follow
19 that.

20 But this was a case where you had a name of so-and-so
21 was a CERP official or did something 3 or 4 or 5 years ago
22 at some PRT. I doubt there was any security implication
23 from that.

24 Senator Kaine: There is a statement in Secretary
25 McKeon's written testimony, not in his verbal testimony, I

1 went back and checked, that as result of the release of
2 these names via the FOIA, somebody at SIGAR was removed from
3 a position for doing that. Is that accurate or not?

4 Mr. Sopko: She was not removed. She left. She got a
5 job somewhere else. We are a temporary agency. A lot of
6 our people move on. No, nobody was fired or anything.

7 Mr. McKeon: I did not mean to imply that she was
8 fired. I do not know.

9 May I respond, briefly, Senator?

10 Senator Kaine: Yes, please.

11 Mr. McKeon: So my colleague from the Office of General
12 Counsel has handed me a statute -- which I will read to you,
13 and which I assume came from this committee -- Title 10 U.S.
14 Code Section 130b, which gives the Secretary the authority
15 notwithstanding the Freedom of Information Act to withhold
16 from disclosure to the public personally identifying
17 information regarding any member of the Armed Forces
18 assigned to an overseas unit or routinely deployable unit.

19 But putting aside the legal debate about this provision
20 or what Mr. Sopko just said about the Privacy Act, as a
21 generic matter, we do not like to release names of personnel
22 who are downrange our Afghan partners who are getting money
23 from us on CERP. Mr. Sopko is no doubt right that we have
24 press releases that praise soldiers in this place or that,
25 but that is our decision. That is the department's

1 decision. It is not SIGAR's decision to release those
2 names.

3 That is what animated our concern. You can go on the
4 Web site of this media organization today -- I did it last
5 weekend -- and still find these names of Afghan partners and
6 soldiers. The information is still there.

7 Senator Kaine: But what about Mr. Sopko's position
8 that the restricted nature of their access to these
9 documents is highly unusual within the IG's interaction with
10 DOD departments?

11 Mr. McKeon: I am happy to address that, sir.

12 Section 6 of the Inspector General Act of 1978, which
13 is one of the authorities that SIGAR has, says that the
14 department shall provide access to records. Those are the
15 words of the statute. We provided full access to the
16 records in this reading room. We never said you cannot go
17 see this record or that record. He had full access to the
18 records.

19 The issue, as I highlighted, was whether he could take
20 the full records and whether we would review them for
21 releasability under FOIA.

22 This is now water under the bridge, in a sense, because
23 we have now come to a meeting of the minds on this issue.
24 And he has the hard drive. It is in his control. He has
25 agreed that it is not the policy of SIGAR to release names.

1 So with that assurance and some other conditions that
2 are set forth in the letters, he has these materials.

3 Senator Kaine: Thank you. I do not have any other
4 questions.

5 Senator Ayotte: Thank you, Senator Kaine.

6 I wanted to ask, as I looked at sort of the course of
7 information here, one of the things that troubled me was
8 that SIGAR either provided draft reports to DOD for comment
9 or requested TFBSO information in March 2015, May 2015, June
10 2015, October 2015, and, of course, this month again. And
11 in each instance, the OSD or you, Secretary McKeon,
12 responded by saying that the task force was shut down and
13 that you could not answer questions about TFBSO because the
14 task force was shut down.

15 Now this task force shut down in May 2015. You
16 yourself are who this task force reported to 9 months prior
17 to its shutting down. And as I understand it, as soon as
18 June 2015, Dr. Catalino, who had a significant role in the
19 task force, was actually working at DOD, I think in OSD
20 itself. Yet the repeated answer to SIGAR's question was,
21 listen, we cannot answer your questions, because the task
22 force is shut down.

23 So to follow up on what Senator McCaskill asked, I
24 mean, if that is the case, how are we ever going to have
25 oversight on any task force? Can you explain to me why that

1 was the answer each time?

2 The other issue is that, as I understand it, there were
3 also military personnel who had assisted in the task force
4 and had roles in the task force that were still serving that
5 could have been made available as well. And yet, the answer
6 was the same each time. Why would we answer in such a way,
7 instead of just trying to get to the bottom of answering
8 their questions?

9 Mr. McKeon: Senator, if I could go back to about a
10 year ago this time during the administrative shut down
11 period from January to March, this task force and Mr.
12 Catalino responded to fairly voluminous information requests
13 from SIGAR, and I know Mr. Catalino was interviewed.

14 So after the task force staff dispersed and were gone
15 from the roles of the department, we thought we had set up
16 SIGAR for a way to successfully do its review. We provided
17 access to the record. We already provided this information
18 on several discs. And we provided a list of the former
19 employees of the task force from 2010 to 2014.

20 Senator Ayotte: Can I ask you a question? When you
21 provide a list of the employees on the task force, did you
22 include in that list current members who were serving in the
23 military?

24 Mr. McKeon: Ma'am, I have not seen the list. I looked
25 at the letter that was written from Mr. Catalino to SIGAR,

1 setting forth what it was we provided. I have not seen the
2 list of personnel, so I cannot tell you what level of detail
3 about their assignments are.

4 Senator Ayotte: I will, certainly, want to come back
5 to that. But I think, Mr. Sopko, you had a comment on this
6 issue? I mean, obviously, with your history and experience
7 in doing these types of investigations, this struck you as
8 unusual, as I understand it?

9 Mr. Sopko: Extremely unusual. As I said, my deputy
10 was in GAO for nearly 40 years, and I did this for almost 20
11 years on the Hill, and I never heard of an organization --
12 it would be like Harry Truman in 1945 saying, "I cannot
13 answer any questions about dropping the bomb. The war is
14 over. We have shut down." This organization was not a DFAC
15 out in Omaha. This was an organization that reported to the
16 Secretary of Defense. It was the premier organization on
17 developing the economy in Afghanistan by the Department of
18 Defense. It was an organization that reported to my good
19 colleague here for 7 months. And then all of a sudden, it
20 is like, poof, amnesia.

21 It is not just access to individuals. They have a
22 responsibility to answer some of the questions. It is not
23 our responsibility to track down -- and again, I have no
24 subpoena authority. Once they retire or once they leave the
25 military -- like Mr. Catalino. We interviewed him when he

1 was working for TFBSO. He then left. Ironically, he was
2 recruited in May and June by Mr. McKeon's Deputy COO, who in
3 that June 30 meeting where his Deputy COO had just hired
4 back Mr. Catalino, he makes a statement in front of
5 everybody, including multiple staff members, that I know of
6 no one in the department who can answer any of your
7 questions.

8 Senator Ayotte: So you were told no one in the
9 department, in this meeting, can answer your questions, yet
10 at the time, they recruited or already hired --

11 Mr. Sopko: They had already hired. We interviewed Mr.
12 Catalino, and he told us he had been hired 10 days before
13 that meeting by the Deputy Chief Operating Officer, Mr.
14 Steve Schleien.

15 Now I have no idea. Maybe Mr. Catalino is mistaken.
16 It is very easy to pull out his hiring documents. We know
17 he knows Mr. Schleien. I do not know why Mr. Schleien then
18 makes a pronouncement to us at this June 30 meeting, after
19 he hires back Catalino, that I do not know anybody in the
20 department who can answer your questions.

21 Now that is what I am saying is an enigma. I have
22 never faced this before in my dealings with the Department
23 of Defense, both as a congressional staffer as well as a
24 private attorney. I have never heard of this before.

25 Senator Ayotte: The reason I wanted to ask whether

1 when you provided a list of employees, whether you provided
2 the names also of currently serving members of our military
3 is because we have someone in the audience that I want to
4 thank who is here, who has given me, I think, permission to
5 recognize him, and that is Colonel Hope, who is here with
6 his wife.

7 Colonel Hope actually was assigned to the TFBSO task
8 force and served as Director of Operations of TFBSO from
9 August 2014 until March 2015.

10 Mr. Sopko, I want to ask you, is this someone who you
11 spoke to in this investigation?

12 Mr. Sopko: We normally do not say whom we have spoken
13 to, but in this case, since I believe Colonel Hope has
14 already mentioned that he has given his permission, yes, he
15 has been very helpful to us and we are dealing with him and
16 have followed up on some of his allegations.

17 Mr. McKeon: Senator, can I respond briefly to what Mr.
18 Sopko just said about the June 30 meeting?

19 Senator Ayotte: Yes.

20 Mr. McKeon: I do not know what was said. I was not at
21 the meeting. We are not trying to hide Mr. Catalino. We
22 have made him available and will make him available again.
23 If Mr. Schleien made a mistake about the fact that Mr.
24 Catalino had already started, that is on us. We are
25 accountable for that.

1 But the irony is that if he was not in the department,
2 as Mr. Sopko has said, he would be free to decline to talk
3 to SIGAR, because of the lack of subpoena power for
4 testimonial purposes.

5 So he is available to SIGAR, as are other former
6 employees who are in the department.

7 Senator Ayotte: So I want to raise the issue of
8 Colonel Hope's service, which we are grateful for, because I
9 think it is very important, as I look at the role that he
10 played on this task force. When he was assigned to this
11 task force, he started to raise issues immediately of deep
12 concern. There is a long list of things he raised, about
13 the lack of operation and financial oversight, about the
14 lack of metrics or analysis to measure success, that
15 essentially the oversight was lacking, no accounting of cost
16 expenditures or money transfers, and serious questions about
17 excessive travel, both from security and financial
18 standpoints. I mean, this is a laundry list, that TFBSO had
19 no property book or no property book officer over the
20 lifetime of its existence.

21 He claims, and I have to say I am very troubled as I
22 see this whole course of record, that not only him but the
23 entire Afghanistan military team was subjected to and
24 continues to be subjected to retribution and retaliation
25 after their return from the task force and after he, in

1 particular, raised issues about this task force.

2 As I understand it, when the list of employees was
3 given to SIGAR, people like Colonel Hope were not listed on
4 that list, and they obviously would have knowledge as
5 current serving members of our military that were involved
6 in important roles in this task force. That raised a flag
7 for him that caused him to not only bring information to the
8 attention of SIGAR but also, as result of him raising this,
9 he had to file a retribution complaint with the Inspector
10 General's Office of the department.

11 And he was given a review that was different than four
12 other reviews he had received from very, very respected and
13 senior members of our military. Really from you, Secretary
14 McKeon, is one that any member of our military would view as
15 a career-ender.

16 As result, not only was this review one where it should
17 have been issued in March and then was not issued until
18 December, in violation of existing DOD policy, but
19 essentially he raised all these issues about TFBSO and now,
20 again, as someone who I would describe as doing the right
21 thing as a whistleblower and who has really nothing to gain,
22 and at this point, obviously, I am concerned about being the
23 subject of retribution, is now in a position where this has
24 been harmful to his military career.

25 So I guess my question to you, Secretary McKeon, is, as

1 Colonel Hope's senior rater, what was it in his role, why
2 was his evaluation so late, why were his concerns not taken
3 seriously? As I understand it, he sent to you an after-
4 action report by email in 2015. In fact, he told me that he
5 sent it actually in I believe March 2015, and he never
6 received a response from you by email.

7 So I guess what worries me is I hear this course of
8 conduct where SIGAR asks a series of questions and they are
9 told, well, the task force ended and no one can answer your
10 questions right now. We had questions as a committee. I
11 pushed to have this hearing. And we did not get the new
12 numbers on the gas station even though you had the draft
13 report in September, and you had the final report in
14 October, you had a follow-up written letter in December on
15 this issue, we did not get the numbers until the night
16 before.

17 I have to ask, what is going on here? This worries me.
18 Can you address Colonel Hope? Can you address that we
19 should not be concerned that somehow this is being covered
20 up, because all this course of conduct raises this flag that
21 very much concerns me as to why this is not being played out
22 in a way that we would normally see this type of
23 investigation, the questions being answered and answered not
24 without having to call a hearing on it but immediately?

25 Mr. McKeon: Senator Ayotte, let me first address the

1 issue of Colonel Hope. He was the Director of Operations in
2 the Kabul office starting I believe in September 2014 until
3 the end of the task force operation. He asked me probably
4 about a year ago at this time to be a senior rater because I
5 was the next person above Mr. Catalino. He emailed me and
6 asked me to do that and asked to come see me so I could put
7 a face with the name, and I did meet with him last January.

8 His OER did not come to me until September. I cannot
9 account for the delay.

10 Senator Ayotte: What does OER stand for?

11 Mr. McKeon: I am sorry, ma'am. Officer evaluation
12 report.

13 His OER came to me in September, and I filled it out.
14 Let me look at the dates that I have here. It was signed by
15 Mr. Catalino on the 2nd of September. I signed it on the
16 11th of September.

17 At that time, I am a little embarrassed to say this,
18 when I filled out the form, in filling out one part of the
19 form, I did not completely fill it out. But the computer
20 program that the Army has for its personnel allowed me to
21 hit the signature box even though I had not completed the
22 form. You know, with a lot of merchants or government Web
23 sites, if you go through and you do not fill out the key
24 one, it will not let you sign it and hit submit. But this
25 one did.

1 That is on me. It is my fault. I am not blaming the
2 Army system. But that is what happened.

3 When it was called to our attention that it had not
4 been completed, it was completed in mid-November, on
5 November 19 by Mr. Catalino, and I signed it also the same
6 day. Then the system pushed it to Colonel Hope.

7 That is my understanding of how it works, based on an
8 Army colonel who works in our front office.

9 Our records show that Colonel Hope signed it on 15
10 December.

11 I read the after-action report only in the last month
12 or so. If Colonel Hope emailed it to me last March -- I
13 will go back and look at my records -- I do not remember
14 seeing it at that time or reading it at that time.

15 As to what the report says, it says some of the things
16 you said about the lack of a property book and property
17 accountability, and Colonel Hope recites how he and his
18 colleagues sought to remedy that. I do not recall that the
19 report says some of the other things you said about travel
20 abuse.

21 But I would unequivocally deny that the rating he
22 received had anything to do with that report. As to the
23 rating received, I do not feel it is my place to discuss
24 that in this open hearing.

25 As to the other issue raised, Senator, about trying to

1 answer SIGAR's questions, I think I tried to answer it
2 earlier, but I will do it again, which is, I know it may
3 sound odd that we did not have the expertise to dig through
4 these records and understand them, but other than Mr.
5 Catalino, we really had no one who had familiarity with
6 these records. He was not steeped in the energy project.
7 It was started before his time as deputy director. I talked
8 to him about it, about his knowledge about it. It was not
9 deep.

10 We have spent a lot of time in the last couple months
11 by grabbing staff from other projects to try to help sort
12 through these records. The comptroller that Mr. Sopko
13 referred to earlier is not in Mr. McCord's part of the
14 organization. He is the comptroller for the Defense
15 Security Cooperation Agency who reports to the Under
16 Secretary for Policy.

17 I asked him to take a few days to sift through these
18 records and see if he could make sense of the CNG project as
19 somebody who understands DOD financial practices. The
20 statements I make in my written testimony are derived
21 directly from what he told me.

22 So we have conveyed that, and we made him available to
23 SIGAR to do explain his analysis.

24 So what I am trying to say, ma'am, is, as I said
25 before, because of the unique nature of this task force and

1 because we shut it down and chose not to keep legacy
2 employees around, it has been a challenge for us to go back
3 and try to reconstruct these records. But we are doing that
4 now in response to your requests and response to SIGAR's
5 requests. I am trying to see if we can find a former
6 employee of the task force to come work on a temporary basis
7 to assist us.

8 So we will work in good faith to try to respond to
9 these requests, but they had 150, 200 employees, a lot from
10 the business sector. They are all gone. To try to recreate
11 what happened 5 and 6 years ago is going to be a very hard
12 challenge for us.

13 We welcome the audit that you and other Senators have
14 asked for. As I said, Mr. Lumpkin, when he was performing
15 the duties of the Under Secretary in April 2014, asked the
16 DOD IG to perform a full audit. I requested a financial
17 audit at the end of 2014, which Washington Headquarters
18 Services paid for. I think we have provided that to you,
19 but if we have not, we will.

20 So we are an open book on these records. SIGAR has
21 them. If there are other records that he thinks that are
22 out there that we have not provided, we will look. We are
23 not trying to hide anything. I think it is very useful to
24 find out what happened, but it is going to be hard for us to
25 recreate some of this history with all the task force

1 employees gone except for a handful of people who might
2 still be in the department.

3 Senator Ayotte: Just so I can finish up this circle on
4 Colonel Hope, because I am very appreciative of his service,
5 I want to ask, Mr. Sopko, do you know generally when Colonel
6 Hope started speaking at least to SIGAR about his concerns
7 about TFBSO?

8 Mr. Sopko: Offhand, I do not. I would have to check
9 with the staff.

10 Senator Ayotte: Can you get that for me, for the
11 record?

12 Mr. Sopko: Absolutely.

13 Senator Ayotte: I would appreciate it.

14 Mr. McKeon: Senator, if I can say one more thing about
15 Colonel Hope. I did not witness his work firsthand. I read
16 his report. It is my understanding he did perform a
17 critical function in Kabul. When I saw him here today
18 before you arrived, I apologized to him for the delay in the
19 OER. So I do apologize publicly for the delay. I deny and
20 believe to my core there was no retaliation.

21 Senator Ayotte: Well, I think the concern is also when
22 Colonel Hope was rated by General Odierno, who many of us
23 know has a distinguished record of service, he called him a
24 top 1 percent officer and one of the top 20 of the 100
25 colonels he had served with in his 40-plus years in the

1 Army. So I just want to make sure that that is in the
2 record, because having certainly had the opportunity to know
3 General Odierno, we know he is one of the finest generals to
4 serve our Nation.

5 So this issue does raise a flag for me, and I want to
6 make sure that every member of our military or our civilian
7 workforce understands that they can fully come forward with
8 any issue that they have or concern about not only how
9 taxpayer dollars are spent but also how the business of the
10 government is conducted in a way that they know that they
11 will not face any potential for retribution.

12 I want to follow up on a couple specific issues to make
13 sure that this committee, as we get information about the
14 activities of TFBSO, in follow-up not only to Senator
15 Rounds' questions, in addition to the goats and the carpet,
16 I would like to make sure that we get travel records of
17 where people traveled for the carpet industry, the purchase
18 and shipment of the goats. But also I would like to have
19 the same type of information about the jewelry manufacturing
20 initiative. We have been given information that TFBSO
21 traveled to India and other locations as part of that. I do
22 not know if you have information on that today.

23 But I would like to understand that on the jewelry
24 initiative, and also the ice cream initiative.

25 Apparently, TFBSO had a Herat ice cream project run out

1 of the villa in Herat, Afghanistan. And a former TFBSO
2 employee says this initiative was one of the primary reasons
3 that they had a villa or safe house established in Herat.
4 So I would like to understand, as we get the answer on the
5 villa issue, the information about the ice cream initiative,
6 the jewelry initiative, the goat initiative, and the
7 carpeting initiative.

8 And one of the issues that, as I heard you talking,
9 Secretary McKeon, about the challenges of not having the
10 employees, when we had the wind-down of the task force, did
11 it not occur to anyone at that point that the Congress would
12 want to have a full accounting of how the taxpayer dollars
13 were spent, and whether we actually got any return on the
14 investment?

15 Mr. McKeon: It did, Senator. That is why Mr. Lumpkin
16 asked for the Inspector General to conduct an audit. That
17 is why I asked for the financial audit. That is why we
18 contracted the RAND Corporation to help us with the lessons
19 learned examination.

20 Senator Ayotte: But that RAND report by its own
21 admission is not an audit and does not fully account for how
22 dollars were spent and also a cost-benefit analysis of those
23 dollars.

24 Mr. McKeon: That is correct. It is a general,
25 impressionistic review based on interviews of whether

1 projects were meritorious and succeeded. We do not have an
2 audit ability in OSD Policy. We asked the IG to do it. He
3 declined based on resources and wanting to work on current
4 projects rather than backward-looking. I only know that
5 from his letter. This is the former IG, Mr. Rymer. He has
6 now left the department. I spoke to him briefly.

7 That is why I asked for the financial audit, which WHS
8 contracted for, which I believe you have.

9 We support if SIGAR wants to undertake a full audit at
10 your request or the committee's request. We have no
11 objection to that.

12 Senator Ayotte: I would like to request that audit. I
13 think the members of the committee would like to see that.
14 And obviously, we would hope that you would fully cooperate
15 in getting whatever information is needed so that the SIGAR
16 could conduct a full audit, so that we could account for not
17 only the initiatives that we talked about today but we are
18 able to account for each of the dollars that were expended
19 and how they were expended in this task force.

20 I do have to ask though on the gas station issue why it
21 took so long for DOD -- I mean, when there was draft report
22 in September, when there was the final report in October,
23 where there were issues raised even in December in a follow-
24 up letter about the villas that again reiterated the \$43
25 million number for the gas station, in each of those

1 instances, DOD did not challenge the number. I am just
2 curious why it took basically the night before this hearing,
3 or day before this hearing, for that to come forward and for
4 you to then challenge the number.

5 I am not disputing whether the number is right or wrong
6 in that. I am just trying to understand what took so long.

7 Mr. McKeon: As I said, Senator, we have been borrowing
8 staff from other functions to try to answer the inquiries
9 over the last few months on this issue and trying to drill
10 down on the data and the records. I cannot remember when
11 the comptroller from the Defense Security Cooperation Agency
12 came up with his analysis.

13 We knew you were planning this hearing, so I think it
14 was before yesterday. We, certainly, had some of this
15 information and were preparing to provide it to the
16 committee.

17 Senator Ayotte: Do you agree it would have at least
18 been helpful to say to SIGAR we think there is a huge
19 problem with this number and we are going to have a
20 financial analysis done on it?

21 Mr. Sopko: Senator, if I can interject to maybe help
22 Mr. McKeon, we spoke to that comptroller. As I told you, we
23 just got his name. We have been asking Mr. McKeon for his
24 name and contact information since December. He actually
25 told us that he started his review on November 17 and

1 finished it on November 20. Like yourself, he finished it
2 on November 20, it would have been useful if we had gotten a
3 copy of it before last night. We still do not have a copy
4 of his final report. We have just interviewed him.

5 Senator Ayotte: Again, as I understand your testimony,
6 Mr. Sopko, even that individual cannot fully answer the
7 question about the number because of the lack of
8 recordkeeping.

9 Mr. Sopko: You are absolutely correct, Senator. He
10 basically said that the analysis underlying the overhead
11 number is probably incorrect, but due to poor recordkeeping,
12 there is no way to get a better number. Again, I reiterate
13 that under GAGAS, under CIGIE standards, we are required to
14 get the best number. So, therefore, he basically makes our
15 case that the number we gave -- which came from DOD, again
16 -- it was the best number.

17 His gut feeling, he indicated, it is probably less, but
18 he stated that there is no fidelity in the overhead numbers.
19 It would be impossible to arrive at a more accurate estimate
20 of the total overhead costs for CNG.

21 I think this is critical not because of the number.
22 The gas station number is really not that important. This
23 goes back to the underlying problems that I think the
24 Senators have pointed out, and that there is poor planning,
25 poor management, and poor coordination at TFBSO. They

1 cannot even get their overhead numbers right. No wonder we
2 do not know how much money was spent on goats or if the
3 goats were even eaten or not. We do not know. This is so
4 poorly managed.

5 That is a problem that was identified by the General
6 Accounting Office years ago when they first did their first
7 audit. We have been identifying that since then.

8 Senator Ayotte: That brings me to my final question,
9 which is, there was the 2011 GAO report based on what
10 happened with TFBSO in Iraq before the decision was made to
11 transition to Afghanistan. And it strikes me that as you
12 look at what is in the GAO recommendations, the lessons
13 learned from Iraq, none were taken into account as this
14 transitioned to Afghanistan. In fact, I do not think that
15 Mr. Brinkley could account for costs or feasibility. And,
16 in fact, projects seem to have been approved without knowing
17 what they would cost.

18 As you look at the GAO report, about how you should
19 establish project criteria, metrics, monitoring, these were
20 all lessons taken from Iraq and also from the CSIS report,
21 similar lessons, all that information, it does not appear to
22 me, Secretary McKeon, that any of that was considered or
23 addressed based on the lessons we learned in Iraq as this
24 task force undertook its activities in Afghanistan.

25 Would you disagree with me on that?

1 Mr. McKeon: I was not there at the time, Senator.
2 Based on the record I have seen, I am not sure I can
3 disagree.

4 What I would say is that Mr. Brinkley left in the
5 summer of 2011 and a lot of senior people left with him.
6 There was a gap before there was a new director hired. In
7 2012, there was an acting director. I think they probably
8 had to reinvent the wheel a little bit.

9 When they first went into Afghanistan, it is my
10 understanding they asked McKinsey & Company to do an
11 analysis of what sectors might be productive in terms of
12 economic generation. They focused on a few set issues,
13 including particularly the extractives industries, minerals
14 and fossil fuels.

15 We have not found this review or study. In my
16 experience with McKinsey, it is a 10-page slide deck, so I
17 am not sure it is going to answer many questions anyway.
18 But I am told that the McKinsey work helped to direct and
19 guide the focus of the task force.

20 I think in terms of mineral resources that Afghanistan
21 has, as I said earlier, there are a lot of ifs here, if you
22 had security, if you had strong companies, if you had an
23 open and noncorrupt government, there is a lot of potential
24 there for Afghanistan to benefit from its natural resources.
25 There are a lot of countries in the world who have as many

1 natural resources as Afghanistan, and they have not managed
2 them well, corrupt governments have not shared prosperity
3 with all. So it is a pretty big challenge even in the
4 absence of a war.

5 So whatever useful work was done by the task force and
6 USAID to lay the foundation for the Government of
7 Afghanistan, I am not sure we are going to see a payoff
8 anytime soon from that, if, indeed, there ever is a payoff.

9 Senator Ayotte: Yes, I think that is one of the
10 problems when we look at \$800 million of taxpayer dollars,
11 and we cannot show any metrics or deliverables. I think
12 that is where my constituents, certainly, become upset about
13 how we are spending their dollars.

14 I would just end with how can we make sure that this
15 does not happen again? I think we heard today that DOD is
16 not the best place for this type of work. But
17 unfortunately, as we look at what we do going forward, how
18 do we make sure that this does not happen again?

19 And how do we make sure that you have what you need,
20 Mr. Sopko, to properly conduct oversight and to make sure
21 that the Inspector General's Office has the teeth that it
22 needs to get us information that we need to ensure that we
23 are doing our job on oversight for the taxpayers of this
24 country?

25 Mr. Sopko: Senator, I think you can make certain this

1 does not happen again by having hearings like this.
2 Oversight is important. Congressional oversight, and I am a
3 little biased, having spent 25 years doing it for Sam Nunn,
4 Carl Levin, and John Dingell, among others, and Warren
5 Rudman from your State. You need oversight.

6 Senator Ayotte: You have worked for really good
7 people.

8 Mr. Sopko: I learned from the best. It is important.
9 It has to be done. I can tell you, I am usually not shy in
10 expressing my concerns about issues.

11 One of the reasons why I am not shy is I realize, and I
12 learned from those Senators, that you sometimes have to
13 publicize an event to reach over the heads of the people who
14 are trying to protect their bosses from hearing bad news.

15 I say, Senators, you have already done quite a bit. By
16 announcing this hearing, for the first time, we have access
17 to records. We have a list of names. We have, for the
18 first time in years, Mr. McKeon's shop actually looking at
19 some of those numbers. I think you have a success already.

20 Now there are many more miles to go on this, but that
21 is the importance of congressional oversight. Your hearing
22 itself has started the ball rolling in the right direction.
23 And I think with Secretary McKeon and myself working
24 together on this, we can help give you more answers to these
25 questions.

1 Mr. McKeon: Senator, may I respond? I think I said it
2 a few times, but I have to rebut what Mr. Sopko just said.
3 He had access to records and he had the names of employees
4 all of last year.

5 The point I would make in response to your question is
6 that we welcome oversight from the IG or from SIGAR. It is
7 unfortunate that some of this oversight of the task force
8 work did not come earlier so we could have had course
9 corrections. We are now doing retrospective history, which
10 is still useful in its own right, but it is going to be a
11 challenge, I wish to underscore, for us, without the people
12 who were there, to recreate what happened, but we will do
13 our best to respond.

14 Senator Ayotte: I appreciate that.

15 I want to thank both of you for testifying today. I
16 would just say that we had the lessons learned from the CSIS
17 report and the GAO report from 2011. We just have to stop
18 repeating these lessons over and over again.

19 It is my hope, and I think the point that Senator
20 McCaskill made today, that this is not the first instance
21 where we have seen big issues with how taxpayer dollars have
22 been spent and wasted. So we need to take the work that has
23 been done, take it to heart, and actually apply the lessons
24 from it, and I hope that we will.

25 But this committee still does expect to be able to

1 account to the people of this country for how this money was
2 spent, so I hope that every effort will be made to do that.

3 Thank you.

4 [Whereupon, at 5:12 p.m., the hearing was adjourned.]

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