

SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR 20-44 Audit Report

Afghan National Army: DOD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program



JULY
2020

SIGAR 20-44-AR/DOD ScanEagle Program



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WHAT SIGAR REVIEWED

In a March 2015 Department of Defense (DOD) memorandum, the Combined Security Transition Command–Afghanistan (CSTC-A) helped identify an impending capability gap related to the ANA's (Afghan National Army) ability to conduct intelligence, surveillance, and reconnaissance (ISR) operations that would result from a drawdown of coalition forces.

To increase the ANA's ISR capabilities, DOD funded the purchase of 16,000 ISR assets, such as night vision devices and surveillance unmanned aerial vehicles, like the ScanEagle Unmanned Aerial System (UAS). The 2019 Afghanistan Compact states that ANA's ISR capabilities support the U.S. and Afghan governments' broader goals for the Afghan National Defense and Security Forces (ANDSF) to plan and execute special, conventional, and police operations, using Afghan-derived intelligence to counter current and future threats to Afghanistan.

This audit examined the implementation and oversight of five firm-fixed-price ScanEagle contracts awarded to Insitu Inc. valued at more than \$174 million, and the broader ScanEagle program from November 2015 through November 2019. The objectives of this audit were to determine the extent to which (1) the contractor, Insitu, met the terms of the contracts and DOD performed the required oversight of the ScanEagle program; (2) DOD measured and evaluated the ScanEagle program's performance; and (3) DOD planned for the Afghan government's sustainment of the ScanEagle program, and the ANA developed the capabilities necessary to operate and sustain the program.

July 2020

Afghan National Army: DOD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program

SIGAR 20-44-AR AUDIT REPORT

WHAT SIGAR FOUND

SIGAR found that Naval Air Systems Command (NAVAIR)—responsible for overseeing the ScanEagle contracts and Insitu—is unable to determine the extent to which Insitu met the terms of the contracts because NAVAIR did not meet U.S. government requirements for conducting contract oversight. First, NAVAIR did not designate a Contracting Officer's Representative (COR) for all of the ScanEagle contracts, as DOD guidance required. NAVAIR's Contracting Officer did not perform COR duties for those contracts, as US guidance suggests for firm-fixed-price contracts where a COR is not assigned. Second, NAVAIR did not have an in-country sponsor in Afghanistan responsible for validating contract requirements, as DOD required. Third, NAVAIR could not produce evidence that Insitu completed many of the deliverables required to determine if the contractor met the terms of the contracts. NAVAIR provided no evidence to SIGAR that Insitu completed 122 of the total 403 known deliverables required (about 30 percent). For the evidence that NAVAIR could not provide, SIGAR asked Insitu to address the gap in records. Insitu provided evidence that it completed 4 of the 122 deliverables that NAVAIR did not have.

NAVAIR acknowledged that it had gaps in its contract records and told us that these gaps resulted, in part, from losing electronic records with NAVAIR's update to Windows 10 in February 2018. However, Insitu did not explain why it could not provide evidence for the missing deliverables it was required to produce. Per Federal Acquisition Regulation 4.703, contractors are required to retain all contract records related to pricing, proposals, negotiations, and performance of the contract and subcontract. The generally accepted time period for retaining records is not less than 3 years after final payment.

NAVAIR and Insitu's records gaps also meant NAVAIR lacked important information on the numbers of ANA soldiers Insitu trained (i.e., training summation reports), hours ANA operated ScanEagle vehicles flew (i.e., monthly flight readiness reports), spare parts purchased and used to maintain the ScanEagle systems (i.e., parts usage reports), and ScanEagle vehicle crashes or failures (i.e., MISHAP reports). In January 2020, NAVAIR stated that the situation reports the command provided to SIGAR include all of this information. However, SIGAR's review and analysis of the reports found that they did not contain much of the required performance information. It appears that NAVAIR is using the Situation Reports to fulfill requirements of other deliverables, such as training summation and MISHAP reports. However, the situation reports do not include all information required by the various deliverables; each deliverable is a separate and distinct requirement from the Situation Reports.

Moreover, based on SIGAR's analysis of the performance reporting received, such as the monthly flight readiness reports and situation reports, SIGAR found that the actual number of flight hours Insitu

reported for the operating sites was 12,413 hours, less than half of the 27,261 flight hours NAVAIR estimated would be necessary to support ScanEagle missions during that specified time. NAVAIR lacks the performance information necessary to determine the extent to which the ScanEagle equipment and training services it procured is used. This also raises concerns about how NAVAIR justified procuring 105 ScanEagle vehicles totaling over \$32 million and spare parts totaling over \$52 million, and future planned procurements.

DOD did not measure and evaluate ScanEagle program performance. SIGAR found that DOD and CSTC-A did not implement performance management guidance required in DOD Instruction 5132.14, *Assessment, Monitoring, and Evaluation Policy for the Security Cooperation Enterprise*. For example, DOD did not provide SIGAR a performance management plan or a centralized independent evaluation of significant security cooperation initiatives, such as the ScanEagle program, to examine their relevance, effectiveness, and sustainability. In May 2020, after reviewing a draft of this report, DOD officials provided us a statement explaining their interpretation of the DOD instruction and stated it is their opinion that they do not need to, or plan to, measure and evaluate ScanEagle program performance in accordance with DOD Instruction 5132.14. Specifically, DOD officials stated that (1) the guidance did not apply to the ScanEagle program because activities funded with the Afghanistan Security Forces Fund prior to fiscal year 2019 were exempted from DOD Instruction 5132.14; and (2) DOD has resource limitations, considers ScanEagle to be an activity, not a program, and DOD will decide whether there is any value of evaluating the performance of the intelligence, surveillance, and reconnaissance program in Afghanistan in two or three years. As a result, DOD currently lacks a formal plan for measuring the performance of the ScanEagle program. A senior CSTC-A official told SIGAR in January 2019 that CSTC-A's only means for measuring ScanEagle program performance is using the Afghanistan Compact—a U.S. and Afghan initiative managed by U.S. Forces–Afghanistan to track the Afghan government's commitments and implementation of U.S. development assistance—and collecting anecdotal evidence from ANA operations. Despite previous assertions that it used the Compact to measure ScanEagle outcomes, CSTC-A told SIGAR in September 2019 that it no longer uses the Compact. CSTC-A officials told SIGAR that examples of ScanEagle program performance successes include ANA's ability to occasionally fly a ScanEagle vehicle without Insitu's support, identify enemy sites while flying (e.g., locating two Taliban prisoner of war camps), and provide ANA forces video to assist in aerial strikes of terrorist targets.

Furthermore, DOD did not implement DOD Instruction 5132.14 requirements to assess the sustainability of the ScanEagle program. For example, the January 2017 DOD Instruction 5132.14 requires DOD—to perform a “rigorous” evaluation of a security cooperation initiative to examine its relevance, effectiveness, and sustainability; and to conduct an initial assessment that describes the Afghan government's willingness and propensity to implement and sustain the program, improve institutional capacity, build capabilities as needed by its government, and to identify requirements, gaps, and potential risks. SIGAR found that DOD did not assess the sustainability of the ScanEagle program, or the ANA's ability to sustain the ISR capabilities it developed and acquired using the ScanEagle systems. Additionally, in May 2020, DOD officials told us that the agency is not required to, and is not, applying the DOD instruction to the \$174 million ScanEagle program.

CSTC-A and NAVAIR have encountered delays and challenges in developing the ANA's capability to independently operate and maintain the ScanEagle program due to (1) inadequate training of ANA soldiers, (2) insufficient manning of ANA ScanEagle operations, (3) insufficient fielding of operational ANA ScanEagle sites, and (4) the ANA's inability to operationalize intelligence obtained through the program. For example, the ANA is not tracking the real-time location of equipment across Afghanistan. CSTC-A officials told us they are concerned that the ANA does not know where the equipment it owns is located or whether it is being used appropriately. As a result of these delays and challenges, DOD lacks information necessary to track, understand, and improve the return on its \$174 million investment in the program, and is poorly positioned to transfer responsibilities to the ANA.

WHAT SIGAR RECOMMENDS

To improve ScanEagle contract oversight, SIGAR recommends that the Secretary of Defense:

1. **Direct NAVAIR personnel managing and overseeing the ScanEagle contracts to ensure the Contracting Officer's Representative (COR) on the current contract is performing all required COR duties, including documenting and maintaining records such as reporting deliverables.**
2. **Direct NAVAIR, in coordination with appropriate coalition partners, to immediately designate and announce an in-country sponsor and an in-country COR, Contracting Officer Technical Representative, or Government Technical Product Representation for the current ScanEagle contract.**

To better understand the performance of the ScanEagle program, and the Afghan government's ability to sustain the program, SIGAR recommends that the Secretary of Defense:

3. **Direct NAVAIR to immediately share existing Insitu performance reporting information and related contract deliverables with appropriate coalition partners responsible for the current ScanEagle contracts; and agree to a plan with CSTC-A for sharing future contract performance information.**

To help ensure that U.S. investments in training ANA soldiers to perform the ScanEagle mission are protected, SIGAR recommends that the Secretary of Defense:

4. **Work with the ANA to develop requirements to help ensure that recently certified ANA soldiers will be placed in positions that take advantage of their newly acquired skills.**

To help ensure that U.S. procurements in ScanEagle equipment are protected and used as intended, SIGAR recommends that the Secretary of Defense:

5. **Direct responsible DOD departments to work with the ANA to establish a system for tracking the location of ScanEagle equipment across Afghanistan.**

SIGAR received written comments from (1) the Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia; (2) the Combined Security Transition Command–Afghanistan; and (3) the United States Forces–Afghanistan Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, which are reproduced in appendices IV, V, and VI respectively. The Deputy Assistant Secretary concurred with four of SIGAR's recommendations, and partially concurred with the second recommendation.

Additionally, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, CSTC-A, Navy Air Systems Command, and the Office of the Under Secretary of Defense for Policy provided technical comments which were integrated into the report as appropriate. For example, SIGAR added language to the report to reflect a statement by the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist that the ScanEagle program has made accomplishments in the train-the-trainer program, and that DOD's stated goal remains for the ANA to take over all ScanEagle training in 2021.

In its comments, CSTC-A stated that because the program transitioned to Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, CSTC-A would provide support in implementing the recommendations.

SIGAR will follow-up with DOD within 60 days to identify its actions to address the five recommendations.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

July 13, 2020

The Honorable Dr. Mark T. Esper
Secretary of Defense

The Honorable Kenneth J. Braithwaite
Secretary of the Navy

General Kenneth F. McKenzie Jr.
Commander, U.S. Central Command

General Austin Scott Miller
Commander, U.S. Forces–Afghanistan
Commander, Resolute Support

Lieutenant General E. John Deedrick Jr.
Commanding General, Combined Security Transition Command–Afghanistan

This report discusses the results of SIGAR’s audit of the Department of Defense’s (DOD) implementation and oversight of the ScanEagle Unmanned Aerial System (UAS) contracts and program to train the Afghan National Army (ANA) to use the system in Afghanistan. Since November 2015, DOD has awarded five contracts valued at more than \$174 million to Insitu Inc. to procure ScanEagle UAS, establish operational sites throughout Afghanistan, train the ANA to operate and maintain the system, and procure spare parts for the systems’ continuing operations.

We are making five recommendations. We recommend that the Secretary of Defense: (1) direct Naval Air Systems Command (NAVAIR) personnel managing and overseeing the ScanEagle contracts to ensure that the Contracting Officer’s Representative (COR) on the current contract is performing all required COR duties, including documenting and maintaining records such as reporting deliverables; (2) direct NAVAIR, in coordination with appropriate coalition partners, to immediately designate and announce an in-country sponsor and an in-country COR, Contracting Officer’s Technical Representative, or Government Technical Product Representation for the current ScanEagle contract; (3) direct NAVAIR to immediately share existing Insitu performance reporting information and related contract deliverables with appropriate coalition partners for the current ScanEagle contracts, and, agree to a plan with CSTC-A for sharing future contract performance information;; (4) work with the ANA to develop requirements to help ensure that recently certified ANA soldiers will be placed in positions that take advantage of their newly acquired skills; and (5) direct responsible DOD departments to work with the ANA to establish a system for tracking the location of ScanEagle equipment across Afghanistan.

We received written comments from (1) the Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia; (2) the Combined Security Transition Command–Afghanistan; and (3) the United States Forces–Afghanistan Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, which are reproduced in appendices IV, V, and VI respectively. The Deputy Assistant Secretary concurred with four of SIGAR’s recommendations, and partially concurred with the second recommendation.

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Additionally, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, CSTC-A, Navy Air Systems Command, and the Office of the Under Secretary of Defense for Policy provided technical comments which were integrated into the report as appropriate. For example, we added language to the report to reflect a statement by the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist that the ScanEagle program has made accomplishments in the train-the-trainer program, and DOD's goal remains for the ANA to take over all ScanEagle training in 2021.

In its comments, CSTC-A stated that because the program transitioned to Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, CSTC-A would provide support in implementing the recommendations.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

We are requesting documentation of the corrective actions taken and/or target dates for completion of the recommendations. Please provide your responses on the corrective actions to be taken to sigar.pentagon.audits.mbx.recommendation-follow-up@mail.mil within 60 days from the issue date of this report.

A handwritten signature in black ink, appearing to read "John F. Sopko".

John F. Sopko
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ABBREVIATIONS

| | |
|--------|---|
| ANA | Afghan National Army |
| ANDSF | Afghan National Defense and Security Forces |
| AROC | Afghanistan Resource Oversight Council |
| CO | Contracting Officer |
| COR | Contracting Officer's Representative |
| CSTC-A | Combined Security Transition Command-Afghanistan |
| DOD | Department of Defense |
| DFAR | Defense Federal Acquisition Regulation Supplement |
| FAR | Federal Acquisition Regulation |
| ISR | Intelligence, surveillance, and reconnaissance |
| NAVAIR | Naval Air Systems Command |
| OUSD-P | Department of Defense Office of the Under Secretary of Defense for Policy |
| QASP | Quality Assurance Surveillance Plan |
| UAS | Unmanned Aerial System |

Since fiscal year 2005, the U.S. Department of Defense (DOD) has spent nearly \$47.5 billion on equipment, transportation, infrastructure, training, operations, and sustainment for the Afghan National Defense and Security Forces (ANDSF), which is comprised of the Afghan National Army (ANA) and Afghan National Police.¹ In a March 2015 DOD memorandum of record, the Combined Security Transition Command–Afghanistan (CSTC-A) identified an impending capability gap related to the ANA’s ability to conduct intelligence, surveillance, and reconnaissance (ISR) operations that would result from a drawdown of coalition forces. Specifically, CSTC-A determined the ANA forces would be limited to stationary ISR assets, including aerostats, surveillance towers, and hand-held systems, which are either constrained to protecting an immediate area or effective only within a “few kilometers” of a designated location.² CSTC-A expressed concern that without the support of a long-range mobile asset, the ANA would experience a decrease in mission effectiveness with a corresponding increase in loss of life and destruction of property.

To increase the ANA’s ISR capabilities, DOD funded the purchase of 16,000 ISR assets, such as night vision devices and surveillance unmanned aerial vehicles, including the ScanEagle Unmanned Aerial System (UAS),³ and more than 200 aircraft, such as helicopters, light attack aircraft, and cargo airplanes.⁴ The 2019 Afghanistan Compact states that ANA’s ISR capabilities support the U.S. and Afghan governments’ broader goals for the ANDSF to plan and execute special, conventional, and police operations, using Afghan-derived intelligence to counter current and future threats to Afghanistan.⁵ From November 2015 through November 2019, DOD, through its Naval Air Systems Command (NAVAIR), awarded Insitu Inc. five firm-fixed-price contracts to procure ScanEagle UAS, establish operational sites throughout Afghanistan, provide the ANA training to operate and maintain the system, and procure spare parts for continuing UAS operations.⁶

This audit examined the implementation and oversight of the ScanEagle program, including five firm-fixed price contracts valued at more than \$174 million implemented from November 2015 through November 2019. Specifically, our objectives were to determine the extent to which: (1) the contractor, Insitu, met the terms of the contracts and DOD performed the required oversight of the ScanEagle program; (2) DOD measured and evaluated the ScanEagle program’s performance; and (3) DOD planned for the Afghan government’s sustainment of the ScanEagle program, and the ANA developed the capabilities necessary to operate and sustain the program.⁷

To accomplish our objectives, we reviewed the five NAVAIR ScanEagle contracts and supporting documents including modifications, contract deliverables, and communications between the U.S. government and Insitu, and CSTC-A’s periodic reporting on the ScanEagle program. We interviewed officials within DOD’s Office of the Under Secretary of Defense for Policy (OUSD-P); the Defense Security Cooperation Agency; CSTC-A’s Intelligence and Train, Advise, and Assist, and U.S. Forces–Afghanistan’s Train, Advise, and Assist Command–South; and, NAVAIR’s contracting and program office support. In addition, we interviewed Insitu personnel at

¹ SIGAR, *Quarterly Report to the United States Congress*, January 30, 2020.

² An aerostat is an aircraft, such as a balloon, that uses gas to float in the air. It can be tethered to the ground or untethered. Aerostats and surveillance towers provide watch and protection over designated facilities, and are designed to counter explosive devices and aerial attacks.

³ A ScanEagle UAS is comprised of a ScanEagle unmanned aerial vehicle, a ground control system, a vehicle launcher, and vehicle recovery equipment.

⁴ GAO, *Afghan Security, Some Improvements Reported in Afghan Forces’ Capabilities, but Actions Needed to Enhance DOD Oversight of U.S. Purchased Equipment*, GAO-19-116, October 2018.

⁵ The 2019 Afghanistan Compact is a U.S. and Afghan initiative, managed by U.S. Forces–Afghanistan, to track the Afghan government’s commitments to and implementation of U.S. development assistance.

⁶ Insitu is a wholly owned subsidiary of The Boeing Company, and is headquartered in Bingen, Washington. Insitu designed, developed, and produced the ScanEagle UAS.

⁷ As part of the audit, we issued an alert letter to DOD in July 2019 highlighting a significant lapse in NAVAIR’s oversight of the ScanEagle contracts (see SIGAR, *Alert Letter: DOD ScanEagle Program*, SIGAR 19-44-AL, July 5, 2019). This report addresses DOD’s August 2019 response to the letter and our remaining concerns.

their headquarters in Bingen, Washington, and at the ScanEagle Schoolhouse at Kandahar Airfield in Afghanistan; and we interviewed ANA officers managing the ScanEagle program for the Afghan government.

We conducted our work in Arlington, Virginia; Patuxent River, Maryland; Lakehurst, New Jersey; Bingen, Washington; and Kabul and Kandahar, Afghanistan, from August 2018 to February 2020, in accordance with generally accepted government auditing standards. Appendix I has a more detailed discussion of our scope and methodology.

BACKGROUND

In 2015, CSTC-A defined requirements to address the ANA capability gaps and determined that the ANA needed a mobile ISR asset. In a CSTC-A memorandum of request, CSTC-A stated that the ANA needed an effective ISR asset that would⁸

1. be able to operate independently of airfields;
2. allow for long-term and undetected full motion video operations;
3. have wide and effective geographic range for surveillance;
4. have the flexibility to be tailored to specific ANA mission needs;
5. be cost effective for the ANA both in operations and sustainment; and
6. be ready and operational for the battlefield in 2016.

In early 2015, the Army Materiel Systems Analysis Activity assessed six potential ISR system options and determined that the ScanEagle UAS best met the ANA's mobile ISR needs.⁹ CSTC-A concurred with the Army Materiel Systems Analysis Activity and determined in March 2015 that the ScanEagle UAS best met the six requirements in the memorandum of request.

Following U.S. Forces–Afghanistan's selection of the ScanEagle UAS as an appropriate option, CSTC-A proposed a 5-year plan to the Afghanistan Resource Oversight Council (AROC), requesting approval to use the DOD Afghanistan Security Forces Fund to purchase ScanEagle UAS, spare parts, contractor field support representatives, and a training program.¹⁰ In March 2015 the AROC approved the initial funding for ANA's ScanEagle program.¹¹

AROC then determined NAVAIR had responsibility for developing statements of work and contracts that addressed CSTC-A's memorandum of request. Between November 2015 and March 2019, NAVAIR awarded four contracts to Insitu to procure ScanEagle UAS, establish operational sites throughout Afghanistan, provide the ANA training to operate and maintain the system, and procure spare parts for continuing UAS operations. These contracts were completed by March 2019.

Table 1 lists the four completed ScanEagle contracts, their periods of performance, and their costs.

⁸ Navy International Programs Office, *Memorandum for the Department of the Navy*, March 20, 2015.

⁹ The Army Materiel Systems Analysis Activity organization provides analysis to the Army and DOD to support and inform the "equipping" and "sustaining" of weapons and equipment for soldiers.

¹⁰ DOD established the AROC on August 3, 2011. It is a senior level body that provides appropriate executive oversight of DOD funds appropriated for training, equipping and sustainment of the Afghanistan security forces. The Under Secretaries of Defense for Policy, and Acquisition, Technology, and Logistics are the chairmen of the AROC.

¹¹ In January 2020, after we discussed our preliminary audit findings with OUSD-P, a senior OUSD-P official told us that DOD then received approval from the National Security Council in April 2015 to proceed with the ScanEagle procurement.

Table 1 - ScanEagle Contracts Completed from November 2015 to March 2019

| Contract Number | Period of Performance | Amount |
|--|-----------------------------|-------------------------|
| N68335-11-G-0009, Delivery Order 0011 | Nov 25, 2015 – Nov 23, 2016 | \$67,998,061.89 |
| N68335-16-G-0046, Delivery Order 0001 | Jan 20, 2017 – Nov 19, 2017 | \$5,036,996.98 |
| N68335-16-G-0046, Delivery Order N6833517F0079 | Jul 25, 2017 – Apr 12, 2018 | \$25,764,659.97 |
| N68335-16-G-0046, Delivery Order N6833518F0050 | Mar 28, 2018 – Mar 25, 2019 | \$58,609,870.18 |
| | Total | \$157,409,589.02 |

Source: NAVAIR contract documents.

Note: This table reports a total cost for the four completed contracts in our audit scope from November 2015 through March 2019. On page one of this report, we state that more than \$174 million was spent to implement the four completed contracts; this figure includes a portion of a new fifth contract that began in April 2019.

In March 2019, NAVAIR awarded a fifth contract to Insitu. Unlike the previous contracts, the fifth contract has a base year with options for 2 additional years. In addition to providing ScanEagle equipment, training, and operation and maintenance support like the previous four contracts, the fifth contract introduces a train-the-trainer program. According to NAVAIR officials, the ANA recruited three former ScanEagle pilots to work alongside Insitu trainers and eventually be certified to train ANA students. These former pilots were trained and certified by Insitu, and are actively performing at an operational ANA ScanEagle site. A CSTC-A senior official told us that the goal of the train-the-trainer program is to help the ANA develop and eventually conduct ScanEagle training independent of Insitu.¹²

Table 2 lists the ongoing ScanEagle contract’s planned periods of performance, and potential overall cost.

Table 2 - ScanEagle Contract Awarded in April 2019 and Future Options

| Contract and Option Year | Period of Performance | Amount |
|--|---------------------------------|------------------------|
| N68335-16-G-0046, Delivery Order N6833519F0434 | April 01, 2019 – March 31, 2020 | \$34,431,159.14* |
| Option Year 1 | April 01, 2020 – March 31, 2021 | \$17,031,908.36** |
| Option Year 2 | April 01, 2021 – March 31, 2022 | \$24,259,050.59 |
| | Total | \$75,722,118.09 |

Source: NAVAIR contract documents.

*This is the total contract award as of March 31, 2020, and includes \$7,187,793.47 exercised by NAVAIR in Option Year 1.

**Option Years 1 and 2 include additional supplies and services that NAVAIR could choose to exercise during the periods of performance.

¹² In June 2020, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist told us that in addition to the three pilot instructors, the train-the-trainer program has certified three maintenance personnel and three mission coordinator instructors. Although the program has been delayed and reduced in scope due to COVID-19 restrictions, the goal remains for the ANA to take over all ScanEagle training in 2021.

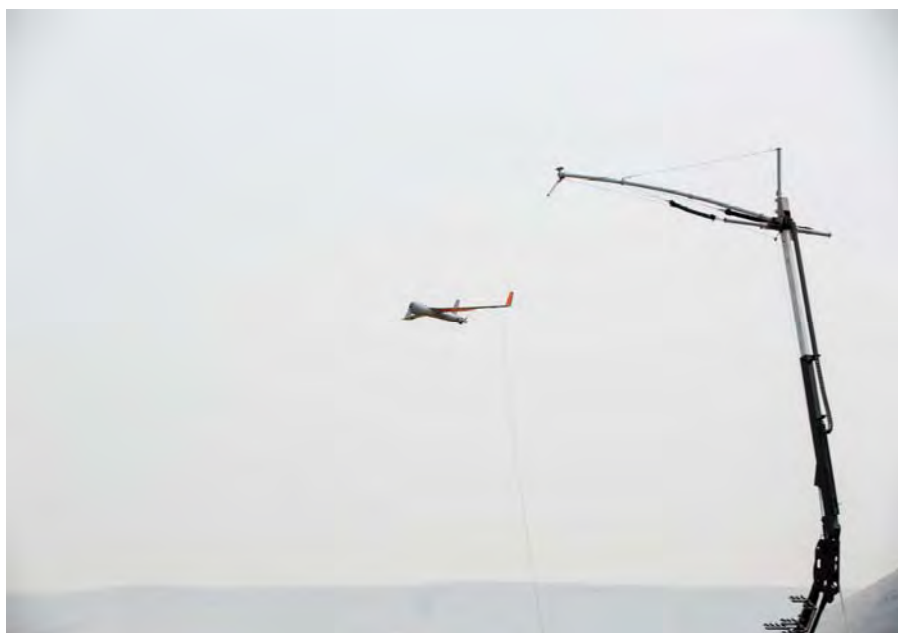
According to CSTC-A, the ScanEagle UAS allows the ANA to provide real-time aerial video of battlefield operations to its forces and intelligence collection to support counterterrorism and counterinsurgency operations. A ScanEagle UAS is comprised of a ScanEagle unmanned aerial vehicle, a ground control system, a vehicle launcher, and vehicle recovery equipment. Photo 1 shows the vehicle and launcher, and photo 2 shows the vehicle and recovery equipment.

Photo 1 - ScanEagle Vehicle Being Launched



Source: Insitu, December 12, 2018.

Photo 2 - ScanEagle Vehicle Being Recovered



Source: Insitu, December 12, 2018.

ScanEagle Program Stakeholders and Their Roles and Responsibilities

The Afghanistan Security Forces Fund, which funds the ScanEagle program, grants DOD the authority to implement Building Partner Capacity programs using a process known as “pseudo Foreign Military Sales.”¹³ The Defense Security Cooperation Agency’s *Security Assistance Management Manual* defines specific roles and responsibilities for implementing a Building Partner Capacity program and pseudo Foreign Military Sales cases. The ScanEagle program is a pseudo Foreign Military Sales case and subject to the manual. Multiple DOD entities have a role in implementing or overseeing the ScanEagle program, with CSTC-A and NAVAIR having the largest roles. CSTC-A is broadly responsible for overseeing the ANA’s progress in acquiring and developing ISR capabilities using the ScanEagle systems, and NAVAIR is responsible for overseeing the ScanEagle contracts and Insitu.

The roles and responsibilities of various DOD entities as they pertain to the ScanEagle program are as follows:

- CSTC-A is both the requesting authority and the requirement owner for the ScanEagle program.¹⁴ In these roles, CSTC-A is responsible for planning the program’s capacity-building activities for the ANA and communicating detailed ScanEagle program requirements to NAVAIR. CSTC-A must also remain actively engaged with NAVAIR to, for example, ensure NAVAIR has the necessary information to implement the ScanEagle program, and communicate and justify CSTC-A’s highest priorities for the program. CSTC-A’s Security Assistance Office is responsible for handling CSTC-A’s management of the program, along with other pseudo Foreign Military Sales cases for the ANDSF. CSTC-A’s Intelligence–Train, Advise, Assist directorate is responsible for the overall management of the ScanEagle program, supporting the ANA and its ISR capabilities.¹⁵ In April 2020, in response to our draft report, CSTC-A noted that its Intelligence–Train, Advise, Assist directorate—the requirement owner for the ScanEagle program—was moved out of CSTC-A in January 2020, and realigned under Resolute Support’s Deputy Chief of Staff for Intelligence.
- NAVAIR is the implementing agency for the ScanEagle program and provides its training, services, equipment, and supplies in accordance with CSTC-A’s request.¹⁶ NAVAIR is responsible for awarding and overseeing Insitu’s implementation of the ScanEagle contracts.
- The Defense Security Cooperation Agency is responsible for administering pseudo Foreign Military Sales cases, such as ScanEagle, under the direction of the OUSD-P, and provides guidance to DOD components and the Security Cooperation Organization on the administration and execution of Building Partner Capacity program activities. Defense Security Cooperation Agency assists CSTC-A in developing and implementing ScanEagle program policies and objectives, logistics planning, and financial management.
- A Security Cooperation Organization is a U.S. organization permanently located in a foreign country that is responsible for carrying out security cooperation management functions, such as equipment and services sales case management. A senior Defense Security Cooperation Agency official told us that

¹³ The 1968 Foreign Military Sales Act authorizes the U.S. government to sell military equipment and defense services to foreign countries. DOD’s *Security Assistance Management Manual* states that the U.S. government first introduced Building Partner Capacity programs in 2005. Under these programs, sales of military equipment are funded with U.S. defense funds, rather than foreign operations appropriations.

¹⁴ The requesting authority is an organization with responsibility for planning regional or country capacity building activities, while the requirement owner is the military organization within DOD authorized to request the equipment or services to be obtained through the pseudo Foreign Military Sales case.

¹⁵ In January 2020, a senior OUSD-P official noted that during the first 2 years of the ScanEagle program, CSTC-A’s Intelligence–Train, Advise, Assist did not exist. During this time, planning for ANA’s ISR requirements fell under Resolute Support’s Deputy Chief of Staff for Intelligence, also referred to as Essential Function 7.

¹⁶ The implementing agency is the military service assigned responsibility for implementing aspects of a pseudo Foreign Military Sales case that requires contracting actions.

there is no Security Cooperation Organization for Afghanistan, and that CSTC-A fills this role by managing pseudo Foreign Military Sales cases through its Security Assistance Office for Foreign Military Sales.

Insitu and the Afghan government are also ScanEagle program stakeholders.

- Insitu is responsible for implementing and complying with the ScanEagle contractual requirements, such as providing the ScanEagle UAS, field support representatives, trainers, and the ANA schoolhouse training facility.
- The Afghan government—in this case, the ANA—is the partner nation, or benefitting country, that receives ScanEagle equipment and services through the pseudo Foreign Military Sales process. CSTC-A advises the ANA on the program.¹⁷

DOD Contract and Program Oversight Requirements

The Federal Acquisition Regulation (FAR) requires DOD to “designate and authorize, in writing and in accordance with agency procedures, a contracting officer’s representative (COR) on all contracts and orders other than those that are firm-fixed-price, and for firm-fixed-price contracts and orders as appropriate, unless the Contracting Officer [CO] retains and executes the COR duties.”¹⁸ FAR also requires that the COR “assists in the technical monitoring or administration of a contract” and maintains contract files documenting actions taken in the performance of COR duties.¹⁹ In addition, the January 2015 DOD *Theater Business Clearance Update for Afghanistan* requires all DOD contracts with contractor personnel performing work in Afghanistan to have an “in-country sponsor” who “is responsible for validating requirements for contract performance in Afghanistan,” and an “in-country contracting officer[’s] representative (COR), an in-country Contracting Officer Technical Representative, and/or an in-country Government Technical Product Representation.”²⁰

DOD’s *Defense Contingency COR Handbook* provides guidance on the roles and responsibilities of CORs, and their importance to contract oversight. For example, the handbook states that because there is critical reliance on contractor support in Afghanistan and large expenditures involved, contract surveillance is vital to ensure that contractors provide timely, high-quality services and supplies; mitigate contractor performance problems; and ensure that the U.S. government “receives best value for the warfighter.”²¹

In addition, DOD has guidance for measuring the performance of its security cooperation programs and contractors. For example, the January 2017 DOD Instruction 5132.14, *Assessment, Monitoring, and Evaluation Policy for the Security Cooperation Enterprise*, requires CSTC-A to do such things as

- develop a comprehensive document that specifies measurable, attainable, relevant, and time-bound objectives to guide a program and to help ensure that it is effectively implemented;
- develop a performance management plan that monitors program progress toward desired outcomes by tracking inputs; and
- determine whether program milestones are achieved within anticipated timeframes, budgets, and outcomes.

¹⁷ Although NAVAIR oversees the contracts for the program, it does not have an advisory role with the ANA.

¹⁸ FAR 1.602-2, Contracting Officer’s Responsibilities.

¹⁹ FAR Subpart 1.6, Career Development, Contracting Authority, and Responsibilities.

²⁰ Richard Ginman, Director Defense Procurement and Acquisition Policy, *Theater Business Clearance Update for Afghanistan*, memorandum for Commander, United States Special Operations Command (Acquisition Executive), United States Transportation Command (Acquisition Executive), Deputy Assistant Secretary of the Army (Procurement), Deputy Assistant Secretary to the Navy (Acquisition & Procurement), Deputy Secretary of the Air Force (Contracting), Directors of Defense Agencies, Directors of DOD Field Activities, January 21, 2015, p. 2.

²¹ *Defense Contingency COR Handbook*, Version 2, September 2012, p. 1.

DOD also has guidance to conduct evaluations and assessments on security cooperation programs to help ensure they are sustainable. For example, DOD Instruction 5132.14 requires DOD to evaluate, track, and report on a program's sustainability.

DOD IS UNABLE TO DETERMINE THE EXTENT TO WHICH INSITU MET THE TERMS OF THE SCANEAGLE CONTRACTS BECAUSE DOD DID NOT CONDUCT REQUIRED OVERSIGHT

DOD cannot determine the extent to which Insitu met the terms of its contracts because NAVAIR did not meet requirements for conducting contract oversight. First, NAVAIR did not designate a COR for all of the ScanEagle contracts as DOD instructed, and NAVAIR's CO did not perform COR duties for those contracts, as U.S. regulations suggest. Second, NAVAIR did not have an in-country sponsor in Afghanistan responsible for validating contract requirements, as DOD required. Third, NAVAIR and Insitu could not produce evidence that Insitu completed many of the contract deliverables required to determine if the contractor met the terms of the contracts. Because of these gaps in deliverables, NAVAIR does not know the extent to which Insitu met the performance terms of the contracts.

NAVAIR Did Not Have a COR for Three of the Contracts and the CO Did Not Perform COR Duties, As Required

In approving resources for the ScanEagle program in 2015, DOD's AROC specifically stated that the ScanEagle contracts need to have CORs and responsible DOD parties needed to "ensure CORs are in the right place to monitor performance."²² In addition, FAR 1.602-2, Contracting Officer's Responsibilities, requires the CO "to designate and authorize, in writing and in accordance with agency procedures, a [COR] on all contracts and orders other than those that are firm-fixed-price, and for firm-fixed price contracts and orders as appropriate, unless the contracting officer retains and executes the COR duties."

We found that NAVAIR did not have a COR assigned to three of the five firm-fixed-price contracts we reviewed—contracts 1, 3, and 4—as the AROC directed. The NAVAIR CO told us that CORs were not required for these three contracts. However, when we asked the CO to explain his justification for not having CORs, we received multiple explanations without a clear answer. For example, in our initial interview with NAVAIR personnel, the CO stated that a COR was not required for these contracts because less than 35 percent of each contract involved services. In a follow-up interview, when we asked for documentation supporting the requirement that a COR was not needed on contracts that were less than 35 percent services, the CO stated that there was no documentation for this rule. Rather, he said that he made the determination that a COR was not needed because the majority of the ScanEagle contracts involved procurement of goods rather than services. The CO further noted that only services contracts need CORs. We again asked NAVAIR for documentation supporting this justification, but it provided none.

In December 2019, after we discussed our preliminary audit findings with NAVAIR officials, NAVAIR told us that pursuant to the Defense Federal Acquisition Regulation Supplement (DFAR) Procedures, Guidance, and Information 201.602-2, a CO "shall designate a COR for all service contracts..." and that the three contracts were not service contracts and therefore did not need CORs. Nevertheless, NAVAIR was required to have a COR on the three ScanEagle contracts due to the AROC's 2015 direction, and that the FAR called for either assigning a COR, or having the CO perform COR duties.

²² AROC, Meeting Summary, Afghanistan National Army (ANA) Airborne Intelligence, Surveillance, and Reconnaissance (ISR) (ScanEagle), March 19, 2015.

In May 2020, in response to our draft report, NAVAIR again emphasized that the FAR and DFAR did not require NAVAIR to assign CORs to the supply contracts. However, over the course of the audit NAVAIR could not explain or articulate why it was in the best interest of the government to not assign a COR to the three, multi-million dollar contracts executed in a theater beyond the purview of the CO, per contract guidance.²³

Moreover, the AROC specifically stated that the ScanEagle contracts needed to have CORs. NAVAIR officials told us that it was not aware of the AROC's 2015 determination prior to our bringing it to their attention. Furthermore, because NAVAIR said it was not aware of the AROC's determination, and that it views the meeting summary document only as "meeting minutes," NAVAIR said it did not need to comply with the AROC's direction. NAVAIR told us in May 2020 that it was not "bound to comply with any of its contents as part of the ScanEagle contract awards. Further, NAVAIR disagrees as a general matter that meeting minutes are authoritative requirements documents." In May 2020, DOD's Defense Pricing and Contracting office acknowledged the AROC's direction.²⁴ SIGAR disagrees with the notion that since NAVAIR was not aware of the AROC's direction that the requirement is therefore not applicable, and we are concerned that NAVAIR does not believe it needs to comply with the direction of the Deputy Director of Procurement and Acquisition Policy, a senior official of the AROC, which both OUSD-P and CSTC-A acknowledged was a requirement.

CSTC-A was aware that NAVAIR had not assigned CORs to three of the ScanEagle contracts.²⁵ A senior CSTC-A official contacted NAVAIR directly on multiple occasions to express his concern about the lack of contractor oversight. The CSTC-A official requested that NAVAIR assign a COR or an alternative COR in Afghanistan to help address ScanEagle program execution, contractor oversight, and a problematic relationship between CSTC-A officials and Insitu personnel. On another occasion, the same CSTC-A official stated in an email to NAVAIR that the lack of a COR "is not acceptable to my CSTC-A chain of command." NAVAIR initially responded that it was willing to address CSTC-A's concern but never assigned CORs. NAVAIR eventually disagreed with CSTC-A's concern regarding the lack of a COR because, according to NAVAIR's CO, the Program Manager provided proper contract oversight and monitoring from the United States.

In January 2020, after we discussed our preliminary audit findings with NAVAIR officials, NAVAIR told us that it responded to CSTC-A's request for a COR in August 2018 by providing CSTC-A with guidance on how to nominate a COR. NAVAIR stated that it was CSTC-A's responsibility to nominate a COR, but CSTC-A did not do so. In May 2020, in response to our draft report, NAVAIR provided us the guidance explaining how CSTC-A is responsible for nominating a COR and NAVAIR is responsible for then appointing that COR. We agree that both NAVAIR and CSTC-A had responsibilities to help address the AROC's requirements and expect that both agencies will work to meet these requirements to help ensure appropriate contractor oversight.

Separately, FAR 1.602-2 allows a CO to perform the duties of a COR if no COR is assigned to a firm-fixed-price contract. We received no evidence of the CO performing these COR duties on the three contracts. NAVAIR did not provide evidence that the CO performed COR duties, such as determining the extent to which Insitu met ScanEagle contract requirements, and did not have evidence of required contract records, such as a Quality Assurance and Surveillance Plan (QASP), records of inspections performed and their results, or a surveillance

²³ DODI 5000.72, DOD Standard for Contracting Officer's Representative (COR) Certification, paragraph 3.b. states that it is DOD policy that, "Contracting officers will designate a COR for all service contracts, including construction, unless the contracting officer retains and executes contract oversight responsibilities when the conditions of subpart 201.602-2 of the DFARS Procedures, Guidance, and Information (Reference (g)) exist. CORs may be required for any other contract when the need for a COR is determined by the contracting officer. The contracting officer always has the right to designate a COR when it is in the best interest of the U.S. Government."

²⁴ In May 2020, DOD's Defense Pricing and Contracting office offered comments on a draft of this report. The office is responsible for all pricing, contracting, and procurement policy matters in DOD.

²⁵ CSTC-A officials told us they first became aware of a COR being assigned to ScanEagle contracts when NAVAIR started the fifth contract in April 2019.

schedule.²⁶ Specifically, NAVAIR did not develop a QASP for any of the four completed contracts to use to assess Insitu's performance.

The CO stated that to meet COR oversight responsibilities, he relied on NAVAIR's ScanEagle Program Manager in the United States to provide the required oversight. However, when questioned by us, the program manager acknowledged that she was not a COR and thus not responsible for conducting contract oversight, and relies on Insitu and CSTC-A for in-theater monitoring.

In January 2020, NAVAIR told us it is important to note that NAVAIR did conduct contract oversight "through various means, primarily through report tracking, daily/weekly phone calls and emails with CSTC-A and Insitu." Although we agree that NAVAIR did communicate with CSTC-A and Insitu, this communication alone does not satisfy the AROC requirements to assign CORs.

Also in January 2020, NAVAIR also told us that per the DFAR 246.401, QASPs are required only on service contracts, and that four of the five ScanEagle contracts were supply contracts, and therefore, not required to have QASPs. The supplement states

The requirement for a quality assurance surveillance plan shall be addressed and documented in the contract file for each contract except for those awarded using simplified acquisition procedures. For contracts for services, the contracting officer should prepare a [QASP] to facilitate assessment of contract performance, see 237.172. For contracts for supplies, the [CO] should address the need for a [QASP].²⁷

We not only disagree with NAVAIR's assertion that QASPs are not required for the completed contracts, but also note that NAVAIR did not follow the DFAR guidance it referred to when responding to a preliminary draft of our audit findings. First, NAVAIR provided evidence of ScanEagle contract records requiring NAVAIR to develop QASPs. Specifically, we found that NAVAIR's acquisition plans for contracts 2, 3, and 4 included a requirement that a QASP be used to assess and document the performance of the contract. Second, NAVAIR did not follow DFAR 246.401 concerning its supply contracts. NAVAIR has not provided any evidence of CO records addressing the need, or lack thereof, to have QASPs for any of the supply contracts.

Finally, although NAVAIR provided documentation that it had assigned a COR to contracts 2 and 5, it did not provide any evidence that the COR performed any oversight over these contracts. We requested an interview with the NAVAIR COR—the same individual was assigned to both contracts—on multiple occasions to verify that she was the COR and to understand her role in conducting oversight of those contracts. However, NAVAIR and the COR did not respond to our initial requests for an interview.

In July 2019, we sent an alert letter to NAVAIR stating our concerns that a COR had not been assigned and that proper contract oversight was not conducted (see appendix III). In December 2019, NAVAIR made the COR available for an interview. The COR stated that she performed some COR duties for contract 2 but could not

²⁶ FAR 46.401 states that

Government quality assurance shall be performed at such times (including any stage of manufacture or performance of services) and places (including subcontractors' plants) as may be necessary to determine that the supplies or services conform to contract requirements. Quality assurance surveillance plans should be prepared in conjunction with the preparation of the statement of work.

In addition, NAVAIR Instruction 4200.57, *Contract Requirements and Use of Contracting Officer's Representatives*, states that a COR should use a QASP to assess the contractor's performance, and NAVAIR's acquisition plan asserts that the QASP should identify the government individuals responsible for monitoring the performance and performance standards, acceptable quality levels, and method of surveillance of each critical service area and product delivered under this contract. A surveillance schedule, which a QASP establishes, states the methods and extent to which the government will evaluate the contractor throughout the performance of the contract. In May 2020, in response to our draft report, DOD's Defense Pricing and Contracting office requested we note that QASPs are typically used on service contracts.

²⁷ Defense Federal Acquisition Regulation Supplement 246.401, *Government Contract Quality Assurance, General*, December 21, 2018. In May 2020, in response to our draft report, DOD's Defense Pricing and Contracting office said we are correct that the CO should evaluate whether a QASP is needed and document his or her findings in the contract file.

remember specifics because NAVAIR lost its electronic contract records due to a Windows 10 update in May 2018. The COR also stated that she performed COR duties for contract 5, such as reviewing Insitu's daily or monthly reporting, frequently communicating with NAVAIR's technical point of contact, and documenting her acknowledgment of COR duties.

DOD's *Defense Contingency COR Handbook* states that because there is critical reliance on contractor support in Afghanistan and large expenditures involved, contract surveillance is vital to ensure that contractors are providing timely, high-quality services and supplies; to mitigate contractor performance problems; and to ensure that the U.S. government "receives best value for the warfighter."²⁸ Because NAVAIR did not have CORs on three of the ScanEagle contracts, we determined that NAVAIR did not adhere to DOD guidance, and did not provide the required level of contract oversight.

In May 2020, in response to our draft report, NAVAIR provided documents to show it is taking steps to ensure that a QASP is used on the current contract and that NAVAIR has implemented a surveillance plan. We appreciate NAVAIR taking these important steps and look forward to receiving documentation identifying the appropriate designated official responsible for monitoring and assessing the performance of the contract.

NAVAIR Did Not Provide Required Contract Oversight in Afghanistan

A January 2015 DOD policy, *Theater Business Clearance Update for Afghanistan*, requires all DOD contracts with contractor personnel performing work in Afghanistan to have an "in-country sponsor" who "is responsible for validating requirements for contract performance in Afghanistan," and an "in-country contracting officer[']s representative (COR), an in-country Contracting Officer Technical Representative, and/or an in-country Government Technical Product Representation."²⁹ This DOD policy states also that the "in-country sponsor may also serve as the in-country COR/COTR [Contracting Officer Technical Representative]/GTPR [Government Technical Product Representation]," and that "the in-country sponsor organization will provide an in-country COR/COTR [Contracting Officer Technical Representative]/GTPR [Government Technical Product Representation] if the requiring activity is not able to provide one."³⁰ The policy clarified that this in-country sponsor could be in addition to a primary COR, Contracting Officer Technical Representative, or Government Technical Product Representation based in the United States.

As we stated in our July 2019 alert letter to DOD, we found that NAVAIR did not have personnel performing the required oversight of the ScanEagle contracts in Afghanistan.³¹ Since it began implementing the ScanEagle program in November 2015, NAVAIR has not designated an in-country sponsor in Afghanistan to validate any of the five ScanEagle contract performance requirements, pursuant to DOD policy. For four of the contracts, NAVAIR identified five personnel with CSTC-A assigned to be in-country sponsors. However, when we interviewed these officials to confirm their appointment or designation and inquire about any in-country oversight responsibilities they were conducting, four officials told us they never received an appointment from NAVAIR, nor were they aware that NAVAIR had assigned them any contractor oversight responsibilities for the ScanEagle program.³² Furthermore, the four officials said they did not have access to all of NAVAIR's contract records, which they would have needed to perform a contract oversight role.

In response to our July 2019 letter, NAVAIR said it complied with the January 2015 DOD policy for contracts 1 and 5, and did not refute our conclusion that it did not adhere to the policy for contracts 2, 3, and 4.³³ In the same response, NAVAIR disagreed with our conclusion that there was a significant lapse in oversight, but

²⁸ DOD, Director, Defense Procurement and Acquisition Policy, *COR Handbook*, September 2012, p. 1.

²⁹ Richard Ginman, *Theater Business Clearance Update for Afghanistan*, memorandum, January 21, 2015, p. 2.

³⁰ Richard Ginman, *Theater Business Clearance Update for Afghanistan*, memorandum, January 21, 2015, p. 2.

³¹ SIGAR, *DOD ScanEagle Program*, SIGAR 19-44-AL, July 5, 2019.

³² One of the CSTC-A officials that NAVAIR identified as an in-country sponsor did not respond to our requests to speak and we could not verify what in-country sponsor roles she performed, if any.

³³ Department of the Navy, *Response to SIGAR Alert Letter 19-44 "DOD ScanEagle Program"*, August 1, 2019.

acknowledged that there was a potential disconnect between NAVAIR and CSTC-A in communications on the ScanEagle contracts. NAVAIR noted that it should work with CSTC-A to gain a clearer understanding of contract oversight roles and responsibilities. NAVAIR stated that it would conduct a meeting with CSTC-A personnel by August 2019 to discuss details of the ScanEagle contracts, including addressing any differences between NAVAIR's and CSTC-A's objectives and contract requirements; clarifying contract oversight roles and responsibilities; and establishing more effective communications regarding program expectations, Insitu's performance, and contract oversight. NAVAIR also stated that it would invite CSTC-A to future quarterly meetings tentatively scheduled for October 2019 with NAVAIR and Insitu to facilitate "recurring dialogue... [and] to ensure that all parties understand the objectives, requirements, and challenges to implementing the ScanEagle program."³⁴

In October 2019, CSTC-A officials told us they conducted an initial meeting in August 2019 with NAVAIR and described it as a "good first step." However, the officials also noted that there had not been any further communication, and that NAVAIR still was "unwilling" to provide in-country personnel to conduct ScanEagle contract oversight in Afghanistan. In January 2020, NAVAIR told us that it has conducted additional communications with CSTC-A since August 2019.

In January 2020, NAVAIR also told us that "it is the responsibility of the requiring organization, in this case CSTC-A, to provide in country [sic] resources to perform in-country contract surveillance/oversight functions."³⁵ While we agree that CSTC-A has responsibility, we disagree with NAVAIR's assertion that it is solely CSTC-A's responsibility to provide resources in Afghanistan and note that DOD's *Theater Business Clearance Update for Afghanistan* states that "all contracting organizations, regardless of any command relationship with USCENTCOM [United States Central Command], awarding contracts with performance or delivery in Afghanistan shall coordinate through the TBC [*Theater Business Clearance*] process."³⁶ A senior DOD official with Army Contracting Command-Afghanistan emphasized that NAVAIR does have responsibility to follow the *Theater Business Clearance*. Based on the official's comments and our review, we believe NAVAIR did not meet the *Theater Business Clearance* as required.

In May 2020, in response to our draft report, NAVAIR reiterated that it identified CSTC-A personnel assigned to be in-country sponsors on the government forms required per the *Theater Business Clearance*. However, those purported in-country sponsors told us that they never received an appointment from NAVAIR, nor were they aware that NAVAIR had assigned them any contractor oversight responsibilities for the ScanEagle program. We believe the intent of the *Theater Business Clearance* is not to simply list names on forms but to ensure the identified personnel actually perform the in-country sponsor duties.

Nevertheless, we are encouraged that DOD appears to be taking initial steps to address our report's second recommendation and fulfill the intent of the *Theater Business Clearance*. In May 2020, in response to our report, Resolute Support's Deputy Chief of Staff for Intelligence told us that it has tentatively agreed to a plan with NAVAIR to assign two in-country CORs starting in June or July 2020. In May 2020, in a separate response to our report, NAVAIR told us that it expects Resolute Support's Deputy Chief of Staff for Intelligence to provide a COR nomination package sometime after mid-June 2020.

NAVAIR and Insitu Did Not Have Evidence for Many Required Contract Deliverables

The ScanEagle contracts required Insitu to produce written reports defined in each contract by the Contractor Data Requirement List. However, NAVAIR did not know how many deliverables Insitu completed, providing further evidence of its lack of oversight. Because of these gaps in deliverables, NAVAIR does not know the extent to which Insitu met the performance terms of the contracts. To determine the total number of required

³⁴ Department of the Navy, *Response to SIGAR Alert Letter 19-44 "DOD ScanEagle Program"*, August 1, 2019.

³⁵ NAVAIR, *NAVAIR Comments on SIGAR Audit 127A Draft SOF*, January 10, 2020.

³⁶ Richard Ginman, *Theater Business Clearance Update for Afghanistan*, memorandum, January 21, 2015, p. 1.

deliverables for each of the four completed contracts, we reviewed the Contract Data Requirement Lists, which define the requirements for each deliverable and provide information, such as the name and type of reports to produce, the dates reports should be initiated and submitted, and the frequency of reporting, with some required monthly and others on an ad hoc basis.³⁷ Based on our analysis, we found that the four completed contracts required NAVAIR and Insitu to produce at least 403 deliverables from November 2015 to March 2019. However, NAVAIR provided no evidence that Insitu completed 122 of the 403 deliverables—or 30 percent of all the deliverables. We found significant gaps in NAVAIR’s deliverables and that oversight worsened from one contract to the next. NAVAIR had evidence for 86 percent of deliverables for the first contract, but just 58 percent for the fourth contract.

We requested NAVAIR send us copies of all deliverables required for each contract as part of our analysis. In addition, for the deliverables that NAVAIR could not provide, we asked Insitu to address the gap in records. Insitu provided evidence that it completed 4 of the 122 deliverables that NAVAIR did not have.

Table 3 shows how many deliverables each of the first four ScanEagle contracts required NAVAIR and Insitu to produce versus how many deliverables they provided us.

Table 3 - Contract Deliverables Required Versus Deliverables Provided

| Contract | Required Deliverables | Deliverables Provided | % Deliverables Provided |
|--------------|-----------------------|-----------------------|-------------------------|
| Contract 1 | 112 | 96 | 86% |
| Contract 2 | 66 | 46 | 70% |
| Contract 3 | 81 | 55 | 68% |
| Contract 4 | 144 | 80 | 58% |
| Total | 403 | 281 | 70% |

Source: SIGAR analysis of data provided by NAVAIR and Insitu.

For example, contract 2 required Insitu to submit Monthly Master Inventory Management Reports to help track assets and parts usage; however, NAVAIR provided no evidence these reports were ever generated or submitted. In another example, contracts 3 and 4 required Insitu to submit Training Summation Reports summarizing training conducted with ANA soldiers. However, NAVAIR provided us only 5 of the 22 reports. Additionally, contract 4 required Insitu to submit a Monthly Situation Report for each of the five ScanEagle operational sites. These reports would describe accomplishments, events to be completed, and potential risks. However, Insitu could provide only 27 of the 57 required reports.³⁸

³⁷ Our review did not include contract 5, which started in April 2019, to assess the extent to which Insitu completed the deliverables as required, because the contract is not yet complete. We could not determine an exact total number of deliverables across the first four contracts because of inconsistencies in the contract language.

³⁸ In January 2020, NAVAIR told us that our analysis of the contract deliverables was incorrect. For example, NAVAIR suggested we incorrectly calculated the number of required Monthly Situation Reports and that only one report was required each month across all of the sites instead of one report for each site. However, NAVAIR did not provide any documentation or evidence to support its claim. Moreover, although the contract language may be vague, NAVAIR provided us evidence that Insitu produced the Monthly Situation Reports for each site for some of the contracts.

NAVAIR acknowledged that it had gaps in its contract records and told us that these gaps resulted, in part, from losing electronic records during NAVAIR's update to Windows 10 in February 2018.³⁹ However, Insitu did not explain why it could not produce evidence for the missing deliverables it was required to produce.

Per FAR 4.703, contractors shall make available records, which includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form, and other supporting evidence to satisfy contract negotiation, administration, and audit requirements of the contracting agencies and the Comptroller General for [at least] 3 years after final payment."⁴⁰

Although we do not have documentation for contract 1's close out, Insitu should be retaining records for contracts 2, 3, and 4.

As a result of the inability of NAVAIR and Insitu to provide evidence for completing 30 percent of the required deliverables, we determined that NAVAIR lacks significant information to determine whether Insitu completed the work it was paid to perform.

NAVAIR and Insitu's records gaps also means NAVAR lacked important contract performance reporting deliverables on the numbers of ANA soldiers Insitu trained (i.e., training summation reports), hours ANA operated ScanEagle vehicles flew (i.e., monthly flight readiness reports), spare parts purchased and used to maintain the ScanEagle systems (i.e., parts usage reports), and ScanEagle vehicle crashes or failures (i.e., MISHAP reports). In January 2020, NAVAIR commented that the Situation Reports it provided to us include all of this information. We reviewed the reports and determined they do not. We believe NAVAIR is conflating the Situation Reports to represent all of the other required deliverables, such as training summation and MISHAP reports. The examples we provide above are distinct deliverables from the Situation Reports.

In May 2020, in response to our draft report, NAVAIR provided us three new tables of "salient contract performance statistics" from November 2015 through April 2020, including a "cumulative flight summary across all contracts," a "cumulative spare part summary across all contracts," and a "cumulative student summary across all contracts." However, NAVAIR did not provide original source evidence or explain how the tables were populated. Without the supporting information such as monthly flight readiness reports, parts usage reports, and mishap reports, which NAVAIR was unable to provide when we requested, it is unclear how these tables could be created without the missing deliverables. As a result, we view the information provided as insufficient to include in this report.⁴¹

Moreover, based on our analysis of performance reporting we received, such as the monthly flight readiness reports and situation reports, we found that the actual number of flight hours Insitu reported for the operating sites was 12,413 hours, less than half of the 27,261 flight hours NAVAIR estimated would be necessary to support ScanEagle missions during that specified time.

NAVAIR lacked the performance information necessary to determine the extent to which the ScanEagle equipment and training services it procured is used. This also raises concerns about how NAVAIR justified procuring 105 ScanEagle vehicles totaling over \$32 million and spare parts totaling over \$52 million, and future planned procurements.⁴² CSTC-A officials have also raised similar concerns. For example, a CSTC-A official told us that based on the performance information of the ScanEagle's flight hours, they believe the U.S. government is overpaying for the ScanEagle contracts.

³⁹ Prior to issuing our alert letter a NAVAIR official told us NAVAIR's Windows update occurred in May 2018.

⁴⁰ FAR Subpart 4.703, Contractor Records Retention Policy.

⁴¹ In May 2020, NAVAIR also told us that its request for an exit conference with our team remains outstanding. However, we held an exhaustive and thorough exit conference with NAVAIR on December 19, 2019.

⁴² In January 2020, NAVAIR said our calculations of the number of ScanEagle procured and their total cost was incorrect. However, NAVAIR did not provide evidence to support this claim or new figures. We based our analysis on evidence provided.

DOD DID NOT MEASURE AND EVALUATE THE SCANEAGLE PROGRAM'S PERFORMANCE BECAUSE DOD ASSERTED ESTABLISHED PERFORMANCE MEASUREMENT REQUIREMENTS DID NOT APPLY PRIOR TO 2019 AND ARE TOO COSTLY TO APPLY NOW

DOD and CSTC-A have not implemented DOD performance management guidance to measure and to evaluate ScanEagle program performance. The January 2017 DOD Instruction 5132.14, *Assessment, Monitoring, and Evaluation Policy for the Security Cooperation Enterprise*, requires CSTC-A to, for example

1. Develop an initiative design document, a comprehensive document that specifies measurable, attainable, relevant, and time-bound objectives to guide all security cooperation initiatives and help ensure the program is effectively implemented; and maintain and retain the document to make updates as needed, to then share among stakeholders.
2. Develop a performance management plan for the security cooperation initiative, which includes a logical framework that maps program goals and objectives to the activities necessary to achieve desired change, to monitor program progress toward desired outcomes by tracking inputs (e.g., funding, manpower, and expertise), and then determine whether programmatic milestones are achieved within anticipated timeframes, budgets, and outcomes.
3. Conduct centralized, independent, and rigorous evaluations of significant security cooperation initiatives to examine their relevance, effectiveness, and sustainability.

DOD did not provide evidence that CSTC-A prepared an initiative design document, a performance management plan, or a centralized independent and rigorous evaluation, as the 2017 instruction requires. A senior OUSD-P official told us that DOD has not yet implemented the 2017 instruction and that DOD's Office of Defense Security Cooperation plans to work with CSTC-A over the next year to do so. In an October 2018 report, SIGAR recommended that DOD comply with all DOD policies regarding security cooperation assistance, including DOD Instruction 5132.14. DOD concurred with the recommendation and stated that OUSD-P planned to submit a plan to Congress to assess, monitor, and evaluate security cooperation programs implemented under the Afghanistan Security Forces Fund for fiscal year 2019.⁴³

In December 2019, the same senior OUSD-P official told us that he interpreted the DOD instruction as applying broadly to the Afghanistan Security Forces Fund programs and not to any one specific program, such as ScanEagle. However, DOD did not provide us any documentation to support this new interpretation.

In May 2020, after reviewing a draft of our report, DOD provided us a copy of the plan it sent to Congress to assess, monitor, and evaluate security cooperation programs, but noted that the plan did not specifically address ScanEagle. DOD later "determined that this approach [plan] would not be sufficient to meet Congressional intent because it would cover barely a fraction of the total Afghanistan Security Forces Fund appropriation."⁴⁴

In May 2020, OUSD-P and the Office of the Deputy Assistant Secretary of Defense for Security Cooperation also told us they do not need to, nor do they plan to, measure and evaluate ScanEagle program performance under the January 2017 DOD Instruction 5132.14. These DOD officials noted that the instruction only began to apply to Afghanistan Security Forces Fund programs and activities starting in fiscal year 2019 as a result of the FY2019 National Defense Appropriation Act, and therefore, the instruction did not apply to ScanEagle efforts that began before the start of fiscal year 2019. In addition, the same DOD officials told us that they interpret the

⁴³ SIGAR, *Afghanistan National Defense and Security Forces: DOD Lacks Performance Data to Assess, Monitor, and Evaluate Advisors Assigned to the Ministries of Defense and Interior*, SIGAR 19-03-AR, October 2018.

⁴⁴ DOD, *Fiscal Year 2019 Plan for Assessment, Monitoring, and Evaluation of Security Cooperation Activities of the Department of Defense: Submitted pursuant to Section 1211 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232)*, March 2019.

DOD instruction as breaking security cooperation initiatives down by programs, projects, and then activities. DOD officials told us that ScanEagle is an activity under the Afghanistan Security Forces Fund program, and the project “might be” the “development of ISR [intelligence, surveillance, and reconnaissance] capability.”

The DOD officials further stated that it would be a “massive undertaking” to apply the instruction to initiatives below the project level, and would require “dozens of teams” and “extra millions if not tens of millions of dollars of funding” to expand the instruction to evaluate the performance of activities such as ScanEagle. To address the DOD instruction for the Afghanistan Security Forces Fund program, DOD hired the Center for Naval Analyses to conduct the required assessments, monitoring, and evaluation. However, this work does not currently include, and does not plan to include, ScanEagle. The DOD officials said DOD would need about two to three years to determine if there is any value in expanding the scope of work to include intelligence, surveillance, and reconnaissance projects as a whole, as well as possible aspects of ScanEagle. As such, DOD does not plan to apply DOD Instruction 5132.14 to the ScanEagle program in Afghanistan for at least three years, and even then, any assessment, monitoring, or evaluation would not be focused specifically on ScanEagle nor formally measure the performance of the ScanEagle program.

A senior CSTC-A official told us in January 2019 that CSTC-A’s only means for measuring the ScanEagle program’s performance is using the January 2019 Afghanistan Compact and collecting anecdotal evidence from ANA operations.⁴⁵ The compact includes tasks for CSTC-A to field ScanEagle UAS to ANA Corps, train ANA ScanEagle detachment personnel, and develop a training sustainment plan for the ScanEagle UAS. CSTC-A reported that it has not met these goals but plans to complete them by December 2020. Despite previous assertions that it used the compact to measure ScanEagle outcomes, CSTC-A told SIGAR in September 2019 that it no longer uses the compact.⁴⁶ As a result, it appears CSTC-A no longer measures against the compact’s ScanEagle outcomes.⁴⁷

CSTC-A officials provided examples of ScanEagle program performance successes that include the ANA occasionally flying a ScanEagle UAS without Insitu’s support, the ANA identifying enemy sites while flying (e.g., locating two Taliban prison of war camps), and the ANA providing other ANA forces video to assist with conducting aerial strikes on terrorist targets.⁴⁸ In January 2020, CSTC-A officials told us that the ScanEagle program helped identify 900 enemy locations in 1 year. CSTC-A also commented that “while we do not have day-to-day visibility on all their successes or failures, we do know that ScanEagle is considered ‘highly effective’ by the Afghan Chief of General Staff and his GSG2 [intelligence staff].” Although anecdotal assertions of success can help inform decision making, they are not a replacement for a formal, specific, fact-based assessment, monitoring, and evaluation of ScanEagle. In June 2020, in response to our draft report, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist told us that with the exception of the schoolhouse, all seven ScanEagle hubs are operating without Insitu personnel due to COVID-19; however, Insitu personnel were available virtually to provide assistance.⁴⁹ Moreover, during this time, the ANA fielded

⁴⁵ DOD describes the Afghanistan Compact as a U.S. and Afghan government initiative owned by U.S. Forces–Afghanistan that attempts to track and measure the performance of various activities conducted to improve the capacity of the ANDSF and ANA, such as ANA security and ISR capabilities.

⁴⁶ The CSTC-A official stated that CSTC-A no longer uses the Afghanistan Compact Task Tracker, which outlines critical areas, goals, and associated tasks to achieve a desired end state. The CSTC-A official noted that the U.S. Department of State uses the compact, while CSTC-A relies on bilateral commitment letters with the Afghan government. However, CSTC-A stopped using commitment letters in early 2020.

⁴⁷ In May 2020, a senior OUSD-P official questioned why a CSTC-A official said this, and told us he believes the compact “was not a means by which DOD tracks its programs.”

⁴⁸ In January 2020, after we discussed our preliminary audit findings with CSTC-A officials, CSTC-A commented that the ANA now “frequently” has the capability to achieve these types of successes. However, CSTC-A did not provide additional evidence to support this improvement.

⁴⁹ The schoolhouse has one Insitu personnel on site to provide on-the-job training for newly qualified personnel.

three spokes and a landing recovery system without hands-on assistance from Insitu.⁵⁰ The ANA is also conducting distance learning education to qualify new mission coordinators.

CSTC-A does not have access to all of NAVAIR's detailed ScanEagle contract records to understand what Insitu is specifically supposed to accomplish or to measure overall program performance. CSTC-A officials told us that NAVAIR did not always grant access to detailed ScanEagle contract records. Although CSTC-A personnel occasionally visited operational ScanEagle sites and observed ANA and Insitu activities, without contract records detailing the requirements Insitu must perform, CSTC-A personnel could not fully understand what Insitu was supposed to do, verify the extent to which Insitu performed required tasks, or determine how CSTC-A's own efforts enhanced overall program performance. CSTC-A said it made multiple requests to NAVAIR for the contract records and deliverables, including MISHAP reports, but NAVAIR did not provide them or simply did not respond to the requests. A CSTC-A official told us that because NAVAIR did not provide requested contract documents, it was difficult for CSTC-A to advise the ANA, as the command did not know what equipment and services Insitu was required to provide. Another CSTC-A official told us that she was especially concerned about the lack of information on the number of ScanEagle crashes and why they occurred.

In May 2020, in response to our draft report, NAVAIR told us it has begun taking steps to provide CSTC-A access to contract deliverables and records for the current contract. We are encouraged that NAVAIR is taking initial steps to address our report's third recommendation.

As a result of DOD's new May 2020 interpretation of DOD Instruction 5132.14 and the explanation that DOD does not need to apply the instruction's requirements to ScanEagle, we deleted a recommendation contained in a draft of this report that called for DOD OUSD-P to provide guidance to NAVAIR and CSTC-A on the implementation of DOD Instruction 5132.14 for the ScanEagle program, including requirements to measure performance and assess sustainability of the program. However, we maintain that DOD would benefit from formally measuring the performance and sustainability of the ScanEagle program.

DOD DID NOT ASSESS THE SUSTAINABILITY OF THE SCANEAGLE PROGRAM AND ENCOUNTERED DELAYS IN DEVELOPING THE ANA'S OPERATIONAL CAPABILITY

DOD has not assessed whether the ANA can sustain the ScanEagle program. Furthermore, DOD has encountered delays in developing the ANA's capability to independently operate the program due to several key challenges, specifically issues related to (1) training ANA soldiers, (2) manning ScanEagle operations, (3) fielding operational ScanEagle sites, and (4) operationalizing intelligence obtained through the ScanEagle program. As a result, DOD lacks information necessary to track, understand, and improve the return on its \$174 million investment in the program, and is poorly positioned to transfer program responsibilities to the ANA.

DOD Did Not Assess the Sustainability of the ScanEagle Program

The January 2017 DOD Instruction 5132.14, *Assessment, Monitoring, and Evaluation Policy for the Security Cooperation Enterprise*, requires DOD to accurately report on the sustainability of programs, maintain transparency with key stakeholders, and track programs to make necessary adjustments on the investment. The instruction also requires DOD to perform a "rigorous" evaluation of a security cooperation program to examine its relevance, effectiveness, and sustainability, and to conduct an initial assessment that describes the Afghan government's willingness and propensity to implement and sustain the program, improve institutional capacity, build its capabilities as needed, and identify requirements, gaps, and potential risks.

⁵⁰ The ScanEagle system operates ANA "hub" and "spoke" locations. A hub is a primary ANA operational site that includes the ScanEagle ground control system. A spoke is a support site.

We found that DOD did not assess the sustainability of the ScanEagle program or the ANA's ability to sustain the ISR capabilities it developed and acquired using the ScanEagle UAS. OUSD-P and CSTC-A officials told us that there is no documented sustainability plan for how the ANA will maintain and sustain the ScanEagle program without U.S. government support. Despite the absence of a sustainability assessment, senior officials with CSTC-A and the ANA said the program will fail if the U.S. government stops funding it.

OUSD-P acknowledged in May 2019 that it had not yet implemented the DOD instruction. A senior OUSD-P official at the time also confirmed that there are no documents outlining the Afghan government's capacity to absorb and maintain any progress made under the ScanEagle program, sustain the program over the long-term, or establish an appropriate number of personnel to staff and field ANA ScanEagle sites across Afghanistan to be mission ready. The official further confirmed that there is no transition plan with milestones detailing how DOD will hand the program over to the ANA.

As we reported above, in May 2020, DOD officials told us that it is not required to, and is not, applying the DOD instruction to the ScanEagle program. As a result, we conclude that DOD does not plan to perform a "rigorous" evaluation of ScanEagle to examine its relevance, effectiveness, and sustainability, nor will DOD conduct an assessment that (1) describes the Afghan government's willingness and propensity to implement and sustain the program, improve institutional capacity, build needed capabilities; and (2) identifies requirements, gaps, and potential risks.⁵¹

CSTC-A officials told us that the command could not measure the progress and performance of the ScanEagle program to determine the program's overall sustainability because CSTC-A had limited access to contract documents describing the work that Insitu should have conducted. In addition, DOD did not measure the program's performance. As a result, CSTC-A officials told us they could not identify accomplishments against which it could assess the sustainability of the program.

Although DOD says it is not required to meet the requirements in the 2017 DOD instruction for ScanEagle, it did consider the sustainability of the ScanEagle program to some extent. For example, a senior CSTC-A official stated that CSTC-A and the ANA's intelligence command responsible for ISR capabilities have discussed that the ANA should, at some undefined point in the future, take over a portion of the program's "auxiliary expenses"—such as supplying food to ANA students during training classes, providing some of their own security, and providing air traffic control—which the U.S. government currently provides. However, neither CSTC-A nor the ANA has developed any specific plans to transition those activities. In June 2020, in response to our draft report, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist stated that the schoolhouse located at Kandahar Airfield will transition to Afghan government control next year, at which point the ANA will pay the cost of auxiliary expenses.

In May 2020, in response to the draft report, an official within the Resolute Support's Office of the Deputy Chief of Staff for Intelligence told us that the "ANA ScanEagle program is as sustainable as any other FMS or pseudo FMS program in the world," and that the ANA will require continued U.S. government financial and technical support to sustain the ScanEagle program. However, we believe these comments misinterpret or redefine the purpose of sustainability. Although DOD says it is not required to implement the DOD instruction and its sustainability requirements, the instruction specifically defines sustainability as "the partner country's [Afghanistan] ability to maintain capability, capacity, or other results of a security cooperation intervention at the desired level of effectiveness and efficiency."⁵² Furthermore, one of DOD's original justifications for launching the ScanEagle program in March 2015 was that the program would be "cost-effective for both

⁵¹ In June 2020, in response to our draft report, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist told us that the ScanEagle program is being operated by the ANA with minimal assistance from Insitu personnel and military advisors, and the program no longer requires a transition plan. However, despite the reported progress, we maintain that a transition plan is required to document how the Afghan government plans to absorb the cost of the program and maintain it in the future.

⁵² DOD, DOD Instruction 5132.14, *Assessment, Monitoring, and Evaluation Policy for the Security Cooperation Enterprise*, January 2017, p.23.

operations and sustainment, allowing GIRoA [the Afghan government] to develop independent operations and conduct material sustainment.”⁵³

DOD Has Encountered Delays and Challenges in Developing the ANA’s Capability to Operate and Maintain the ScanEagle Program

CSTC-A and NAVAIR have encountered delays and challenges in developing the ANA’s capability to independently operate and maintain the ScanEagle program due to (1) inadequate ANA training and Personnel to conduct ScanEagle operations, (2) insufficient fielding of operational ANA ScanEagle sites and ANA’s inability to account for ScanEagle equipment, and (3) the ANA’s inability to operationalize intelligence obtained through the program.

NAVAIR and CSTC-A Did Not Meet Early Training Goals, Lacked Important Training Information, and Did Not Have Enough ANA Personnel for ScanEagle Operations

CSTC-A and NAVAIR officials told us that the first ScanEagle contract underperformed in meeting ANA training goals for the following reasons: the ANA initially selected unqualified students to go through training; Insitu conducted training at insecure ANA locations; and Insitu was required to use U.S. military security and transportation, which was not available consistently, to move its personnel between U.S. and ANA military sites. For example, CSTC-A, NAVAIR, Insitu, and Afghan officials told us that the first ANA ScanEagle training group was poorly selected because most of the students the ANA chose did not have basic English language skills or necessary computer skills to understand Insitu’s training. CSTC-A, NAVAIR, and Insitu officials also stated that early in the ScanEagle program, DOD relied on Insitu personnel being able to move daily in Mazar-i-Sharif between a U.S. military base and the offsite ANA ScanEagle schoolhouse. However, due to the security situation in Mazar-i-Sharif and limited access to U.S. “Guardian Angel” assets required to escort Insitu personnel to the schoolhouse, they often could not get to the ANA schoolhouse to conduct training classes.⁵⁴

We also found that NAVAIR and Insitu did not continuously track and document the number of students enrolled in the ScanEagle training, or the number of students who drop out, fail, or are expelled.⁵⁵ As a result, NAVAIR and CSTC-A are missing important information to assess the extent to which ANA soldiers complete the training required to take over the ScanEagle program.

CSTC-A took steps to address some of the challenges impacting ANA training by moving the ScanEagle schoolhouse to a U.S. military base, giving Insitu personnel easier access to the training location and removing the need for Guardian Angel support. In addition, beginning with the second contract, the ANA started to better identify more qualified ANA soldiers for training by requiring potential ScanEagle students to first take a 6-month preliminary course to learn English and the basic computer literacy skills necessary to understand the ScanEagle training. NAVAIR also replaced a contract requirement for Insitu to train a specific number of students within a specific timeframe with a requirement to conduct a specific number of training hours per week. For example, we found that NAVAIR significantly revised training requirements in the contract from training 12 to 20 students in 11 weeks, to training “no more than” 28 students in 50 weeks because of the

⁵³ DOD, *Memorandum for Record: Afghanistan Security Forces Funds (ASFF) Letter of Justification for ScanEagle UAS Purchase*, March 2015, p.1.

⁵⁴ Guardian Angels are personnel who are part of a security force team. The personnel are in the room with advisors during interactions with ANSDF personnel and trained to protect the advisors and themselves from insider threats.

⁵⁵ In January 2020, NAVAIR commented that it disagrees with our statement, but it did not provide any additional information or evidence to support its opinion.

aforementioned training challenges.⁵⁶ As a result, NAVAIR and Insitu are no longer responsible for the number of ANA staff trained each year, but rather for ensuring that training is offered each year.

In addition, a responsible CSTC-A official told us the ANA faces significant challenges manning ScanEagle operational sites and equipment because of attrition of certified ANA soldiers capable of performing ScanEagle missions and absenteeism of ANA soldiers from sites. As of October 2018, CSTC-A reported a 31 percent attrition rate in the ScanEagle program.⁵⁷ Of the 87 ANA soldiers certified to operate the ScanEagle UAS, the ANA reported only 60 of those soldiers performing the ScanEagle mission. ANA cannot account for the other 27 soldiers. Furthermore, the CSTC-A official told us it is a challenge to have the appropriate number of ANA soldiers to staff the ScanEagle program at a given time because the ANA does not offer soldiers a career progression plan as ScanEagle operators. Because of this, certified ANA soldiers opt to transfer or relocate to other missions that offer opportunities for career advancement soon after starting the ScanEagle mission. In addition, a CSTC-A official told us that senior ANA leadership prioritizes staffing other missions and programs over ScanEagle, and relocates capable soldiers who had been trained and certified on the ScanEagle system. As a result, although the U.S. government has invested approximately \$24.4 million as of March 2019 to train ANA soldiers to operate the ScanEagle, some soldiers leave without ever supporting or operating them. According to CSTC-A officials, it takes almost 1 year to train one soldier to operate the ScanEagle system.

In addition, NAVAIR, CSTC-A, and Insitu officials told us that it is a challenge to get ANA soldiers to actively participate in ScanEagle missions. CSTC-A reported that on average, 17, or almost 28 percent, of the 60 active soldiers are absent from operational sites each day because of sickness, annual leave, or unknown reasons.

In January 2020, after we discussed our preliminary audit findings with NAVAIR officials, NAVAIR commented that it “disagrees that it has a formal role in effectuating transfer of ownership to the ANA. CSTC-A, as the requirements owner, is primarily responsible for execution of the ScanEagle program.”⁵⁸ However, we believe that NAVAIR does have a role by working with Insitu to train ANA soldiers, one of the key challenges we note in transferring ownership of the program to the ANA. For example, the fifth contract’s statement of work says

Training will be conducted six (6) days per week. Upon completion of the initial qualification training, all certified students will transition to On-the-Job (OJT) training provided by the Contractor. This will include Site Operations training that consists of hands on training to conduct site surveys, prepare, and execute site setup, complete flight events that include launch, handoff, recovery, ground crew duties, mission coordination, video exploitation, scheduled and unscheduled maintenance and site teardown.⁵⁹

Furthermore, according to officials from CSTC-A, U.S. Forces–Afghanistan, and the ANA, training and staffing challenges also directly affect the ANA’s ability to meet ScanEagle program targets for fielding ANA-operated ScanEagle sites. In DOD’s December 2015 *Enhancing Security and Stability in Afghanistan* report to Congress, DOD stated that the ANA would operate all of the required “hub” (primary) and “spoke” (support) sites by August 2018 and that the ANA would operate the sites as Afghan “government owned, government operated,” which would require limited to no contractor operation and maintenance support.⁶⁰ As of December 2019,

⁵⁶ In January 2020, NAVAIR told us we were incorrect to report that the training requirements are capped at a maximum of 28 students per 50 week period. NAVAIR also said CSTC-A revised the training requirements in the contract. However, NAVAIR did not provide evidence to support either of these statements.

⁵⁷ The most recent, unclassified documentation available to us was from October 2018.

⁵⁸ NAVAIR, *SOF NAVAIR Edits*, January 10, 2020.

⁵⁹ NAVAIR, Statement of Work, *ScanEagle Unmanned Aircraft System (UAS), Spares, Training and support Procurement Follow on Support for Afghanistan*, Contract No. N68335-16-G-0046, Delivery Order N6833519F0434, awarded to Insitu Inc., March 19, 2019, p. 4.

⁶⁰ DOD, *Enhancing Security and Stability in Afghanistan*, December 2015. The ScanEagle system operates at ANA “hub” and “spoke” locations. A hub is a primary ANA operational site that includes the ScanEagle ground control system. According to NAVAIR, a government owned, government operated site assumes all ANA personnel are proficient in daily ScanEagle operator roles and responsibilities. A government owned, government operated site should have three or fewer Insitu field support representatives who only provide subject matter expert assistance in support of the ANA [ScanEagle] UAS operations.

there were six ScanEagle primary locations, three support locations, and a schoolhouse. At that time, CSTC-A reported that all the ANA ScanEagle sites were still heavily reliant on Insitu's support and remained "government owned, contractor operated" sites.⁶¹

CSTC-A commented in January 2020 that all sites were converted to "government owned, government operated" and that no site has more than two Insitu field support representatives. However, CSTC-A did not provide evidence to support this change and acknowledged that the ANA are still heavily reliant on Insitu's support, even though CSTC-A now considers the sites to be government operated. Moreover, per NAVAIR contracts, a "government owned, government operated" site should use Insitu personnel only to provide subject matter expert assistance to the ANA, and all ANA personnel at the site should be proficient in daily roles and responsibilities. It is not clear based on CSTC-A's January 2020 response to us whether the command also thinks ANA personnel are proficient and in what particular roles and responsibilities. Furthermore, being "government owned, government operated" site does not, on its own, mean ANA personnel on site are independently operating ScanEagle missions or independently maintaining ScanEagle equipment.

In May 2020, in response to our draft, an official within the Resolute Support's Office of the Deputy Chief of Staff for Intelligence told us that as of April 2020, two ScanEagle sites each have two Insitu field support representatives. The official also told us that, for example, all seven ANA ScanEagle hubs now operate daily flights with no Insitu personnel on site. Furthermore, the official said the current ScanEagle contract scope was reduced in January 2020 and April 2020, and now only one ScanEagle site has Insitu contractors on site to support on-the-job training for newly qualified ANA personnel. The remaining Insitu contractors support the ANA sites virtually through telephone and other applications, and have helped the ANA field three new spokes without providing on-site assistance. The official also noted that the "vast majority of ANA personnel are proficient in ScanEagle roles and responsibilities" and the Insitu field support representatives are only providing subject matter expertise at the "government owned, government operated" sites.⁶²

ANA Logistical Challenges Have Impacted the ANA's Ability to Maintain Accountability over Its ScanEagle Equipment

CSTC-A and Insitu officials told us they have concerns regarding the ANA's logistics capabilities to move and deliver essential ScanEagle equipment to the appropriate operational sites in a timely manner, which also affects fielding needs. According to a senior CSTC-A official, the ANA is responsible for the logistics of moving equipment from the warehouse to the operational sites, but the ANA does not treat this as an important task. Another CSTC-A official added that it can take more than 3 weeks to move equipment from the warehouse to an operational sites because of security impediments. To address the security issue, the ANA relies on airborne logistics support. However, the ANA only has two C-130 transport aircrafts in its fleet to move all ANA equipment, and therefore has limited resources to move ScanEagle equipment. The CSTC-A official also said that ANA ScanEagle personnel are not well trained on inventory management and logistics, and rely heavily on an Insitu logistician. Without Insitu, the official added, the ANA would not be able to ship the correct equipment to the appropriate sites because soldiers are not familiar with ScanEagle parts and their corresponding serial numbers.

⁶¹ A government owned, contractor operated ScanEagle site should have four or more Insitu field support representatives, and be capable of conducting daily flight operations regardless of the number of ANA personnel manning the site. Insitu support should include "all phases" of ANA ScanEagle UAS operations including launch, mission execution, recovery, and post flight maintenance. In January 2020, CSTC-A clarified that ANA support, or spoke, sites do not have Insitu field support representatives and were established to not have these personnel present, and that CSTC-A has no plans to assign Insitu personnel to the next three support locations.

⁶² In June 2020, in response to our draft report, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist told us the following: due to COVID-19 conditions, Insitu personnel were providing support to the ANA remotely with the use of various electronic applications; in April 2020, the ANA was able to complete the complex task of setting up a Mark 3 Skyhook through remote support; in May 2020, the ANA's 203rd Corps announced that its ANA maintainers had independently returned two damaged ScanEagle aircraft to service; and the ANA successfully completed a training class at Camp Hero in June 2020, graduating 7 new ScanEagle Mission Coordinators by utilizing Afghan instructors and remote Insitu personnel support.

Logistical challenges also directly impact the ANA's ability to maintain accountability over the ScanEagle equipment it owns. CSTC-A and NAVAIR said the ANA is responsible for ScanEagle system logistics. However, the ANA is not tracking the real-time location of ScanEagle equipment across Afghanistan. CSTC-A officials told us they are concerned that the ANA does not know where the equipment it owns is located or whether it is being used appropriately. Furthermore, a senior U.S. official told us that U.S. officials have had concerns about a ScanEagle system falling into the wrong hands and potentially becoming weaponized. For example, we learned from a U.S. official that in October 2019, Afghan law enforcement seized a stolen ScanEagle vehicle that a criminal intended to sell to a suspected terrorist organization for \$400,000. CSTC-A senior officials said they were aware of this incident.

ANA Is Unable to Operationalize the Intelligence Collected Through the ScanEagle Program

CSTC-A officials told us that although the ScanEagle program is building the ANA's capability to perform ISR missions, such as conducting ScanEagle flights to collect surveillance and reconnaissance video for intelligence, the program is not focused on developing the ANA's capability to produce and process actionable intelligence. A CSTC-A official said the program is not responsible for training the ANA on how to analyze and process the surveillance and reconnaissance information it collects from ScanEagle UAS. In addition, Insitu and CSTC-A personnel are not responsible for teaching the ANA how to apply the analyzed intelligence to larger military combat and targeting operations. In June 2020, in response to our draft report, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist confirmed that the contractor, Insitu, does not advise on how to target enemy forces because that is considered an inherently governmental task. However, they added that the Ministerial Advisory Group for Defense Intelligence Advisors, as well as advisors at each Train, Advise, and Assist Command, Task Force, and NATO Special Operations Component Command–Afghanistan's Regional Targeting Teams, do advise the ANA daily on how to use the ISR collected to call for helicopter support, attack aircraft, or artillery fires.⁶³

A CSTC-A official said the ANA's ability to use intelligence collected by the ScanEagle UAS to plan and, to a lesser extent, control combat operations is limited. This official added that the ANA soldiers operating the systems may be able to launch, fly, and retrieve ScanEagle vehicles, but they do not understand how to integrate the information collected from missions into intelligence to guide ANA operations and targeting. The official added that the ANA is dependent upon the U.S. military for technical assistance to prepare weekly ScanEagle flight schedules for ANA ISR targeting efforts.

A U.S. Forces–Afghanistan official said in January 2019 that CSTC-A is hesitant to train and counsel the ANA on intelligence analysis, partly because of concerns that some of the ANA ScanEagle pilots enrolled in the training program are on a watch list for having ties to the Taliban. He said he feared that “the training is going straight to the Taliban.”⁶⁴

In January 2020, after we discussed our preliminary audit findings with CSTC-A officials, CSTC-A commented that the ScanEagle program is addressing a key ANA ISR gap in that it is providing the ANA with an aerial vehicle to help it locate enemy forces and then call in artillery fire or airstrikes against those targets. CSTC-A reiterated that the ANA lacks the ability to integrate multiple forms of intelligence information, such as signal and imagery intelligence, into longer term analysis, and that Insitu and CSTC-A personnel are not responsible for teaching this to the ANA.

⁶³ Ministerial Advisory Groups are U.S. or Coalition General Officers who serve as senior advisors to the Afghan Minister of Defense or Minister of Interior. General Officers and their staff coordinate and align advising efforts across the Resolute Support Mission.

⁶⁴ In May 2020, in response to our draft report, an official within the Resolute Support's Office of the Deputy Chief of Staff for Intelligence told us that DOD “rigorously” vets all ANA ScanEagle personnel. DOD did not provide any evidence to support this statement.

CONCLUSION

From November 2015 through November 2019, DOD spent at least \$174 million to (1) procure ScanEagle UAS; (2) train the ANA on operating and maintaining the systems; and (3) purchase spare parts for continuing ScanEagle operations. Despite this significant investment in time and resources, DOD does not know the immediate or longer-term impact of this investment due to basic contract and program management shortcomings, and a failure to adhere to U.S. government and DOD requirements.

DOD did not conduct required contract oversight. Specifically, NAVAIR did not designate a COR for three of the four ScanEagle contracts, or identify DOD personnel in Afghanistan to help oversee Insitu's implementation of the contracts and validate the work performed. Moreover, NAVAIR was unable to show that Insitu completed required deliverables. If DOD does not improve its contract oversight in the United States and in Afghanistan, it will continue to lack critical information to determine whether Insitu met the terms of the contracts, and whether the contracts are addressing CSTC-A's requirements for the ANA.

In addition, DOD is unable to evaluate the performance of the ScanEagle program because CSTC-A did not measure the program's performance. Although CSTC-A provided anecdotal examples of program successes it observed, the command does not specifically know what DOD's \$174 million investment has accomplished. Moreover, CSTC-A does not have accurate information to justify or continue to fund the ScanEagle program due to lapses in NAVAIR's oversight of Insitu and a lack of information necessary to determine the impact of the ScanEagle program. Unless DOD improves its measurement and evaluation of the ScanEagle program's performance, DOD cannot make informed decisions or properly plan for the future of the program.

Although DOD has taken steps to transfer the management and operation of the ScanEagle systems to the Afghan government, the department has not assessed the extent to which the ANA can sustain the program. For example, DOD said it is not required to follow DOD requirements to develop a sustainability plan, evaluate the sustainability of the program, or conduct an initial assessment of the Afghan government's willingness to sustain the program. Moreover, DOD and the ANA have identified delays and challenges in developing the ANA's capability to independently operate and maintain the ScanEagle program that threaten the ANA's ability to sustain it. By not performing sustainability assessments to address critical challenges, DOD's 5-year investment in the ScanEagle program will remain at risk of not delivering the intended ISR capabilities to the ANA. Furthermore, unless DOD and the ANA work together to better ensure that trained ANA soldiers use their acquired ScanEagle skills, DOD may risk wasting money invested in extensive training that is barely or never used. Finally, unless DOD and the ANA work together to better ensure the ANA soldiers can better track where the equipment it owns is located, the ANA will continue to risk losing its critical, costly, ScanEagle assets.

RECOMMENDATIONS

To improve ScanEagle contract oversight, we recommend that the Secretary of Defense:

- 1. Direct NAVAIR personnel managing and overseeing the ScanEagle contracts to ensure the Contracting Officer's Representative (COR) on the current contract is performing all required COR duties, including documenting and maintaining records such as reporting deliverables.**
- 2. Direct NAVAIR, in coordination with appropriate coalition partners, to immediately designate and announce an in-country sponsor and an in-country COR, Contracting Officer Technical Representative, or Government Technical Product Representation for the current ScanEagle contract.**

To better understand the performance of the ScanEagle program, and the Afghan government's ability to sustain the program, we recommend that the Secretary of Defense:

- 3. Direct NAVAIR to immediately share existing Insitu performance reporting information and related contract deliverables with appropriate coalition partners responsible for the current ScanEagle contracts, and agree to a plan with CSTC-A for sharing future contract performance information.**

To ensure that U.S. investments in training Afghan National Army (ANA) soldiers to perform the ScanEagle mission are protected, we recommend that the Secretary of Defense:

- 4. Work with the ANA to develop requirements to help ensure that recently certified ANA soldiers will be placed in positions that take advantage of their newly acquired skills on the ScanEagle UAS.**

To help ensure that U.S. procurements in ScanEagle equipment are protected and used as intended, SIGAR recommends that the Secretary of Defense:

- 5. Direct responsible DOD departments to work with the ANA to establish a system for tracking the location of ScanEagle equipment across Afghanistan.**

AGENCY COMMENTS

We provided a draft of this report to DOD for review and comment. We received written comments from (1) the Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia; (2) the Combined Security Transition Command–Afghanistan; and (3) the United States Forces–Afghanistan Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, which are reproduced in appendices IV, V, and VI respectively. Additionally, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, CSTC-A, Navy Air Systems Command, and the Office of the Under Secretary of Defense for Policy provided technical comments which were integrated into the report as appropriate.

The Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia, stated that although DOD disagreed with some of the key findings and conclusions, the audit process helped the various DOD stakeholders closely examine the ScanEagle effort. The Deputy Assistant Secretary concurred with four of SIGAR’s recommendations, and partially concurred with the second recommendation. SIGAR responses to the key findings are noted below.

With regard to the first recommendation, DOD concurred and stated that NAVAIR has reviewed the performance of the ScanEagle contract currently being executed and is “satisfied that the designated CONUS [Continental United States] COR is performing all required functions.” DOD also stated that NAVAIR has confirmed receipt of all monthly COR surveillance reports and completion of contractor assessment reports defined under the QASP. DOD requested that SIGAR close this recommendation. However, we will keep the recommendation open until we receive documentation identifying the official responsible for monitoring and assessing the performance of the contract, as well as additional information pertaining to DOD’s determination that NAVAIR’s actions satisfactorily fulfill oversight responsibilities.

With regard to the second recommendation, DOD partially concurred and stated that NAVAIR has identified an in-country sponsor, and provided SIGAR with supporting documentation. DOD also stated that “DCOS INT [Deputy Chief of Staff for Intelligence] and NAVAIR are working on nominating and designating primary and alternate in-country CORs.” In addition, DOD stated that because the ScanEagle contract is a DOD contract, there is no reason for NAVAIR to coordinate with other countries on its oversight. However, because the Resolute Support mission, and Office of “DCOS INT,” is a coalition activity staffed by DOD personnel, the language in the recommendation is appropriate. As we reported, we are encouraged that DOD appears to be taking initial steps to address our report’s second recommendation and fulfill the intent of the *Theater Business Clearance*. However, this recommendation will remain open until we receive documentation showing the nominated and designated primary and alternate in-country sponsors.

With regard to the third recommendation, DOD concurred and stated that NAVAIR and CSTC-A agreed to maintain “the practice of daily situation reports to communicate current contract performance/execution status to document the contract performance information.” DOD also stated that NAVAIR provided CSTC-A access to ScanEagle contract deliverables.” In addition, DOD stated that because the ScanEagle contract is a DOD contract, there is no reason for NAVAIR to coordinate with other countries in its oversight. However, as stated above, because the Resolute Support mission, and Office of “DCOS INT,” is a coalition activity staffed by DOD personnel, the language in the recommendation is appropriate. Nevertheless, DOD has addressed the intent of our recommendation. Upon issuance of this report, we will close the recommendation as implemented.

With regard to the fourth recommendation, DOD concurred and stated that DOD’s AROC “will provide guidance to CSTC-A and DCOS INT to implement the recommendations to the extent possible, while taking into consideration the status of the COVID-19 pandemic and the reduced U.S. presence in Afghanistan.” The recommendation will remain open until DOD provides the guidance to CSTC-A and the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, and sends SIGAR evidence.

With regard to the fifth recommendation, DOD concurred and stated that DOD’s AROC “will provide guidance to CSTC-A and DCOS INT to implement the recommendations to the extent possible, while taking into

consideration the status of the COVID-19 pandemic and the reduced U.S. presence in Afghanistan.” The recommendation will remain open until DOD provides the guidance to CSTC-A and the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, and sends SIGAR evidence.

In the Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia’s comments, he stated that he wanted to “thank the members of your [SIGAR] team who worked on this audit for their collaboration and for incorporating some of our comments and feedback into the draft,” and appreciated “your [SIGAR’s] continued efforts to ensure the Department is a good steward of Federal resources as we implement the President’s strategy for the region.” However, the Deputy Assistant Secretary disagreed with some of the report’s key findings noting that the title is “conclusory.” SIGAR reports typically provide titles that capture a report’s findings and support the overall conclusion. Given the evidence in this report, we believe the title is appropriate and does not need to be changed. In addition, the Deputy Assistant Secretary stated the report contained “factual inaccuracies.” For example, the Deputy Assistant Secretary stated that “DOD provided oversight of the contract in accordance with the requirements set forth in the Defense Federal Acquisition Regulation Supplement.” In addition, he noted that, “the assertion that there is a requirement to ‘assess the performance and sustainability’ of the ScanEagle activity pursuant to DoD Instruction 5132.14...is based on [a] mis-interpretation of the DoD Instruction, which, as detailed below, does not apply the ScanEagle-related activity.” We disagree with DOD’s summary of our work or that we have presented factual inaccuracies. As we stated in our report, on multiple occasions, DOD officials provided us different and evolving explanations on how they interpreted the DOD instruction as applying (or not applying) to the ScanEagle program. We did not interpret the DOD instruction, but did rely on DOD’s interpretation, which changed throughout the course of our work. We presented that chronology in the report (see report pages 14-17).

In addition, we added language in our report to address the Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia’s comments that

following the enactment of Section 1211 of the National Defense Authorization Act for Fiscal Year 2019, which made clear that Congress intends for DoD’s statutory AM&E requirements to apply to ASFF-funded security cooperation programs, DoD embarked on a strategic evaluation of ASFF.

We also added language in our report to address the Deputy Assistant Secretary’s comments that “DCOS INT notes that a ‘train-the-trainer’ program is up and running...”

In their comments, the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist concurred with the fifth recommendation, but did not address the other four recommendations. We addressed their technical comments in the report as appropriate. For example, we added language on page 3 of the report to reflect their statement that the ScanEagle program has made accomplishments in the train-the-trainer program (see Appendix V Deputy Chief of Staff for Intelligence, Train, Advise, and Assist comment 3.b.). We also noted on page 3 of the report that the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist stated DOD’s goal remains for the ANA to take over all ScanEagle training in 2021 (see Appendix V Deputy Chief of Staff for Intelligence, Train, Advise, and Assist comment 3.b.). In addition, we added language on page 18 of the report to reflect a statement that the Kandahar Airfield schoolhouse is located on the American base for security reasons, and is scheduled to transition to Afghan government control within the next year, at which point the ANA will transition to providing its own food and accommodations (see Appendix V Deputy Chief of Staff for Intelligence, Train, Advise, and Assist comment 3.e.). We also added language on page 21 of the report that the Deputy Chief of Staff for Intelligence, Train, Advise, and Assist stated that Insitu, as a contractor, does not advise on how to target enemy forces because that is an inherently a governmental task (see Appendix V Deputy Chief of Staff for Intelligence, Train, Advise, and Assist comment 3.g). However, we did not update the report to reflect a technical comment that “The ScanEagle program requires USG support only to purchase the US made/ITAR [International Traffic in Arms Regulations] restricted items and occasional technical support.” The ScanEagle UAS is not an International Traffic in Arms Regulations restricted item.

In its comments, CSTC-A acknowledged all five recommendations, but added that because the program transitioned to Deputy Chief of Staff for Intelligence, Train, Advise, and Assist, CSTC-A would provide support in implementing the recommendations as needed.

We will follow-up with DOD within 60 days to identify its actions to address the five recommendations.

APPENDIX I - SCOPE AND METHODOLOGY

This audit examined the Department of Defense's (DOD) implementation of contracts and efforts to train and equip the Afghan National Army (ANA) with the ScanEagle Unmanned Aerial System (UAS), which is intended to improve the ANA's intelligence, surveillance, and reconnaissance (ISR) capabilities. This audit covered the time period from November 2015 through November 2019, which included the periods of performance of four completed ScanEagle contracts and a fifth contract that is still ongoing as of the date of this report. These five firm-fixed-price contracts were valued at more than \$174 million and implemented by Insitu Inc. The Combined Security Transition Command–Afghanistan (CSTC-A) and the Department of the Navy's Naval Air Systems Command (NAVAIR) were responsible for overseeing the program and the contracts.⁶⁵

The objectives of this audit were to determine the extent to which (1) the contractor, Insitu, met the terms of the contracts and DOD performed the required oversight of the ScanEagle program; (2) DOD measured and evaluated the ScanEagle program's performance; and (3) DOD planned for the Afghan government's sustainment of the ScanEagle program, and the ANA developed the capabilities necessary to operate and sustain the program.

For all of our objectives, we reviewed

- five ScanEagle contracts between NAVAIR and Insitu, and supporting documents, including Letters of Acceptance, Memoranda of Request, Statements of Work, modifications, contract deliverables (e.g., Contract Data Requirement Lists, Situation Reports, and monthly flight readiness reports), and report from the Contractor Performance Assessment Reporting System;
- U.S. government and DOD contract oversight, monitoring, performance measurement, and sustainability requirements and guidance, such as the Federal Acquisition Regulation (FAR); DOD's *Security Assistance Management Manual*, the January 2015 *Theater Business Clearance Update for Afghanistan*, the *Defense Contingency COR Handbook*, and DOD Instruction 5132.14, *Assessment, Monitoring, and Evaluation Policy for the Security Cooperation Enterprise*; and NAVAIR Instruction 4200.57, *Contract Administration and Use of Contracting Officer's Representatives*; and
- email communications between NAVAIR, CSTC-A, and Insitu.

In addition, we interviewed

- officials in DOD's Office of the Under Secretary of Defense for Policy (OUSD-P), the Defense Security Cooperation Agency, and the Afghanistan Resource Oversight Council (AROC);
- officials in CSTC-A's Intelligence and Train, Advise, Assist, and Train, Advise, Assist Command–South;
- officials in NAVAIR responsible for ScanEagle contract management;
- officials in Army Contracting Command–Afghanistan;
- ANA officers managing the ScanEagle program for the Afghan government; and
- Insitu personnel at their headquarters in Bingen, Washington, and at the ScanEagle Schoolhouse at Kandahar Airfield in Afghanistan.

To determine the extent to which Insitu met the terms of the contracts and DOD performed the required oversight of the ScanEagle program, we reviewed the five ScanEagle contracts, contract modifications, and deliverables detailing the work Insitu was to perform. We reviewed U.S. government and DOD requirements and guidance for contract management and oversight. We then compared these requirements to evidence of Insitu's implementation of the ScanEagle requirements during interviews and as demonstrated in documentation, such as reporting deliverables. Finally, we compared the requirements to evidence of NAVAIR's

⁶⁵ Insitu is a wholly owned subsidiary of The Boeing Company and is headquartered in Bingen, Washington. Insitu designed, developed, and produced the ScanEagle UAS.

oversight of the ScanEagle contracts during interviews and as demonstrated in documentation, such as NAVAIR Contracting Officer records.

To determine the extent to which Insitu completed the required reporting deliverables we analyzed deliverables under the four completed contracts. We did not analyze reporting deliverables for the fifth contract because it was ongoing at the time of our review.

To determine the extent to which DOD measured and evaluated the ScanEagle program's performance, we reviewed DOD's and CSTC-A's periodic reporting on the program through documentation, such as DOD's reports on *Enhancing Security and Stability in Afghanistan*, CSTC-A's Performance Management Review presentations, AROC meeting minutes, and Intelligence–Train, Advise, Assist emails and reporting updates to CSTC-A command. We reviewed Insitu periodic performance reporting to NAVAIR. We interviewed Insitu, CSTC-A, and ANA staff who conducted and observed ScanEagle training sessions, and active missions within Afghanistan. We also interviewed NAVAIR officials who coordinated and communicated with Insitu staff on ScanEagle contract performance.

To determine the extent to which DOD planned for Afghan sustainment of the ScanEagle program, and the ANA developed the capabilities necessary to operate and sustain the program, we interviewed ANA personnel in ScanEagle training and ANA officers conducting and commanding ScanEagle missions, to understand the extent to which they are acquiring the necessary capabilities. We also interviewed OUSD-P, NAVAIR, CSTC-A, and ANA officials to identify challenges to sustaining the ScanEagle program and how, if at all, they have addressed these challenges.

We did not use or rely on computer-processed data for the purpose of our audit objectives. We assessed DOD internal controls to determine the extent to which NAVAIR had systems in place to oversee Insitu and its implementation of the ScanEagle contracts. We also determined the extent to which CSTC-A had systems in place to measure and report on the performance and sustainability of the ScanEagle program and the ANA's progress in acquiring required ISR capabilities. In addition, we assessed the extent to which Insitu met the contract terms. The results of our assessment are included in the body of the report.

We conducted our audit work in Arlington, Virginia; Patuxent River, Maryland; Lakehurst, New Jersey; Bingen, Washington; Hood River, Oregon; and Kabul and Kandahar, Afghanistan, from October 2018 to February 2020 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. SIGAR performed this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - SIGAR 19-44-AL, ALERT LETTER: DOD SCANEAGLE PROGRAM, JULY 5, 2019



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

July 5, 2019

The Honorable Dr. Mark T. Esper
Acting Secretary of Defense

The Honorable Richard V. Spencer
Secretary of the Navy

The Honorable James F. Geurts
Assistant Secretary of the Navy

General Kenneth F. McKenzie Jr.
Commander, U.S. Central Command

General Austin Scott Miller
Commander, U.S. Forces-Afghanistan and
Commander, Resolute Support

Lieutenant General James E. Rainey
Commander, Combined Security Transition Command-Afghanistan

Vice Admiral Dean G. Peters
Commander, Naval Air Systems Command

I am writing to alert you to a significant lapse in oversight that we discovered during our ongoing audit of the Department of Defense's (DOD) nearly \$202 million ScanEagle program in Afghanistan. Although the Combined Security Transition Command-Afghanistan (CSTC-A) funds the program, the Naval Air Systems Command (NAVAIR) manages ScanEagle. Since awarding the third ScanEagle contract in July 2017, the NAVAIR Contracting Officer (CO) has not "appointed" or "designated" a Contracting Officer's Representative (COR) in Afghanistan to oversee contracts implemented under the program, as DOD requires.¹ CSTC-A has made two requests for NAVAIR to appoint one. Despite the requirement and CSTC-A's requests, however, NAVAIR has not appointed a COR in Afghanistan.

The ScanEagle program is intended to train and equip the Afghan National Army (ANA) with the ScanEagle Unmanned Aerial System to help the ANA develop an effective intelligence, surveillance, and reconnaissance program to support counter-terrorism and counter-insurgency operations. Since November 2015, NAVAIR has awarded five contracts totaling nearly \$202 million to procure ScanEagle systems, train the ANA to operate

¹ According to DOD, the COR oversees contractor performance for both the commander and the contracting officer. The COR is considered the technical expert on the contract. The CO "is responsible for appointing (or designating) the COR." See DOD, *Defense Contingency COR Handbook*, v. 2, September 2012, p.28.

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and maintain these systems, and provide field-level support personnel.² Although NAVAIR designated a COR in Afghanistan on February 2, 2017 for the second ScanEagle contract implemented from January 2017 to November 2017, NAVAIR has not appointed or designated a COR to provide oversight on the next three contracts.³

DOD policy requires that CORs be assigned to oversee DOD contracts in Afghanistan. In January 2015, Defense Pricing/Defense Procurement and Acquisition Policy issued the Theater Business Clearance (TBC) update for Afghanistan.⁴ The update required all contracts with contractor personnel performing work in Afghanistan to have a COR in country. As part of the clearance process, the CO is required to submit a Government Furnished Life Support Validation Request and Approval form for each site where contractor personnel will be located. The form requires that the CO identify an in-country COR for each location. We reviewed request and approval forms for two of the five contracts and found that although NAVAIR listed personnel assigned to CSTC-A as the in-country CORs for the ScanEagle program, none of these personnel received an appointment/designation letter from the CO. One of these individuals told us that he was unaware that NAVAIR identified him as an in-country COR on the form. He said he was not a COR and did not have any direct contacts with the program.

In addition to the DOD requirement, senior DOD and CSTC-A officials have emphasized the need for the ScanEagle program to have a COR in Afghanistan. In March 2015, before NAVAIR awarded the first contract, a senior member of the Afghanistan Resource Oversight Council stated to the council that the program needed a COR in country.⁵ In addition, during our January 2019 fieldwork in Afghanistan, multiple officials in CSTC-A told us the program needed a COR. A CSTC-A official said in addition to needing direct oversight of the contractor, CSTC-A needs to have information about whether the contractor is performing to expectations.

On August 8, 2018, noting concerns about the relationships between the ScanEagle program, NAVAIR, and contractor field service representatives in Afghanistan, a senior CSTC-A official contacted PMA-263, the NAVAIR office responsible for the ScanEagle program, requesting that the office assign a COR to resolve these concerns. Unsatisfied with PMA-263's response to his request, on September 12, 2018, the same official wrote a letter to a senior NAVAIR official citing serious concerns with the program's execution, the contractor's performance, and the negative relationship between the contractor and CSTC-A personnel. His letter requested that NAVAIR assign a COR, stating his opinion that "the lack of an in-country COR is not acceptable to my CSTC-A chain of command." To date, CSTC-A has received no response to its requests.

According to the NAVAIR CO for the ScanEagle contracts, a COR is not required because the contracts mostly involve costs for supplies, and supply contracts do not require a COR. We requested that NAVAIR provide us with documentary evidence that a COR is not required, but none was provided. Instead, the CO told us he has the authority to make this determination. In addition, the CO stated that NAVAIR assigned a technical point of contact for the ScanEagle contract who could provide oversight. However, the CORs are delegated the authority to perform certain functions, duties, and responsibilities on behalf of the CO; a technical point of contact is not

² NAVAIR awarded all five contracts to Insitu Inc., an American company that designs, develops, produces, and operates unmanned aircraft systems.

³ The second and third ScanEagle contracts' periods of performance overlapped from July 2017 to November 2017. Each contract is required to have a COR appointed or designated.

⁴ On September 11, 2018, the organization formerly known as Defense Pricing/Defense Procurement and Acquisition Policy was renamed as Defense Pricing and Contracting. See DOD, "Theater Business Clearance Update for the USCENCOM Area of Responsibility," memorandum to "All DOD Heads of Contracting Activities," October 28, 2013.

⁵ The "Afghanistan Resources Oversight Council (AROC) must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually using the Afghanistan Security Forces Fund (ASFF), and "any non-standard equipment requirements in excess of" \$100 million using the ASFF. The AROC is chaired by the Under Secretaries of Defense for Policy and Acquisition, Technology, and Logistics. See Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, § 9009.

delegated such authority. Further, neither the CO nor the technical point of contact is located in Afghanistan where the contractor is performing work, and to date, neither one has visited Afghanistan to perform oversight.

SIGAR is greatly concerned about the lack of in-country oversight of the ScanEagle program. Without an in-country COR, the U.S. government does not have a presence on the ground in Afghanistan to document the contractor's performance and determine whether this performance is meeting contract requirements. Moreover, CSTC-A lacks valuable information it needs to provide reasonable assurance that the program is meeting its objectives and providing the ANA with the capabilities it needs. As a result, it is vital that DOD take immediate action to improve its oversight of the ScanEagle program.

On June 27, 2019, we notified the responsible CO at NAVAIR of our intention to issue this letter. In response, the CO stated that although not required, a COR had already been appointed to the current Afghanistan effort. NAVAIR then also provided us with evidence that a COR had been delegated to the current contract on March 18, 2019. However, this appointment and documentation is not enough evidence to mitigate SIGAR's concern that NAVAIR does not have personnel in-country providing technical or administrative monitoring of the contract, as required by the TBC update. Additionally, CSTC-A confirmed that they were not aware that a COR had been designated and were not familiar with the individual delegated to the role.

To ensure that DOD can oversee and measure contractor performance, to make any necessary changes to enhance the effectiveness of the ScanEagle program in Afghanistan, and because NAVAIR has failed to respond to prior requests from CSTC-A, we recommend that the Acting Secretary of Defense direct NAVAIR, in coordination with CSTC-A, to immediately appoint or designate an in-country COR for the current ScanEagle contract.

I am submitting this letter pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. We conducted this work in accordance with generally accepted government auditing standards. Those standards and policies 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.

Due to the urgency associated with this matter, please take the necessary actions and then inform SIGAR by providing evidence that the designated COR has completed the minimum required competencies, experience, and training, in accordance with DOD instruction 5000.72. In addition, by August 2, 2019, please provide SIGAR with documentation of the COR's redeployment date to Afghanistan for the purpose of performing the required oversight duties. We will continue to assess this and other matters related to ScanEagle program during the course of our ongoing audit. Should you or your staff have any questions about this request, please contact Mr. Jeffrey Brown, Deputy Assistant Inspector General for Audits and Inspections, at 703-545-6083, or jeffrey.c.brown65.civ@mail.mil.

Thank you in advance for your cooperation in this matter. I look forward to your response.

Sincerely,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

APPENDIX III - DEPARTMENT OF THE NAVY, RESPONSE TO SIGAR'S ALERT LETTER, AUGUST 1, 2019



DEPARTMENT OF THE NAVY
PROGRAM EXECUTIVE OFFICER
UNMANNED AVIATION AND STRIKE WEAPONS
RADM WILLIAM A MOFFETT BUILDING
47123 BUSE ROAD BLDG 2272
PATUXENT RIVER, MD 20670-1547

4200
19-024
1 August 2019


From: Program Executive Officer, Unmanned Aviation and Strike Weapons
To: Special Inspector General for Afghanistan Reconstruction (SIGAR)

Subj: RESPONSE TO SIGAR ALERT LETTER 19-44 "DOD SCANEAGLE PROGRAM"

Ref: (a) SIGAR letter dtd 5 Jul 2019, Subj: SIGAR Alert Letter 19-44_DOD ScanEagle Program

Encl: (1) SIGAR Response re: ScanEagle Oversight

1. In response to reference (a), the enclosure (1) response is provided.
2. The point of contact for coordination of future communication is James Wilson at (301) 757-3606 or via email at james.wilson1@navy.mil.



B.K. COREY
RADM USN

cc:
Office of the Secretary of Defense
Office of the Secretary of the Navy
Assistant Secretary of the Navy (Research, Development, and Acquisition)
Commander, U.S. Central Command
Commander, U.S. Forces – Afghanistan and Commander, Resolute Support
Commander, Combined Security Transition Command – Afghanistan
Commander, Naval Air Systems Command
PMA-263

**Subject: OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN
RECONSTRUCTION LETTER, DTD 5 JULY 2019**

Background:

The subject letter asserts that SIGAR discovered a “significant lapse in oversight” during an audit of the Afghanistan National Army (ANA) ScanEagle program, and that the lapse was the result of NAVAIR’s non-compliance with Defense Pricing and Policy (DPAP) policy, now identified as Defense Pricing and Contracting (DPC). Specifically, that the 21 Jan 2015 DPAP memo required an in-country Contracting Officer Representative (COR) for contracts with performance in Afghanistan, and that the NAVAIR ANA ScanEagle contract did not have an in-country COR. The ANA ScanEagle program is funded by the Combined Security Transition Command– Afghanistan (CTSC-A).

In accordance with paragraph 5 of the 21 Jan 2015 DPAP memo, the specific requirement is for all contracts with performance in Afghanistan to have an in-country sponsor, an approved Government Furnished Life Support Validation (GFLSV) form, and either an in-country COR, in-country COTR, or in-country Technical Product Representative (i.e., TPOC).

Of the NAVAIR contracts that support the ANA ScanEagle program, only one remains active, a primarily service contract with a CONUS COR assigned in accordance with DoD regulations, and an in-country sponsor and in-country TPOC identified in the approved GFLSV form, in accordance with DPAP policy.

Discussion:

NAVAIR Contracts asserts that there is no lapse in oversight of the contract, as the CONUS Contracting Officer (KO), CONUS COR, CONUS TPOC, in-country sponsor, and in-country TPOC collaboratively provide proper oversight and monitoring of the ScanEagle contractor performance in accordance with the contract’s approved Quality Assurance Surveillance Plan (QASP) and surveillance activity checklist.

NAVAIR Contracts asserts that the original contract was in compliance with DPAP policy in that the contract had an in-country sponsor, an approved GFLSV form, and an in-country TPOC. In compliance with the 21 Jan 2015 DPAP memo, the GFLSV form for the contract identified both the in-country sponsor and the in-country TPOC, although the standard GFLSV fields are titled “In-Country Sponsor” and “In-Country COR”. In clarification, a 20 Feb 2015 DPAP memo (Update to Synchronized Pre-Deployment and Operational Tracker Business Rules) provides that the “KO may enter in the POC data of the Government representative if a COR is not assigned”. The GFLSV form for this contract therefore met the requirements of both DPAP memos at the time of original contract award.

Based on the information outlined in the subject letter and this response, there does appear to be a potential disconnect in communication between CSTC-A, PMA-263, and NAVAIR Contracts that requires attention. While not amounting to a “significant lapse in oversight”, clearer understanding of the ANA ScanEagle contract oversight roles and responsibilities is required to ensure that the contractor delivers the products and services in accordance with the contract performance requirements. In addition, further communication appears necessary to ensure CSTC-A is informed of the performance requirements within the contract, and to ensure those requirements align with their objectives.

1.

Enclosure (1)

**Subject: OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN
RECONSTRUCTION LETTER, DTD 5 JULY 2019**

Recommendation:

PMA-263 intends to:

1. Hold an ANA ScanEagle contract deep-dive with the appropriate CSTC-A personnel. The purpose of this event will be to 1) discuss any differences between CSTC-A objectives and the actual contract requirements, 2) discuss whether clarification of existing oversight roles and responsibilities is sufficient, and 3) establish more effective channels of communication regarding ANA ScanEagle expectations, contractor performance, and contract oversight. This event will take place no later than 15 Aug 2019.
2. Invite CSTC-A personnel to participate in the quarterly PMA-263 Program Management Reviews (PMR) with the ScanEagle Contractor. The purpose of this event will be to allow PMA-263 and NAVAIR Contracts to facilitate dialogue between CSTC-A personnel and the ScanEagle contractor. This recurring dialogue at a senior official level, above and beyond the daily interaction between the appropriate stakeholders, is necessary ensure that all parties understand the objective, requirements, and challenges of providing these supplies and services that are critical to developing an effective intelligence, surveillance, and reconnaissance capability for the ANA. The next PMR is tentatively scheduled for early Oct 2019.

NAVAIR Contracts intends to:

In the event that the above communications reveal that the existing CONUS and in-country TPOC need to be contractually identified, vice just identification in the GFLSV form, the contract will be modified to include the NAVAIR clause 5252.201-9500 to reflect the in-country TPOC by name.

APPENDIX IV - RESPONSE FROM THE DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR AFGHANISTAN, PAKISTAN, AND CENTRAL ASIA



INDO-PACIFIC
SECURITY AFFAIRS

OFFICE OF ASSISTANT SECRETARY OF DEFENSE
2700 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2700

JUL 18 2020

The Honorable John Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, 9th Floor
Arlington, VA 22202

Dear Mr. Sopko:

Thank you for the opportunity to comment on the Special Inspector General for Afghanistan Reconstruction's (SIGAR) audit report, "Afghan National Army: DOD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program." This letter and its enclosures comprise the Department of the Defense (DoD) response to the draft audit.

I also want to thank the members of your team who worked on this audit for their collaboration and for incorporating some of our comments and feedback into the draft. DoD concurs or partially concurs in all five recommendations. DoD will implement the recommendations to the extent possible while taking into consideration the status of the COVID-19 pandemic and the reduced U.S. presence in Afghanistan.

In early 2015, the first Commander, Resolute Support, immediately recognized that the Afghan National Army (ANA) lacked any unmanned aerial intelligence, surveillance and reconnaissance (ISR) capability; previously, the ANA could rely on U.S. ISR unmanned aerial system (UAS) support, but that ended when the U.S. combat mission concluded in December 2014. When SIGAR began this audit, the sixth of a planned eight ScanEagle sites had just achieved its initial operating capability and contractors conducted virtually all maintenance and operations. As of today, ScanEagle UAS has been fully fielded to all eight operational sites plus a training site, and most operations are conducted by ANA personnel. Throughout this period, ScanEagle assets have been in high demand by ANA corps commanders to provide critical combat enabling support.

Although we disagree with some of the key findings and conclusions in the report as discussed below, the audit process helped the various DoD stakeholders to closely examine the ScanEagle effort to ensure they are fulfilling their respective responsibilities to build ANA capability to use this system. Please see the enclosed responses to each of the recommendations



and to other statements in the SIGAR audit report from the Naval Air Systems Command (NAVAIR) (Attachment 1), U.S. Forces–Afghanistan’s Deputy Chief of Staff for Intelligence (DCOS INT) (Attachment 2), and the Combined Security Transition Command–Afghanistan (CSTC–A) (Attachment 3) for additional detail.

While the title of the report is conclusory in nature, please allow me to address the factual inaccuracies. DoD provided oversight of the contract in accordance with the requirements set forth in the Defense Federal Acquisition Regulation Supplement. In addition, the assertion that there is a requirement to “assess the performance and sustainability” of the ScanEagle activity pursuant to DoD Instruction 5132.14, “Assessment, Monitoring, and Evaluation of the Security Cooperation Enterprise,” is based on an mis-interpretation of the DoD Instruction, which, as detailed below, does not apply to the ScanEagle-related activity.

In previous communications with your staff, my office and the Office of the Deputy Assistant Secretary of Defense for Security Cooperation—which produced this DoD Instruction and leads DoD efforts to conduct assessment, monitoring, and evaluation (AM&E) in accordance with it—provided detailed information on why SIGAR’s interpretation of this DoD Instruction is erroneous. In summary, the AM&E procedures and requirements outlined in the DoD Instruction are applicable only to “significant security cooperation initiatives” (SSCIs), which the ScanEagle activity is not. DoD objects to all portions of the report that discuss DoDI 5132.14 or suggest that its AM&E standards and procedures apply to the ScanEagle activity in Afghanistan.

For background on the ongoing AM&E efforts for ASFF-funded programs, following the enactment of Section 1211 of the National Defense Authorization Act for Fiscal Year 2019, which made clear that Congress intends for DoD’s statutory AM&E requirements to apply to ASFF-funded security cooperation programs, DoD embarked on a strategic evaluation of ASFF. DoD is managing, through an external service provider, an independent evaluation of aviation, communications systems, and two other broad categories of programs that qualify as SSCIs and that account for the majority of ASFF-funded security cooperation programs.

Moreover, the enclosed response from the DCOS INT notes that a “train-the-trainer” program is up and running with three ANA training pilots, three mission coordinators, and three maintainer instructors qualified to train ANA personnel on ScanEagle. Furthermore, all seven Scan Eagle sites are operated independently by the ANA by flying at least one or two missions daily. This progress is a result of the combined efforts of CSTC–A beginning in 2018 to add a train-the-trainer construct to the in-country schoolhouse curriculum and the prime contractor that conducted the training, enabling the ANA to operate the ScanEagle independently.

We appreciate your continued efforts to ensure the Department is a good steward of Federal resources as we implement the President's strategy for the region.

Sincerely,



Thomas Croci
Deputy Assistant Secretary of Defense for
Afghanistan, Pakistan, and Central Asia

Enclosures:
As stated

SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION
(SIGAR) DRAFT REPORT 127A
“AFGHAN NATIONAL ARMY: DOD DID NOT CONDUCT REQUIRED OVERSIGHT
OR ASSESS THE PERFORMANCE AND SUSTAINABILITY OF THE \$174 MILLION
SCANEAGLE UNMANNED AERIAL SYSTEM PROGRAM”
JUNE 2020

**DEPARTMENT OF DEFENSE COMMENTS
ON THE SIGAR RECOMMENDATIONS**

To improve ScanEagle contract oversight, SIGAR recommends that the Secretary of Defense:

Recommendation 1: Direct NAVAIR personnel managing and overseeing the ScanEagle contracts to ensure the Contracting Officer’s Representative (COR) on the current contract is performing all required COR duties, including documenting and maintaining records such as reporting deliverables.

DoD Response: Concur. NAVAIR has already reviewed performance to date on the contract supporting the development of the ANA’s ScanEagle UAS capability that remains active/in execution and is satisfied that the designated CONUS COR is performing all required functions. Specifically, NAVAIR confirmed all monthly COR surveillance reports were uploaded into the Surveillance and Performance Monitoring (SPM) tool. In addition, assessment reports of contractor performance defined by the Surveillance Activity Checklist (SAC) within the QASP were completed. Those reports were provided to SIGAR as part of NAVAIR’s May 2020 response and are acknowledged on audit page 10. As such, no further direction to NAVAIR is needed, and DoD requests SIGAR to close this recommendation.

Recommendation 2: Direct NAVAIR, in coordination with appropriate coalition partners, to immediately designate and announce an in-country sponsor and an in-country COR, Contracting Officer Technical Representative, or Government Technical Product Representation for the current ScanEagle contract.

DoD Response: Partially Concur. NAVAIR has already identified an in-country sponsor and documentation to that effect was provided to SIGAR previously. Additionally, DCOS INT and NAVAIR are working on nominating and designating primary and alternate in-country CORs. Because the contract is a DoD contract, there is no reason for NAVAIR to coordinate with other countries on its oversight.

To better understand the performance of the ScanEagle program, and the Afghan government's ability to sustain the program, SIGAR recommends that the Secretary of Defense:

Recommendation 3. Direct NAVAIR to immediately share existing Insitu performance reporting information and related contract deliverables with appropriate coalition partners responsible for the current ScanEagle contracts, and agree to a plan with CSTC-A for sharing future contract performance information.

DoD Response: Concur. The NAVAIR program office and CSTC-A have agreed to maintain the practice of daily situation reports to communicate current contract performance/execution status to document the contract performance information. NAVAIR provided access and information to CSTC-A representatives on how to access contract deliverables through the Contract Data Requirements List (CDRL) repository for the contract currently in execution (FOS 4/N68335-16-G-0046, DO N68335-19-F-0434). Once all CSTC-A representatives complete the access steps, they will be mapped to the CDRL library. Based on the foregoing, no DoD direction to NAVAIR is required and DoD requests to close this recommendation. Because the contract is a DoD contract, there is no reason for NAVAIR to coordinate with other countries on its oversight.

To ensure that U.S. investments in training Afghan National Army (ANA) soldiers to perform the ScanEagle mission are protected, we recommend that the Secretary of Defense:

Recommendation 4. Work with the ANA to develop requirements to help ensure that recently certified ANA soldiers will be placed in positions that take advantage of their newly acquired skills on the ScanEagle UAS.

DoD Response: Concur. The Afghanistan Resources Oversight Council (AROC), acting on behalf of the Secretary, will provide guidance to CSTC-A and DCOS INT to implement the recommendations to the extent possible while taking into consideration the status of the COVID-19 pandemic and the reduced U.S. presence in Afghanistan.

To help ensure that U.S. procurements in ScanEagle equipment are protected and used as intended, SIGAR recommends that the Secretary of Defense:

Recommendation 5. Direct responsible DOD departments to work with the ANA to establish a system for tracking the location of ScanEagle equipment across Afghanistan.

DoD Response: Concur. The AROC, acting on behalf of the Secretary, will provide guidance to CSTC-A and DCOS INT to implement the recommendations to the extent possible while taking into consideration the status of the COVID-19 pandemic and the reduced U.S. presence in Afghanistan.

APPENDIX V - RESPONSE FROM THE COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN

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HEADQUARTERS RESOLUTE SUPPORT
COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09320

CSTC-A

23 June 2020

MEMORANDUM THRU

United States Forces – Afghanistan DCDR-S, APO AE 09356
United States Central Command (CCIG), MacDill Air Force Base, FL 33621

FOR Special Inspector General for Afghanistan Reconstruction (SIGAR), 2530 Crystal Drive, Arlington, VA 22202-3940

SUBJECT: Response to SIGAR's Draft Report 127A: Afghan National Army: DoD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program.

1. The purpose of this memorandum is to provide the Combined Security Transition Command – Afghanistan (CSTC-A) response to the SIGAR Draft Report 127A: Afghan National Army: DoD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program.
2. SIGAR directed their recommendations to the Secretary of Defense. CSTC-A appreciates SIGAR's review of the ScanEagle program and the opportunity to respond and provide feedback, even though SIGAR did not direct the following recommendations toward CSTC-A:
 - a. *Recommendation 1: Direct NAVAIR personnel managing and overseeing the ScanEagle contracts to ensure the Contracting Officer's Representative (COR) on the current contract is performing all required COR duties, including documenting and maintaining records such as reporting deliverables.*
 - b. *Recommendation 2: Direct NAVAIR, in coordination with appropriate coalition partners, to immediately designate and announce an in-country sponsor and an in-country COR, Contracting Officer Technical Representative, or Government Technical Product Representation for the current ScanEagle contract.*
 - c. *Recommendation 3: Direct NAVAIR to immediately share existing Insitu performance reporting information and related contract deliverables with appropriate coalition partners responsible for the current ScanEagle contracts; and agree to a plan with CSTC-A for sharing future contract performance information.*
 - d. *Recommendation 4: Work with the ANA to develop requirements to help ensure that recently certified ANA soldiers will be placed in positions that take advantage of their newly acquired skills.*

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CSTC-A

SUBJECT: Response to SIGAR's Draft Report 127A: Afghan National Army: DoD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program.

e. Recommendation 5: Direct responsible DoD departments to work with the ANA to establish a system for tracking the location of ScanEagle equipment across Afghanistan.

3. Management Response for the Draft Report.

a. While CSTC-A is not the requirements owner for the ANA Scan Eagle program, CSTC-A appreciates SIGAR's review of the program. CSTC-A acknowledges the recommendations and will coordinate with the requisite OPRs to ensure the ANA has the technological and systemic process solutions to manage the equipment and personnel to support Scan Eagle operations properly.

4. Point of contact is Mr. Matthew A. Norton, matthew.a.norton18.civ@mail.mil, DSN 318-449-4738.

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KENNETH W. LETCHER
COL, USA
CSTC-A, Director of Staff

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APPENDIX VI - RESPONSE FROM UNITED STATES FORCES – AFGHANISTAN, JULY 8, 2020

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HEADQUARTERS
UNITED STATES FORCES-AFGHANISTAN
RSHQ, KABUL, AFGHANISTAN
APO, AE 09356

USFOR-A/CJ2

8 July 2020

MEMORANDUM FOR RECORD

SUBJECT: Discussion Draft Comments and Recommended Responses for SIGAR Audit of ScanEagle Unmanned Aerial System Program (U)

Reference. Afghan National Army: DOD Did Not Conduct Required Oversight or Assess the Performance and Sustainability of the \$174 Million ScanEagle Unmanned Aerial System Program. (U)

1. (U) The purpose of this memorandum is to provide a response to the SIGAR draft report for the audit of DOD's Efforts in Training and Advising the Afghan National Army with the ScanEagle UAS, project code 127A.
2. (U) The ANDSF Scan Eagle mission is executed via daily (multiple flights per day) intelligence, surveillance, and reconnaissance (ISR) missions at each of the seven ANA Corps Scan Eagle detachments. These detachments support ANDSF convoys, Corps and Brigade level clearance operations, force protection, and develop targets and/or provide battle damage assessments for Afghan Air Force airstrikes. The Corps Scan Eagle detachments fly day and/or night operations as coordinated by ANDSF needs and the feeds are integrated into the multi-pillar Regional Targeting Teams (RTT), the Corps tactical operations centers (TOC), the Combined Situation Awareness Room (CSAR), Operational Command Center - Regional (OCC-R) and Provincial (OCC-P), the Afghan Air Force (AAF) Operational Intelligence Center (OIC), the National Military Intelligence Center and National Military Command Center and other locations to enable decision-makers with real-time full motion video surveillance. Additionally, the Scan Eagle School conducts training six days a week and is currently training ten initial qualification Scan Eagle mission coordinators with three US Insitu instructors and two ANA train-the-trainer instructors using Skype video capability due to COVID-19 mitigation. There are also four Insitu operation and maintenance Train, Advise and Assist (TAA) field service representatives (FSR) who provide virtual TAA via telephone and WhatsApp to assist the ANA Corps Scan Eagle personnel with technical questions, equipment troubleshooting, and continuing discipline in maintenance operations. One Insitu Logistics FSR advises and assists the GSG2 Scan Eagle Directorate logistics personnel to track inventory, pull parts from the storage location and arrange for the transportation for all Scan Eagle parts and equipment from Kabul to the Corps Scan Eagle detachment, also primarily via telephone and WhatsApp due to COVID-19 mitigation. The DCOS INT ISR Capabilities Integration Cell liaises daily with all Insitu contractors, MAG-D Intelligence Advisors, regional TAA Command and Task Force Intelligence Advisors, all seven Corps Scan Eagle Detachment leaders, as well as the ISR liaisons at RTTs,

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the CSAR, and the AAF OIC to TAA the management and tracking of flights, intelligence reporting and integration, time-sensitive-targeting, and other coordination for mission execution and national level sustainment and logistics via WhatsApp due to COVID-19 mitigation. Without COVID-19, much of this TAA would be provided face-to-face at ANA Corps with an ongoing TAA Command mission.

3. (U) SIGAR directed their recommendations to the Secretary of Defense. DCOS INT appreciates SIGAR's review of the ScanEagle program and the opportunity to respond and provide feedback.
 - a. (U) *In response to Recommendation 5 (pg iii): Direct responsible DOD departments to work with the ANA to establish a system for tracking the real-time location of ScanEagle equipment across Afghanistan.*
DCOS INT TAA COMMENTS: It is accurate that directly responsible DOD departments will work with the ANA to establish a system for tracking the location of ScanEagle equipment across Afghanistan. However, the problem is broader, as the ScanEagle program relies on convoys and Air Force flights for delivery. Near real-time tracking of all equipment is not realistic due to ground and air logistic constraints causing delivery delays, but a system of regular and reportable inventories will be put in place across the CJOA-A.
 - b. (U) *In response to paragraph 5 under "Background" (pg 3): In March 2019, NAVAIR awarded a fifth contract to Insitu. Unlike the previous contracts, the fifth contract has a base year with options for 2 additional years. In addition to providing ScanEagle equipment, training, and operation and maintenance support like the previous four contracts, the fifth contract introduces a train-the-trainer program. According to NAVAIR officials, the ANA recruited three former ScanEagle pilots to work alongside Insitu trainers and eventually be certified to train ANA students. These former pilots were trained and certified by Insitu, and are actively performing at an operational ANA ScanEagle site. A CSTC-A senior official told us that the goal of the train-the-trainer program is to help the ANA develop and eventually conduct ScanEagle training independent of Insitu.*
DCOS INT TAA COMMENTS: The Train-the-Trainer (T3) Program has made great strides and now has three T3 Pilots, three T3 maintenance personnel, and three T3 mission coordinator instructors. T3 Pilot instructors became qualified during the last pilot training class in January 2020; subsequently sixteen new Scan Eagle pilots were also certified during the January training class. While COVID-19 restrictions will delay and shrink the population of the course beginning in June, 2020, the goal remains for the ANA to take over all Scan Eagle training in 2021.
 - c. (U) *In response to paragraph 8 under "DOD DID NOT MEASURE AND EVALUATE THE SCANEAGLE PROGRAM'S PERFORMANCE BECAUSE DOD ASSERTED ESTABLISHED PERFORMANCE MEASUREMENT REQUIREMENTS DID NOT APPLY PRIOR TO 2019 AND ARE TOO COSTLY TO APPLY NOW" (pg 15): CSTC-A officials provided examples of ScanEagle program performance successes that include the ANA occasionally flying a ScanEagle UAS without Insitu's support, the ANA identifying enemy sites while flying (e.g., locating two Taliban prison of war camps), and the ANA providing other ANA forces video to assist with conducting aerial strikes on terrorist*

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targets. In January 2020, CSTC-A officials told us that the ScanEagle program helped identify 900 enemy locations in 1 year. CSTC-A also commented that “while we do not have day-to-day visibility on all their successes or failures, we do know that ScanEagle is considered ‘highly effective’ by the Afghan Chief of General Staff and his GSG2 [intelligence staff].” Although anecdotal assertions of success can help inform decision making, they are not a replacement for a formal, specific, fact-based assessment, monitoring, and evaluation of ScanEagle.

DOCS INT TAA COMMENTS: All seven ANA Scan Eagle hubs now operate daily flights (1-2 flights/day) with no Insitu personnel. Only one site has on-site Insitu personnel at this time, and that is for the express requirement of on-the-job training for newly qualified personnel. The remaining Insitu personnel are now available to TAA the ANA sites virtually, using telephone and WhatsApp. During this time the ANA fielded three spokes without hands-on assistance from Insitu, fielded a new landing recovery system without hands-on assistance from Insitu, and are conducting a class to qualify new mission coordinators via distance education without any hands-on instruction from Insitu. The six other ScanEagle operational sites have access to virtual Insitu support.

- d. (U) *In response to paragraph 3 under “DOD Did Not Assess the Sustainability of the ScanEagle Program” (pg 16): The official further confirmed that there is no transition plan with milestones detailing how DOD will hand the program over to the ANA.*

DOCS INT TAA COMMENTS: The ScanEagle program is now ANA run with minimal assistance from FSRs and military advisors; a transition plan is no longer necessary. The Scan Eagle program requires USG support only to purchase the US made/ITAR restricted items and occasional technical support.

- e. (U) *In response to paragraph 6 under “DOD Did Not Assess the Sustainability of the ScanEagle Program” (pg 17): Although DOD says it is not required to meet the requirements in the 2017 DOD instruction for ScanEagle, it did consider the sustainability of the ScanEagle program to some extent. For example, a senior CSTC-A official stated that CSTC-A and the ANA’s intelligence command responsible for ISR capabilities have discussed that the ANA should, at some undefined point in the future, take over a portion of the program’s “auxiliary expenses”—such as supplying food to ANA students during training classes, providing some of their own security, and providing air traffic control—which the U.S. government currently provides. However, neither CSTC-A nor the ANA has developed any specific plans to transition those activities.*

DCOS INT TAA COMMENTS: With the exception of the schoolhouse training on Kandahar Airfield, the Scan Eagle personnel food and lodging support come from the ANA. The KAF schoolhouse is located on the American base for security reasons, and is scheduled to transition to GIROA control within the next year, at which point the ANA will transition to providing their own food and accommodations. The Scan Eagle detachments provide for their own security except on KAF and Herat Airfield, as they are situated on Coalition Bases.

- f. (U) *In response to paragraph 9 under “DOD Has Encountered Delays and Challenges in Developing the ANA’s Capability to Operate and Maintain the ScanEagle Program” (pg 19): CSTC-A commented in January 2020 that all sites were converted to “government owned, government operated” and that no site*

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has more than two Insitu field support representatives. However, CSTC-A did not provide evidence to support this change and acknowledged that the ANA are still heavily reliant on Insitu's support, even though CSTC-A now considers the sites to be government operated. Moreover, per NAVAIR contracts, a "government owned, government operated" site should use Insitu personnel only to provide subject matter expert assistance to the ANA, and all ANA personnel at the site should be proficient in daily roles and responsibilities. It is not clear based on CSTC-A's January 2020 response to us whether the command also thinks ANA personnel are proficient and in what particular roles and responsibilities. Furthermore, being "government owned, government operated" site does not, on its own, mean ANA personnel on site are independently operating ScanEagle missions or independently maintaining ScanEagle equipment.

DCOS INT TAA COMMENTS: The ANA are independently operating the equipment at all of the Corps sites. Under COVID-19 conditions, FSR support is only available by electronic communications, i.e. telephone and WhatsApp, with the exception of the two sites located on Coalition Bases. Operations have continued on a consistent pace without the FSRs on site. In April 2020, the Scan Eagle detachment at Dahlke completed the complex task of setting up a Mark 3 Skyhook with FSRs only providing assistance remotely. In May 2020, The 203rd Corps announced that their maintainers had independently returned two Scan Eagle aircraft to service that had previously been assessed as damaged beyond repair. The ANA successfully completed a training class at Camp Hero in June 2020, graduating 7 new Scan Eagle Mission Coordinators. The class utilized Afghan Instructors, with Insitu FSRs only providing remote assistance.

- g. (U) *In response to paragraph 13 under "DOD Has Encountered Delays and Challenges in Developing the ANA's Capability to Operate and Maintain the ScanEagle Program" (pg 20): Finally, CSTC-A officials told us that although the ScanEagle program is building the ANA's capability to perform ISR missions, such as conducting ScanEagle flights to collect surveillance and reconnaissance video for intelligence, the program is not focused on developing the ANA's capability to produce and process actionable intelligence. A CSTC-A official said the program is not responsible for training the ANA on how to analyze and process the surveillance and reconnaissance information it collects from ScanEagle UAS. In addition, Insitu and CSTC-A personnel are not responsible for teaching the ANA how to apply the analyzed intelligence to larger military combat and targeting operations.*

DCOS INT TAA COMMENTS: Insitu, as a contractor, does not advise on how to target enemy forces as that is an inherently governmental task. However the MAG-D Intelligence Advisors as well as advisors at each TAAC, Task Force and NSOCC's Regional Targeting Teams (RTTs) do advise the ANA daily on how to use the ISR collected to call for helicopter support, attack aircraft, or artillery fires.

- h. (U) *In response to paragraph 14 under "DOD Has Encountered Delays and Challenges in Developing the ANA's Capability to Operate and Maintain the ScanEagle Program" (pg 20): A CSTC-A official said the ANA's ability to use intelligence collected by the ScanEagle UAS to plan and, to a lesser extent, control combat operations is limited. This official added that the ANA soldiers operating the systems may be able to launch, fly, and retrieve ScanEagle vehicles,*

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but they do not understand how to integrate the information collected from missions into intelligence to guide ANA operations and targeting. The official added that the ANA is dependent upon the U.S. military for technical assistance to prepare weekly ScanEagle flight schedules for ANA ISR targeting efforts.

DCOS INT TAA COMMENTS: It may not be to western standards, but the ANA are using the Scan Eagles. Scan Eagle ISR is incorporated into daily ANA operations including executing clearance operations, resupply convoys, and other daily ANA tasks. Military advisors are not involved in building daily or weekly schedules, but rather have transitioned to a pure advisory role.

- i. (U) In response to paragraph 15 under “DOD Has Encountered Delays and Challenges in Developing the ANA’s Capability to Operate and Maintain the ScanEagle Program” (pg 20): A U.S. Forces–Afghanistan official said in January 2019 that CSTC-A is hesitant to train and counsel the ANA on intelligence analysis, partly because of concerns that some of the ANA ScanEagle pilots enrolled in the training program are on a watch list for having ties to the Taliban. He said he feared that “the training is going straight to the Taliban.”

DCOS INT TAA COMMENTS: USFOR-A conducts a rigorous CI screening and vetting of all ANA Scan Eagle personnel for the purpose of preventing green-on-blue attacks and to keep sensitive training/material from getting into Taliban hands. We have no indications that training materials have been passed to the Taliban.

- j. (U) In response to paragraph 17 under “DOD Has Encountered Delays and Challenges in Developing the ANA’s Capability to Operate and Maintain the ScanEagle Program” (pg 21): In May 2020, in response to our draft, the official within the Resolute Support Mission’s Office of the Deputy Chief of Staff for Intelligence told us that because the ScanEagle program is now under the Resolute Support Deputy Chief of Staff for Intelligence, DOD advisors help the ANA on a daily basis to, for example, use the ScanEagle information collected to “call for helicopter, attack aircraft, or artillery fires,”; advise and assist the ANA on how to target the enemy, and; support ANA resupply convoys.

DCOS INT COS COMMENTS: This is inaccurate and should be removed. The Deputy Chief of Staff for Intelligence (DCOS INT) does not advise the ANA on how to conduct operations with the Scan Eagles. DCOS INT trains and equips the ANA on how to operate Scan Eagles. CSTC-A conducts advising on the employment of ISR as do the NSOCC’s Regional Targeting Teams (RTTs) who partner with the ANDSF for targeting operations.

4. (U) The point of contact for this memorandum is Capt Samuel Hill; SVOIP: 308-237-9216, DSN: 318-449-1383.

THOMAS W. SPAHR
COL, USA
DCOS-INT Chief of Staff

APPENDIX VII - ACKNOWLEDGMENTS

Eugene Gray, Senior Program Manager

John Schenk, Analyst-in-Charge

Suzana Chowdhury, Senior Program Analyst

Evan Ward, Program Analyst

This performance audit was conducted
under project code SIGAR-127A.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
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Public Affairs

Public Affairs Officer

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2530 Crystal Drive
Arlington, VA 22202