



November 2019

# AFGHANISTAN SECURITY FORCES FUND

## DOD Has Processes for Identifying Training Needs and Maintaining Visibility over Contracts

# GAO Highlights

Highlights of [GAO-20-99](#), a report to congressional committees

## Why GAO Did This Study

The United States has made a commitment to building Afghanistan's security and governance structure in order to counter terrorist threats and create sustainable security and stability in Afghanistan. Since 2005 Congress has appropriated more than \$78.8 billion for the ASFF to build, equip, train, and sustain the Afghan National Defense and Security Forces. Over that period, nearly \$4.3 billion has been expended to support the training and operations of the Afghan National Army. Training requirements are primarily fulfilled through contracts. In recent years, concerns have been raised in Congress about the high costs of some of these training contracts.

The Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2018, included a provision for GAO to examine the ASFF training contracts. This report describes DOD's processes to (1) identify Afghan National Army training needs and associated funding requirements; (2) develop and execute ASFF training contracts; and (3) provide visibility over ASFF training contracts.

GAO reviewed DOD guidance for identifying and executing training needs, and interviewed DOD officials. GAO also reviewed documentation associated with task orders issued against an indefinite delivery, indefinite quantity contract for training completed in fiscal years 2017 through 2019 for the Afghan National Army.

View [GAO-20-99](#). For more information, contact Cary B. Russell at (202) 512-5431 or [RussellC@gao.gov](mailto:RussellC@gao.gov).

November 2019

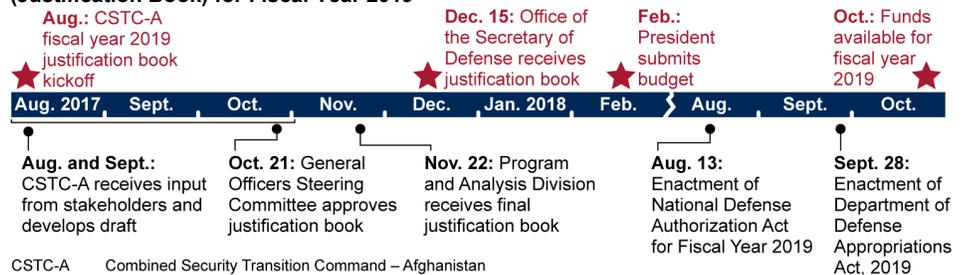
## AFGHANISTAN SECURITY FORCES FUND

### DOD Has Processes for Identifying Training Needs and Maintaining Visibility over Contracts

#### What GAO Found

Combined Security Transition Command-Afghanistan (CSTC-A) has established processes to identify capability gaps within the Afghan National Defense and Security Forces (ANDSF), develop and select training needed to address those gaps, and identify associated funding requirements. CSTC-A generally includes these requirements in the Afghanistan Security Forces Fund (ASFF) budget justification book. Many of the key decisions and associated cost assumptions on how CSTC-A and Train Advise Assist Command-Air (in the case of Afghan pilot training) intend to carry out ASFF training efforts are proposed 18-24 months before the training will occur (see figure).

**Timeline for Development of Afghanistan Security Forces Fund (ASFF) Budget Request (Justification Book) for Fiscal Year 2019**



ASFF-funded training contracts are developed and executed under a process modeled on the U.S. government's foreign military sales program. Prior to April 2019, most ASFF-funded training requirements were filled under a single-award indefinite delivery, indefinite quantity (IDIQ) contract that supported a wide range of DOD training needs. An IDIQ contract provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period. The government places orders for individual requirements. According to an Army official, that contract's broad scope and high contract value ceiling made it a highly expedient way to contract for various types of training for the ANDSF. However, contracting officials stated that using a single-award contract limited DOD's ability to negotiate some costs. At that point, DOD began to transition to an approach using several contracts, including one with multiple providers. Given that DOD executed its first task order under these new contracts in April 2019, it is too early for GAO to comment on the efficacy of this new approach.

DOD has varying degrees of visibility over ASFF-funded contracts. DOD officials stated that they have visibility at the broadest level of the overall execution of the ASFF budget, including funding associated with Afghan National Army training. At the individual contract level, the military services' contracting commands maintain contract files, but the services' systems do not interface with one another. According to DOD officials, although DOD can obtain visibility over ASFF training contracts in the aggregate, the department must work with the contracting commands at the respective military services to gather information specific to training contracts.

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## Abbreviations

ANDSF	Afghan National Defense and Security Forces
ASFF	Afghanistan Security Forces Fund
CSTC-A	Combined Security Transition Command-Afghanistan
DOD	Department of Defense
FMS	Foreign Military Sales
IDIQ	Indefinite delivery / indefinite quantity
OUSD-P	Office of the Under Secretary of Defense for Policy
PEO	Program Executive Office
PEO-STRI	Program Executive Office- Simulation, Training, and Instrumentation
PPBE	Planning, Programming, Budgeting and Execution
TAAC	Train, Advise, and Assist Command
TAAC-Air	Train, Advise, and Assist Command–Air
WFF	Warfighter Field Operations Customer Support

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November 18, 2019

The Honorable Richard Shelby  
Chairman  
The Honorable Richard Durbin  
Ranking Member  
Defense Subcommittee  
Committee on Appropriations  
United States Senate

The Honorable Pete Visclosky  
Chairman  
The Honorable Ken Calvert  
Ranking Member  
Defense Subcommittee  
Committee on Appropriations  
House of Representatives

Since 2001 the United States has made a commitment to building Afghanistan's security and governance structure in order to counter terrorist threats and create sustainable security and stability in Afghanistan. Developing independently capable Afghan National Defense and Security Forces (ANDSF) is a key component of U.S. and coalition efforts. In support of those efforts, the Department of Defense (DOD) relies heavily on the Afghanistan Security Forces Fund (ASFF) to provide assistance to the ANDSF, which comprises all Afghan forces under the Ministry of Defense and Ministry of Interior.

The ASFF was established in 2005 to build, equip, train, and sustain the ANDSF, and since then Congress has appropriated more than \$78.8 billion in ASFF funding.<sup>1</sup> Over that period, about two-thirds of the funds provided to the ASFF have been executed through the Defense Security Cooperation Agency, including about \$4.3 billion to support the training

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<sup>1</sup>According to officials, this appropriated amount reflects the net ASFF funding (that is, the amount remaining after transfers, rescissions, and reprogrammings), and ASFF funding is augmented by the NATO Afghan National Army Trust Fund (NATF). Officials added that since 2005 NATF has received contributions of more than \$2.69 billion from 29 NATO members, including the United States, and from six other Coalition partners to support the ANDSF through ASFF and its own NATO Support and Procurement Agency.

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and operations of the Afghan National Army.<sup>2</sup> Most of the remaining ASFF funding was provided directly to the Government of the Islamic Republic of Afghanistan, primarily to fund pay and operational support to the ANDSF, such as facilities sustainment contracts and information technology system management support. Concerns have been raised in Congress about the high costs of some training contracts funded by the ASFF.<sup>3</sup>

The Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2018, included a provision for us to examine the ASFF training contracts.<sup>4</sup> This report describes DOD's processes to (1) identify Afghan National Army training needs and associated funding requirements; (2) develop and execute ASFF training contracts; and (3) provide visibility over ASFF training contracts.

For our first objective, we focused on the process used to determine training needs and funding requirements for the Afghan National Army and the Afghan Air Force (which is part of the Afghan National Army), managed by the U.S. Army, because this training accounts for about 90 percent of the total ASFF training offerings for fiscal years 2017 and 2018. We reviewed and analyzed guidance on the processes for identifying and requesting funding for training needs. We interviewed DOD officials involved in the process, including those from Combined Security Transition Command-Afghanistan; Train Advise Assist Command–Air, Program Executive Office for Simulation, Training, and Instrumentation; and Army Contracting Command.

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<sup>2</sup>The U.S. provides military equipment and training to partner countries through a variety of security cooperation and assistance programs authorized under Title 22 and Title 10 of the U.S. Code as well as various public laws. One such program is the foreign military sales program, under which foreign partners pay the U.S. government to administer the acquisition of materiel and services on their behalf. Additionally, DOD administers a number of security cooperation programs that focus on building partner capacity with appropriated funds. The security assistance services provided through these programs are referred to as pseudo-FMS programs. For more information about these programs, see GAO, *Foreign Military Sales: DOD Needs to Improve Its Use of Performance Information to Manage the Program*, [GAO-17-703](#) (Washington, D.C.: August 2017); and GAO, *Building Partner Capacity: Inventory of Department of Defense Security Cooperation and Department of State Security Assistance Efforts*, [GAO-17-255R](#) (Washington, D.C.: March 2017).

<sup>3</sup>See, e.g., 164 Cong. Rec. H2401 (daily ed. Mar. 22, 2018).

<sup>4</sup>164 Cong. Rec. H2401 (daily ed. Mar. 22, 2018).

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For our second objective, we reviewed guidance on the process for developing and executing ASFF training contracts, as well as the contracting process. We also reviewed documentation associated with task orders issued against an indefinite delivery, indefinite quantity contract for training completed in fiscal years 2017 through 2019 for the Afghan National Army.<sup>5</sup> We conducted a more detailed review of documentation associated with fixed- and rotary-wing pilot training that had been completed at the time of our review. To more fully understand the contracting process and the costs associated with the training, we performed a more detailed but non-generalizable review of documents associated with a task order covering fixed-wing pilot training and we interviewed U.S. Army Contracting Command officials.

For our third objective, we reviewed DOD's budget and contracting processes related to ASFF training requirements to determine how they provide DOD officials with visibility over key ASFF contract information, from budgeting information to contract execution. We interviewed officials from the Office of the Under Secretary of Defense for Policy (OUSD-Policy), Defense Security Cooperation Agency, Combined Security Transition Command-Afghanistan (CSTC-A), U.S. Army Security Assistance Command, U.S. Army Materiel Command, U.S. Army Contracting Command, and Program Executive Office for Simulation, Training, and Instrumentation.

We conducted this performance audit from June 2018 to November 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>5</sup>An indefinite delivery, indefinite quantity (IDIQ) contract provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period. The government places orders for individual requirements. Federal Acquisition Regulation (FAR), 48 C.F.R. § 16.504(a) (2019). For additional information on IDIQ contracts, see GAO, *Federal Contracts: Agencies Widely Used Indefinite Contracts to Provide Flexibility to Meet Mission Needs*, [GAO-17-329](#) (Washington, D.C.: Apr 13, 2017).

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## Background

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### U.S. Missions in Afghanistan

The United States currently has two primary missions in Afghanistan: the U.S.-led counterterrorism mission and the NATO-led Resolute Support mission to train, advise, and assist the ANDSF. For U.S. purposes, both of these missions are a part of Operation Freedom's Sentinel, commanded by U.S. Forces-Afghanistan. Combined Security Transition Command-Afghanistan is the command under NATO's Resolute Support mission that conducts the train, advise, and assist mission in Afghanistan. These efforts are carried out via the regional Train Advise Assist Commands (TAACs) that collectively cover all of Afghanistan. Specifically, Train Advise Assist Command-Air (TAAC-Air) focuses on developing and advising the Afghan Air Force.

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### The Afghanistan Security Forces Fund

The ASFF is generally a 2-year appropriation that is used to provide assistance, with the concurrence of the Secretary of State, to the security forces of Afghanistan, including the provision of equipment, supplies, services, training, facility and infrastructure repair, renovation, construction, and funding.<sup>6</sup> The ASFF presently comprises four budget activity groups: Afghan National Army, Afghan National Police, Afghan Air Force, and Afghan Special Security Forces.<sup>7</sup> Each budget activity group includes four sub-activity groups: sustainment, infrastructure, equipment and transportation, and training and operations. According to officials, the training and operations sub-activity group encompasses most of CSTC-A's efforts to train the ANDSF, including the Afghan National Army.

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<sup>6</sup>The ASFF may also be credited with contributions of funds for the same purpose from any person, foreign government, or international organization, to remain available until expended.

<sup>7</sup>Starting with fiscal year 2019, two new specific budget activity groups were listed: Afghan Air Force and Afghan Special Security Forces. Previously, the budget activity groups varied, but for fiscal years 2016 through 2018 there were only two budget activity groups, relating to defense forces and interior forces.

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## DOD Processes for Identifying Afghan National Army Training Needs and Associated Funding Requirements

CSTC-A has established processes to identify capability gaps within the ANDSF, develop and select training needed to address those gaps, and identify associated funding requirements. To do so, CSTC-A works with various requiring activities—partner organizations, such as the Train Advise Assist Commands—to identify ANDSF training needs. CSTC-A then incorporates these needs and associated funding requirements into the ASFF budget request, typically a year or more before the training is initiated.

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## CSTC-A Works with Its Partner Organizations to Identify ANDSF Capability Gaps and Training Needs

CSTC-A has established processes to identify capability gaps within the ANDSF, develop and select training needed to address those gaps, and identify associated funding requirements for inclusion in ASFF budget justification documentation. To help execute these processes, CSTC-A has developed standard operating procedures and other guidance for planning, resourcing, and executing the ASFF.<sup>8</sup> These procedures and other guidance include information on processes to validate training requirements and associated resources. CSTC-A works with various partner organizations—referred to as “requiring activities”—to identify capability gaps and training needs for the ANDSF. Requiring activities are the organizations that request the resourcing of ANDSF capability needs through ASFF. They include CSTC-A, the TAACs, and other U.S. or NATO organizations partnered with the ANDSF.

According to DOD officials, a partner organization can identify capability gaps in a number of ways. For example, Train Advise Assist Command–Air, which develops and advises the Afghan Air Force, works with subject matter experts from the relevant U.S. military services and other organizations to identify potential Afghan Air Force capability gaps.

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<sup>8</sup>See Combined Security Transition Command – Afghanistan (CSTC-A), *Standing Operating Procedures (SOP) and Policy for Planning, Resourcing, and Executing the Afghanistan Security Forces Fund (ASFF)* (Jan. 2018); and CSTC-A, *Afghanistan Security Forces Fund (ASFF) Requirements and Resourcing Validation Process (AR2VP) Standard Operating Procedure (SOP)* (Jan. 14, 2015). CSTC-A guidance describes two validation processes for requirements related to expenditure of ASFF. The budget justification book process is described as the preferred process for validation, compiled during the budget formulation process; the ASFF requirements and resourcing validation process is used to validate emergent requirements that were not in the justification book. According to officials, the same oversight entities participate in both processes. Our current report focuses on validation and funding of training needs; we did not assess the sufficiency of the process in identifying and validating these needs.

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Additionally, according to DOD officials, in 2015 DOD tasked the MITRE Corporation to conduct a study of Afghan Air Force capabilities.<sup>9</sup> According to DOD officials, MITRE's November 2015 study highlighted capability gaps within the cadre of Afghan Air Force fixed- and rotary-wing pilots and maintenance personnel. Further, officials stated that the study concluded that the training of additional pilots constituted a critical need for the Afghan Air Force.

Once a capability gap has been identified, the requiring activity develops potential courses of action to address it, such as proposals to train the ANDSF to develop needed capabilities. Through CSTC-A's procedures these proposals are validated, along with associated resources. The validation process is intended to ensure that a transparent and accountable process is followed when allocating ASFF resources to emerging requirements.

For example, as part of the fiscal year 2018 budget process, TAAC-Air identified a capability gap within the Afghan Air Force and then worked with various subject matter experts to develop courses of action to address the gap. Specifically, TAAC-Air worked with personnel from the Program Executive Office for Simulation, Training, and Instrumentation (PEO-STRI), which provides simulation, training, and testing solutions for the Army and joint community. Subject matter experts from PEO-STRI provided details regarding various options for addressing the capability gap. PEO-STRI officials noted that they also provided cost estimates for delivering the solution based on historical data. According to PEO-STRI officials, this was a highly interactive process entailing frequent formal and informal discussions among multiple organizations to develop the most effective solution for pilot training for the Afghan Air Force. Once details and cost estimates were solidified, the requirement owner presented them to a Council of Colonels, an officer group responsible for requirement validation for training needs, among other capability needs. The requirement was then taken to the General Officer Steering

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<sup>9</sup>The MITRE Corporation, *Afghanistan Air Force Study*, November 2015.

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Committee, which votes to validate the requirement and approve the proposed solution.<sup>10</sup>

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### CSTC-A Process Incorporates Validated Training Needs into ASFF Budget Request

CSTC-A's process incorporates validated training needs and their associated funding requirements as part of DOD's annual budget process.<sup>11</sup> DOD's planning, programming, budgeting, and execution (PPBE) process, which is governed in part by DOD Directive 7045.14, along with other DOD guidance, is conducted under four phases (see figure 1).<sup>12</sup> Specifically, DOD uses the PPBE process to determine and prioritize requirements and allocate resources to provide capabilities necessary to accomplish the department's missions. According to officials, as part of this process, CSTC-A provides inputs, including training requirements and associated funding needs, and later works with various contracting commands to execute appropriated funds.

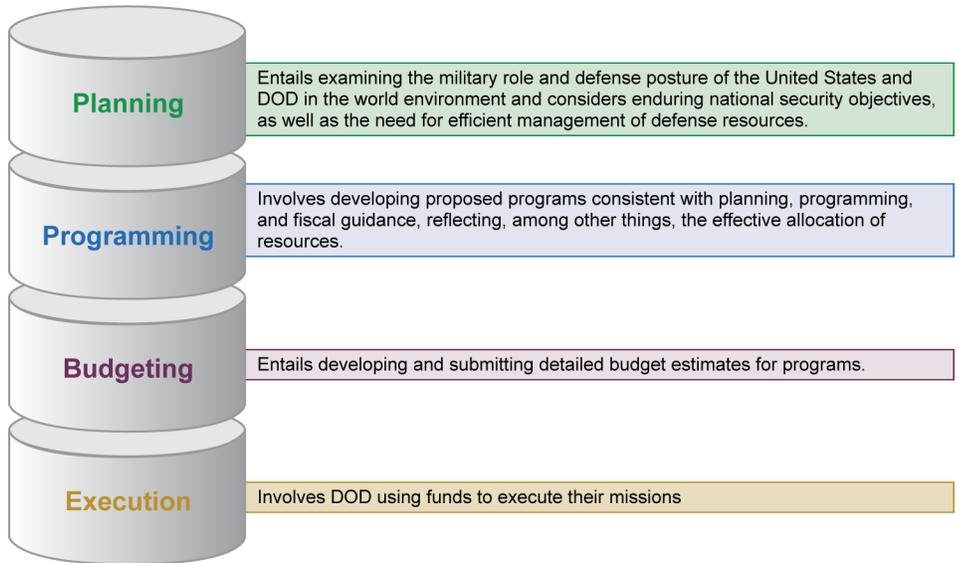
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<sup>10</sup>CSTC-A guidance indicates that after General Officer Steering Committee approval, the package is submitted to the CSTC-A commanding general or, if delegated, deputy commanding general, for final review of the approved course of action and required resources. The Council of Colonels may validate solutions under \$5 million, which may then bypass the General Officer Steering Committee for endorsement by the commanding general or deputy commanding general. According to comptroller officials, the General Officer Steering Committee can approve up to \$50 million. Any service requirement over \$50 million annually must be approved by the Afghan Resource Oversight Council.

<sup>11</sup>For more information on DOD's Planning, Programming, Budgeting, and Execution process, see GAO, *DOD Service Acquisitions: Improved Use of Available Data Needed to Better Manage and Forecast Service Contract Requirements*, [GAO-16-119](#) (Washington, D.C.; Feb. 18, 2016).

<sup>12</sup>DOD Directive 7045.14, *The Planning, Programming, Budgeting, and Execution (PPBE) Process* (Jan. 25, 2013) (incorporating change 1, Aug. 29, 2017); see also, e.g., DOD 7000.14-R, Financial Management Regulation, vol. 2A, ch. 1, *General Information* (Oct. 2008).

**Figure 1: Phases of Department of Defense's (DOD) Planning, Programming, Budgeting, and Execution (PPBE) Process**



Source: GAO analysis of Department of Defense guidance. | GAO-20-99

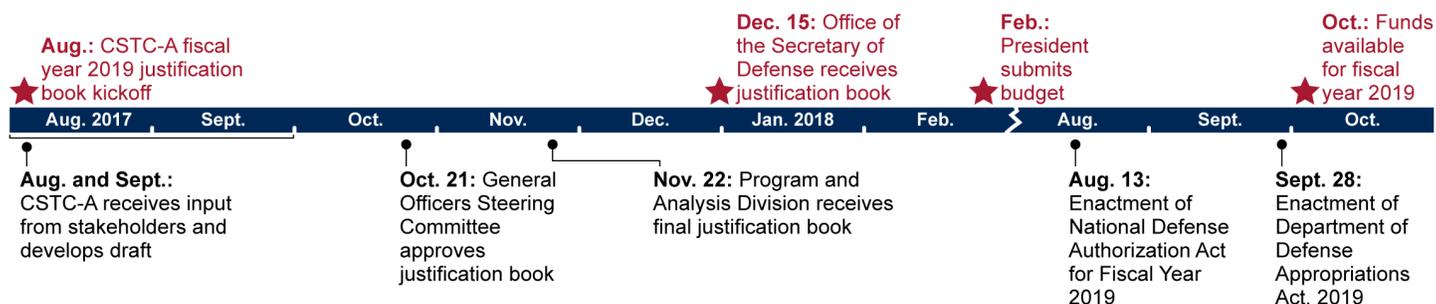
In the case of ASFF, CSTC-A's guidance indicates that a proposed activity (for example, fixed-wing pilot training classes) should generally be included in the ASFF budget justification book in order to later use ASFF funds for that activity.<sup>13</sup> To do so, CSTC-A's Program and Analysis Division develops and incorporates the requests from requirement owners for funding for the operations, sustainment, and development of the ANDSF into the ASFF budget request and associated budget justification materials.<sup>14</sup> The Program and Analysis Division works with the requirement owners to write a narrative describing their proposed activity and associated cost estimate for delivering the activity. The division then works with the OUSD-Comptroller to consolidate requirements for all budget activities and sub-activity groups into a single draft budget justification book.

<sup>13</sup>CSTC-A guidance for ASFF describes two resource validation processes: the justification book process, which is the preferred process for validation, compiled during the budget formulation process in advance of the year of funds execution; and the ASFF requirements and resourcing validation process, which validates emergent requirements that were not included in the justification book.

<sup>14</sup>The requirement owner is the organization within CSTC-A that uses ASFF funds.

One significant aspect of this process is that many of the key decisions, and associated cost assumptions, on how CSTC-A and TAAC-Air (in the case of Afghan pilot training) intend to carry out ASFF training efforts are proposed 18-24 months before the training will occur. For example, as shown in figure 2, preparation of the ASFF budget justification book for fiscal year 2019 began in the summer of 2017. In turn, the budget justification book was subsequently submitted to the OUSD-Comptroller in December 2017, and funds were not available for use until the start of the new fiscal year, in October 2018.

**Figure 2: Timeline for Development of Afghanistan Security Forces Fund (ASFF) Justification Book for Fiscal Year 2019**



CSTC-A Combined Security Transition Command – Afghanistan

Source: GAO analysis of Department of Defense information. | GAO-20-99

These time frames can present a challenge in developing accurate cost estimates for CSTC-A, given that situations in Afghanistan can change significantly in the time between CSTC-A’s developing a proposed capability requirement and associated cost estimate for inclusion in the ASFF budget justification book and the execution of that requirement, according to officials. If conditions change, officials noted, the proposed actions and associated cost estimates for a given requirement may no longer be appropriate or accurate. For example, the Special Inspector General for Afghanistan Reconstruction reported in January 2019 that CTSC-A may have overestimated the cost for UH-60 Blackhawk rotary-wing pilot training by as much as \$1 billion over a 7-year period—attributing the overestimation mainly to unrealistic assumptions regarding student or pilot attrition and the English language program.<sup>15</sup>

<sup>15</sup>Special Inspector General for Afghanistan Reconstruction, SIGAR 19-18-AR, *Afghan Air Force: DOD Met the Initial Date for Fielding UH-60 Helicopters, but the Program Is at Risk of Not Having Enough Trained Pilots or the Capability to Maintain Future UH-60s* (Arlington, Va.: January 2019).

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In the case of initial entry fixed-wing pilot training classes, CSTC-A's original proposal, as reflected in its budget justification book was to have classes of 25 students. However, during the implementation of this training, the class size fell to 12 students because not all 25 students achieved the required English language proficiency, and one student had dropped out of the program. Consequently, the resulting class was half the projected size underlying the estimated funding requirement, which resulted in funds being excess to CSTC-A's actual need. CSTC-A officials acknowledged the challenges they faced in filling classes with the expected number of students, adding that they had purposely built in significant flexibility in the training approach to be able to adjust to the realities of the ANDSF's ability to generate qualified students. According to CSTC-A officials, the number of English-proficient Afghan student candidates varies from year to year.

For cases like these, where CSTC-A requested more funding than it ultimately obligated, in some circumstances DOD may reprogram the unobligated amounts within the same appropriation account, or may transfer it to other appropriation accounts, if there is authority to do so. Otherwise, time-limited appropriations, such as the ASFF, expire after their period of availability and are unavailable for new obligations.<sup>16</sup> According to CSTC-A officials, in cases where they have unobligated funding due to changing conditions such as smaller-than-expected class sizes, they try to reprogram that money for related needs within the same sub-activity group in the ASFF budget prior to expiration. For example, if certain Afghan Air Force training costs are lower than expected, the money could be reprogrammed for other efforts within the Afghan Air Force training and operations sub-activity group.

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<sup>16</sup>Once the period of availability for a fixed-year appropriation account ends, the expired account remains available for 5 fiscal years for limited purposes such as recording, adjusting, and liquidating obligations properly chargeable to the account. After the 5-year expiration period, the appropriations account is closed by law, with remaining balances canceled and unavailable for obligation or expenditure for any purpose. See 31 U.S.C. §§ 1553(a), 1552(a).

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## CSTC-A's Process for Developing and Overseeing ASFF Training Contracts

ASFF-funded training contracts for the ANDSF are developed and executed through a process that is modeled on the U.S. government's foreign military sales process. Until April 2019, ASFF-funded orders to train the Afghan National Army were generally filled under a contract with a single provider. At that point, DOD began to transition to an approach using several contracts, including one with multiple providers.

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## ASFF-Funded Training Contracts Are Developed and Executed Under a Process Modeled on the Foreign Military Sales Program

ASFF-funded training contracts are developed and executed under a process modeled on the U.S. government's foreign military sales (FMS) program, referred to as "pseudo-FMS."<sup>17</sup> As indicated by CSTC-A guidance, these pseudo-FMS procurements are FMS-like cases and use U.S. funds to purchase items, services, and training for ANDSF capability requirements. The process is outlined in the *Security Assistance Management Manual*, which provides DOD-wide guidance to DOD components engaged in the management or implementation of DOD security assistance and security cooperation programs over which the Defense Security Cooperation Agency has responsibility.<sup>18</sup> We have previously reported that while the many steps of the process used for FMS and pseudo-FMS cases can be grouped in different ways, they fall into five general phases: assistance request, agreement development, acquisition, delivery, and case closure.<sup>19</sup>

First, CSTC-A works with the resource coordinator, requirement owner, and other elements to develop a Memorandum of Request, and it submits that memorandum to the implementing agency and the Defense Security Cooperation Agency, requesting assistance to contract for ANDSF needs using ASFF funds. For example, when developing the Memorandum of

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<sup>17</sup>CSTC-A guidance for planning, resourcing, and executing the ASFF lists several procurement methods used to execute the ASFF program, including pseudo-FMS, the local acquisition process, or procurement by other services or federal agencies through an Economy Act order, project order, or other statutory authority. As noted by the guidance, pseudo-FMS procurements are not true FMS cases, and they use U.S. funds to purchase items, services, and training for ANDSF capability requirements.

<sup>18</sup>Defense Security Cooperation Agency Manual 5105.38, *Security Assistance Management Manual*. The Security Assistance Management Manual and related policy memorandums issued by the Defense Security Cooperation Agency are provided electronically on that agency's website.

<sup>19</sup>For more information on the FMS and pseudo-FMS process, see GAO, *Foreign Military Sales: DOD Needs to Improve Its Use of Performance Information to Manage the Program*, [GAO-17-703](#) (Washington, D.C.: Aug. 22, 2017).

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Request for initial entry fixed-wing pilot training, CSTC-A worked with TAAC-Air, the requirement owner, to identify details regarding the agreed-upon training solution. Officials noted that CSTC-A also worked with the subject matter experts from PEO-STRI to develop the independent government cost estimate.<sup>20</sup>

Second, as described by officials, the agreement development phase begins with the Defense Security Cooperation Agency's receiving the Memorandum of Request. The Defense Security Cooperation Agency opens a case and assigns it to an implementing agency—that is, the military department or defense agency responsible for overall management of the actions that will result in the delivery of materials or services. According to contracting officials, the implementing agency for training foreign military ground and air forces outside of the United States—such as the Afghan National Army—is the U.S. Army Security Assistance Command. The implementing agency then works with the appropriate Program Executive Office to develop the Letter of Offer and Acceptance—which serves to document the transfer of articles and services to the U.S. government requesting authority.<sup>21</sup> For example, for the out-of-country fixed-wing pilot training requirement, contractors delivered the training, and the appropriate implementing agency was PEO-STRI, according to officials. Once the Letter of Offer and Acceptance is completed and signed by the implementing and requesting agencies, it is reviewed and approved by the Defense Security Cooperation Agency and Department of State, as appropriate.

Third, the Program Executive Office works with the appropriate contracting command to acquire the requested defense goods or services as part of the acquisition phase. According to contracting officials, the

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<sup>20</sup>DSCA guidance indicates that a Memorandum of Request generally includes estimated costs of the total requirement, broken out by each separate element of materiel or service required. If estimated costs are not known, a not-to-exceed value is to be included. *Security Assistance Management Manual*, table C15.T4. A Memorandum of Request template included in CSTC-A guidance includes fields for cost information. According to officials, the memorandum may include rough order of magnitude estimates of cost.

<sup>21</sup>Under the standard FMS process, a Letter of Offer and Acceptance (LOA) is used to indicate acceptance by the benefitting foreign government, which signs the LOA; under the pseudo-FMS process, the benefitting country does not sign. A program executive officer, or PEO, is one of the key individuals in the United States military acquisition process. In the U. S. Army, for example, executive officers for the respective PEOs report to the Army Acquisition Executive. PEOs are assigned acquisition program responsibilities by component acquisition executives for certain defense acquisition programs.

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contracting command solicits and receives bids from contractors and selects the best value option (including price plus deliverables).<sup>22</sup> Fourth, the contractor delivers the required good or service. According to officials, the relevant Program Executive Office is responsible for monitoring the contractor's performance by ensuring compliance with applicable contract clauses. Fifth, following contract completion and payment of outstanding obligations, the implementing agency initiates case closure with the Defense Security Cooperation Agency.<sup>23</sup>

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### Training Requirements for the Afghan National Army Were Generally Provided by a Single Vendor Prior to April 2019, but Are Now Provided by Multiple Vendors

Prior to April 2019, ASFF-funded training requirements for the Afghan National Army, including out-of-country fixed-wing pilot training, were generally executed under a single award indefinite delivery, indefinite quantity contract known as the Warfighter Field Operations Customer Support (WFF) contract. The WFF contract provided integrated training system sustainment and training services world-wide for the U.S. Army, Marine Corps, Navy, Air Force, and Special Operations Command.<sup>24</sup> According to Army contracting officials, WFF was the most expedient way to contract for various types of training for the Afghan National Army due to the contract's broad scope and \$11.2 billion ceiling. These officials said it provided the capacity and flexibility needed to fulfill the Afghan National Army's requirements and time frames in a streamlined way because the competition and award process had already occurred, enabling officials to move directly to awarding task orders for support.

However, while the single award indefinite delivery, indefinite quantity contract streamlined the process for contracting ANDSF training, it limited DOD's ability to negotiate some costs. According to contracting officials,

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<sup>22</sup>In the context of the FAR, best value means the expected outcome of an acquisition that, in the government's estimation, provides the greatest overall benefit in response to the requirement. FAR § 2.101.

<sup>23</sup>Procedures under the FAR for closing out contract files include ensuring that a contract funds review has been completed and excess funds have been deobligated. See FAR § 4.804-5.

<sup>24</sup>The Warfighter Field Operations Customer Support contract was a 10-year (inclusive of options) training services contract that was extended for up to 2 additional years with an additional \$2.57 billion value ceiling. According to contracting officials, the period of performance for this contract was extended to October 2019 to enable the transition to other contracts without incurring a break in service. For additional information on DOD's use of bridge contracts, see GAO, *Information Technology: Agencies Need Better Information on the Use of Noncompetitive and Bridge Contracts*, GAO-19-63 (Washington, D.C.: Dec 11, 2018).

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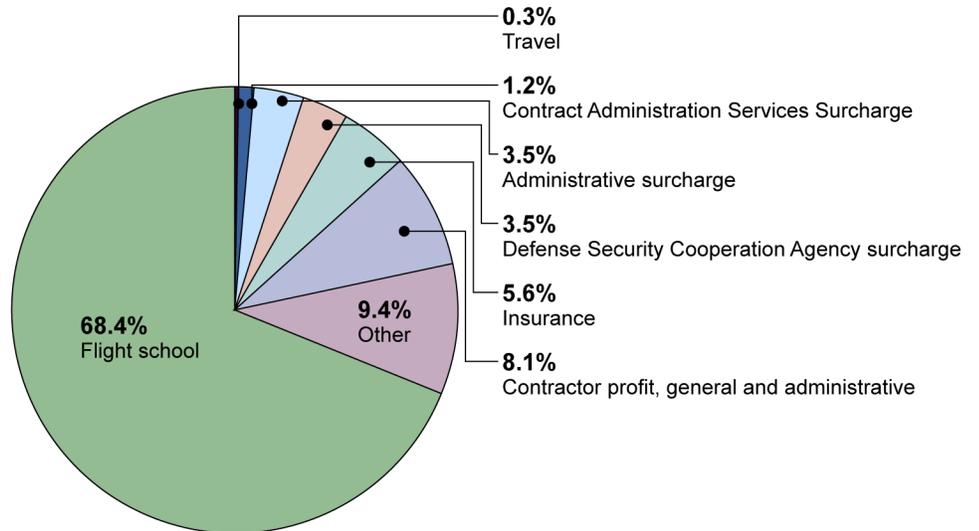
only certain types of costs could be negotiated, such as those associated with housing, travel, and the number of advisors supporting the training. The officials stated that other costs were established as a per-unit cost at the time of the contract award. In addition, various administrative fees were established when the WFF contract was awarded in 2007 and could not be renegotiated, according to contracting officials. As a result, any task orders under this contract, including those to train the Afghan National Army, had to include these administrative fees and established labor wages.

To illustrate the various costs associated with the Afghan Air Force training program, we reviewed documentation associated with training provided under the WFF contract. One training program cost \$12.1 million for the delivery of an 86-week fixed-wing pilot training course (from February 2018 through September 2019) for 13 Afghan Air Force students at the Fujairah Aviation Academy in the United Arab Emirates. The pilot training was conducted by contractors and comprised aviation English language training, theory of flight, basic and advanced instrument ground school, advanced flight instrumentation, and simulation training for the Afghan Air Force Cessna C-208 Caravan aircraft. The \$12.1 million total included amounts paid to the contractor and administrative charges to cover the costs of entities within the U.S. government.<sup>25</sup> The costs associated with the training are shown in figure 3 below.

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<sup>25</sup>As explained below, the administrative charges included the FMS administrative surcharge, which we refer to as the Defense Security Cooperation Agency surcharge, and the FMS contract administration services surcharge.

**Figure 3: Distribution of Costs for Selected Fixed-Wing Pilot Training Delivered under the Warfighter Field Operations Customer Support Contract**



Source: GAO review of contracting data. | GAO-20-99

Note: The selected Fixed-Wing pilot training cost \$12.1 million for the delivery of an 86-week fixed-wing pilot training course (from February 2018 through September 2019) for 13 Afghan Air Force students at the Fujairah Aviation Academy in the United Arab Emirates delivered under the Warfighter Field Operations Customer Support contract. The training costs reflected in this figure include amounts paid to the contractor and administrative charges to cover the costs of entities within the U.S. government. "Defense Security Cooperation Agency surcharge" refers to the foreign military sales administrative surcharge. Percentages may not add up to 100% because of rounding.

The largest cost factor in this task order was the cost of the flight school itself, which accounted for 68.4 percent (or \$8.2 million) of the total cost, according to contracting officials. The flight school included ground school, simulation, advanced instruments, and flying hours training, and it represented a cost per each of the 13 students who actually attended the training. The flight school also included the cost of housing, electronic books / manuals, and campus security, some of which costs were negotiable, according to officials. Other costs, such as the Defense Security Cooperation Agency 3.5 percent surcharge and contract administration services 1.2 percent surcharge, were established based

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upon rates current at the time of the letter of offer and acceptance.<sup>26</sup> According to officials, the contractor's profit was established at the time of award of the contract in 2007. Officials stated that the costs that could be negotiated were limited and included costs associated with travel, lodging, and adding more advisors to augment the training. According to contracting officials, these limitations were not unique to this ASFF training but applied broadly to all ASFF training task orders they executed under WFF.

In 2018 DOD decided to replace WFF, which was nearing expiration, with a series of new contracts. DOD has begun to transition work previously performed under WFF to these new contracts, the first of which was awarded in 2018. According to contracting officials, ASFF-funded training efforts are expected to be executed primarily under two of the new contracts – the Enterprise Training Services Contract and the Training, Instructor Operator Support Services Contract. The Enterprise Training Services Contract is a multiple award indefinite delivery, indefinite quantity contract with a total contract ceiling of \$2.4 billion that was awarded to multiple contractors in June 2018. According to officials, the Training, Instructor Operator Support Services Contract is a single award indefinite delivery, indefinite quantity contract with a ceiling of \$197.6 million that was awarded in July 2018.

According to Army contracting officials, the contracting process for ASFF training services will include competition among multiple contractors for each task order under the Enterprise Training Services Contract. Army contracting officials stated that under a multiple-award contract, each contract holder is to be provided a fair opportunity to compete for each task order, in part to use competition to ensure that the proposed prices are fair and reasonable.<sup>27</sup> According to Army contracting officials, the

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<sup>26</sup>We use the term "Defense Security Cooperation Agency surcharge" to refer to the foreign military sales administrative surcharge, which covers the cost of administering FMS and FMS-like programs. The surcharge was 3.5 percent between November 1, 2012, and May 31, 2018. The contract administration services surcharge covers costs associated with quality assurance and inspection, contract management, and contract audit. The contract administration services surcharge was 1.2 percent for cases implemented after December 1, 2014. See DSCA Manual 5105.38, ch. 9, *Financial Policies and Procedures*, table C9.T4; DOD 7000.14-R, *Financial Management Regulation*, vol. 15, ch. 7, *Pricing* (Nov. 2018)

<sup>27</sup>Under the FAR, a contracting officer must provide each awardee of a multiple-award task- or delivery-order contract a fair opportunity to be considered for each order exceeding \$3,500, subject to certain exceptions. See FAR § 16.505(b)(1), (2).

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Enterprise Training Services Contract also affords the opportunity to negotiate more elements than previously under the WFF contract, such as labor rates or travel costs associated with training. The first training task order under the Enterprise Training Services Contract in support of Afghan forces was issued in April 2019. As this task order has only recently been issued, it is too early for us to comment on the efficacy of these contracts.

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## DOD Processes to Provide Visibility over ASFF-Funded Training Contracts

DOD has varying degrees of visibility over ASFF-funded training contracts. At the broadest level, OUSD-Comptroller and contracting officials stated that they have visibility of the overall execution of the ASFF budget, including funding associated with Afghan National Army training. For example, OUSD-Comptroller tracks and reports ASFF obligations and disbursements in monthly status-of-funds reports, known as Defense Financial and Accounting Services 1002 Reports. In addition, the Special Inspector General for Afghanistan Reconstruction tracks and reports ASFF obligations and disbursements via its Overseas Contingency Operations quarterly reports to Congress.

At the individual contract level, the military services' contracting commands, such as PEO-STRI and Army Contracting Command, develop and maintain contract files for individual ASFF-funded contracts and task orders. However, according to officials, DOD does not have a centralized system or reporting mechanism for tracking all ASFF training contracts, because the systems used by the services for managing funding and those used for contract management do not interface with each other. According to OUSD-Comptroller officials, the systems used for financial management were not designed or intended to identify ASFF funds specifically obligated for training contracts because there is no requirement for them to do so.

Officials said that consequently, in the single instance in which they have had to develop a comprehensive list of all ASFF-funded training contracts, they had to work with the contracting commands at the respective military services to gather this information. For example, to respond to congressional direction related to contracts funded with ASFF, OUSD-Policy contacted all of the military services to request a list of all training contracts funded through the ASFF under the respective services'

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responsibilities, according to OUSD officials.<sup>28</sup> In turn, Army contracting officials stated that they identified the requested information by using the lines of accounting fields in their contract management systems to identify those training contracts funded with ASFF. OUSD-Policy officials provided us with the resulting list of 40 contracts and task orders, totaling over \$483 million in estimated contract value, but they acknowledged that the list was likely incomplete.

OUSD-Policy officials who compiled the list of training contracts told us that the precision of the list was affected by inconsistent interpretations among the services of what constitutes a training contract. According to these officials, training for the Afghan National Army can also occur under procurement or maintenance contracts that have embedded training components. For example, according to officials, the Army's National Maintenance Strategy contract provides logistic support to the Afghan National Army and includes a training component. Similarly, the Navy's ASFF-funded ScanEagle unmanned aerial vehicle reconnaissance procurement contract includes a training component.<sup>29</sup> Because these contracts are not primarily training-oriented, according to contracting officials, they were not identified under the training and operations subactivity group in the ASFF budget, and therefore would not be easily identifiable as ASFF training contracts. Despite these limitations, DOD officials stated that, given their existing systems and processes and their ability to reach out to contracting officials to obtain additional data when needed, they believe they have sufficient tools to identify most ASFF-funded training contracts. Additionally, DOD officials stated that the congressional direction associated with ASFF-funded training was a one-time request, not a recurring task.

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<sup>28</sup>The joint explanatory statement accompanying the Consolidated Appropriations Act, 2018, directed the Secretary of Defense to provide an accounting of all contracts funded with ASFF, the annual value of each contract, and the ASFF line item that funds each contract. See 164 Cong. Rec. H2401 (daily ed. Mar. 22, 2018).

<sup>29</sup>ScanEagle is a small, long-endurance, low-altitude unmanned aerial vehicle. ScanEagle missions include intelligence, surveillance, and reconnaissance; special services operations; escort operations; sea-lane and convoy protection; protection of high-value and secure installations; and high-speed wireless voice, video, and data communications relay.

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## Agency Comments

We provided a draft of this report to DOD, and DOD responded that it would not be providing formal comments. DOD also provided technical comments, which we incorporated as appropriate.

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We are sending copies of this report to the appropriate congressional committees and to the Secretary of Defense. In addition, the report is available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Cary Russell at (202) 512-5431 or [russellc@gao.gov](mailto:russellc@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in the appendix.



Cary Russell  
Director, Defense Capabilities and Management

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# Appendix I: GAO Contact and Staff Acknowledgments

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## GAO Contact

Cary Russell at (202) 512-5431 or [russellc@gao.gov](mailto:russellc@gao.gov)

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## Staff Acknowledgments

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