



# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

## WHAT SIGAR REVIEWED

Since 2002, the Department of State has provided \$6 billion in appropriated funds for Afghanistan reconstruction. State is responsible to Congress and U.S. taxpayers for the efficient and effective use of federal funds. For example, it is required to ensure that awards to nonprofit organizations follow cost principles established by the Office of Management and Budget (OMB). State policy also notes that audits of assistance funds support essential federal stewardship responsibilities and can be an effective and valuable tool for monitoring a recipient organization's financial performance. According to the U.S. Government Accountability Office, financial audits provide independent, objective, nonpartisan assessments of the stewardship, performance, or cost of government policies, programs, or operations.

Recognizing that financial audits play an important role in ensuring that funds are properly spent and accounted for, SIGAR initiated this audit to examine the extent to which financial audits were conducted for 140 State-funded grants and cooperative agreements, each valued at \$1 million or more, for Afghanistan reconstruction from 2002 to 2011.

## WHAT SIGAR RECOMMENDS

SIGAR makes four recommendations to the U.S. Secretary of State to improve accountability over its assistance awards for Afghanistan reconstruction.

In its comments on a draft of the report, State generally agreed with SIGAR's recommendations and noted that the report highlighted the need for State to enhance the oversight of federal assistance in the overseas environment.

July 2013

Department of State's Assistance Awards for Afghanistan Reconstruction Activities Are Largely Unaudited

SIGAR AUDIT 13-12

## WHAT SIGAR FOUND

OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, outlines audit requirements for ensuring that federal funds provided to non-federal entities are properly expended. Specifically, OMB Circular A-133 requires that U.S. nonprofit organizations spending more than \$500,000 or more in federal funds in a year obtain either a single or program-specific audit conducted by an independent auditor. During the A-133 audit process, auditors are required to identify each federal award and determine whether that award constitutes part of a major program. According to OMB Circular A-133, auditors should use a risk-based approach—to include consideration for a program's funding amount and prior audits results—to determine which federal programs are "major" programs.

According to State Department records, between fiscal year 2002 and fiscal year 2011, the department made 140 awards over \$1 million for reconstruction activities in Afghanistan with a total estimated value of \$315.3 million. Financial audits were not conducted for 99 of those 140 assistance awards. The 99 unaudited awards had disbursed a combined total of \$191.6 million. Although financial audits were not necessarily required for many of these 99 awards, the use of financial auditing could have better ensured State's proper stewardship of the \$191 million disbursed through these awards.

The reasons that financial audits were not conducted varied by award recipient type. For example:

- 50 of 65 awards to foreign organizations were not audited because State has not established a department-wide policy requiring that these organizations' awards be audited. Rather, individual bureaus have established their own policies, leading to inconsistent audit requirements within the agency.
- 42 of 68 awards to U.S. nonprofit organization were not audited because they were not considered "major programs." Moreover, three organizations receiving three separate awards did not have A-133 audits conducted (even though they spent more than \$500,000 in federal funds), because State did not provide clear guidance to the awardees. As a result, the three awards provided to them were not audited.
- 4 awards to for-profit companies were not audited because State has not clearly articulated whether these awards are required to be audited.
- 3 awards to public international organizations were not audited because the decision to audit rests with the recipient organizations, none of whom requested audits of these particular awards.

As part of its oversight mandate, SIGAR has initiated a number of financial audits of contracts, grants, and cooperative agreements funded by State, Department of Defense, Department of Agriculture, and the U.S. Agency for International Development. Of the 99 awards that State has not audited, SIGAR is conducting financial audits on 8 awards, valued at \$27 million, provided to 2 foreign organizations. The results of these audits will be made available later this year.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

July 8, 2013

The Honorable John F. Kerry  
Secretary of State

The Honorable James B. Cunningham  
U.S. Ambassador to Afghanistan

This report discusses the results of our review that examined the extent to which financial audits were conducted for State-funded grants and cooperative agreements, each valued at \$1 million or more, for Afghanistan reconstruction from 2002 to 2011. We are making four recommendations to the Secretary of State to help strengthen the department's accountability over such funds.

In its written comments on a draft of the report, State generally agreed with our recommendations. Its comments are reprinted in appendix VI.

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

A large, stylized handwritten signature in black ink, which appears to be "John F. Sopko".

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

# TABLE OF CONTENTS

Background .....	2
Assistance Awards Totaling \$191.6 Million in Disbursements Have Not Been Audited .....	3
Conclusion.....	7
Recommendations .....	7
Agency Comments .....	8
Appendix I - Scope and Methodology .....	9
Appendix II - State-Funded Assistance to Foreign Organizations.....	11
Appendix III - State-Funded Assistance to U.S. Nonprofit Organizations.....	13
Appendix IV - State-Funded Assistance to For-Profit companies .....	16
Appendix V - State-Funded Assistance to Public International Organizations .....	17
Appendix VI - Agency Comments.....	18
Appendix VII - Acknowledgments .....	21

## TABLES

---

Table 1 - State Assistance Awards for Afghanistan Reconstruction from 2002 to 2011 .....	3
Table 2 - State Assistance Awards to Foreign Organizations Not Audited .....	4
Table 3 - State Assistance Awards to U.S. Nonprofit Organizations Not Audited.....	6
Table I - State Assistance Awards to Foreign Organizations, Valued at \$1 Million or More (2002-2011 in \$ million).....	11
Table II - State Assistance Awards to Nonprofit Organizations, Valued at \$1 Million or More (2002-2011 in \$ million).....	13
Table III - State Assistance Awards to For-Profit Companies, Valued at \$1 Million or More (2002-2011 in \$ million).....	16
Table IV - State Assistance Awards to Public International Organizations, Valued at \$1 Million or More (2002-2011 in \$ million).....	17

## ABBREVIATIONS & ACRONYMS

---

AQM	State/Logistics Management/Acquisitions
INL	State/International Narcotics and Law Enforcement
OMB	U.S. Office of Management and Budget
PAS	State/Public Diplomacy Bureau/Public Affairs Section
PM/WRA	State/Political-Military Bureau's Office of Weapons Removal and Abatement
PRM	State/Bureau of Population, Refugees, and Migration
State	U.S. Department of State

Since 2002, the Department of State has provided \$6 billion in appropriated funds for Afghanistan reconstruction. Among other things, recipient organizations use State funds to provide health services and education, promote economic growth and governance, and pay for the construction of infrastructure.

State is responsible to Congress and U.S. taxpayers for the efficient and effective use of federal funds. For example, State is required to ensure that awards to nonprofit organizations follow cost principles established by the Office of Management and Budget (OMB).<sup>1</sup> State policy notes that audits of assistance funds support essential federal stewardship responsibilities and can be an effective and valuable tool for monitoring a recipient organization's financial performance. According to the U.S. Government Accountability Office, financial audits provide independent, objective, nonpartisan assessments of the stewardship, performance, or cost of government policies, programs, or operations.<sup>2</sup>

Recognizing that financial audits play an important role in ensuring that funds are properly spent and accounted for, SIGAR initiated this review to examine the extent to which financial audits were conducted for State-funded grants and cooperative agreements for Afghanistan reconstruction from 2002 to 2011.

To accomplish our objective, we reviewed 140 grants and cooperative agreements (hereafter referred to as "assistance awards"), each valued at \$1 million or more, that State awarded to 61 non-federal entities for Afghanistan reconstruction from 2002 to 2011. We categorized the entities into four types: foreign organizations, U.S. nonprofit organizations, U.S. for-profit companies, and public international organizations.<sup>3</sup> We reviewed laws, regulations, policies, standard operating procedures, and other guidance to determine State's requirements to conduct financial audits of its assistance awards. In particular, we reviewed OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and State's *Guidelines for Application and Administration for Federal Assistance Awards* and *Federal Assistance Policy Handbook*. We also interviewed State officials in multiple bureaus and offices and met with officials representing four U.S. nonprofit organizations and two public international organizations. We conducted our work in Kabul, Afghanistan, and Washington, D.C., from July 2012 to June 2013, in accordance with generally accepted government auditing standards. A discussion of our scope and methodology is in appendix I.

---

<sup>1</sup> See Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*.

<sup>2</sup> See U.S. Government Accountability Office, *Government Auditing Standards*, Sections 1.01 and 1.02, GAO-07-731G, July 2007.

<sup>3</sup> *Foreign organizations*—organizations based overseas that are not subject to federal regulations but are subject to state regulations; *U.S. nonprofit organization*—a corporation, trust, association, cooperative, or other organization that is operated primarily for educational, service, charitable, or similar purposes in the public interest receiving financial assistance directly from federal awarding agencies to carry out a project or program; *U.S. for-profit companies*—organizations operated primarily for profit that are receiving federal funding and are subject to incurred costs audits by the Defense Contract Audit Agency; *public international organizations*—organizations composed of member nations whereby some are inter-governmental (e.g., the United Nations), and some are non-governmental with multiple worldwide or regional purposes (e.g., European Union). Public international organizations are not subject to federal regulations.

## BACKGROUND

---

OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, outlines audit requirements for ensuring that federal funds provided to non-federal entities are properly expended.<sup>4</sup> Specifically, OMB Circular A-133 requires that U.S. nonprofit organizations spending more than \$500,000 or more in federal funds within the organizations' fiscal year obtain either a single or program-specific audit conducted by an independent auditor for that year.<sup>5</sup> A single audit (generally referred to as an A-133 audit) is intended to provide a cost-effective audit for non-federal entities in that one audit is conducted in lieu of multiple audits of individual programs. However, because A-133 audits cover financial activities of an entire entity, they generally do not provide detailed financial information on specific federal awards, such as those provided for Afghanistan reconstruction.

During the A-133 audit process, auditors may review expenditures made under specific federal awards, but the extent of such reviews depends largely on the amount of funding received under that assistance award relative to the total amount of federal funding received from other sources. Auditors conducting A-133 audits are required to identify each federal award and determine whether that award constitutes part of a major program. According to OMB Circular A-133, auditors should use a risk-based approach to determine which federal programs are "major" programs. In using the risk-based approach, the auditor should consider the funding level of a specific program relative to the funding the organization receives, whether or not the program was recently audited as a major program, and prior audit findings.

Expenditures under major programs are examined during A-133 audits, whereas expenditures under non-major programs are typically disclosed but not audited. At the conclusion of an A-133 audit, the recipient organization must file a copy of the audit report with the Federal Audit Clearinghouse within 9 months of the end of the period audited or 30 days after the receipt of the completed audit (whichever is first).

Notwithstanding the requirement for annual audits, OMB Circular A-133 states that its provisions do not limit a federal agency's authority, including Inspectors General and the U.S. Government Accountability Office, to conduct or arrange for additional audits (e.g., financial audits, performance audits, evaluations, inspections, or reviews). Thus, State could, at any time, conduct additional financial audits of its Afghanistan reconstruction awards.

Federal agencies often issue their own guidance that further clarifies how audit requirements detailed in OMB Circular A-133 might apply to their agency-specific awards. For example, although A-133 audit requirements do not apply to foreign organizations, State's *Guidelines for Application and Administration for Federal Assistance Awards*, as revised September 20, 2011, state that foreign organizations receiving assistance awards may be audited during the award's period of performance and up to 3 years after the award's closeout. Accordingly, these foreign organizations must keep their financial records for at least 3 years after the closeout report to accommodate potential audit requirements.

As part of its oversight mandate, SIGAR has initiated a number of financial audits of contracts, grants, and cooperative agreements funded by State, Department of Defense, Department of Agriculture, and the U.S. Agency for International Development. Of the 99 awards that State has not audited, SIGAR is conducting financial audits on 8 awards, valued at \$27 million, provided to 2 foreign organizations. The results of these audits will be made available later this year.

---

<sup>4</sup> In conducting A-133 audits, auditors examine the recipient's financial records, financial statements, general management of its operations, internal control systems, and expenditures of federal assistance received during the audit period.

<sup>5</sup> OMB has recently proposed, among other things, to raise the audit threshold from \$500,000 to \$750,000 received in a fiscal year. OMB's proposal is open for public comment until June 2013.

## ASSISTANCE AWARDS TOTALING \$191.6 MILLION IN DISBURSEMENTS HAVE NOT BEEN AUDITED

According to State records, between fiscal year 2002 and fiscal year 2011, the department made 140 awards over \$1 million, with a total estimated value of \$315.3 million.<sup>6</sup> Financial audits were not conducted for 99 of those 140 assistance awards. The 99 unaudited awards had disbursed a combined total of \$191.6 million.<sup>7</sup> The extent to which financial audits were conducted on State's assistance awards varied depending on the type of organization receiving the funds. For example, 42 of 68 assistance awards (62 percent) provided to U.S. nonprofit organizations have not been audited, and 50 of 65 awards (77 percent) provided to foreign organizations have not been audited. Moreover, none of the seven assistance awards provided to U.S. for-profit companies and public international organizations have been audited (four were provided to U.S. for-profit companies and three were provided to public international organizations). Table 1 summarizes the results of SIGAR's review by type of organization, total number of awards issued, total award value, number of awards not audited, and amount disbursed under unaudited awards.

**Table 1 - State Assistance Awards for Afghanistan Reconstruction from 2002 to 2011**

Type of Organization	Total Awards	Total Value of Awards (\$ millions) <sup>a</sup>	Awards Not Audited	Amount Disbursed Not Audited (\$ millions) <sup>b</sup>
Foreign organizations	65	\$161.3	50	\$103.0
U.S. nonprofit organizations	68	\$136.4	42	\$75.3
U.S. for-profit companies	4	\$9.4	4	\$6.7
Public international organizations	3	\$8.3	3	\$6.6
<b>TOTAL</b>	<b>140</b>	<b>\$315.4</b>	<b>99</b>	<b>\$191.6</b>

Source: SIGAR analysis of State data. Totals affected by rounding.

Notes:

<sup>a</sup> Total value as of August 20, 2012; updated with amendments from the Public Affairs Section of Embassy Kabul as of December 10, 2012.

<sup>b</sup> Disbursement amounts were obtained from several different bureaus and offices dating from October to December 2012. For seven awards missing disbursement data, SIGAR estimated disbursement amounts to be equal to obligated amounts.

<sup>6</sup> Of the \$315.3 million obligated through 140 awards, \$277.6 million had been disbursed. State did not have disbursement records for seven awards valued at \$16.7 million; for these awards, SIGAR estimated the disbursed value at the obligated amount.

<sup>7</sup> All disbursement figures in this report were obtained from several different bureaus and offices dating from October to December 2012.



## Most Awards to Foreign Organizations Have Not Been Audited Because State Lacks Department-wide Policy

Unlike the U.S. Agency for International Development, which requires a financial audit of foreign award recipients that spend more than \$300,000 in agency-provided funding per year, State has no department-wide policy requiring audits of grants awarded to foreign organizations. According to Grants Policy Directive 42, audit reports can be an effective and valuable method for monitoring a recipient's financial performance, particularly with regard to the adequacy of internal controls and compliance with applicable laws and regulations. It is left to bureaus and grant officers to determine whether to require audits of foreign organizations. Consequently, bureaus within State have differing financial audit requirements for assistance awards to foreign recipients.

State provided \$139.7 million to 25 foreign organizations through 65 assistance awards between fiscal years 2002 to 2011. These awards were issued by the Bureau of Population, Refugees, and Migration (PRM); the Political-Military Bureau's Office of Weapons Removal and Abatement (PM/WRA); and the Public Affairs Section (PAS) of the U.S. embassy in Kabul. As shown in table 2, 50 of those awards totaling \$103 million in disbursements have not undergone financial audits.

**Table 2 - State Assistance Awards to Foreign Organizations Not Audited**

Reason(s) Not Audited	Awards Not Audited	Funding Not Audited (\$millions)
Award made prior to creation of bureau requirement	23	\$48.6
No financial audit requirement	19	\$38.7
Audit not yet due	6	\$10.4
Organization no longer funded	2	\$5.3
<b>TOTAL</b>	<b>50</b>	<b>\$103.0</b>

Source: SIGAR analysis of State data. Totals affected by rounding.

Audits of these 50 awards were not conducted largely because either (1) bureau-wide audit requirements were established after the award had been made, or (2) State's department-wide policy, *Guidelines for Application and Administration for Federal Assistance Awards*, does not specifically require that foreign organizations receiving State-funded assistance be audited. However, the *Guidelines* do require that the foreign organizations maintain financial records in case the U.S. government decides to conduct audits. In lieu of a department-wide policy requiring that foreign organizations be audited, two bureaus established their own requirements for conducting such audits.

- PRM requires all foreign organizations receiving assistance funds to ensure that the funds are included in audits performed by independent public accountants in accordance with U.S. government auditing standards established by the Comptroller General of the United States. The bureau awarded funds to three separate foreign organizations that received a total of six awards. These organizations filed audits as required and, as a result, five of the bureau's awards have been audited. One award had not been audited because the organization's audit was not yet due.
- PM/WRA instituted a policy in 2010, which required grantees, both foreign and domestic, to be audited if they spend more than \$500,000 in State funds each year. In 2011, the bureau removed the threshold, requiring all grantees to be audited on a yearly basis regardless of the amount of funds expended. The bureau issued 38 awards to foreign organizations, of which 10 were audited. The

remaining 28 awards were not included in audits either because the organization's audit was not yet due or because the award was made prior to the bureau's requirement being instituted.

The Public Affairs Section of the U.S. Embassy in Kabul does not have a policy requiring financial audits for assistance awards to foreign organizations. Consequently, only one of the section's 21 awards to foreign organizations included a requirement for a financial audit.<sup>8</sup>

Table I in appendix II lists the 25 foreign recipient organizations and information on the awards they received from State from 2002 to 2011.

## **Most U.S. Nonprofit Organization Awards Have Not Been Audited Primarily Because They Were Not Considered Major Programs**

From 2002 to 2011, State provided 68 assistance awards of \$1 million or more to 28 U.S. nonprofit organizations. As shown in table 3, 42 of these awards have not undergone financial audits. As a result, \$75.3 million disbursed from \$136.4 million in assistance funds awarded to U.S. nonprofit organizations has not been audited. Table II in appendix III lists the 28 U.S. nonprofit organizations and information on the awards they received from State from 2002 to 2011.

As discussed earlier, auditors conducting A-133 audits are required to identify each federal award and determine whether that award is part of a major program. OMB Circular A-133 also allows federal agencies to request that a particular federal program be audited as a major program as part of an A-133 audit, in lieu of the agency conducting or arranging for a separate audit.<sup>9</sup>

Although 24 of the 28 U.S. nonprofit organizations in our review had an A-133 audit conducted as required,<sup>10</sup> 29 awards totaling \$46.4 million made to those organizations were excluded from audit testing because A-133 auditors did not consider them to be part of a major program. This occurred because the awards received relatively little funding compared to the total amount of funding that these organizations received from other federal sources.

In addition, three organizations receiving three separate awards totaling \$8 million did not file OMB Circular A-133 audits as required because of unclear State guidance. For example, rather than include audit provisions directly in award agreements, State refers recipient organizations to its website for guidance. The website has terms and conditions in two categories—overseas or domestic—but does not specify that the description refers to the locations of the organization's headquarters, rather than to the location in which the award is being implemented. Consequently, in two instances, grant officers misdirected organizations to the wrong category in the award agreement. In the third instance, the recipient organization applied the terms and conditions from the wrong category because of the lack of clarity in how to categorize organizations. Accordingly, three awards totaling \$8 million were not included in an audit.

---

<sup>8</sup> A Public Affairs Section grants officer inserted an audit requirement into the grant agreement for one of the 21 awards to foreign organizations because it was deemed to be a "high-risk" recipient. As part of its financial audit program, SIGAR agreed to oversee the financial audit for that award, but the award was terminated before the audit could begin.

<sup>9</sup> OMB Circular A-133, Subpart A, Section 215(c).

<sup>10</sup> One of the 24 organizations had not filed an A-133 audit report, but upon contacting the organization, SIGAR learned that it had not expended over the \$500,000 threshold in 2011, thus it was not required to have an A-133 audit conducted for that year.

Another 10 awards totaling \$20.9 million were not audited for various reasons.

- Six awards had not been audited because the organizations had not yet completed or filed their A-133 audit reports, which could have included a closer review of the awards if the auditors considered them to be part of a major program.
- For three awards, the receiving organizations had completed and filed their A-133 audit reports, but because these reports had coding issues that did not specifically identify the individual awards, we were unable to verify whether they had been audited.<sup>11</sup>
- One organization filed an OMB Circular A-133 audit for one year as required but not for the second required year because the organization’s president died, after which the organization dissolved. As a result, an award for \$1.7 million was not included in an audit.

**Table 3 - State Assistance Awards to U.S. Nonprofit Organizations Not Audited**

Reason(s) Not Audited	Awards Not Audited	Funding Not Audited (\$millions)
Not Considered Major Program	29	\$46.4
Organization Unaware of Audit Requirement	3	\$8.0
Audit Not Yet Due	6	\$14.8
Coding Issues	3	\$4.4
Organization Dissolved	1	\$1.7
<b>TOTAL</b>	<b>42</b>	<b>\$75.3</b>

Source: SIGAR analysis of State data. Totals affected by rounding.

### Awards Totaling \$6.7 Million in Disbursements to U.S. For-Profit Companies Have Not Been Audited Because of Unclear State Guidelines

None of the four assistance awards, totaling \$6.7 million in disbursements, provided to four U.S. for-profit companies have been audited because State’s *Guidelines* does not directly address audit requirements for assistance awards provided to for-profit companies. While the *Guidelines* reference OMB Circular A-133 for additional audit guidance, the Circular applies only to U.S. nonprofit organizations; no additional information is referenced that specifically addresses for-profit companies. However, SIGAR noted that the *Guidelines* do require that “recipients of federal assistance, regardless of amount or period of performance, are subject to federal audit during the award’s period of performance.” As a result of unclear audit requirements in the *Guidelines*, the four awards were not audited. Table III in appendix IV lists the four U.S. for-profit companies and information on the awards they received from State from 2002 to 2011.

<sup>11</sup> In these reports, auditors listed expenditures by program code as denoted by the Catalog of Federal Domestic Assistance. This classification grouped programs together by type of program to select which major programs to audit. While State does track the Catalog codes and they are listed for each award, multiple awards are often included under one Catalog category. For example, code 19.519 indicates an award is part of the Overseas Refugee Assistance Program for Near East and South Asia, and code 19.800 describes the Weapons Removal and Abatement program. These codes do not denote a specific country, and several awards are part of the 19.519 and 19.800 programs.

## Awards Totaling \$6.6 Million in Disbursements to Public International Organizations Have Not Been Audited Because the Decision to Audit Rests with the PIO

None of the \$6.6 million provided through three awards to two public international organizations has been audited. State generally relies on public international organizations to audit contributions in accordance with their own policies and procedures.<sup>12</sup> However, public international organizations do not always have financial audits conducted of each federal award or share the results of such audits if they do occur. Consequently, State was unable to provide evidence that any financial audits were conducted for the three awards. Upon contacting the two public international organizations, we learned that no financial audits of these awards had been conducted. Table IV in appendix V lists the two PIOs and information on the awards they received from State from 2002 to 2011.

## CONCLUSION

---

From 2002 to 2011, State made 140 assistance awards of \$1 million or more, valued at \$315.3 million, to recipient organizations for Afghanistan reconstruction activities, but 99 of these awards have not been audited. Although financial audits were not necessarily required for most of these awards, State had the discretion to do so and would have significantly strengthened its oversight of these awards had it exercised that discretion. Moreover, State has not clearly communicated to its bureaus or award recipients when financial audits are required. For example, State lacks agency-wide guidance on audit requirements for assistance awards to foreign organizations, instead allowing individual bureaus to develop inconsistent policies. State has also not ensured that its terms and conditions are clear regarding audit responsibilities for recipient organizations based on whether they are located in the United States or overseas. We believe that State should take steps to strengthen its audit processes to ensure that its U.S. appropriated funds are properly used and accounted for.

## RECOMMENDATIONS

---

To strengthen accountability over State-funded assistance awards provided to U.S. non-profit organizations, U.S. for-profit companies, foreign organizations, and public international organizations for Afghanistan reconstruction, we recommend the U.S. Secretary of State:

- 1. Establish a policy requiring audits of assistance awards to foreign organizations receiving State-funded assistance on an annual basis using a risk-based approach.**
- 2. Clarify guidance to recipient organizations receiving State-funded assistance awards to specify which standard terms and conditions apply—domestic or overseas—based on whether the recipient organization is U.S.- or foreign-based.**
- 3. Develop a system to identify and prioritize awards to U.S. nonprofit organizations to determine whether State should (a) request that awards be audited as major programs by the organization's OMB Circular A-133 auditors., or (b) contract for award-specific financial audits of those awards.**
- 4. Revise State guidance to ensure that audit requirements for State-funded assistance awards made to U.S. for-profit companies are clear and consistent.**

---

<sup>12</sup> Department of State, *Instructions for PIO Specifics*, provided by Office of Procurement Executive on December 6, 2012.

## AGENCY COMMENTS

---

In written comments on a draft of this report, State generally agreed with our recommendations and noted that financial audits are an important tool to ensure that federal funds are properly spent and efficiently used. State said that the draft report highlighted the need for it to continue its collaboration with other foreign affairs agencies to share and develop best practices that enhance the oversight of federal assistance in the overseas environment.

State commented that it has already taken steps to strengthen its financial audits of grants. In particular, State is in the process of implementing recommendations made in our July 2012 audit of 21 large grants awarded by the Public Affairs Section of the U.S. Embassy in Kabul and is re-soliciting a contract for financial auditing services for approximately 22 grants.<sup>13</sup> The solicitation is expected to be posted within the next two months. In addition, State said that it is coordinating audit coverage with other organizations that have awarded audit contracts in Afghanistan.

With respect to the recommendations in this report, State agreed with our first two recommendations. Specifically, State said that it will develop a risk-based audit policy that addresses foreign organizations receiving State-funded assistance on an annual basis. State also noted that it will work to clarify department guidance to recipient organizations and define which standard terms and conditions apply to awards to those organizations. In addition, State commented that it agreed with the intent of our third recommendation to develop a system to identify and prioritize awards to U.S. nonprofit organizations for audit consideration. Although State noted that identification and prioritization of awards for audits is primarily a training issue for its program and grants officers, the department stated that it will provide updates to training materials, grants policy directives, and other communication channels as needed. Finally, State accepted our fourth recommendation to revise its guidance to ensure that audit requirements for U.S. for-profit companies are clear and consistent. State said that it will work with its procurement policy to rectify any gaps in U.S. for-profit firm audit requirements. We believe that these actions, if properly implemented, will encourage the proper and efficient use of appropriated funds.

State's comments are reprinted in appendix VI.

---

<sup>13</sup> SIGAR Audit-12-13, *Selected Public Diplomacy Awards Mostly Achieved Objective, but Embassy Can Take Steps to Enhance Grant Management and Oversight*, July 2012.

## APPENDIX I - SCOPE AND METHODOLOGY

---

This report provides the results of the Office of the Special Inspector General for Afghanistan Reconstruction's (SIGAR) review of the extent to which Department of State (State)-funded grants and cooperative agreements for Afghanistan reconstruction had undergone financial audits. SIGAR had intended to include reconstruction contracts in addition to grants and cooperative agreements in its original scope of work. However, State was unable to provide reliable contract data; therefore, this report does not include information on the extent to which State-funded contracts have been audited.

To determine the extent to which financial audits were conducted for State-funded grants and cooperative agreements for Afghanistan reconstruction, we obtained from State a list of awards, valued at \$1 million or more, that were issued from January 2002 to August 2012. State provided a list of 122 grants and cooperative agreements it awarded to foreign organizations, U.S. nonprofit organizations, U.S. for-profit companies, and, public international organizations, taken from State's Grant Data Management System.

To ensure data completeness and accuracy of computer-processed data, we asked each of the five awarding State bureaus represented to cross-check the list from the Grant Data Management System with bureau-tracked data. Based on our analysis, we removed 22 awards and added 40 awards while correcting for data discrepancies, eliminating awards that were not reconstruction or were duplicative and adding data not within the date ranges captured by the Grant Data Management System. The bureaus also provided us with disbursement information for the awards in our scope. Seven awards' records were missing, for which we estimated disbursements at the obligated value. Our final list of awards included 140 awards made from 2002 to 2011 with obligations totaling \$315.3 million and disbursements totaling \$277.6 million.

To determine State's requirements to conduct financial audits of its assistance awards, we reviewed laws, regulations, policies, standard operating procedures, and other guidance relating to financial audit requirements of State funding recipients. We reviewed State's *Guidelines for Application and Administration for Federal Assistance Awards*, domestic and overseas terms and conditions for federal assistance awards, and *Federal Assistance Policy Handbook*. We reviewed multiple Grants Policy Directives from the Office of the Procurement Executive as well as terms and conditions specific to individual bureaus. At the federal level, we reviewed OMB Circular A-50, *Audit Follow-up*; Office of Management and Budget (OMB) Circular A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*; OMB Circular A-123, *Management's Responsibility for Internal Control*; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

With respect to assessing internal controls, we reviewed compliance with the OMB Circulars A-133, A-123, A-110, and A-50 as part of our objective. The results of this assessment are included in the body of this report.

To determine the extent to which financial audits have been conducted for grants and cooperative agreements, we confirmed the audit status for each award with State and collected audit reports where available. For U.S. nonprofit organizations, we used the Federal Audit Clearinghouse to determine whether organizations filed OMB Circular A-133 audit reports. For compliant U.S. nonprofit organizations, we analyzed audit reports to determine whether or not the awards in our universe had been labeled part of a major program and therefore been individually audited. We confirmed noncompliance by requesting audit report copies from State, inquiring with OMB about missing records for these organizations, and directly contacting recipient organizations.

Lastly, we interviewed officials in State's Office of Administration/Acquisitions, Logistics Management, and Office of the Procurement Executive; Bureau of International Law and Narcotics; Political-Military Bureau's Office of Weapons Removal and Abatement; Public Affairs Section of Embassy Kabul and Bureau of South and Central Asian Affairs/Press and Public Diplomacy; Bureau of Population, Refugees, and Migration; and Office of the Inspector General. We also contacted officials at the United Nations Mine Action Service and the North Atlantic Treaty Organization.

We conducted our audit work in Kabul, Afghanistan, and Washington, D.C., from August 2012 to June 2013, 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. This audit was performed by SIGAR under the authority of Public Law 110-181, and the Inspector General Act of 1978, as amended.

## APPENDIX II - STATE-FUNDED ASSISTANCE TO FOREIGN ORGANIZATIONS

**Table I - State Assistance Awards to Foreign Organizations, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>cd</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
Deming Agency for Afghanistan (DAFA)	PM/WRA	9	8	\$24.4	\$24.4	\$20.4	Awards were made prior to the creation of a bureau audit requirement
Mine Clearance Planning Agency (MCPA)	PM/WRA	9	3	\$21.0	\$21.0	\$6.5	Awards were made prior to the creation of a bureau audit requirement
Organization for Mine Clearance and Afghan Rehabilitation (OMAR)	PM/WRA	8	7	\$16.4	\$16.3	\$13.3	6 awards were made prior to the creation of a bureau audit requirement, 1 award's audit is not yet due
Afghan Technical Consultants	PM/WRA	5	3	\$14.1	\$14.1	\$6.1	Awards were made prior to the creation of a bureau audit requirement
HUDA Development Organization	PAS	3	3	\$13.7	\$5.4	\$5.4	No financial audit requirement <sup>e</sup>
Cetena Group	PAS	2	2	\$8.4	\$6.4	\$6.4	No financial audit requirement
Mine Detection Dog Center (MDC)	PM/WRA	4	4	\$7.6	\$7.6	\$7.6	2 awards were made prior to the creation of a bureau audit requirement, 2 awards' audits are not yet due.
Government Media and Information Center (GMIC)	PAS	2	2	\$7.0	\$5.3	\$5.3	State stopped funding GMIC awards
Shamshad TV	PAS	2	2	\$6.5	\$6.5	\$6.5	No financial audit requirement
Sayed Majidi Architecture and Design (SMAD)	PAS	1	1	\$6.3	\$3.1	\$3.1	No financial audit requirement
Chinar Project	PAS	2	2	\$4.1	\$3.1	\$3.1	No financial audit requirement
Agency for Technical Cooperation and Development	PRM	3	0	\$4.0	\$4.0	\$0.0	n/a



**Table I - State Assistance Awards to Foreign Organizations, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>cd</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
Social Development and Research Organization For Afghans (SDROA)	PAS	1	1	\$3.9	\$2.1	\$2.1	No financial audit requirement
Danish Demining Group	PM/WRA	2	2	\$3.0	\$3.0	\$3.0	1 award made prior to bureau audit requirement; 1 award audit not yet due.
BBC World Service Trust	PAS	1	1	\$3.0	\$1.5	\$1.5	No financial audit requirement
TearFund	PRM	2	1	\$2.8	\$2.7	\$1.0	Audit not yet due
Afghanistan Research and Development Institute	PAS	1	1	\$2.5	\$2.2	\$2.2	No financial audit requirement
Kochah NPO	PAS	1	1	\$2.5	\$2.0	\$2.0	No financial audit requirement
Pajhwok Afghan News	PAS	1	1	\$1.9	\$1.9	\$1.9	No financial audit requirement
Khabardar Ltd.	PAS	1	1	\$1.5	\$1.5	\$1.5	No financial audit requirement
Norwegian Refugee Council	PRM	1	0	\$1.5	\$1.4	\$0.0	n/a
Swiss Foundation for Mine Action (FSD)	PM/WRA	1	1	\$1.5	\$1.2	\$1.2	Audit not yet due
Media Support Partnership Afghanistan	PAS	1	1	\$1.4	\$1.4	\$1.4	No financial audit requirement
Afghan TV	PAS	1	1	\$1.2	\$0.6	\$0.6	No financial audit requirement
Afghan Community Consultancy	PAS	1	1	\$1.1	\$1.0	\$1.0	No financial audit requirement
<b>TOTAL</b>		<b>65</b>	<b>50</b>	<b>\$161.3</b>	<b>\$139.7</b>	<b>\$103.0</b>	

Source: SIGAR analysis of State data. Totals affected by rounding.

Notes: <sup>a</sup> Acronyms are as follows: PM/WRA for the Political-Military Bureau's Office of Weapons Removal and Abatement, PRM for the Bureau of Population, Refugees, and Migrations, INL for the International Narcotics and Law Enforcement Bureau, PAS for the Public Affairs Section of Embassy Kabul, and AQM for the Office of Acquisitions. <sup>b</sup> Totals as of August 20, 2012. Updated with amendments from PAS as of December 10, 2012. <sup>c</sup> PM/WRA totals as of October 15, 2012; PRM totals as of November 13, 2012; PAS totals as of December 13, 2012. <sup>d</sup> For the 3 awards missing disbursement records, we estimated the disbursed amounts at the obligated amounts. <sup>e</sup> SIGAR is currently conducting a financial audit of this organization.

## APPENDIX III - STATE-FUNDED ASSISTANCE TO U.S. NONPROFIT ORGANIZATIONS

**Table II - State Assistance Awards to Nonprofit Organizations, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>cd</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
The HALO Trust (Hazardous Areas Life Support Organization)	PM/WRA	14	10	\$34.3	\$34.3	\$22.3	Two awards' audits are not yet due; the other eight were not considered major programs
International Rescue Committee	PRM	6	4	\$9.8	\$9.8	\$6.1	Not considered a major program
Clear Path International	PM/WRA	3	0	\$8.4	\$8.4	\$0.0	n/a
United Methodist Committee on Relief	PRM	5	3	\$7.3	\$6.9	\$3.8	Not considered a major program
International Medical Corps	PRM	5	2	\$6.9	\$6.8	\$2.8	One award's audit is not yet due, one award not considered a major program
Aga Khan Foundation	INL	1	0	\$6.0	\$3.4	\$0.0	n/a
Women for Afghan Women	INL	1	1	\$5.7	\$4.4	\$4.4	Not yet due
Cooperative Housing Foundation International (CHF)	PRM	3	3	\$5.1	\$5.1	\$5.1	Not considered a major program
University of Washington	INL	1	1	\$5.1	\$3.9	\$3.9	Not considered a major program
Global Rights	INL	1	0	\$4.7	\$3.3	\$0.0	n/a
Mercy Corps	PRM	3	1	\$4.6	\$4.3	\$1.7	Not considered a major program
Institute for the Study of Human Knowledge	PAS	1	1	\$4.5	\$4.4	\$4.4	Organization was unaware of audit requirements because of misleading terms and conditions

**Table II - State Assistance Awards to Nonprofit Organizations, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>cd</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
Shelter for Life	PRM	3	1	\$4.0	\$3.9	\$1.8	Audit report only uses Catalog of Federal Domestic Assistance codes, so unable to identify if award had been audited.
Catholic Relief Services	PRM	3	2	\$3.6	\$3.4	\$2.2	Not considered a major program
Cooperative for Assistance Relief Everywhere (CARE)	PRM	3	3	\$3.3	\$3.2	\$3.2	Not considered a major program
Afghan Center	PRM	2	1	\$2.9	\$2.9	\$1.7	Organization's president died and organization dissolved
Church World Service, Inc	PRM	2	1	\$2.7	\$2.2	\$1.0	Not yet due
George Mason University	PAS	1	1	\$2.7	\$1.9	\$1.9	Audit report only uses Catalog of Federal Domestic Assistance codes, so unable to identify if award had been audited.
Campaign for Social Justice	PAS	1	1	\$2.1	\$2.1	\$2.1	Organization was unaware of audit requirements because of misleading terms and conditions
International Association of Women Judges	INL	1	1	\$1.9	\$0.7	\$0.7	Not yet due
Washington State University	PAS	1	1	\$1.7	\$1.6	\$1.6	Not considered a major program
The Hamilton Foundation	PAS	1	1	\$1.5	\$1.5	\$1.5	Organization was unaware of audit requirements because of misleading terms and conditions
Ball State University	PAS	1	1	\$1.4	\$0.7	\$0.7	Audit report only uses Catalog of Federal Domestic Assistance codes, so unable to identify if award had been audited.

**Table II - State Assistance Awards to Nonprofit Organizations, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>cd</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
Save the Children	PRM	1	1	\$1.4	\$1.3	\$1.3	Considered a major program, but audit not conducted due to unsafe environment in Afghanistan <sup>e</sup>
Physicians for Human Rights	AQM	1	0	\$1.3	\$1.1	\$0.0	n/a
Stanford University	INL	1	1	\$1.3	\$1.1	\$1.1	Not considered a major program
ChildFund International	PRM	1	0	\$1.2	\$1.2	\$0.0	n/a
The Asia Foundation	AQM	1	0	\$1.0	\$0.8	\$0.0	n/a
<b>TOTAL</b>		<b>68</b>	<b>42</b>	<b>\$136.4</b>	<b>\$124.6</b>	<b>\$75.3</b>	

Source: SIGAR analysis of State data. Totals affected by rounding.

Notes:

<sup>a</sup> Acronyms are as follows: PM/WRA for the Political-Military Bureau's Office of Weapons Removal and Abatement, PRM for the Bureau of Population, Refugees, and Migrations, INL for the International Narcotics and Law Enforcement Bureau, PAS for the Public Affairs Section of Embassy Kabul, and AQM for the Office of Acquisitions. <sup>b</sup> Totals as of August 20, 2012. Updated with amendments from PAS as of December 10, 2012. <sup>c</sup> PM/WRA totals as of October 15, 2012; PRM totals as of November 13, 2012; PAS and AQM totals as of December 13, 2012; INL totals as of December 20, 2012. <sup>d</sup> For the 3 awards missing disbursement records, we estimated disbursed amounts at the obligated amounts. <sup>e</sup> Grouped with "not considered a major program" for subtotals because the treatment is the same.

## APPENDIX IV - STATE-FUNDED ASSISTANCE TO FOR-PROFIT COMPANIES

**Table III - State Assistance Awards to For-Profit Companies, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>c</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
Scholastic, Inc.	PAS	1	1	\$3.1	\$0.6	\$0.6	Unclear State guidelines
Asia Consultancy Group	PAS	1	1	\$2.7	\$2.7	\$2.7	Unclear State guidelines
Strategic Social, LLC	PAS	1	1	\$1.9	\$1.9	\$1.9	Unclear State guidelines
Public Affairs Media Group	PAS	1	1	\$1.7	\$1.5	\$1.5	Unclear State guidelines <sup>d</sup>
<b>TOTAL</b>		<b>4</b>	<b>4</b>	<b>\$9.4</b>	<b>\$6.7</b>	<b>\$6.7</b>	

Source: SIGAR analysis of State data. Totals affected by rounding.

Notes:

<sup>a</sup> Acronyms are as follows: PM/WRA for the Political-Military Bureau's Office of Weapons Removal and Abatement, PRM for the Bureau of Population, Refugees, and Migrations, INL for the International Narcotics and Law Enforcement Bureau, PAS for the Public Affairs Section of Embassy Kabul, and AQM for the Office of Acquisitions. <sup>b</sup>Totals as of August 20, 2012. Updated with amendments as of December 10, 2012. <sup>c</sup> Totals as of December 13, 2012. <sup>d</sup> State is in the process of disbaring this organization.

## APPENDIX V - STATE-FUNDED ASSISTANCE TO PUBLIC INTERNATIONAL ORGANIZATIONS

**Table IV - State Assistance Awards to Public International Organizations, Valued at \$1 Million or More (2002-2011 in \$ million)**

Awardees	Bureau <sup>a</sup>	Total Awards	Awards Not Audited	Amount Obligated <sup>b</sup>	Total Funding Disbursed <sup>cd</sup>	Funding Not Audited	Reason(s) Awards/Funding Not Audited
United Nations Mine Action Service (UNMAS)	PM/WRA	2	2	\$5.1	\$5.1	\$5.1	No Department of State financial audit requirement, no audit report received from PIO
North Atlantic Treaty Organization (NATO)	PAS	1	1	\$3.3	\$1.5	\$1.5	No Department of State financial audit requirement, no audit report received from PIO
<b>TOTAL</b>		<b>3</b>	<b>3</b>	<b>\$8.3</b>	<b>\$6.6</b>	<b>\$6.6</b>	

Source: SIGAR analysis of State data. Totals affected by rounding.

Notes:

<sup>a</sup> Acronyms are as follows: PM/WRA for the Political-Military Bureau's Office of Weapons Removal and Abatement, PRM for the Bureau of Population, Refugees, and Migrations, INL for the International Narcotics and Law Enforcement Bureau, PAS for the Public Affairs Section of Embassy Kabul, and AQM for the Office of Acquisitions. <sup>b</sup> UNMAS totals as of August 20, 2012; NATO as of December 10, 2012. <sup>c</sup> UNMAS totals as of October 15, 2012; NATO as of October 15, 2012. <sup>d</sup> For the award missing disbursement records, we estimated the disbursed amount at the obligated amount.

## APPENDIX VI - AGENCY COMMENTS

---



United States Department of State

Washington, D.C. 20520

[www.state.gov](http://www.state.gov)

June 28, 2013

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction  
1550 Crystal Drive  
Arlington, VA 22202

Dear Mr. Sopko,

We appreciate the opportunity, consistent with established practice, to review and provide comments on the draft report, "Department of State's Assistance Awards for Afghanistan Reconstruction Activities Are Largely Unaudited."

We agree that financial audits are an important tool to ensure that federal funds are properly and efficiently used. Following up on previous work by SIGAR, we have already taken steps to strengthen our financial audits of grants. In August 2011, SIGAR initiated an audit of twenty-one large grants awarded by the Public Affairs Section (PAS) of Embassy Kabul. As a result, a July 2012 report from SIGAR recommended that PAS re-solicit a contract for financial audits that had been previously solicited, and coordinate with other organizations that have awarded audit contracts in Afghanistan. In response, PAS requested that the Regional Procurement Support Office in Frankfurt, Germany, prepare a solicitation for a full and open competition to provide financial auditing services for approximately 22 grants for a total of \$450,000 (at an average of \$20,000/award using local affiliates of international auditing firms). The selection of which grants to be audited will depend on a variety of factors, including risk assessment, size of the award, complexity, maturity of the grantee, level of sensitivity, among others. This solicitation is expected to be posted within the next two months. It should be noted that the previously solicited contract considered contracting a U.S auditing firm; however the cost was very high, about \$200,000 per grant, and therefore deemed too costly. Additionally, PAS has since required some large grantees to perform internal audits on their organizations and/or specific grants, which are reviewed by PAS.

In addition, we would like to respond to the recommendations made by SIGAR in the draft report:

*"1. Establish a policy requiring audits of assistance awards to foreign organizations receiving State funded assistance on an annual basis using a risk-based approach."*

The State Department agrees with the recommendation and will develop a risk-based audit policy that addresses foreign organizations receiving State funded assistance on an annual basis.

*"2. Clarify guidance to recipient organizations receiving State-funded assistance awards to specify which standard terms and conditions apply—domestic or overseas—based on whether the recipient organization is U.S. - or foreign-based."*

The State Department agrees with this recommendation and will work to clearly define recipient organizations and which standard terms and conditions apply to awards to those organizations.

*"3. Develop a system to identify and prioritize awards to U.S. nonprofit organizations to determine whether State should (a) request that awards be audited as major programs by the organizations OMB Circular A-133 auditors, or (b) contract for award-specific financial audits of those awards."*

The State Department agrees with intent of the recommendation but the identification and prioritization of awards for audits is primarily a training issue for Program and Grants Officers at State. The Department will provide updates to training materials, Grants Policy Directives, internal/external communication channels, and any other informal/formal communication methods as needed with respect to identifying and prioritizing awards for audits.

*"4. Revise State guidance to ensure that audit requirements for State-funded assistance awards made to U.S. for-profit companies are clear and consistent."*


The State Department accepts the recommendation and will work with Procurement policy to determine if there are any gaps in U.S. for-profit firm audit requirements.

In closing, this report highlights the need for us to continue our collaboration with other foreign affairs agencies to share and develop best practices that enhance the



oversight of federal assistance in the overseas environment, including the development of an appropriate audit policy consistent with OMB Circular A-133 policies currently applicable to U.S. non-profit organizations.

Sincerely,



Ambassador James Warlick  
Deputy Special Representative  
for Afghanistan and Pakistan

## APPENDIX VII - ACKNOWLEDGMENTS

---

Jay Rollins, Senior Audit Manager

Arthur Granger, Auditor-in-Charge

Juli Digate, Analyst

The following staff provided analytical support:

Mia Bonarski, Methodologist

This inspection report was conducted  
under project code SIGAR-065A.

## 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.

## Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site ([www.sigar.mil](http://www.sigar.mil)). SIGAR posts all publically released reports, testimonies, and correspondence on its Web site.

## To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

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](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto: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
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

## Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: [sigar.pentagon.ccr.mbx.public-affairs@mail.mil](mailto:sigar.pentagon.ccr.mbx.public-affairs@mail.mil)
- Mail: SIGAR Public Affairs  
2530 Crystal Drive  
Arlington, VA 22202