

TESTIMONY OF HAROLD W. GEISEL
INSPECTOR GENERAL (ACTING)

U.S. DEPARTMENT OF STATE AND BROADCASTING

BOARD OF GOVERNORS

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS

ON

AFGANISTAN AND PAKISTAN: ACCOUNTABILITY COMMUNITY OVERSIGHT
OF A NEW INTERAGENCY STRATEGY

SEPTEMBER 9, 2009

Chairman Tierney, Ranking Member Flake, members of the Committee, thank you for inviting me to discuss the State Department Office of Inspector General's (OIG) oversight plan and our coordination and planning efforts with other Inspectors General (IGs) to provide oversight of U.S. resources and projects in Pakistan and Afghanistan.

I also led this office from 1994 to 1995 and am very pleased with the significant increase in oversight that OIG is conducting around the world.

The State Department OIG is an original member of the Southwest Asia Joint Planning Group responsible for coordinating the work of IGs active in that broad geographic region. This past spring, the Pakistan-Afghanistan (Pak-Af) Subgroup was formed in order to better focus on oversight related to Pakistan and Afghanistan.

The Pak-Af Subgroup includes the IGs for the Department of State and Defense, U.S. Agency for International Development (USAID), the Special Inspector General for Afghanistan Reconstruction (SIGAR), and the Government Accountability Office (GAO). Pak-Af held its first meeting in May 2009. In July, member agencies signed a charter, committing to inform each other about the status of ongoing and planned projects, discuss and resolve any coordination issues, and de-conflict activities.

I am pleased to report that the Pak-Af Subgroup is working well. In addition to formal, regularly scheduled monthly meetings, members take part in weekly, and sometimes daily, discussions. Members work together during the meetings and informally to improve oversight within their jurisdiction and eliminate redundant oversight. At times, agencies work jointly on oversight projects, such as the joint State / Defense review of the Afghanistan police training program. IGs in Pak-Af also focus on different aspects of one effort.

For example, our Middle East Regional Office (MERO) and GAO coordinated their respective reviews of counternarcotics efforts in Afghanistan to avoid a duplication of information in our reports.

We are acutely aware of the difficulties of working in Pakistan and Afghanistan and the burden that our staffs can place on U.S. civilian and military personnel working in those countries. Therefore, we are committed to avoiding redundancy and maximizing our effectiveness.

Pakistan

At the request of Ambassador Anne Patterson, MERO will conduct a review this fall of the current management control environment at Embassy Islamabad in anticipation of a significant increase in funding and program implementation during the next five years. MERO will assess program risk and vulnerability associated with achieving current and new program objectives.

The review will determine the state of management control activities, communications, and monitoring systems for Department funds to be provided to the Federally Administered Tribal Areas of Pakistan, commonly known as FATA. Furthermore, we plan to evaluate the capabilities of Pakistani agencies and non-governmental organizations (NGOs) currently receiving U.S. funds or that may receive funds, to ensure they have the proper management controls in place and funds are used as intended.

Our plan is to use this risk and vulnerability assessment, when necessary, to “drill down” and conduct more thorough examinations, during 2010, 2011 and beyond, of those programs and activities designated as most vulnerable to waste, fraud, and abuse. As we learned from Iraq assistance programs in 2004 and 2005, effective management controls are needed at the initial stages of assistance implementation. The lack of effective management controls by

civilian and military agencies at the outset in Iraq led to widespread waste and misappropriation of U.S. assistance.

Our goals are to:

- Get in on the ground floor of the Department's expanding assistance program in Pakistan,
- Map and fully understand the management control systems used by Embassy Islamabad and its Pakistani implementing partners, and
- Concurrently monitor high-risk and high-value activities.

Our Office of Inspections plans to add a full post inspection of Embassy Islamabad in Calendar Year 2010. Post inspections thoroughly cover every aspect of Department activity managed by the Embassy.

In August, OIG and Embassy Islamabad agreed to have MERO open a five-person office at the Embassy to monitor Department programs. A dedicated core of auditors and program analysts stationed in Pakistan, supplemented as needed with additional OIG personnel, will provide the necessary oversight.

MERO has effectively used this staffing model at Embassy Baghdad and plans to open a similar-sized office at Embassy Kabul in September 2009. Obtaining housing, office space, and other support services in an already overcrowded embassy compound has been and will continue to be a challenge; however, we expect to have our team up and running in Pakistan in early 2010. In the meantime, we will continue to provide audit coverage in Pakistan with personnel from our offices in Amman, Cairo, Kabul and Washington, DC.

Afghanistan

Our Office of Inspections initiated its post inspection of Kabul this summer and should report later in 2009. About 12 inspectors, including a highly experienced team leader and former ambassador, is conducting the post

inspection, which will include contracting, mission programs, consular affairs and security and protection.

The Office of Inspections will also issue a report later this month on the Department's de-mining program in Afghanistan.

Our MERO group had originally planned to open a four-person office at Embassy Kabul at the beginning of 2009. However, we agreed to delay our arrival until this fall because of housing and office shortages. Currently, we are set to open our office in Kabul later this month. In the meantime, MERO has been conducting fieldwork there on 3- to 4-week temporary duty visits.

In August, we released a MERO report covering the performance of U.S. Training Center (formerly Blackwater) under the terms of its Afghanistan contract to ensure the safety of chief of mission personnel while operating outside the Embassy.

MERO also is participating in a joint State / Defense audit of the Afghan National Police Training and Mentoring Program. An eight-person team of auditors and program analysts will determine whether costs submitted by contractors are allowable, allocable, and reasonable for the services received. The joint audit team also is assessing the staffing, training, contract management, and contract effectiveness of the police trainers and will report at the end of this year.

Looking forward to FY 2010 - 2011, MERO plans to open work on a number of Department-funded programs including refugees and internally displaced persons, public diplomacy, the embassy's local security guard forces, and the rightsizing (staffing) of Embassy Kabul. The present environment in Afghanistan is very fluid, so MERO remains prepared to respond quickly to emerging needs of the Embassy, the Department, and Congress.

Investigations

In FY 2009, along with the establishment of MERO, the Office of Investigations created the Middle East Investigative Branch (MEIB) to conduct investigations in support of the Department's expanding Middle East and South Asia mission. MEIB's primary mission is to respond to criminal allegations and support investigative activities concerning Department programs, employees, and contractors from Pakistan to Morocco with focused concentration on high-value, high-risk areas of Iraq, Pakistan, and Afghanistan.

To date, six criminal investigators are assigned to MEIB with five posted overseas and one in Arlington, Virginia. The five investigators in the Middle East are assigned to Amman, Baghdad, and Cairo. We can move our personnel easily from these forward bases, as needed, to Islamabad or Kabul

We plan to increase MEIB staff at current posts, adding one in Baghdad, and one in Amman, assuming congressional support for our expanded mission in these critical regions. In FY 2010, Investigations plans to add two MEIB staff based in Washington, D.C.

MEIB completed construction of its Cairo office, the third of three in the region, in June 2009. One of the Cairo-based agents will be assigned as the Regional Agent in Charge (RAC) and is scheduled to report in September 2009. The RAC will manage all investigative operations and MEIB staff in the region.

In an effort to leverage law enforcement resources and share investigative information, the MEIB is also an active member of the International Contract Corruption Task Force, which includes nine federal agencies, chaired by the FBI. The Task Force was created in mid-2007 by the Department of Justice to coordinate a comprehensive approach to international corruption and procurement fraud cases.

We cannot discuss open investigations, however, during fiscal year 2009, the MEIB's investigative activities in Afghanistan include: Six (6) open investigations and four (4) preliminary inquiries, covering alleged criminal violations such as Fraud, False Statements, Conspiracy to Distribute a Controlled Substance, Sexual Exploitation of a Minor, Sexual Exploitation of a Third Country National, Unlawful Arrest/Detention, Reprisal, Assault, Embezzlement, Kickbacks, International Traffic in Arms violations, Human Trafficking, and Federal Acquisition Regulations violations.

Potential Increase in Pakistan Foreign Assistance

The Committee asked how we would plan our oversight should the pending bills for increased foreign assistance to Pakistan become law and provide an additional \$1.5 billion each year over the next 5 years.

Currently, there are two versions of the bill and I can at least address what we understand are the consistent elements of both bills.

First, there is clear Congressional intent for an in-country OIG presence in Pakistan. We have been staffing Kabul and Islamabad with temporary deployments to both countries and we will increase staff there as necessary. Our office in Kabul opens this month and the Islamabad office will be opened by spring 2010.

Since the middle of 2008, MERO has begun a review of internal controls for all Department programs with activity in Pakistan and finished a review of the Fulbright Program earlier this year.

Lastly, the priorities set forth in the current bills – governance, economic development and investing in people - could touch on a number of State programs that we oversee and some that we share with USAID OIG. This

includes Rule of Law, International Narcotics and Law Enforcement, Education and Cultural Affairs and Democracy, Human Rights and Labor.

Mr. Chairman, we expect that USAID would likely receive the lion's share of this new foreign assistance funding. Nevertheless, we will remain watchful, as the legislation moves through Congress and then follow the Department's decision on how it will allocate this new funding.

The Committee also asked how we intend to overcome the challenges of providing effective oversight of Department programs in the Federally Administered Tribal Areas (FATA). First, all U.S. oversight staff are under Chief of Mission authority in both countries and travel to the FATA is controlled by the embassy Regional Security Office. Foreign Assistance in the FATA is being accomplished with the use of Non-U.S. implementers.

Ideally, all of the IGs here would hope for enough stability to enable travel to all regions of FATA. Today, that is rarely possible. Even without stability, it is possible to evaluate procurements without entering FATA, but field work for performance reviews or audits will be more challenging.

I believe it would be possible to engage non-U.S. personnel to monitor program progress.

Thank you for the opportunity to present this timely information to you today. I would be happy to answer any questions you may have.