

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 25-27 Audit Report

State Risk Assessments for Assistance Projects:
Bureaus Prepared Required Assessments,
But Inconsistencies May Increase Project Risk



JULY
2025

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

The Department of State's (State) has undertaken foreign assistance programming to achieve U.S. foreign policy goals, including in environments where terrorist groups, their members, or their supporters are active, such as Afghanistan. State defines risk as "anything that has the potential to negatively (threats) or positively (opportunities) impact the Department's capability to achieve objectives," which may include risks to humanitarian workers delivering assistance, diversion of funds or material support to terrorists, constrained access to people in need, or diminished program oversight. Given this, State requires bureaus to perform a risk analysis process to identify the internal and external risks associated with an award, rate the likelihood and impact of the risks, and identify actions that could help mitigate those risks.

As part of State's risk analysis process, bureaus complete risk assessments to identify, evaluate, and consider mitigation and monitoring measures for risk across three categories: (1) organizational, (2) programmatic, and (3) country/region. Bureaus assess and score risk factors within a risk category, tally their values to determine the category's risk level, and then calculate the awards overall risk rating by weighting each category to reflect the respective category's risk relative to the other two categories.

This audit's objectives were to examine the extent to which State bureaus with active awards in Afghanistan from September 1, 2021, through May 31, 2024, (1) complied with State guidance in performing risk analysis for their awards in Afghanistan, (2) considered risk-mitigation measures, and (3) prepared risk assessments that accurately reflected the programmatic risks in Afghanistan.

July 2025

State Risk Assessments for Assistance Projects: Bureaus Prepared Required Assessments, But Inconsistencies May Increase Project Risk

SIGAR 25-27 AUDIT REPORT

WHAT SIGAR FOUND

SIGAR found that from September 1, 2021, to May 31, 2024, State had 60 active awards (contracts and agreements) for the provision of assistance in Afghanistan, which had a total value of \$253 million and that were subject to the department's risk assessment process. SIGAR also found that all six State bureaus—Democracy, Human Rights, and Labor; International Narcotics and Law Enforcement Affairs; International Security and Nonproliferation; Political-Military Affairs, Office of Weapons Removal and Abatement; Population, Refugees, and Migration; and South and Central Asian Affairs, Office of Press and Public Diplomacy—complied with State's risk assessment requirements.

According to State guidance, each award risk assessment must contain a monitoring plan based on the award's risk rating, including mitigation measures. Risk mitigation measures, such as increased site visits and reporting or increasing the scrutiny of financial and program reports, are aimed at reducing or mitigating the effects of possible risks. Furthermore, because a monitoring plan must be tied to its risk assessment, State's Bureau of Administration, Office of Global Acquisition risk assessment worksheet contains a monitoring plan template with five suggested monitoring and mitigation measures, such as (1) pre-award site visits, (2) communication, (3) event monitoring, (4) reporting required from recipient, and (5) program site visits.

Based on SIGAR's analysis of the bureau-provided monitoring plans, SIGAR determined that while these plans considered risk mitigation measures, some used identical wording and punctuation to those of other awards, despite the awards having different risk levels or objectives. For example, in 22 of 26 bureau of Political-Military Affairs, Office of Weapons Removal and Abatement monitoring plans prepared from 2022 to 2024, SIGAR found that proposed mitigation measures and overall risk mitigation strategies were written using identical language. This suggests that, despite changes to Afghanistan's risk environment and differing award goals and objectives, the same mitigation language was used across these awards. Similarly, 8 of 9 bureau of Population, Refugees, and Migration monitoring plans completed during the same period contained identical risk mitigation language, despite pertaining to differing award types and risk levels. While bureaus are not prohibited from reusing monitoring plans, the prevalence of identical plans raises questions whether State is actually evaluating each award's risk level or if it is instead treating the preparation of risk assessments as a paperwork exercise. If State is not properly assessing the risks on each project on an individual basis, it could undertake excessively risky projects, potentially reducing project efficacy and wasting taxpayer dollars.

SIGAR found that bureaus are allowed to create their own risk assessment worksheets and perform the related calculations. If a bureau creates a custom worksheet, State guidance requires the worksheet to use a risk assessment process that is either developed or approved by the Bureau of Administration, Office of Global Acquisition and to assess an award's risk based on three risk categories: (1) organizational, (2) programmatic, and (3) country/region. If bureaus choose to use the Bureau of Administration, Office of Global Acquisition's standard risk assessment worksheet, they can change each risk category's weighted value without seeking the Bureau of Administration, Office of Global Acquisition's approval. This means that individual bureaus are responsible for creating the worksheet used to score an award's risk level as well as calculating that risk level. SIGAR also found that the bureaus of South and Central Asian Affairs; Office of Press and Public Diplomacy, Democracy, Human Rights, and Labor; and Political-Military Affairs, Office of Weapons Removal and Abatement made mathematical errors when completing 16 of their risk assessments, which resulted in inaccurate risk category ratings that were lower than they should have been. However, the mathematical errors resulted in the overall risk level for two projects to be overstated.

Additionally, SIGAR found that bureaus inconsistently rated Afghanistan's country/region risk rating, with some bureaus rating Afghanistan as "high" and others rating it as "low." SIGAR found State risk assessment guidance notes that no one single approach is best to determine an award's risk level and it allows bureaus to use varying approaches to evaluate and rate each award's risk levels. As a result of the varying approaches, SIGAR found that bureaus' country/region risk category ratings varied and even contradicted State's agency-wide assessment of Afghanistan being a "high" risk level. For example, SIGAR found the Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement rated Afghanistan's country/region risk category as "low" for 19 awards and "medium" for 7 awards but did not rate any awards as "high." By not rating Afghanistan as "high" risk, consistent with State's agency-wide assessment, bureaus risked funding and undertaking projects that would otherwise have been canceled.

Lastly, SIGAR found that the way bureaus calculate an award's overall risk rating produced inaccurate risk ratings, potentially resulting in State undertaking projects it would otherwise have deemed too risky. SIGAR's analysis found that bureaus rated 40 of 60 awards in Afghanistan with an overall risk level of "low." Conversely, bureaus rated 6 of 60 awards with an overall "high" risk. SIGAR found bureaus used formulas that assigned a greater weighting to programmatic and organizational risk categories, which typically had lower risk ratings, and lower weightings for the country/region risk category, which typically had a higher risk rating, thus resulting in lower overall risk ratings. By using the risk assessment template's default weightings, rather than appropriately assigning weightings for awards being implemented in Afghanistan's operating environment, bureaus increased the likelihood that they would undertake projects that would otherwise be deemed too risky, increasing the opportunities for waste, fraud, and abuse of taxpayer funds.

WHAT SIGAR RECOMMENDS

To help improve State's compliance with its risk analysis processes and requirements for programming in Afghanistan, SIGAR recommends that the Secretary of State:

- 1. Review State's risk assessment process to ensure it produces consistent and accurate risk ratings across all bureaus based on the operating environment for the assistance project.**

SIGAR provided a draft of this report to State for review and comment. State noted its commitment to the continued suspension of all foreign assistance to Afghanistan that could benefit the Taliban. State concurred with SIGAR's recommendation and noted that should the United States resume foreign assistance in Afghanistan, it would implement SIGAR's recommendation as appropriate. Because the U.S. is no longer providing foreign assistance in Afghanistan, SIGAR has closed the recommendation on the issuance of this report, as it has been overcome by events. State's technical comments have been incorporated into the report as appropriate. Appendix II includes a copy of State's official response.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

July 7, 2025

The Honorable Marco Rubio
Secretary of State

This report discusses the results of SIGAR's audit of the Department of State's (State) compliance with its award risk assessment requirements in Afghanistan, focusing on the bureaus that had active awards from September 1, 2021, through May 31, 2024. State's internal guidance establishes risk assessment requirements using risk-based models, which vary among State's bureaus. This lack of standardization allows each bureau to tailor each risk assessment and to take into account that the specific risks of each award are unique. Bureaus may either use a standardized risk assessment developed by State's Bureau of Administration, Office of the Global Acquisition or modify those standard risk assessment for its specific needs with State's Bureau of Administration, Office of Global Acquisition approval.

We found that all six bureaus—Democracy, Human Rights, and Labor; International Narcotics and Law Enforcement Affairs; International Security and Nonproliferation; Political-Military Affairs, Office of Weapons Removal and Abatement; Population, Refugees, and Migration; and South and Central Asian Affairs, Office of Press and Public Diplomacy—complied with State risk assessment requirements.

However, while we determined that all risk assessments considered risk mitigation measures, we found that the risk assessments contained errors and inconsistencies. For example, risk assessments for three bureaus—South and Central Asian Affairs; Office of Press and Public Diplomacy, Democracy, Human Rights, and Labor; and Political-Military Affairs, Office of Weapons Removal and Abatement—contained mathematical errors when calculating the risk. Furthermore, we found that bureaus assessed country/region risk levels that contradicted department-wide ratings. Specifically, we found that four bureaus rated Afghanistan's country/region risk level "low" or "medium," despite State labeling Afghanistan as a "critical" environment. Lastly, we found that the method used to determine an award's overall risk level led to artificially lower risk ratings because it assigned a smaller risk weighting to Afghanistan's operating environment than it did to other risk categories. As a result, bureaus only rated 6 of 60 awards as "high" risk.

We are making one recommendation to the Secretary of State to help improve the department's compliance with its risk assessment processes and requirements for programming in Afghanistan. We recommend the Secretary review the department's risk assessment process to ensure it produces consistent and accurate risk ratings across all bureaus, based on the operating environment for the assistance project.

We provided a draft of this report to State for review and comment. State concurred with our recommendation and noted that should the United States resume foreign assistance in Afghanistan, it would implement our recommendation as appropriate. Because the United States is no longer providing foreign assistance in Afghanistan, we have closed the recommendation on the issuance of this report, as it has been overcome by events. State's technical comments have been incorporated into the report as appropriate. Appendix II includes a copy of State's official response.

Gene Aloise
Acting Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

| | |
|---------|---|
| A/GA | Bureau of Administration, Office of Global Acquisition |
| DRL | Bureau of Democracy, Human Rights, and Labor |
| FAD | Federal Assistance Directive |
| FAM | Foreign Affairs Manual |
| INL | Bureau of International Narcotics and Law Enforcement |
| ISN | Bureau of International Security and Nonproliferation |
| PM/WRA | Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement |
| PRM | Bureau of Population, Refugees, and Migration |
| SCA/PPD | Bureau of South and Central Asian Affairs, Office of Press and Public Diplomacy |
| State | Department of State |

The Department of State (State) undertakes its foreign assistance programming to achieve U.S. foreign policy goals, including in environments which terrorist groups, their members, or their supporters are active, such as Afghanistan. State defines risk as “anything that has the potential to negatively (threats) or positively (opportunities) impact the Department’s capability to achieve objectives,” which may include risks to humanitarian workers delivering assistance, diversion or material support to terrorists, constrained access to people in need, or program oversight.¹ Given the various types of risks present in countries where State implements its programming, State requires bureaus to perform a risk analysis process to “identify the internal and external risks associated with the proposed project in the application, rate the likelihood of the risks, rate the potential impact of the risks on the project, and identify actions that could help mitigate the risks.”²

This audit examines the extent to which State bureaus with active awards (contracts and agreements) for the provision of assistance in Afghanistan from September 1, 2021, through May 31, 2024, (1) complied with State guidance in performing risk analysis for their awards in Afghanistan, (2) considered risk-mitigation measures, and (3) prepared risk assessments that accurately reflected the programmatic risks in Afghanistan.

To accomplish these objectives, we reviewed State guidance related to its risk analysis requirements, including its Foreign Affairs Manual (FAM), Federal Assistance Directive (FAD), and bureau-specific standard operating procedures. We requested information from State bureaus implementing programming in Afghanistan from September 1, 2021, through May 31, 2024, to determine if the bureaus’ risk assessments complied with applicable requirements and reflected Afghanistan’s risks accurately. We also conducted interviews with officials from State. We conducted our work in Arlington, Virginia, from April 2024, through July 2025, in accordance with generally accepted government auditing standards. Appendix I contains a detailed discussion of our scope and methodology.

BACKGROUND

State has provided humanitarian assistance to the people of Afghanistan since 2001, continuing to do so after the collapse of the Afghan government in August 2021. According to SIGAR’s January 2025 Quarterly Report, the U.S. government has spent nearly \$3.7 billion in Afghanistan for humanitarian assistance since August 2021, despite the risk for waste, fraud, and abuse as the Taliban, a terrorist organization, continues their efforts to obtain U.S. government funds intended for the benefit of the Afghan people.³

State acknowledges such operational, security, and safety risks, noting they “...are unavoidable—all projects inherently contain both internal and external risks.”⁴ State uses a risk analysis process to identify internal and external risks associated with an award, rate the potential impact of those risks on an award, and identify actions to mitigate those risks. As part of that process, State guidance requires that bureaus prepare a risk assessment for each award, which identifies and mitigates risks throughout an award’s period of performance to minimize the risk of fraud, waste, or abuse. However, State guidance also recognizes that bureaus implement different types of programming, and consequently, allows bureaus to use a customized risk assessment model to assess the risk factors associated with their respective programs.

State’s Award Risk Assessment Process

State developed a risk analysis process intended to comply with applicable federal and State anti-terrorism financing and programming risk assessment guidance, which includes all bureaus completing (1) a risk assessment, (2) a terrorist financing risk assessment, and (3) any enhanced risk mitigation measures deemed

¹ State, “Enterprise Risk Management,” 2 FAM 032.5, February 9, 2022.

² State, “Risk Analysis,” accessed January 3, 2024, www.state.gov/risk-analysis.

³ SIGAR, *Quarterly Report to the United States Congress*, SIGAR 2025-QR-1, January 30, 2025.

⁴ State, “Risk Analysis.”

necessary when conducting due diligence prior to issuing an award.⁵ Our July 2024 report, *Counterterrorism Vetting in Afghanistan*, examined the second and third steps of this process, while this report examines compliance with the first step in the process.⁶

State's risk analysis process does not apply to all types of awards. Bureaus must complete the process in order to award contracts, cooperative agreements, or grants. However, undertaking the risk assessment process is not required for awarding interagency agreements, voluntary contributions, or letters of agreement.⁷

During the award's pre-award phase, bureaus complete their risk assessments. This requires bureaus to identify, evaluate, and consider mitigation and monitoring measures. The assessment divides an award's risk into three categories: (1) organizational, (2) programmatic, and (3) country/region, with each category being composed of various, more specific risk factors.⁸

When completing a risk assessment, bureaus assign a value to each risk factor within a category, and then tally the values of all the risk factors to obtain a total risk rating for a given risk category. After determining the total risk rating for all three categories, each category is weighted to reflect the respective category's risk relative to the other two categories. Once completed, the award's overall risk level is calculated. For example, a bureau may determine that an award's organizational and programmatic risk categories have higher risk vulnerabilities than the country/regional risk category, and thus weight the first two categories with more importance. Bureaus may either use a standardized risk assessment developed by State's Office of Critical Environment Risk Management within the Bureau of Administration, Office of Global Acquisition (A/GA) or modify A/GA's standard risk assessment for its specific needs with A/GA's approval.⁹ State guidance requires each risk assessment to include a monitoring plan, which details risk mitigation measures for the award's identified risks.¹⁰

State's Awards in Afghanistan as of May 31, 2024

We requested that State provide us with a list of awards that it implemented in Afghanistan between September 1, 2021, and May 31, 2024, to assess State's compliance with federal laws, regulations, and procedures related to its risk assessments. State provided a list of 110 awards, which were implemented by 6 bureaus and valued at \$814.6 million. We determined that 60 of those awards, valued at \$253 million, were

⁵ State, FAD, Chapter 2, Sections J.5 and K, October 2021, pp. 57, 60–61.

⁶ Our July 2024 report discussed State's compliance with applicable policies and procedures for vetting implementing partners conducting activities in Afghanistan, which are part of State's risk analysis process. The report found that two out of the five State bureaus with active awards within the report's scope did not have sufficient documentation to demonstrate compliance with agency vetting requirements. The report made one recommendation, which State concurred with but remains open as of the date of this report. We initiated this audit as a result of identifying errors, missing or outdated information, and incorrect risk ratings during fieldwork for our July 2024. SIGAR, *Counterterrorism Vetting in Afghanistan: Two of Five State Bureaus Could Not Demonstrate Compliance with State Partner Vetting Requirements*, SIGAR 24-31-AR, July 16, 2024.

⁷ Interagency agreements are awards made to other U.S. agencies and thus, are seen as having a higher level of trust than non-federal organizations. Voluntary contributions are discretionary financial assistance provided to organizations, such as Foreign Public Entities, to support the activities of the organization or its general budget. Letters of agreement create obligations that are binding under international law between the U.S. Government and a foreign government or a multilateral organization. State does not consider these agreement types to be federal assistance, and thus, exempts them from the risk analysis process. State, FAD, Chapter 3, K.2, October 2021.

⁸ Organizational risk evaluates the capability and integrity of implementing partners to implement an award. Its risk factors include financial stability and prior performance. Programmatic risk evaluates how sensitive or difficult an award's programming is to achieve. Its risk factors include reliance on subawards and the extent to which potential external events impact programming activities. Country/region risk evaluates the geographical region or country where an award's activities will be implemented. Its risk factors include political and economic environments.

⁹ A/GA is responsible for developing, issuing, and maintaining operational guidance, procedures, and policy for State's domestic and international assistance programs, as well as training for personnel administering those awards. State, "1 FAM 200 Internal Functional Bureaus," 1 FAM 212.1-1(C), April 3, 2024.

¹⁰ State, FAD, Chapter 2, Section K, Section O, October 2021, pp. 63–64, 80.

subject to State's risk analysis process.¹¹ Table 1 lists the total number and value of awards implemented during our scope, and the number and value of awards that were subject to State's risk assessment guidance, by bureau. On January 26, 2025, consistent with Executive Order 14169, State announced a pause in all U.S. foreign assistance funded through State and the U.S. Agency for International Development, including assistance provided to Afghanistan.¹²

Table 1 - State Awards Implemented in Afghanistan Between September 1, 2021, and May 31, 2024

| State Bureau | Total Number of Awards Implemented | Value as of May 31, 2024 | Number of Awards Subject to Risk Analysis Process | Value of Awards Subject to Risk Analysis Process as of May 31, 2024 |
|---|------------------------------------|--------------------------|---|---|
| Democracy, Human Rights, and Labor | 8 | \$29,751,306 | 8 | \$29,751,306 |
| International Narcotics and Law Enforcement Affairs | 27 | \$333,704,829 | 6 | \$115,961,340 |
| International Security and Nonproliferation | 9 | \$2,173,408 | 4 | \$690,516 |
| Political-Military Affairs, Office of Weapons Removal and Abatement | 26 | \$78,143,358 | 26 | \$78,143,359 |
| Population, Refugees, and Migration | 33 | \$364,308,517 | 9 | \$21,939,159 |
| South and Central Asian Affairs, Office of Press and Public Diplomacy | 7 | \$6,526,653 | 7 | \$6,527,367 |
| Total | 110 | \$814,608,071 | 60 | \$253,013,047 |

Source: SIGAR analysis of State awards.

After examining the 60 awards subject to State's risk assessment guidance, we found that State's Bureau of

- Democracy, Human Rights, and Labor (DRL) was implementing awards aimed to bolster democratic institutions, confront democratic backsliding, uphold internationally recognized labor standards, and protect the rights and safety of Afghan women and children.¹³
- International Narcotics and Law Enforcement (INL) was implementing awards to provide legal education programs, support children's centers, and implement counternarcotics programming.¹⁴
- International Security and Nonproliferation (ISN) implemented awards to support and protect Afghan scientists that remained in Afghanistan after August 2021 and to prevent weapons of mass destruction-applicable expertise from falling into the hands of the Taliban or the Islamic State of Iraq and Syria, Khorasan (commonly known as ISIS-K).¹⁵

¹¹ We determined that bureaus implemented 50 awards, valued at approximately \$561 million, through an agreement type which exempted the award from State's risk analysis process.

¹² State Department Spokesperson, "Implementing the President's Executive Order on Reevaluating and Realigning United States Foreign Aid," January 26, 2025.

¹³ DRL's mission is to promote democratic institutions and the rule of law.

¹⁴ INL's mission is counter crime, illegal drugs, and instability abroad.

¹⁵ ISN's mission is to (1) prevent and stop the spread of weapons of mass destruction, their associated delivery systems, and advanced conventional weapons capabilities; (2) protect U.S. critical and emerging technology; and (3) promote peaceful uses of nuclear energy, science, and technology.

- Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA) implemented awards for the removal and destruction of explosive remnants of war and for prosthetics and physical rehabilitation programs for landmine victims.¹⁶
- Population, Refugees, and Migration (PRM) implemented awards to support vulnerable Afghan populations, such as displaced Afghans, returnees, and women, by providing them improved access to protection, livelihood production and rehabilitation, legal identity and housing rights, access to essential services, life-saving health services, and employment protections.¹⁷
- South and Central Asian Affairs, Office of Press and Public Diplomacy (SCA/PPD) implemented awards to protect Afghan media, increase access to higher education, and manage English language and computer learning centers.¹⁸

ALL SIX BUREAUS COMPLIED WITH STATE'S RISK ANALYSIS REQUIREMENTS

State's guidance requires bureaus to perform risk assessments for awards (1) during the pre-award phase, and (2) annually for all awards whose period of performance is longer than 12 months.¹⁹ The processes and methodologies used for these risk assessments vary from bureau to bureau. However, State guidance provides bureaus with examples of risks and risk factors to consider when preparing a program's risk assessment, such as those associated with the implementing partner, the program, and the program's implementation strategy. After bureaus assess each risk factor in each risk category, they calculate the total scores and designate each category as "high," "medium," or "low" risk. Bureaus then use a formula to calculate an award's overall risk profile by using a weighting system for each risk category. Similar to the category designations, depending on the weighted and combined values of all three risk categories, bureaus designate the overall risk level of the award as "high," "medium," or "low."

In October 2021, State updated its guidance to also require that bureaus update risk assessments for active awards being implemented in countries that experience major changes in their operating environments.²⁰ A January 2023 State Office of Inspector General report reviewed the new guidance and determined it retroactively applied to the Taliban's takeover of Afghanistan in August 2021, and Afghanistan's changed operating environment. The report concluded that bureaus were required to update their risk assessments due to the Taliban's takeover in August 2021.²¹ State guidance also requires that bureaus document their risk assessment processes to ensure that those processes are consistently and properly used across awards.

To perform our testing of bureaus' compliance with State's risk assessment requirements, we requested that bureaus provide us with their (1) risk assessments for all awards implemented in Afghanistan from September 1, 2021, through May 31, 2024; (2) monitoring plans for those risk assessments; and (3) bureau-specific documented risk assessment guidelines. Based on our analysis, we determined that all six bureaus complied with all of State's risk assessment requirements.

We determined that DRL, INL, ISN, PM/WRA, PRM, and SCA/PPD complied with all State risk assessment guidance, with the risk assessments and monitoring plans being updated annually and documenting their bureau-specific risk assessment processes. For example, INL implements a bureau-specific risk assessment

¹⁶ PM/WRA's mission is to deliver programs and services aimed at reducing the harmful effects associated with conventional weapons of war. Explosive remnants of war consist of unexploded and abandoned explosive ordnance, including bombs, rockets, artillery shells, mortars, and grenades. In November 2023, SIGAR initiated an audit of PM/WRA conventional weapons destruction programming in Afghanistan, which is on-going as of the date of this report.

¹⁷ PRM's mission is to provide protection to globally persecuted and forcibly displaced people.

¹⁸ SCA/PPD is responsible for U.S. foreign policy and relations with South and Central Asian countries, including Afghanistan. Its mission is to advance national interests in the geographical area.

¹⁹ State, FAD, Chapter 2, Section K, October 2021.

²⁰ State, FAD, Chapter 2, Section K, October 2021.

²¹ State Office of Inspector General, *Inspection of the Bureau of International Narcotics and Law Enforcement Affairs*, ISP-I-23-08, January 2023, p. 14.

process that assesses the risks associated with all its foreign assistance awards, including the six assessments related to this audit through its annual country- level risk assessment.²²

STATE BUREAUS CONSIDERED MITIGATION MEASURES WHEN COMPLETING RISK ASSESSMENTS

According to State guidance, each award risk assessment must contain a monitoring plan based on the award's risk rating, including mitigation measures.²³ Specifically, the risk assessment's monitoring plan should consider risk mitigation measures, such as increased site visits and reporting, to inform a risk mitigation strategy aimed at reducing or mitigating the effects of possible risks.²⁴ For example, State guidance suggests that bureaus implement mitigation measures, such as increasing the scrutiny of financial and program reports or escalating the frequency of monitoring through site visits, as part of their risk mitigation strategies. Furthermore, because a monitoring plan must be tied to its risk assessment, A/GA's risk assessment worksheet contains a monitoring plan template with five suggested monitoring and mitigation measures, such as (1) pre-award site visits, (2) communication, (3) event monitoring, (4) reporting required from recipient, and (5) program site visits.

While Bureaus Considered Risk Mitigation Measures, Some Were Identical Regardless of an Award's Risk Level or Objective

Based on our analysis of the bureau-provided monitoring plans, we determined that while these plans considered risk mitigation measures, some used identical wording and punctuation to those of other awards, despite the awards having different risk levels or objectives. For example, in 22 of 26 PM/WRA monitoring plans prepared from 2022 to 2024, we found that proposed mitigation measures and overall risk mitigation strategies were written using identical language across award monitoring plans. This suggests that despite changes to Afghanistan's risk environment and differing award goals and objectives the same mitigation language was used across these awards. Similarly, 8 of 9 PRM monitoring plans completed during the same period contained identical risk mitigation language, despite pertaining to different award types and risk levels.

We also determined that some bureaus used identical mitigation measure language to address award risks in the same monitoring plan. For example, DRL used the same mitigation measure to address 11 different risk factors it determined to be high risk. To address the high risks posed to their award by Afghanistan's operating environment, including the risk of violence, political unrest, and corruption, DRL's monitoring plan stated that its mitigation strategy relies on the implementing partners risk mitigation plan to combat these risks. Similarly, a different DRL monitoring plan used the same mitigation measure of relying on the implementing partner's risk mitigation strategy to address high risks posed to their award.

While State guidance does not prohibit bureaus from using identical mitigation measures, it does require bureaus to develop monitoring plans that contain risk mitigation strategies specific to award objectives and assessed award risk levels. We determined that despite being tied to different awards with different objectives and assessed risk levels, monitoring plans for these two bureaus often contained identical risk mitigation measures and strategies, raising questions about whether State is actually evaluating each award's risk level or if it is instead treating the preparation of risk assessments as a paperwork exercise. If State is not properly

²² Beginning in fiscal year 2024, INL developed and implemented a new risk assessment process in response to a January 2023 State Office of Inspector General report finding found that INL failed to comply with State risk assessment requirements following the Taliban takeover in August 2021.

²³ The risk assessment contains its own monitoring plan, which is separate from an awards monitoring plan, typically referred to as a Monitoring, Evaluation, and Learning plan. See, 14 FAM 244.3 and other established internal regulations and policies.

²⁴ State, FAD, Chapter 2 Section K-K.1, October 2021; State, "Foreign Affairs Manual," 2 FAM 056, part (c), May 10, 2022.

assessing the risks on each project on an individual basis, it may undertake excessively risky projects, potentially reducing project efficacy and wasting taxpayer dollars.

RISK ASSESSMENTS CONTAINED INCONSISTENCIES AND ERRORS, LEADING TO INACCURATE RISK RATINGS

State guidance requires that all bureaus conduct risk assessments of their awards and requires A/GA to lead the development of both department-wide and bureau-specific operational guidance for all State programming.²⁵ A/GA developed a standard risk assessment worksheet for bureaus to assist them in scoring and calculating an awards risk level. However, State guidance does not require bureaus to use the standard worksheet, resulting in some bureaus customizing A/GA's standard worksheet for their specific needs. If a bureau creates a custom worksheet, State guidance requires the worksheet to use a risk assessment process that is either developed or approved by A/GA and to assess an award's risk based on three risk categories: (1) organizational, (2) programmatic, and (3) country/region. If bureaus choose to use A/GA's standard risk assessment worksheet, they can change each risk category's weighted value without seeking A/GA's approval.²⁶ This means that individual bureaus are responsible for creating the worksheet used to score an award's risk level as well as calculating that risk level. Our review of the risk assessments found that SCA/PPD, DRL, and PM/WRA made mathematical errors when completing 16 of their risk assessments, which resulted in inaccurate risk category ratings that were lower than they should have been. However, 14 of the 16 award overall risk levels remain unchanged. Additionally, we found that bureaus inconsistently rated Afghanistan's country/region risk rating, with some bureaus rating Afghanistan as "high" while others rating it as "low." Lastly, we found that the way bureaus calculate an awards overall risk rating led to inaccurate risk ratings.

Three Bureaus' Risk Assessments Contained Mathematical Errors and Inconsistencies

As previously discussed, when a bureau determines an award's overall risk level, the official assesses each risk factor within each risk category and assigns it a score. Once the official scores each risk factor, the values are tallied for each risk category—with higher values corresponding to higher risk—and designates each risk category as "high," "medium," or "low" risk. We checked the accuracy of each risk assessment's calculations and found errors with SCA/PPD, DRL, and PM/WRA assessments. Specifically, 16 of these bureaus' assessments contained mathematical errors and excluded required risk factors when determining a category's risk rating. We determined that these errors resulted in incorrect risk category ratings that were lower than should have been, but did not affect the award's overall risk rating in 14 of the 16 instances.

SCA/PPD

Based on our analysis of SCA/PPD's seven risk assessments, we determined that all seven risk assessments contained mathematical errors. Specifically, SCA/PPD incorrectly tallied the risk category titled "amount of funding risk" in each assessment, leading to that category having a lower risk rating than it should have; however, no award's overall risk rating was affected by the error. When we asked SCA/PPD about the mathematical error in each of its seven assessments, SCA/PPD acknowledged the error and provided us with corrected assessments; however, the errors had no effect on the respective award's risk levels.

²⁵ Specifically, the Critical Environment Contract Analytics Staff within A/GA's Office of Acquisitions Management is responsible for these tasks. State, Foreign Assistance Manual, "Risk Assessments and Risk Mitigation Plans for Use of Contractors in Support of Contingency Operations," 14 FAM 244.3-1, September 11, 2020.

²⁶ Weighted values assigned to the three main risk categories are prepopulated in the risk assessment worksheet developed by A/GA. For example, the worksheet suggests the organizational and programmatic categories be weighted at 40 percent each and the country or region-specific category at 20 percent.

DRL

Additionally, our analysis found that DRL made mathematical errors in five of its eight risk assessments. Specifically, we found that DRL miscalculated the total score for the Terrorism and Criminal Activity Risk category, resulting in an artificially lower score. These errors resulted in incorrect overall risk level ratings for two DRL awards, wherein both awards risk levels were overstated.²⁷

We also found that for the five inaccurate risk assessments, DRL did not score every risk factor. We found that instead of scoring some risk factors, DRL would insert narratives about the risks posed to the award. For example, in one risk assessment, DRL did not score 5 of the 24 risk factors contained in the assessment, such as site visits, protection of marginalized populations, and security protocols. The unscored risk factors could have been assessed a numerical value of 1 (denoting a low risk) to a value as high as 10 (denoting a high risk). If DRL scored those five risk factors, it was possible that the award's overall risk level for the five awards would have been higher than the "medium" rating they assigned it, meaning each awards overall risk level is potentially understated. As a result, DRL potentially undertook five awards that it would have otherwise deemed too risky to approve. When we asked DRL how it factors in unscored categories into overall risk level calculations, DRL told us, "In the case of no score, the person completing the [risk assessment] added comments for context as outlined in the instructions for how to properly complete the [risk assessment]." While not scoring factors is not prohibited, it does raise concerns and does not address how, if at all, DRL considers the absence of a score in its risk level determination.²⁸

PM/WRA

Lastly, our analysis also found that PM/WRA made mathematical errors in 4 of its 26 risk assessments. Specifically, PM/WRA's revised risk assessment template contains an error in the formula that determines an awards country/risk rating, wherein not all risk factors are tallied. This leads to an award's country/region category risk rating to be artificially lower; however, no awards overall risk rating was affected by this error.

Bureau Country/Region Risk Ratings Contradict Department-Wide Risk Ratings

State risk assessment guidance requires bureaus to evaluate each award's risk levels, including risks related to the country or region where the award is being implemented.²⁹ These requirements recognize that awards have varying objectives and that there is not one single best approach to determine the risks posed to each award. State guidance also allows bureaus to customize their risk assessment process.³⁰ The 60 awards in our scope used two approaches to determine an award's country/region category risk level for programming in Afghanistan. The first approach independently determined Afghanistan's country/region risk level for each award, while the second approach applied a single country/region risk rating to all of their awards in Afghanistan.

PM/WRA, and PRM used the first approach. For each award, these bureaus used A/GA's standard risk assessment worksheet to score each risk factor within the country/region risk category with a numerical value and then tally the score for the risk category that corresponds to a "low," "medium," or "high" risk level. In a similar fashion, DRL used a customized risk assessment worksheet that uses similar risk factors with a similar scoring system; however, there is no single country/region risk category. Instead, DRL captures the relevant

²⁷ In May 2024, DRL began using a new risk assessment template for its awards, which rates each risk factor as "low," "medium," or "high," instead of scoring them with a numerical value. By implementing its new template, DRL has eliminated the possibility of mathematical errors since numerical values are no longer used when determining a risk category's rating. Due to the new template's implementation date, some of DRL's awards were using the old template during the scope of our audit.

²⁸ DRL's new risk assessment template requires DRL to rate each risk factor, eliminating the possibility of leaving risk factors unrated, thus also eliminating the possibility of an award's risk assessment from having an artificially low overall risk rating. Due to the new template's implementation date, some of DRL's awards were using the old template during the scope of our audit.

²⁹ State, FAD, Chapter 2, Section K.1, October 2021, p. 64.

³⁰ State, FAD, Chapter 2, Section K, October 2021, pp. 62–64.

country/region risk factors across several risk categories, such as the operating environment risk category, vetting risk category, or the terrorism and criminal activity risk category. Based on the tally for each risk category, DRL rates it as having a “low,” “medium,” or “high” risk level.

ISN, SCA/PPD, and INL used the second approach. In one method, SCA/PPD automatically rated the country/region risk category for its Afghanistan awards as “high.” In a second method, ISN and INL performed an assessment of Afghanistan’s risk level, independent of any award, and determined the risk level for the country/region risk category. ISN’s assessment determined Afghanistan’s country/region risk level to be “low,” while INL’s assessment determined it to be “high.” Table 2 shows each bureau’s country/region risk category rating for Afghanistan’s, designated as “low,” “medium,” or “high.”

Table 2 - Risk Assessment Country/Region Risk Category Ratings, by Bureau

| State Bureau | Low Risk Rating | Medium Risk Rating | High Risk Rating |
|---|-----------------|--------------------|------------------|
| International Security and Nonproliferation | 4 | 0 | 0 |
| Political-Military Affairs, Office of Weapons Removal and Abatement | 19 | 7 | 0 |
| Democracy, Human Rights, and Labor | 1* | 1* | 2* |
| Population, Refugees, and Migration | 0 | 2 | 7 |
| International Narcotics and Law Enforcement Affairs | 0 | 0 | 6 |
| South and Central Asian Affairs, Office of Press and Public Diplomacy | 0 | 0 | 7 |

Source: SIGAR analysis of awards most recent risk assessments.

* DRL has a total of eight awards; however, because it used two versions of its risk assessment during our audit, this line does not total to eight. The values in the table represent the country/region risk ratings for the four awards which used DRL’s new risk assessment template, which used a single country/region risk category to assess an award’s country/region risk rating. The remaining four awards used DRL’s old template, which did not have a single country/region risk category, and instead, used multiple risk categories to assess an award’s country/region risk rating.

State also performs an agency-wide assessment of Afghanistan’s risk level for awards it implements in Afghanistan. State most recently conducted such an assessment in May 2024 and determined that operations in Afghanistan continued to face a “critical” level of risk.³¹ The assessment also found that “travel to all areas of Afghanistan is unsafe,” elaborating that “no province in Afghanistan should be considered immune from violence, and the potential exists throughout the country for hostile acts, either targeted or random, against Americans and other foreign nationals at any time.” The assessment concluded that the “security situation in Afghanistan will remain critical and may degrade.”

We determined that some bureaus’ country/region risk category ratings contradicted State’s agency-wide assessment of Afghanistan’s risk level. For example, PM/WRA rated Afghanistan’s country/region risk category as “low” for 19 awards and “medium” for 7 awards, but did not rate any awards as “high.” Similarly, ISN determined Afghanistan country/region risk category rating to be “low” for all 4 of its awards, while PRM also determined the country/region risk level to be “medium” for 2 of its 9 of its awards. However, SCA/PPD and INL’s method of rating Afghanistan’s country/region risk category was consistent with State’s agency-wide country/region risk rating.

We also determined that country/region risk ratings were contradictory within the same bureau. For example, PM/WRA commented that Afghanistan faced “high” risks in 19 of 26 risk assessments, despite rating the

³¹ State defines a country as “critical” when the country is extremely unstable as the potential exists throughout the country for hostile acts, either targeted or random, against Americans and other foreign nationals at any time. A/GA performed the assessment and Afghanistan’s “critical” level was in place for the entirety of the scope of the audit.

country/region risk category as “low.” Furthermore, PM/WRA rated Afghanistan’s country/region risk category as “low” in one assessment and “medium” in another, despite completing both assessments on the same day. When asked PM/WRA about the contradictions in its country/risk category ratings, officials told us PM/WRA rates the country/regional risk category based on the area within Afghanistan it is implementing the award. The officials told us that awards with the “low” ratings were in “relatively safer districts” of Afghanistan, and that “given the range of geographic locations...and the varying degrees of stability within these areas...,” PM/WRA “takes into account the province/districts in which the activity takes place” when rating Afghanistan’s country/region risk category.

Alternatively, like SCA/PPD, INL, and State’s agency-wide risk assessment, PRM officials told us its risk assessments rate the country/region risk category based on Afghanistan’s country-level risk; however, assessments also consider an award’s programming activities when determining risk levels. By having differing methods when rating an award’s country/regional risk category, bureaus that implemented programming in a “critical” country had different country/regional risk ratings when they should have been the same. Without consistently rating Afghanistan’s risk levels, State could potentially implement projects that would otherwise have been canceled, potentially leading to higher risks of waste, fraud, and abuse.

Bureau Risk Category Weighting Methods Produce Artificially Lower Overall Award Risk Ratings

A/GA’s standard risk assessment worksheet is used to determine an award’s overall risk rating by assigning a weighting to each of the three risk categories: (1) organizational, (2) programmatic, and (3) country/region. For example, the assessments can assign a weighting of 40 percent to both the organizational and programmatic categories and weight the country/region risk category at 20 percent. According to State guidance, bureaus can change the weighting of each risk category in order to reflect a greater emphasis on a specific risk category. For example, a bureau may assign a larger weighting to the country/region risk category for an award implemented in conflict areas compared to an award being implemented in a safe and stable area. However, the guidance suggests that bureaus “should not rely solely on the score generated by the template, but also ensure that the level of risk is appropriate based on a factual analysis of the program, organization, and environment.”³²

Bureaus rate the award’s overall risk level as “high,” “medium,” or “low” after assigning the three categories a weighting. If an award’s overall risk rating is “medium” or “high,” the respective bureau should implement additional risk mitigation measures, such as increasing monitoring and oversight activities (e.g., site visits or increased reporting requirements) to mitigate the award’s overall risk rating. Additionally, if a bureau assesses an award to have a higher level of risk, State guidance suggests—but does not require—that the bureau consider enhanced risk mitigation measures.³³ However, if a bureau rates an award’s overall risk level as “low,” the bureau may, with appropriate input from the relevant Bureau Assistant Secretary, implement the award without additional risk mitigation measures. Our analysis of State’s 60 risk assessments found that bureaus rated 40 of 60 awards with an overall risk level of “low.” Conversely, bureaus rated 6 of 60 awards with an overall “high” risk. Table 3 on the following page details the award overall risk ratings by bureau.

³² State, FAD, Chapter 3 Section K, p. 60, October 2021.

³³ As previously discussed, we examined State’s compliance with its vetting procedures our prior audit, *Counterterrorism Vetting in Afghanistan* (SIGAR 24-31-AR).

Table 3 - Award Overall Risk Ratings by State Bureau

| State Bureau | Low Risk Rating | Medium Risk Rating | High Risk Rating |
|---|-----------------|--------------------|------------------|
| Political-Military Affairs, Office of Weapons Removal and Abatement | 26 | 0 | 0 |
| Population, Refugees, and Migration | 3 | 6 | 0 |
| South and Central Asian Affairs, Office of Press and Public Diplomacy | 4 | 3 | 0 |
| Democracy, Human Rights, and Labor | 3 | 5 | 0 |
| International Security and Nonproliferation | 4 | 0 | 0 |
| International Narcotics and Law Enforcement Affairs | 0 | 0 | 6 |
| Total | 40 | 14 | 6 |

Source: SIGAR analysis of awards most recent risk assessments.

We found bureaus used formulas that assigned a greater weighting to programmatic and organizational risk categories, which typically had lower risk ratings, and lower weightings for the country/region risk category, which typically had a higher risk rating. For example, a risk assessment may weigh the organizational risk category at 40 percent, the programming risk category at 40 percent, and the country/region risk category at 20 percent, despite the country/region risk category having a higher risk rating. We determined that as a result of assigning higher weighting to risk categories with lower risk ratings, it is difficult for an award to be rated with a “high” overall risk rating. As a result, awards implemented in Afghanistan, which has a “high” risk rating, could have incorrectly lowered award overall risk ratings.

When we asked bureaus about the method they use to assign weightings to the three risk categories, PM/WRA officials told us that AOE’s standard risk assessment worksheet “does not translate well into the Afghan context, as it is difficult to get an overall high-risk designation within the formulas provided.” PRM confirmed the worksheet is used for all countries. Despite PM/WRA not rating any of its awards with a “high” overall risk rating, they told us that regardless of an award’s overall risk rating, “all awards in Afghanistan are treated as high-risk and subject to additional monitoring measures” and have revised their risk assessment template to reflect this.³⁴ PM/WRA further elaborated that it assesses the safety of each specific region within Afghanistan that an award operates, and if that region results in an award being rated as “high” risk, the bureau does not implement the award, which is why none of its awards have an overall “high” risk rating. Other bureaus directed us to speak with A/GA because the respective bureau could not answer our question on category weighting methods or stated that A/GA determined the weightings for the three risk categories.

However, A/GA, officials told us that their bureau has “nothing to do with [bureau] risk assessments,” and that it “would have no idea” what weightings bureaus assigned to the three risk categories nor the methodology bureaus used to determine the weightings. A/GA’s statement raises questions about its role, as it is the bureau that created the risk assessment template along with the default category weights and bureaus telling us they worked closely with A/GA on the final weighting before receiving approval. While State guidance allows bureaus to change the weightings for each risk category without seeking approval from A/GA, it is concerning that A/GA’s response does not acknowledge its responsibility for assisting bureaus in preparing award risk assessments in support of their operations, potentially leading to State awards having incorrectly assessed risk levels. By using the risk assessment template’s default weightings, rather than appropriately assigning weightings for awards being implemented in Afghanistan’s operating environment, bureaus increased the

³⁴ In January 2024, PM/WRA began implementing a new risk assessment template that included an added “terrorism finance risk assessment” section. PM/WRA told us if it rates the added section’s risk as “moderate” or “high,” the template automatically rates the awards overall risk as “high.” PM/WRA told us as a result of its new template, awards should be more consistently rated as “high.” PM/WRA began implementing its new template after the scope of our audit.

likelihood that they undertook projects that would otherwise be deemed too risky, increasing the opportunities for waste, fraud, and abuse of taxpayer funds.

CONCLUSION

Afghanistan's operating environment poses many inherent risks and will likely remain high risk for the foreseeable future given the Taliban's control of the country. State acknowledges this risk level, labeling Afghanistan a "critical" environment, and accordingly, uses a risk analysis process designed to ensure its awards mitigate those risks. To their credit, all six State bureaus with awards in Afghanistan during the scope of our audit complied with all of State's risk assessment requirements.

However, despite all bureaus complying with State risk assessment requirements, bureaus' compliance was focused on generating the required documentation and often led to inaccurate risk assessments. If bureaus' preparation of risk assessments is being treated as a paperwork exercise, it will lead to inconsistencies in how State determines award risk levels and potentially put U.S. taxpayer funds at an increased risk for waste, fraud, and abuse. Although this risk is currently mitigated by State's recent pause on all U.S. foreign assistance to Afghanistan, if the U.S. resumes such assistance, the concerns raised in this report will be relevant for department policymakers. The absence of consistent and thorough risk assessments could have longer term consequences, potentially jeopardizing the successful implementation of current and future projects delivered to the Afghan people and wasting U.S. taxpayer funds.

RECOMMENDATIONS

To help improve State's compliance with its risk analysis processes and requirements for programming in Afghanistan, we recommend that the Secretary of State:

- 1. Review State's risk assessment process to ensure it produces consistent and accurate risk ratings across all bureaus based on the operating environment for the assistance project.**

AGENCY COMMENTS

We received comments on a draft of this report from State's Acting Director, Office of Security and Transitional Affairs, Bureau of South and Central Asian Affairs, which are reproduced in Appendix II. We also received technical comments from State, which we incorporated into the report as appropriate. The draft of this report contained two recommendations, one of which was removed due to State's technical comments resolving the non-compliance issue identified within the draft.

In its comments, State noted its commitment to the continued suspension of all foreign assistance to Afghanistan that could benefit the Taliban. State concurred with our recommendation and noted that should the United States resume foreign assistance in Afghanistan, it would implement our recommendation as appropriate. Because the United States is no longer providing foreign assistance in Afghanistan, we have closed the recommendation on the issuance of this report, as it has been overcome by events.

APPENDIX I - SCOPE AND METHODOLOGY

This report examines the Department of State's (State) risk assessment process, the method through which State bureaus identify risk factors an award faces and then assigns that award an overall risk rating. We examined how State implemented this process for its awards in Afghanistan since the Afghan government's collapse in August 2021. We focused our work on examining the risk assessments for all of State's awards in Afghanistan from September 1, 2021, through May 31, 2024. We requested, and State provided, a list of all State awards active during this period, along with applicable risk assessment documentation. Based on this listing, we determined that State has implemented 110 awards during this period; State required risk assessments for 60 of those awards (55 percent), which were valued at \$253 million as of May 2024.³⁵ State established internal agency policies for assessing an award's risk level, which includes State bureaus using either a standardized Bureau of Administration, Office of Global Acquisition (A/GA) template or individualized methodologies to create bureau specific templates, which are approved by A/GA, to perform a risk analysis on a variety of program- and context-specific factors.

The objectives of this audit were to determine the extent to which State bureaus with active awards in Afghanistan from September 1, 2021, through May 31, 2024, (1) complied with State guidance in performing risk analysis for their awards in Afghanistan, (2) considered risk-mitigation measures, and (3) prepared risk assessments that accurately reflected the programmatic risks in Afghanistan.

To achieve our objectives, we reviewed federal laws, regulations, and procedures related to compliance with award risk assessments and document retention requirements, such as State's Foreign Affairs Manual (FAM), State's Foreign Assistance Directive (FAD), internal bureau-specific policies, and the Federal Acquisition Regulations (FAR) regulations. Additionally, we interviewed State officials responsible for preparing program-specific risk assessments and officials responsible for additional risk mitigation measures.

To assess State's compliance with guidance in performing risk analysis on their awards in Afghanistan, we requested that State provide us with a listing of its awards for our audit's scope and the accompanying risk assessment and monitoring plans, and bureau specific risk assessment process documentation, which State provided. We reviewed State's FAM, FAD, other internal department-wide regulations, and procedures specific to the individual bureaus with active awards, to determine their risk analysis processes. We reviewed the documents State provided to determine their compliance with applicable internal guidance.

To assess whether State bureaus considered risk mitigation measures, we reviewed each awards risk assessment and monitoring plan to determine whether State considered and documented any risk mitigation measures to address identified risk factors.

To assess whether State bureaus prepared risks assessments that accurately reflected programming risks in Afghanistan, we examined each awards county/region risk category risk level and overall risk level. We compared and analyzed each awards risk levels within each bureau and across all bureaus who had awards for Afghanistan during our audit scope. We compared and analyzed these risk ratings against State's country specific risk rating for Afghanistan.

We relied on State's data and coordinated with State to ensure that provided data was complete and did not contain duplicative information. We assessed the reliability of State's award data by (1) reviewing existing information about the data, (2) tracing available source documentation to the 60 awards, and (3) communicating with State officials knowledgeable about the data and relevant internal controls. We determined that the data was sufficiently reliable for the purposes of this report.

We conducted our audit work in Arlington, Virginia from April 2024 through July 2025, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the

³⁵ State does not require risk assessments for government-to-government awards, contributions to public international organizations (such as the United Nations), nonproliferation programs, other U.S. government agencies, or the National Endowment for Democracy.

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, 5 U.S.C. Chapter 4.

APPENDIX II - COMMENTS FROM THE DEPARTMENT OF STATE




United States Department of State

Washington, DC 20520

UNCLASSIFIED

June 25, 2025

Memorandum for Acting Inspector General Aloise

FROM: SCA/STA – Acting Director Susan McFee 

SUBJECT: Response to SIGAR's report entitled: "State Risk Assessments for Assistance Projects: Bureaus Prepared Required Assessments, But Inconsistencies May Increase Project Risk."

The Department of State appreciates the opportunity to review SIGAR's draft report and to respond to its recommendations.

Recommendation 1: Take action to ensure the Department's bureaus comply with federal and agency requirements on document retention and the development of award risk assessments.

| |
|-----------------|
| SIGAR Comment 1 |
|-----------------|

Recommendation 2: Review the Department's risk assessment process to ensure it produces consistent and accurate risk ratings across all bureaus based on the operating environment for the assistance project.

Management Response (June 20, 2025): The Department of State remains committed to continuing the suspension of all aid that could reach the Taliban, which Secretary Rubio has implemented pursuant to President Trump's directive, as conveyed in his May 21 testimony to the House Foreign Affairs Committee on the FY 2026 State Department Posture.

Should the Department resume U.S. foreign assistance in Afghanistan, the Department will implement SIGAR's recommendations as appropriate.

UNCLASSIFIED

SIGAR's Response to Comments from the Department of State

SIGAR Comment 1: The draft of this report identified a non-compliance issue, noting that a bureau did not retain all the required documentation. As a result, we included a recommendation that State take action to ensure the departments compliance with federal and agency documentation requirements. During its review of the draft report, State provided us with supporting documentation that resolved the non-compliance issue. As such, we removed the recommendation from the final report.

APPENDIX III - ACKNOWLEDGMENTS

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This performance audit was conducted
under project code SIGAR-162A.

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- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
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