

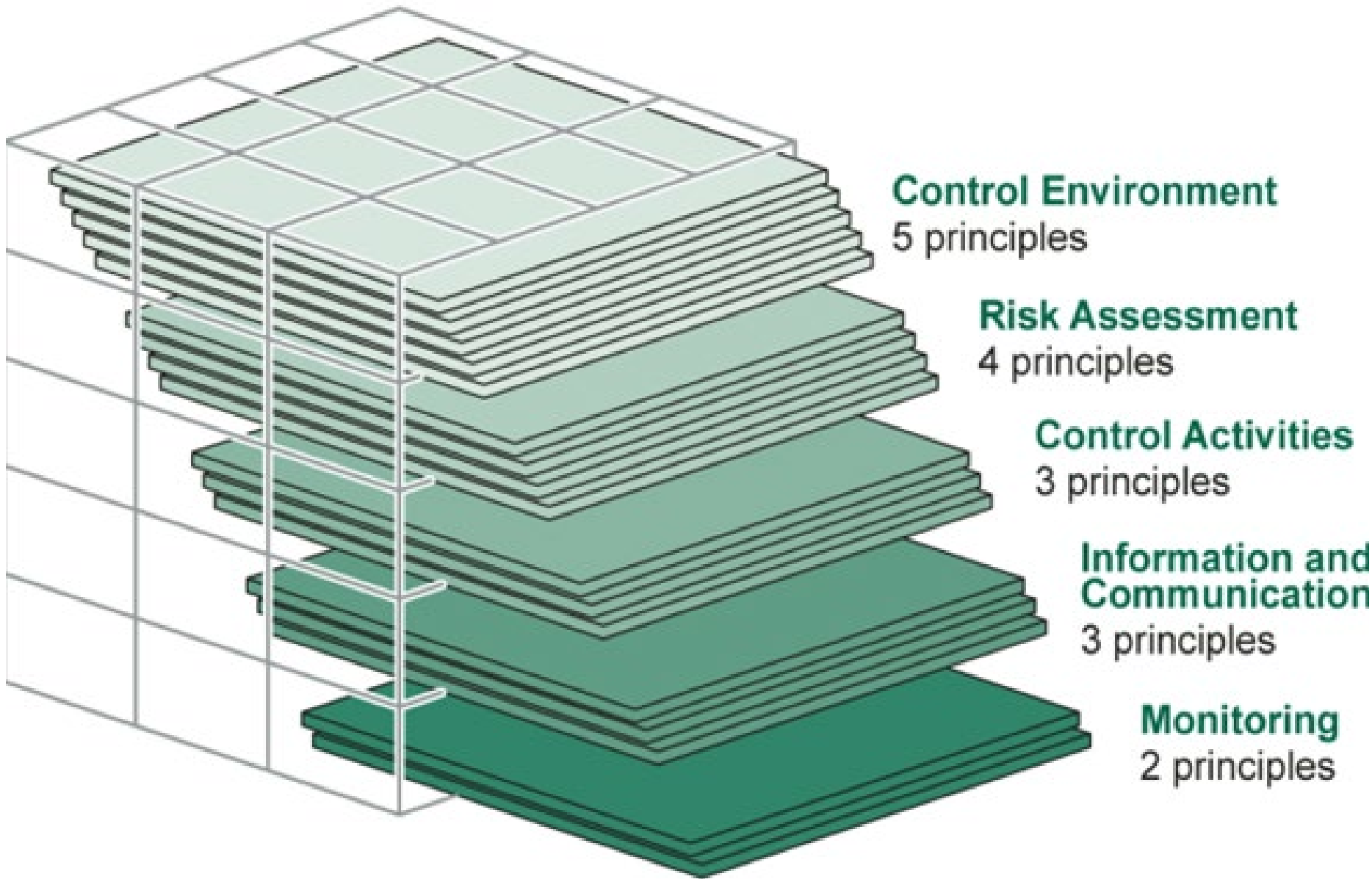
# FRAUD IN AFGHANISTAN: ANALYSIS OF INTERNAL CONTROL FAILURES



NAVAL  
POSTGRADUATE  
SCHOOL

## Abstract

- Fuel fraud was a persistent issue in U.S.-funded reconstruction efforts in Afghanistan. Applying the Committee of Sponsoring Organizations of the Treadway Commission’s Internal Control Framework, this study analyzes cases of military members who were prosecuted and convicted of fuel theft to identify weaknesses in the internal controls of fuel management systems in Afghanistan.



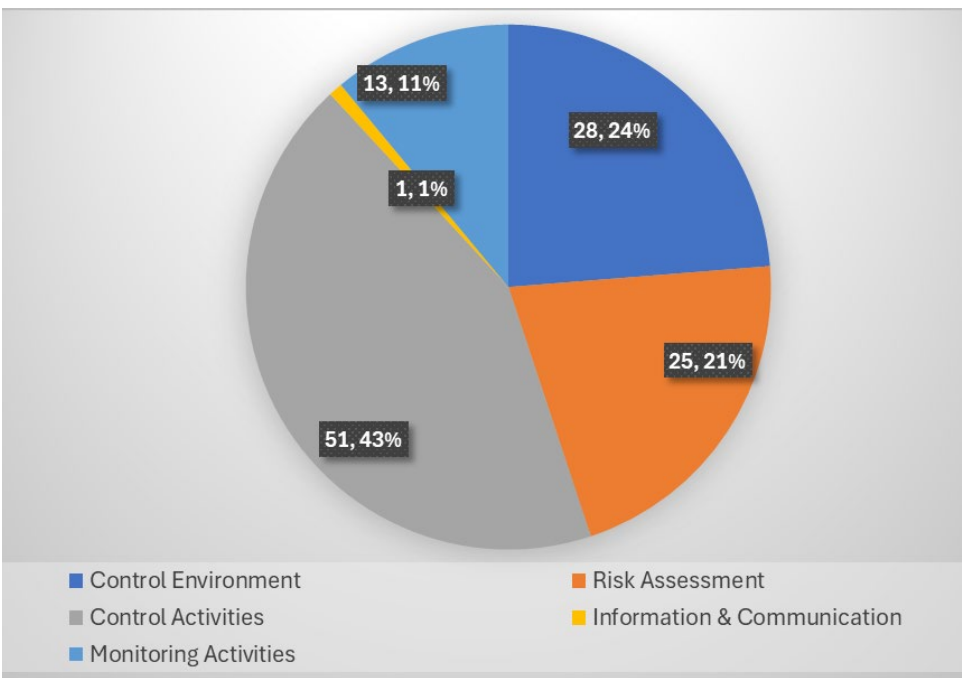
COSO Framework Components

## Methods

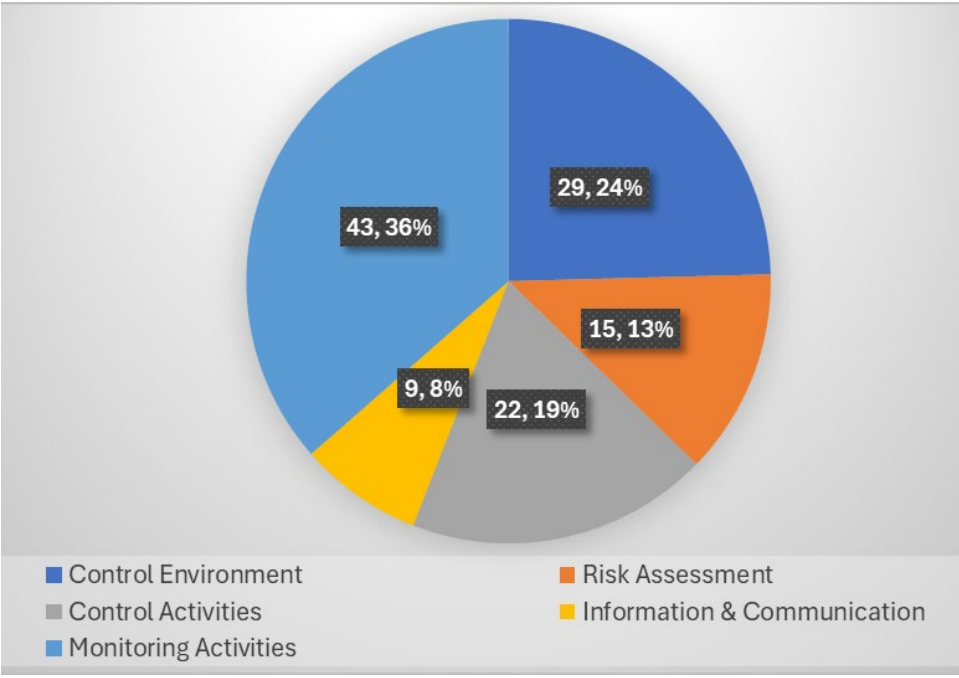
- Cases were identified through various publicly available websites and news releases.
- Court records were retrieved from PACER website.
- Literature review compiled reports, literature, and research on relevant topics.
- Two databases were developed using information from the court documents.
- Database information was statistically analyzed.
- Recommendations were provided for improvement of internal controls over fuel management systems in conflict areas.

## Results & Their Impact

- Failures in the COSO internal control components may have allowed fuel fraud to persist in reconstruction efforts in Afghanistan.
- Strengthened internal controls and enforcement measures are necessary to prevent fraud in future reconstruction efforts in conflict areas.



Primary Internal Control  
Component Failures



Secondary Internal Control  
Component Failures

	Primary Component Failure	Secondary Component Failure	Total Component Failures
Control Environment	28 / 24%	29 / 24%	57 / 24%
Risk Assessment	25 / 21%	15 / 13%	40 / 17%
Control Activities	51 / 43%	22 / 19%	73 / 73%
Information & Communication	1 / 1%	9 / 8%	10 / 4%
Monitoring Activities	13 / 11%	43 / 36%	56 / 24%

Recorded Incidents  
Component Failures

