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February 5, 2016

### **Via Electronic Transmission**

The Honorable Ashton B. Carter  
Secretary of Defense  
U.S. Department of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Dear Secretary Carter:

On January 20, 2015, the Senate Armed Services Subcommittee on Readiness and Management Support held an oversight hearing on the Defense Department's (DoD/Department) Task Force for Business and Stability Operations (TFBSO). I have a number of questions as a follow up to the testimony provided by Principal Deputy Under Secretary of Defense for Policy, Brian McKeon.

In November 2015, I sent three letters to you regarding access to TFBSO officials and documents, as well as the Department's treatment of a whistleblower who has provided vital information on TFBSO activities. The first letter dated November 3, 2015, requested that DOD provide the Special Inspector General for Afghanistan Reconstruction (SIGAR) unfettered access of all TFBSO documents. My second letter on November 9, 2015, requested that DoD provide the same set of TFBSO records to my office. While SIGAR received the hard drive a few days before the hearing, I have yet to receive the requested documents. I expect to receive those documents without further delay. Additionally, my third letter on November 17, 2015, raised concerns about possible whistleblower retaliation against Col. John Hope, former Director of TFBSO Operations in Afghanistan. Col. Hope has been working with both SIGAR and my staff to help us better understand how TFBSO functioned.

During hearing testimony, Mr. McKeon referred to a DoD-requested "financial audit." My staff subsequently received the financial audit (attached) conducted by Williams Adley (WA). I have since determined that it is not a financial audit but an

“Agreed-Upon Procedures Report (report). It cannot be considered an audit “because the procedures did not constitute an audit in accordance with generally accepted auditing standards” (p. 1). The “objectives” of the WA “engagement were to review supporting documentation to reconcile and validate balances for transactions selected” (p. 1). Moreover, DoD wanted to “verify whether TFBSO was compliant with legislative and fiscal guidelines” (p. 1).

According to the report, dated April 30, 2015, Washington Headquarters Services (WHS) received \$539.5 million “for TFBSO operations during the period August 1, 2011 through December 31, 2014” (p. 6). It verifies that WHS did, in fact, receive those funds. However, that was about as far as it went. An attempt by WA to test and validate the accuracy of a sample of 45 TFBSO transactions, valued at \$87.4 million, was unsuccessful for one very basic reason - auditors were unable match transaction data with contracts, invoices, receiving reports and payment records. Presumably this was because those records were not readily available or did not exist. Instead, WA attempted to bridge the gap with calculations based on unsupported, unaudited Wide Area Workflow (WAWF) data (p. 8). Even using those limited standards, WA was unable to verify six transactions valued at \$5.5 million “due to unavailable funding documentation” (p. 8). According to a certified public accountant, a math calculation of unsupported and unaudited data provides no assurance of accuracy.

While the WA report does not address the overall effectiveness of TFBSO’s internal control procedures, it clearly alludes to a lack of controls as follows: “WHS indicates that there is no way to search for supporting documentation in the system without having to examine each individual document attached to a transaction” (p. 9). I find such an admission on the part of WHS to be both astonishing and irresponsible. If there is no way to match payments with supporting documentation, then WHS would be a violation of law and regulation. Being able to make those match-ups is mandatory. It is the heart and soul of effective oversight and internal controls. Without such a capability, management would be unable to detect fraud and theft – if it is occurring. Bottom line: the results of this very narrow review suggest that TFBSO’s internal controls were weak or non-existent.

The DoD testimony and the Williams Adley procedures report leave me with more questions than answers as follows:

1. The record indicates that \$820 million was appropriated for TFBSO; \$759 million was obligated; and \$638 million was actually spent. Please document what happened to the \$182 million in unexpended appropriations and whether expired funds were returned to the Treasury, as required by law, or were reprogrammed by Congress for other purposes?
2. According to Mr. McKeon’s testimony, TFBSO money was disbursed through several different finance and accounting services, including U.S. Army Central in Kuwait, Washington Headquarters Services (WHS), DoD Comptroller, and the Interior Department. Please document the total dollars allocated to and expended by each listed entity?

3. Please provide the name of the TFBSO Chief Financial Officer (CFO) responsible for the day-to-day management of the TFBSO funding? Please also provide the regular reports the CFO received on the status of funding disbursed by the entities listed in Question #2?
4. Please provide all electronic or hard-copy documentation the CFO provided to WHS, or the other entities in Question #2, to support all financial transactions?
5. Mr. McKeon referred to the WA report as a “financial audit” during testimony when that report states on page 1 that it “did not constitute an audit.” The report itself meets none of the requirements of a financial audit – none whatsoever. Why did Mr. McKeon inaccurately characterize this report as a “financial audit”? How much did DoD pay WA to produce the report? And please provide the contract with WA?
6. What did the department learn from this report? Is DoD satisfied with the results of the review? How many of the report recommendations have been implemented?
7. If Mr. McKeon believed a financial audit of TFBSO was necessary, why didn’t he just ask WA to do a top-to-bottom audit instead of the very limited and questionable review that was ultimately produced?
8. Why did WA fail to try to at least match contracts with invoices, receiving reports and payment records to verify the accuracy of the 45 transactions in its sample?
9. DoD regulations and statutory law require that the department maintain appropriate documentation to support all obligations and expenditures and have those records ready for review by auditors. Who in the department is accountable for failing to abide by those rules for TFBSO financial transactions?
10. During the hearing, there was discussion about a report on TFBSO finances prepared in the DoD Comptroller’s office and reportedly completed on November 20th. Inspector General Sopko referred to it as a “final report.” Please provide a copy of that report.
11. Did Mr. McKeon or any other senior member of the Secretary’s staff travel to Afghanistan specifically to observe TFBSO activities first hand? If not, why not? Who in the Office of the Secretary of Defense was exercising oversight of TFBSO?
12. The 2011 GAO report on TFBSO<sup>1</sup> recommended establishing project management guidelines for existing and future projects. GAO also recommended that TFBSO communicate and better exchange information with other inter-agency entities.

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<sup>1</sup> <http://www.gao.gov/assets/330/322350.pdf>

Col. Hope stated that neither of these recommendations was followed when he came to TFBSO. Please document why these project management guidelines and information sharing recommendations from GAO were never implemented?

13. During the hearing, Mr. McKeon stated: Colonel Hope “asked me ....to be a senior rater.” Mr. McKeon needs to explain the meaning of this statement because it appears to be misleading. As I understand it, the senior rater responsibility was automatically assigned to Mr. McKeon because of Colonel Hope’s position in his organization. Why would he testify that Col. Hope chose him as his senior rater?
14. Mr. McKeon also stated that Col. Hope’s “OER [officer evaluation report] didn’t come to me until September. I can’t account for the delay.” Yet, the record clearly shows that Col. Hope formally submitted his OER to his first rater, the former TFBSO Director, Mr. Joe Catalino, on January 13, 2015. That is when the clock started running. The OER could not go to the senior rater, Mr. McKeon, until it was signed by the first rater. Although Mr. McKeon testified that he initially signed the OER on September 11<sup>th</sup>, nine days after Mr. Catalino allegedly signed it the first time around, it was not officially and formally signed for another two months due to a computer glitch. The suggestion that a computer glitch in September is the reason it took from January to November to sign this OER is not plausible. Any comment?
15. In accordance with applicable regulations, Col. Hope’s OER was supposed to be completed by March 31, 2015. Neither Mr. McKeon nor Mr. Catalino officially signed it until November 19, 2015 – ten months after it was initially received but just two days after I raised questions about the delinquent OER in my November 17, 2015 letter to DoD. This sequence of events appears to suggest Mr. McKeon was able to move with amazing speed when necessary. Nonetheless, I view Mr. Catalino’s failure to complete and sign Col. Hope’s OER from January 13<sup>th</sup> until November 19<sup>th</sup> as a red flag. It smells of potential retaliation. Why did Mr. Catalino sit on this report for more than ten months?
16. After receiving Col. Hope’s OER in early 2015, did Mr. McKeon discuss it with Mr. Catalino? If so, provide the documentation, including emails, of those discussions?
17. Col. Hope’s latest evaluation stands in sharp contrast to four previous OER’s, including one by General Odierno, that placed him in the top 1 percent of Army colonels ready to be “selected for brigadier general.” Please provide justification for the sub-standard rating given to Col. Hope.
18. The closure date of Col. Hope’s OER is May 14, 2015, yet the Task Force terminated operations on March 31, 2015. So this date is incorrect. Was that Mr. Catalino’s error?
19. Mr. McKeon stated that he had not received a copy of the Afghanistan Termination After Action Report (AAR) from Col Hope, yet emails show that COL

Hope sent this AAR directly to him on February 20, 2015. Did Mr. Catalino provide an overarching TFBSO AAR that included Col Hope's document? If so, please provide a copy of that document?

20. Col Hope's OER demonstrates he was actively involved in far more than just "participation in specialized problem solving skills in the logistics enterprise." Please document that Mr. McKeon actually read Col Hope's Support Form instead of merely incorporating Mr. Catalino's "suggested Senior Rater comments" as his own? Please explain why Mr. McKeon's comments were limited to this one singular aspect of Col. Hope's contributions?
21. Did Mr. McKeon know at the time he completed Col. Hope's OER that he had been actively communicating with SIGAR? Did Mr. Catalino ever inform Mr. McKeon that Col. Hope was communication with SIGAR? Please provide all correspondence, including emails, regarding this issue?
22. Did Mr. Catalino submit Col. Hope, his Deputy Cdr Matt Reil, or his NCOIC GySgt Wade Yeager for awards for their services under TFBSO? Did any other military members of TFBSO receive awards for their contributions? Did Mr. Catalino receive any awards for his leadership of TFBSO?
23. Col. Hope was selected "by name" to be the Assistant Chief of Staff for Operations for the 353d Civil Affairs Command following his service at TFBSO. The 353d CACOM supports two Combatant Commands, EUCOM and AFRICOM, for all areas of Civil Affairs and Civil Military Operations. Col. Hope's new assignment seems somewhat incongruous with Mr. McKeon's OER evaluation of his professional capabilities. I am told that if the Army accepted Mr. McKeon's assessment at face value, Col. Hope would never have been given this assignment. Would you please comment on the apparent mismatch between Col. Hope last OER and his new assignment?

Thank you in advance for your prompt attention to this matter. I would appreciate your response by February 26, 2016. Should you have any questions, please do not hesitate to contact Janet Drew of my staff at (202) 224-5225.

Sincerely,



Charles E. Grassley  
Chairman  
Committee on the Judiciary

Cc: The Honorable John Sopko  
Inspector General  
Special Inspector General for  
Afghanistan Reconstruction

The Honorable Kelly Ayotte  
Chair  
Senate Armed Services Subcommittee  
on Readiness and Management Support

The Honorable Patrick Leahy  
Ranking Member  
Senate Committee on the Judiciary