

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR Audit 15-1-AR

U.S. Agency for International
Development: More than 80 Percent of
All SIGAR Audit and Inspection Report
Recommendations Have Been
Implemented



OCTOBER
2014

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

SIGAR initiated this review to (1) identify and assess the status of SIGAR recommendations made to the U.S. Agency for International Development (USAID) in all SIGAR performance audits, financial audits, and inspections; and (2) review actions taken or planned by USAID to address any open recommendations.

To accomplish these objectives, SIGAR identified and examined all 127 recommendations made to USAID from SIGAR's establishment in January 2008 through April 2014, and conducted analysis to determine the number of open, closed and implemented, and closed but not implemented recommendations.

SIGAR categorized each recommendation by sector, recommended action, and intended outcome. Finally, SIGAR examined documentation that USAID provided to determine any quantifiable financial benefit in the form of cost savings or recovered funds.

This report contains no new recommendations. In response to SIGAR's draft report, USAID stated that it follows the agency's policy and procedures for the closure of audit recommendations, which require completion of final action within 1 year. USAID noted that in most cases, USAID is within these guidelines. However, as noted in the report, USAID's own policies provide a target closure date of 6 months for SIGAR audits, not 1 year.

October 2014

U.S. Agency for International Development: More than 80 Percent of All SIGAR Audit and Inspection Report Recommendations Have Been Implemented

SIGAR AUDIT 15-1-AR

WHAT SIGAR FOUND

SIGAR made 127 recommendations to the U.S. Agency for International Development (USAID) from SIGAR's inception in January 2008 through April 2014. SIGAR closed 110 of those recommendations, with 103 closed and implemented and 7 closed but not implemented. Fifty-one previously open recommendations were closed due to evidence provided after SIGAR notified USAID of this audit in February 2014.

SIGAR's analysis found that:

- Almost two-thirds of all recommendations were intended to achieve one of two outcomes: (1) ensure accountability and oversight of contract funds, or (2) strengthen contract compliance and internal controls.
- More than two-thirds recommended that USAID, to achieve the intended outcomes, (1) establish, improve, or follow existing procedures, policies, or other guidance; or (2) recover or ensure appropriate use of funds.

USAID's timely implementation of these recommendations resulted in stronger accountability of reconstruction funds spent in Afghanistan. One recommendation alone resulted in almost \$23 million put to better use. Eighteen additional recommendations resulted in the sustainment or recovery of more than \$2.75 million in questioned costs. An additional recommendation resulted in USAID increasing the timeliness of financial contract audits of completed projects, helping to ensure that costs billed by contractors were allowable.

SIGAR closed 7 additional recommendations that had not been implemented for several reasons:

- Five recommendations were closed because SIGAR planned to conduct additional audit work that could supersede the recommendations.
- Two recommendations were closed because USAID did not take action to address SIGAR's concerns.

Seventeen of the 127 recommendations remain open, and SIGAR is waiting for further implementing actions by USAID prior to closing them. As of mid-August 2014, 7 of these recommendations were open for more than 1 year, and 1 recommendation was open for more than 2 years. Seven of the open recommendations have identified \$61.9 million in questioned costs.



SIGAR

**Office of the Special Inspector General
for Afghanistan Reconstruction**

October 3, 2014

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Administrator
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This report discusses the status of recommendations made to the U.S. Agency for International Development (USAID) since its inception in January 2008. Specifically, we (1) identified and assessed the status of recommendations made to USAID in all SIGAR performance audits, financial audits, and inspections; and (2) reviewed actions taken or planned by USAID to address any open recommendations. We found that 110 of 127 recommendations made to USAID are closed, and 103 of these recommendations were implemented. As of mid-August 2014, 17 recommendations remained open. We are not making any recommendations based on our findings at this time.

We received written comments on a draft of this report from USAID, which we incorporated, as appropriate. USAID's comments, along with our response, are reproduced in appendix IV.

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

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

TABLE OF CONTENTS

Background.....	1
SIGAR Closed 110 of 127 Recommendations Made to USAID	2
Seventeen Recommendations Made to USAID Remain Open, Totaling Almost \$62 Million in Potential Savings	8
Conclusion.....	11
Agency Comments	11
Appendix I - Scope and Methodology	12
Appendix II - SIGAR Recommendations Made to the U.S. Agency for International Development.....	13
Appendix III - Additional Analysis of Recommendations Made to the U.S. Agency for International Development	44
Appendix IV - Agency Comments from the U.S. Agency for International Development.....	48
Appendix V - Acknowledgments	50

TABLES

Table 1 - All SIGAR Recommendations Made to USAID, by Report Type and Disposition.....	2
Table 2 - SIGAR Recommendations Made to USAID, by Sector.....	3
Table 3 - Recommendations Implemented by USAID, by Sector	4
Table 4 - Open Recommendations Made to USAID, by Sector.....	8
Table 5 - Open Recommendations Made to USAID with Questioned Costs.....	10
Table 6 - All SIGAR Recommendations Made to USAID, by Recommended Action.....	44
Table 7 - All SIGAR Recommendations Made to USAID, by Intended Outcome.....	45
Table 8 - Recommendations Implemented by USAID, by Intended Outcome	46
Table 9 - Recommendations Not Implemented by USAID, by Intended Outcome	47
Table 10 - Open Recommendations Made to USAID, by Intended Outcome.....	47

FIGURES

Figure 1 - Recommendations Made to USAID, by Intended Outcome.....	3
Figure 2 - Recommendations Implemented by USAID, by Intended Outcome.....	5
Figure 3 - Open Recommendations Made to USAID, by Intended Outcome	9

ABBREVIATIONS

USAID U.S. Agency for International Development

SIGAR is responsible for the independent and objective conduct and supervision of audits and investigations related to funds made available for reconstruction activities in Afghanistan.¹ In this review we (1) identified and assessed the status of recommendations made to the U.S. Agency for International Development (USAID) in all SIGAR performance audits, financial audits, and inspections; and (2) reviewed actions taken or planned by USAID to address any open recommendations. To accomplish these objectives, we examined all recommendations made to USAID from SIGAR's inception in January 2008 through April 2014 to determine the number of open and closed recommendations.² We conducted additional analysis on each recommendation closed by SIGAR, including examining documentation provided by USAID and correspondence between SIGAR and USAID, to place each closed recommendation into one of two categories:

- *Closed and implemented:* recommendation closed by SIGAR because USAID provided sufficient evidence that it addressed the intent of the recommendation.
- *Closed but not implemented:* recommendation not implemented by USAID but considered closed by SIGAR because (1) SIGAR determined not to pursue the recommendation to closure due to a decision to initiate new work on the recommendation topic, or (2) USAID did not take steps to address the recommendation.

Additionally, we reviewed all recommendations made to USAID and categorized each one by sector area, intended outcome, and recommended action. Finally, we examined documentation provided by USAID to determine any quantifiable financial benefit in the form of cost savings or recovered funds. We conducted our work in Washington, D.C., from February through September 2014, in accordance with generally accepted government auditing standards. Appendix I contains more detailed information on this audit's scope and methodology.

BACKGROUND

The Office of Management and Budget Circular A-50 provides policies and procedures to agencies for resolving audit findings and taking corrective action on recommendations.³ Audit and inspection recommendation follow-up is a shared responsibility of agency management officials and auditors. Corrective action taken by agency management on resolved findings and recommendations is essential for improving the effectiveness and efficiency of government operations. Circular A-50 requires agencies to establish systems to ensure the prompt and proper resolution and implementation of monetary and non-monetary audit findings and recommendations.

SIGAR's recommendation follow-up process begins with SIGAR's transmittal of the report and recommendations to USAID. The transmission includes a request that the agency provide documentation within 60 days of the corrective actions taken and/or target dates for completing the corrective actions for each recommendation. Status updates on recommendations under performance audits and inspections are handled by the cognizant technical offices at USAID, while status updates on recommendations under financial audits are handled by the Office of Acquisition and Assistance. According to USAID's audit procedures, an internal target date is to be established in the 60-day status update for completion of planned corrective actions and closure of SIGAR recommendations for performance and financial audits.⁴ Based on USAID's response and action, SIGAR determines if the agency's actions constitute sufficient corrective action and

¹ 5 USC App. 3 § 8G note. SIGAR may also perform other audit-related work, such as inspections. Inspections are systematic and independent assessments of the design, implementation, and/or results of an agency's operations, programs, or policies.

² SIGAR issued its first report with recommendations to USAID in July 2009.

³ U.S. Office of Management and Budget Circular A-50 rev., *Audit Followup*, September 29, 1982.

⁴ USAID's Office of Financial Management, *Audit Management Procedures Summary*, March 16, 2014.

determines the implementation status for each recommendation of either “open” or “closed.” USAID audit procedures set a target date of 6 months from report issuance to reach closure status. Recommendations without a final closure action within 6 months of report issuance, as well as any disagreements between SIGAR and USAID on planned or completed corrective actions, must be elevated to the USAID mission senior management for action and resolution.⁵ However, USAID stated that if the questioned costs for a financial audit are substantial, a limited scope review by an independent audit firm may be required to assist the contract or grant officer in making a final determination on the questioned costs, which can delay the closure of the recommendation beyond 6 months.

SIGAR CLOSED 110 OF 127 RECOMMENDATIONS MADE TO USAID

We identified 127 recommendations made to USAID from SIGAR’s inception in January 2008 through April 2014. We found that SIGAR closed 110 recommendations (more than 86 percent), with 103 recommendations closed and implemented and seven closed but not implemented. Seventeen recommendations made to USAID remain open. Table 1 shows the total number of reports and recommendations by report type—performance audit, financial audit, or inspection—as well as the status of all recommendations as open, closed-implemented, or closed-not implemented. Appendix II contains a list of all recommendations and their respective report number and issuance date, report title, status, sector, recommended action, and intended outcome.

Table 1 - All SIGAR Recommendations Made to USAID, by Report Type and Disposition

Report Type	Total Number of Recommendations	Open	Closed–Implemented	Closed–Not Implemented
Performance audits (20 reports)	63	10	47	6
Financial audits (18 reports)	56	6	50	0
Inspections (3 reports)	8	1	6	1
Totals (41 reports)	127	17	103	7

Source: SIGAR analysis

Our analysis of the 127 recommendations made to USAID also categorized each recommendation by sector area, intended outcome, and recommended action. Table 2 depicts the total number of recommendations categorized by representative sector areas, showing the highest number of recommendations pertain to infrastructure, and agriculture and food security.

⁵ USAID’s Automated Directive System Chapter 595, *Audit Management Program*, states that a reasonable effort must be made to complete corrective action on audit recommendations within 1 year of a management decision, but does not specifically cite timelines on SIGAR recommendations. USAID’s *Audit Management Procedures Summary* provides a target closure date of 6 months for SIGAR recommendations, and 1 year for USAID Office of Inspector General recommendations.

Table 2 - SIGAR Recommendations Made to USAID, by Sector

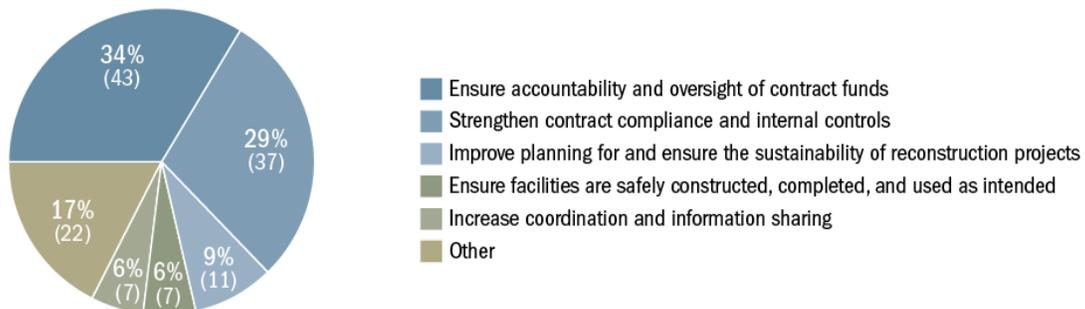
Sector Area	Number of Recommendations	Percent of Total Recommendations
Infrastructure	20	15.75%
Agriculture and food security	19	14.96%
Health	16	12.60%
Afghan governance and civil society	14	11.02%
Counter-narcotics	13	10.24%
Security	11	8.66%
Revenue generation/financial sector	10	7.87%
Education	9	7.09%
Energy	8	6.30%
Rule of law/anti-corruption	7	5.51%
Elections	4	3.15%
Cross-cutting: Resource and information management	9	7.09%
Cross-cutting: Award and management of contracts, grants, and cooperative agreements	4	3.15%

Source: SIGAR analysis

Note: Seventeen recommendations were classified under more than one sector area, and therefore the total number of recommendations depicted adds to more than 127 and more than 100 percent.

Additionally, our analysis found that 80 recommendations were intended to achieve one of two outcomes: (1) ensure accountability and oversight of contract funds, or (2) strengthen contract compliance and internal controls. Figure 1 depicts the total number of recommendations categorized by their intended outcomes. Eighty-four recommendations recommended that USAID (1) establish, improve, or follow existing procedures, policies, or other guidance; or (2) recover or ensure appropriate use of funds.

Figure 1 - Recommendations Made to USAID, by Intended Outcome



Source: SIGAR analysis

Notes: Percentages have been rounded. Numbers of recommendations are in parentheses.

USAID Implemented 103 of 127 Recommendations Made by SIGAR, Resulting in Better Accountability of Funds Spent on Reconstruction in Afghanistan

Of the 127 recommendations made to USAID, 103 recommendations—more than 80 percent—were implemented by USAID. Since notification of this effort on February 4, 2014, USAID has made significant progress in implementing open recommendations. Specifically, USAID provided information allowing closure of 75 percent of all recommendations open 60 days or more, compared to 47 percent in the 6 months preceding our notification, an increase of 58 percent.⁶

Our analysis categorized the implemented recommendations by sector area, intended outcome, and recommended action. Table 3 depicts the implemented recommendations categorized by sector area.

Table 3 - Recommendations Implemented by USAID, by Sector

Sector Area	Number of Recommendations	Percent of All Implemented Recommendations
Agriculture and food security	16	15.53%
Infrastructure	15	14.56%
Health	12	11.65%
Security	10	9.71%
Afghan governance and civil society	10	9.71%
Revenue generation/financial sector	10	9.71%
Counter-narcotics	9	8.74%
Education	8	7.77%
Energy	7	6.80%
Rule of law/anti-corruption	7	6.80%
Elections	4	3.88%
Cross-cutting: Resource and information management	5	4.85%
Cross-cutting: Award and management of contracts, grants, and cooperative agreements	4	3.88%

Source: SIGAR analysis

Note: Fourteen recommendations were classified under more than one sector area, and therefore the total number of recommendations depicted adds to more than 103 and more than 100 percent.

Seventy-one of the implemented recommendations were intended to achieve one of two outcomes: (1) ensure accountability and oversight of contract funds; or (2) strengthen contract compliance and internal controls. Figure 2 depicts the recommendations implemented by USAID categorized by intended outcome. Seventy-three

⁶ USAID provided evidence allowing SIGAR to close 51 of 68 recommendations open at least 60 days during the 6 months following audit notification, and 27 of 57 recommendations during the 6 months preceding audit notification.

of the implemented recommendations suggested that USAID (1) establish, improve, or follow existing procedures, policies, or other guidance; or (2) recover or ensure appropriate use of funds.

Figure 2 - Recommendations Implemented by USAID, by Intended Outcome



Source: SIGAR analysis

Notes: Percentages have been rounded. Numbers of recommendations are in parentheses.

USAID's implementation of these recommendations has resulted in stronger accountability of reconstruction funds spent in Afghanistan. For example, in response to a recommendation issued to strengthen accountability over USAID funds provided to implementing partners, USAID increased the timeliness of financial contract audits of completed projects. Specifically, the report resulted in USAID awarding a task order to conduct 106 financial audits in fiscal year 2013, helping to ensure that all costs billed by contractors were allowable.⁷

Recommendations Resulted in Almost \$23 Million Put to Better Use and More Than \$2.75 Million in Questioned Costs either Sustained or Recovered by USAID

One SIGAR recommendation in a performance audit resulted in almost \$23 million of funds put to better use,⁸ and 18 recommendations from 3 performance audit and 11 financial audit reports resulted in the sustainment or recovery of more than \$2.75 million of approximately \$7.65 million⁹ in questioned costs or other potentially recoverable funds.¹⁰ Our audit assessing the extent to which financial audit requirements had been met for

⁷ SIGAR Audit 12-09, *USAID Has Disbursed \$9.5 Billion for Reconstruction and Funded Some Financial Audits as Required, But Many Audits Face Significant Delays, Accountability Limitations, and Lack of Resources*, April 30, 2012.

⁸ SIGAR Audit 12-09.

⁹ When a questioned cost is identified, the USAID contract or grant officer for the acquisition instrument is responsible for reviewing the costs and contractor support documentation and making a determination on the questioned costs within his or her scope of authority. According to USAID, if the amount is substantial, the officer may use an independent audit firm for a limited review to assist in determining if questioned costs are sustained or substantiated and deemed allowable. The sustainment of costs results when USAID determines the questioned costs should not be charged to the government. If these funds have been paid out, the agency then works to recover these funds. In total, as of August 2014, SIGAR financial audits have identified approximately \$78 million in questioned costs related to reconstruction contracts in Afghanistan, of which U.S. agencies—including USAID—have sustained more than \$3.5 million.

¹⁰ SIGAR Audit 12-05, *Hart Security Limited Generally Met Contract Terms, but It Had Difficulty Complying with Certain Requirements and Oversight Could Have Been Improved*, January 27, 2012; SIGAR Audit 12-11, *Progress Made Toward Increased Stability under USAID's Afghanistan Stabilization Initiative-East Program but Transition to Long Term Development Efforts Not Yet Achieved*, June 29, 2012; SIGAR Audit 13-02, *Afghanistan's National Power Utility: \$12.8 Million in DOD-Purchased Equipment Sits Unused, and USAID Paid a Contractor for Work Not Done*, December 18, 2012; SIGAR Financial Audit 13-02, *Audit of Costs Incurred by Cardno Emerging Markets Group, LTD. in Support of USAID's Afghanistan State-Owned Enterprises Privatization, Excess Land Privatization, and Land Titling Project*, June 6, 2013; SIGAR Financial Audit 13-03, *Audit of Costs Incurred by Futures Group International, LLC in Support of USAID's Project for Expanding Access to Private Sector Health Products and Services in Afghanistan*, June 6, 2013; SIGAR Financial Audit 13-

USAID awards found 90 completed awards with \$103 million in unexpended obligations, and 18 of these awards with \$7 million in unexpended obligations had expired 3 or more years earlier. SIGAR's recommendation that USAID expedite the close-out of these completed awards resulted in the de-obligation of almost \$23 million, freeing these funds for other purposes.¹¹

In addition, our audit of U.S.-funded projects to assist in commercializing Afghanistan's national power utility found that a USAID contractor that had been awarded a contract to provide technical assistance, training, and advisory support had been paid the full allowable fee on a task order, despite the contractor's failure to complete 26 of 34 required deliverables.¹² SIGAR's recommendation that USAID complete an assessment of deliverables and contractor performance and seek reimbursement for any excess fee paid resulted in the reimbursement of more than \$42,000 in fixed fee from the contractor. Finally, 17 recommendations from 11 financial audits and 2 performance audits resulted in more than \$2.75 million in questioned costs sustained or recovered by USAID.

Seven Recommendations Closed but Not Implemented Due to Actions Not Related to USAID or because USAID Took No Action to Implement Them

Of the 127 recommendations made to USAID, 7 recommendations were closed but not implemented. Of these, five recommendations in three different performance audit reports were closed because we planned to conduct future audit work that could supersede the recommendations.¹³

SIGAR closed two recommendations after USAID did not take action to address our concerns.

- One recommendation stated that USAID should develop roof and septic tank structural calculations to determine whether these building components complied with the International Building Code to

04, USAID's *Technical Support to the Central and Provincial Ministry of Public Health Project: Audit of Costs Incurred by Management Sciences for Health*, June 13, 2013; SIGAR Financial Audit 13-05, *USAID's Program to Support the Loya Jirga and Election Process in Afghanistan: Audit of Costs Incurred by The Asia Foundation*, June 17, 2013; SIGAR Financial Audit 13-08, *USAID's Human Resources and Logistical Support Program: Audit of Costs Incurred by International Relief and Development, Inc.*, July 16, 2013; SIGAR Financial Audit 13-09, *USAID's Alternative Development Project South/West: Audit of Costs Incurred by Tetra Tech ARD*, July 18, 2013; SIGAR Financial Audit 14-09-FA, *USAID's Afghanistan Rule of Law-Informal (ARL-I) Project and Services Under Program and Project Offices for Results Tracking (SUPPORT) Project: Audit of Costs Incurred by Checchi and Company Consulting, Inc.*, October 29, 2013; SIGAR Financial Audit 14-14-FA, *USAID's Rural Finance and Cooperative Development Project: Audit of Costs Incurred by World Council of Credit Unions, Inc.*, December 16, 2013; SIGAR Financial Audit 14-18-FA, *USAID's Building Education Support Systems for Teachers and Community Based Stabilization Grants Projects: Audit of Costs Incurred by Creative Associates International, Inc.*, January 7, 2014; SIGAR Financial Audit 14-23-FA, *USAID's Food Insecurity Response for Urban Populations Program: Audit of Costs Incurred by World Vision, Inc.*, January 22, 2014; SIGAR Financial Audit 14-34-FA, *USAID's Health Service Support Project: Audit of Costs Incurred by Jhpiego Corporation*, February 25, 2014. SIGAR Audit 12-05 and Financial Audits 14-09-FA and 14-18-FA are unclassified, but for official use only. As such, they are not publicly available on SIGAR's website.

¹¹ SIGAR Audit 12-09.

¹² SIGAR Audit 13-02.

¹³ SIGAR Audit 09-03, *A Better Management Information System Is Needed to Promote Information Sharing, Effective Planning, and Coordination of Afghanistan Reconstruction Activities*, July 30, 2009; SIGAR Audit 10-04, *Afghanistan Energy Supply Has Increased but An Updated Master Plan Is Needed and Delays and Sustainability Concerns Remain*, January 15, 2010; SIGAR Audit 12-08, *USAID Spent Almost \$400 Million on an Afghan Stabilization Project despite Uncertain Results, but Has Taken Steps to Better Assess Similar Efforts*, April 25, 2013. For SIGAR Audit 09-03, the Government Accountability Office undertook additional audit work on the report subject. See GAO-13-34, *Afghanistan Development: Agencies Could Benefit from a Shared and More Comprehensive Database on U.S. Efforts*, November 2012. For SIGAR Audit 10-04, SIGAR's additional audit work resulted in SIGAR Audits 13-02 and 13-07. SIGAR Audit 13-02, *Afghanistan's National Power Utility: \$12.8 Million in DOD-Purchased Equipment Sits Unused, and USAID Paid a Contractor for Work Not Done*, December 18, 2012. SIGAR Audit 13-07, *Afghanistan's National Power Utility: Commercialization Efforts Challenged by Expiring Subsidy and Poor USFOR-A and USAID Project Management*, April 18, 2013. For SIGAR Audit 12-08, SIGAR's additional audit work resulted in SIGAR Audit 13-16. SIGAR Audit 13-16, *Stability in Key Areas (SIKA) Programs: After 16 Months and \$47 Million Spent, USAID Had Not Met Essential Program Objectives*, July 29, 2013.

ensure the construction of the Balkh education facility met all safety requirements.¹⁴ In the report comments, USAID reported that its engineer received and reviewed all design and structural calculations from the U.S. Army Corps of Engineers after the SIGAR inspection report was released. According to USAID, while the engineer acknowledged that the plans and calculations appeared to contain some conflicts and discrepancies, he found no compelling reason to warrant performing the recommended calculations, which USAID argued would be time consuming and costly. USAID also argued that sufficient evidence was not present to suggest the facility lacked structural integrity.

- Another report recommended that USAID, together with the U.S. ambassador to Afghanistan and the commander of U.S. Forces-Afghanistan, should develop or utilize an existing database to include infrastructure projects to monitor their implementation and progress.¹⁵ Our audit found that U.S. agencies did not share relevant project information, resulting in limited interagency coordination and potentially depriving agency officials from access to information needed to make effective project management decisions. Although, in its comments to our issued report, USAID agreed that a single database is important for monitoring infrastructure project implementation and to track progress, none of the U.S. agencies, including USAID, implemented our recommendation to develop or use an existing system to share project information. According to USAID, a new database system would not add value due to the proliferation of existing databases and the need to increase quality over quantity. In the report, we maintained that the inclusion of project information in an existing database would meet the intent of our recommendation and should minimize agency burden or costs.

¹⁴ SIGAR Inspection 14-24, *Balkh Education Facility: Building Remains Unfinished and Unsafe to Occupy after Nearly 5 Years*, January 22, 2014.

¹⁵ SIGAR Audit 12-12, *Fiscal Year 2011 Afghanistan Infrastructure Fund Projects Are behind Schedule and Lack Adequate Sustainment Plans*, July 30, 2012.

SEVENTEEN RECOMMENDATIONS MADE TO USAID REMAIN OPEN, TOTALING ALMOST \$62 MILLION IN POTENTIAL SAVINGS

Seventeen recommendations—more than 13 percent—made to USAID remained open as of mid-August 2014. Seven recommendations were open for more than 1 year, including one recommendation open for more than 2 years.¹⁶

Our analysis categorized the 17 open recommendations by sector area, intended outcome, and recommended action. Table 4 depicts the open recommendations made to USAID categorized by sector area.

Table 4 - Open Recommendations Made to USAID, by Sector

Sector Area	Number of Recommendations	Percent of All Open Recommendations
Counter-narcotics	4	23.53%
Health	4	23.53%
Infrastructure	4	23.53%
Afghan governance and civil society	3	17.65%
Agriculture and food security	3	17.65%
Security	1	5.88%
Cross-cutting: Resource and information management	1	5.88%

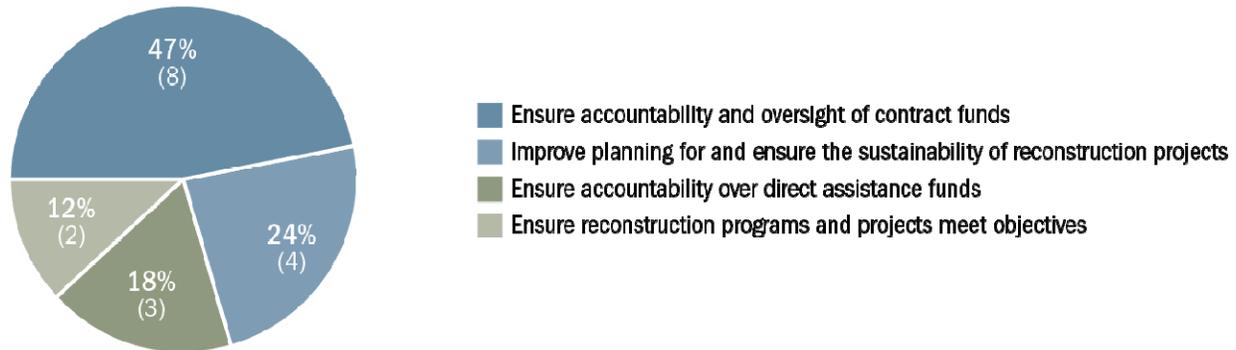
Source: SIGAR analysis

Note: Three recommendations were classified under more than one sector area, and therefore the total number of recommendations depicted adds to more than 17 and more than 100 percent.

Twelve of the open recommendations were intended to achieve one of two outcomes: (1) ensure accountability and oversight of contract funds, or (2) improve planning for and ensure the sustainability of reconstruction projects. Figure 3 depicts the open recommendations made to USAID by their intended outcomes. Twelve of the open recommendations suggested that USAID (1) establish, improve, or implement a plan or strategy; or (2) recover or ensure appropriate use of funds.

¹⁶ One recommendation from SIGAR Audit 12-05 has been open for more than 2 years. This audit report is unclassified, but is for official use only. As such, it is not publicly available on SIGAR's website. Six recommendations from SIGAR Audits 13-09 and 13-16, and SIGAR Financial Audits 13-01 and 13-10, have been open for more than 1 year.

Figure 3 - Open Recommendations Made to USAID, by Intended Outcome



Source: SIGAR analysis

Notes: Percentages have been rounded. Numbers of recommendations are in parentheses.

Seven of the open recommendations identified almost \$62 million in questioned costs or overpayments that potentially could be returned to the U.S. Treasury. As of mid-August 2014, two of these recommendations had been open for more than 1 year, even though they concern more than \$38.7 million in total questioned costs:

- One recommendation in a financial audit of a program intended to provide short-term employment and assist in the development of an agricultural industry by providing an alternative to the opium poppy industry identified more than \$13.5 million in questioned costs and has remained open since June 2013.¹⁷ According to USAID, it conducted an internal review of \$7.6 million of the questioned costs, and determined that only \$103 of this amount is not allowable. We are currently following up with USAID to determine the reason for this disparity. USAID awarded a financial audit of the program in July 2014 to review the remaining \$5.9 million in questioned costs and stated the review is planned for completion in November 2014.
- One recommendation in a financial audit of a program intended to accelerate licit economic growth and provide an immediate alternative source of income to poor households whose livelihoods depend on the opium economy identified questioned costs of more than \$25 million and has remained open since July 2013.¹⁸ USAID reported in July 2014 that it was in the process of performing a review of the questioned costs and had thus far found that more than \$23.3 million were allowable. According to USAID, it aims to complete prior to November 2014 a review of the remaining \$1.8 million in questioned costs.

Table 5 lists the open recommendations with identified questioned costs that may be returned to the U.S. Treasury.

¹⁷ SIGAR Financial Audit 13-01, *Audit of Costs Incurred by Chemonics International, Inc. in Support of USAID's Alternative Livelihoods Program - Southern Region*, June 6, 2013.

¹⁸ SIGAR Financial Audit 13-10, *USAID's Alternative Livelihoods Program—Eastern Region: Audit of Costs Incurred by Development Alternatives, Inc.*, July 18, 2013.

Table 5 - Open Recommendations Made to USAID with Questioned Costs

Report Number and Issue Date	Report Title	Recommendation	Questioned Costs
Financial Audit 13-01 June 6, 2013	<i>Audit of Costs Incurred by Chemonics International, Inc. in Support of USAID's Alternative Livelihoods Program - Southern Region</i>	SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, questioned costs. 	\$13,555,998
Financial Audit 13-10 July 18, 2013	<i>USAID's Alternative Livelihoods Program - Eastern Region: Audit of Costs Incurred by Development Alternatives, Inc.</i>	SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, questioned costs. 	\$25,149,243
Inspection 14-06 October 23, 2013	<i>Gardez Hospital: After almost 2 Years, Construction Not Yet Completed because of Poor Contractor Performance, and Overpayments to the Contractor Need to Be Addressed by USAID</i>	SIGAR recommends that the USAID Mission Director: <ul style="list-style-type: none"> Seek reimbursement from International Organization for Migration of identified contractor overpayments for diesel fuel and temperature control devices. 	\$507,000
Financial Audit 14-20 January 9, 2014	<i>USAID's Community Development Program: Audit of Costs Incurred by Central Asia Development Group, Inc.</i>	SIGAR recommends the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, questioned costs (\$563,477 ineligible and \$7,290,001 unsupported). Recover the estimated lost interest revenue. 	\$7,853,478 \$9,613
Financial Audit 14-19 January 13, 2014	<i>USAID's Community Development Program: Audit of Costs Incurred by Mercy Corps</i>	SIGAR recommends the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, questioned costs. 	\$682,241
Financial Audit 14-39 February 25, 2014	<i>USAID's Strategic Provincial Roads Program: Audit of Costs Incurred by International Relief and Development, Inc.</i>	SIGAR recommends the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, questioned costs. 	\$14,179,351
Total Questioned Costs			\$61,936,924

Source: SIGAR analysis

CONCLUSION

USAID implemented more than 80 percent of all 127 recommendations made by SIGAR since our inception in January 2008. The agency's actions resulted in positive outcomes including the increased timeliness of financial audits, almost \$23 million put to better use, and the sustainment or recovery of more than \$2.75 million. The majority of these recommendations were implemented to ensure accountability and oversight of contract funds or strengthen contract compliance and internal controls. However, 17 recommendations made to USAID remain open and represent almost \$62 million in questioned costs. Delays in implementation of recommendations may limit the effectiveness of the recommendation, decrease the chances that questioned costs may be recovered, or ultimately render the recommendation moot.

Finally, although we applaud USAID for implementing the majority of all recommendations, USAID provided us with evidence allowing for the closure of 51 recommendations—almost half—only after we initiated this review examining the status of all recommendations. As a result of the implementation of these recommendations, more than \$2.4 million in funds were recovered or questioned costs sustained. In our view, USAID should be implementing our recommendations as soon as possible after our reports are issued rather than waiting until we conduct separate reviews of the implementation of SIGAR recommendations.

AGENCY COMMENTS

We provided a draft of this report to USAID for its review and comment. In its written comments, USAID stated that it follows the Agency's Automated Directive Chapter 595 policy and procedures for the closure of audit recommendations, which require completion of final action within 1 year. USAID noted that in most cases, it is within these guidelines. However, as noted in the report, USAID's own policies provide a target closure date of 6 months for SIGAR audits, not 1 year. USAID's written comments are reproduced in appendix IV.

APPENDIX I - SCOPE AND METHODOLOGY

We initiated this review to conduct analysis of all recommendations made to USAID by SIGAR from our inception in January 2008 through April 2014. Specifically, we (1) identified and assessed the status of SIGAR recommendations made to USAID on all performance audits, financial audits, and inspections; and (2) reviewed actions taken or planned by USAID to address any open recommendations.

To identify and assess the status of recommendations made to USAID, we compiled a list of all recommendations issued by SIGAR that were directed, in whole or in part, to USAID, along with the number, type, and issue date for the report containing the recommendation. We conducted further analysis on each closed recommendation to classify it as either “closed and implemented” or “closed but not implemented” by examining internal SIGAR analysis and records, including correspondence with USAID officials, and documentation provided by USAID. We also met with USAID’s Office of Financial Management to discuss USAID’s process for recommendation tracking and follow-up.

To further analyze the recommendations SIGAR made to USAID, we reviewed each report and recommendation and classified each recommendation by three topical categories: (1) the broad sector, (2) the recommended action to be taken by USAID, and (3) the intended outcome of implementing the recommendation. Some reports focused on more than one sector area—we categorized some recommendations as focusing on an additional sector category to reflect this. Each recommendation was grouped into one recommended action or intended outcome category. To quantify funds recovered that were associated with a recommendation, we reviewed additional SIGAR documentation, including audit accomplishment reports.

To review the actions taken or planned by USAID to address any open recommendations, we compiled a list of all recommendations previously identified as open. We provided this list to USAID for its review, and subsequently interviewed officials from USAID’s Office of Financial Management about the status of the open recommendations and USAID’s efforts to implement the recommendations. We also reviewed documentation USAID provided regarding its actions and plans related to implementing the open recommendations.

To determine the rate of closure for the 6 months preceding and following notification of this audit, we compared the number of recommendations closed to the number of total recommendations open in each period. We only counted those recommendations that were open at least 60 days as of the last day of the 6-month period examined. To determine the closure date of a recommendation, we used the date on which USAID provided SIGAR with the documentation that SIGAR ultimately accepted as evidence for closure. We chose this date to account for potential delays by SIGAR in processing the provided information. For a recommendation closed for reasons other than actions taken or not taken by USAID, we used as the closure date the date on which SIGAR made an internal decision to close the recommendation.

We did not use or rely on computer-processed data for purposes of review objectives. To assess internal controls, we reviewed USAID’s procedures for responding to tracking and resolving recommendations made by SIGAR. The results of our assessment are included in the body of this report.

We conducted our work in Washington, D.C., from February through September 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives. SIGAR performed this review under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - SIGAR RECOMMENDATIONS MADE TO THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
Audit 09-03 July 30, 2009	<i>A Better Management Information System Is Needed to Promote Information Sharing, Effective Planning, and Coordination of Afghanistan Reconstruction Activities</i>	The development of an integrated management information system will require the participation and coordination of multiple agencies and commands. Therefore, we are addressing the three recommendations below to each of the key agencies and commands, so that they, together, will commit to developing an integrated information solution.				
		<ul style="list-style-type: none"> To provide a common operating picture of U.S. reconstruction programs and projects in Afghanistan, SIGAR recommends that the Secretary of State, Secretary of Defense, and the Acting Administrator of the U.S. Agency for International Development (in coordination with the U.S. Ambassador to Afghanistan and the Commanding General, U.S. Central Command) work together to jointly develop an integrated management information system, or comparable integrated information solution, for Afghanistan reconstruction activities. 	Closed-Not Implemented ^a	Cross-cutting: Resource and information management	Establish or improve a database or information system	Increase coordination and information sharing
		<ul style="list-style-type: none"> SIGAR also recommends that the reconstruction stakeholders appoint an executive agent to coordinate the overall interagency development and implementation of an integrated management information system or comparable integrated information solution, including responsibilities for progress and issue resolution. 	Closed-Not Implemented ^a	Cross-cutting: Resource and information management	Define agency roles and responsibilities and ensure appropriate personnel	Increase coordination and information sharing
		<ul style="list-style-type: none"> SIGAR recommends that the executive agent, once appointed, should work with stakeholder 	Closed-Not Implemented ^a	Cross-cutting: Resource and	Establish, improve, or implement a	Increase coordination and

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		entities to, at a minimum, determine interagency requirements for an integrated management information system or comparable integrated information solution that takes into account the various systems and methods currently used to collect reconstruction data; develop a plan to ensure that data integrity, consistency, accuracy, and completeness are taken into consideration in any system development; and identify funding and resource requirements to implement the development and sustainment of the system.		information management	plan or strategy	information sharing
Audit 10-04 January 15, 2010	<i>Afghanistan Energy Supply Has Increased but An Updated Master Plan Is Needed and Delays and Sustainability Concerns Remain</i>	To improve the effectiveness of USAID-funded projects and planning for future energy projects, we recommend that the Director of the USAID Mission in Afghanistan take the following four actions: <ul style="list-style-type: none"> • Work with the Afghan government and international donors to revise the Afghanistan Energy Master Plan to include realistic goals and timeframes based on prioritized project need, costs, and benefits. • Establish milestone targets and metrics for capacity building and operations and maintenance support for USAID's energy sector program in Afghanistan. • Ensure that applicable output and outcome metrics are applied consistently amongst USAID projects. 	Closed-Not Implemented ^a	Energy	Establish, improve, or implement a plan or strategy	Improve planning for and ensure the sustainability of reconstruction projects
			Closed-Implemented	Energy	Establish, enhance, or implement performance indicators or targets	Improve planning for and ensure the sustainability of reconstruction projects
			Closed-Implemented	Energy	Establish, enhance, or implement performance indicators or	Improve planning for and ensure the sustainability of reconstruction projects

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<ul style="list-style-type: none"> Work with U.S. Forces–Afghanistan and international donors to establish common technical standards on rural energy projects. 	Closed-Implemented	Energy	Establish, improve, or follow existing procedures, policies, or other guidance	Improve planning for and ensure the sustainability of reconstruction projects
Audit 10-06 January 20, 2010	<i>Contract Delays Led to Cost Overruns for the Kabul Power Plant and Sustainability Remains a Key Challenge</i>	<p>To help ensure the timely completion and sustainability of the Kabul Power Plant, SIGAR recommends that the USAID Mission Director in Afghanistan:</p> <ul style="list-style-type: none"> Produce a definitive study on the technical feasibility and advisability of using heavy fuel in the Kabul Power Plant and factor this information into plant completion decisions and any decisions regarding post-completion use of heavy fuel oil by the Government of the Islamic Republic of Afghanistan. 	Closed-Implemented	Energy	Conduct or improve current assessments or reviews	Ensure facilities are safely constructed, completed, and used as intended
Audit 11-11 June 29, 2011	<i>USAID's Kabul Community Development Program Largely Met the Agreement's Terms, But Progress Toward Long-Term Goals Needs to be Better Tracked</i>	<p>To ensure that the program's broader objectives are achieved and appropriate oversight of program funds is provided, SIGAR recommends that the USAID Mission Director require that:</p> <ul style="list-style-type: none"> USAID and CARE International program staff document the specific nature and definition of Community Development Program-Kabul's expanded project goals for this and any potential follow-on awards. CARE International address to what degree these goals were met when it submits its close-out report to USAID later this year, along with any 	Closed-Implemented	Agriculture and food security	Establish, enhance, or implement performance indicators or targets	Ensure accountability and oversight of contract funds
		<ul style="list-style-type: none"> CARE International address to what degree these goals were met when it submits its close-out report to USAID later this year, along with any 	Closed-Implemented	Agriculture and food security	Conduct or improve current assessments or	Ensure accountability and oversight of

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<p>lessons learned with regards to why, if applicable, certain long-term goals were not met.</p> <ul style="list-style-type: none"> USAID and CARE International determine to what degree, if any, CARE International should reimburse USAID for the costs associated with required studies that were not completed. USAID and CARE International reconcile remaining internal control issues identified by A.F. Ferguson as soon as possible. 			reviews	contract funds
			Closed-Implemented	Agriculture and food security	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Agriculture and food security	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Audit 12-05 ^b January 27, 2012	<i>Hart Security Limited Generally Met Contract Terms, but It Had Difficulty Complying with Certain Requirements and Oversight Could Have Been Improved</i>	Three recommendations unclassified, but for official use only.	Closed-Implemented (2); Open (1)	Security (3)	Recover or ensure appropriate use of funds (2); Establish, improve, or follow existing procedures, policies, or other guidance (1)	Ensure accountability and oversight of contract funds (2); Strengthen contract compliance and internal controls (1)
Audit 12-08 April 25, 2012	<i>USAID Spent Almost \$400 Million on an Afghan Stabilization Project despite Uncertain Results, but Has Taken Steps to Better Assess Similar Efforts</i>	To strengthen the contracting officer's representatives' oversight of contractor costs and allow contracting officer's representatives to link invoiced costs to the goods and services to be provided, SIGAR recommends that the Mission Director, USAID/Afghanistan, take the following action: <ul style="list-style-type: none"> Direct contracting officers to ensure the Stabilization in Key Areas contracts and others, as appropriate, require contractors to provide 	Closed-Not Implemented ^a	Afghan governance and civil society	Modify contract language or other procurement	Ensure accountability and oversight of

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		complete supporting detail with invoices.			action	contract funds
Audit 12-09 April 30, 2012	<i>USAID Has Disbursed \$9.5 Billion for Reconstruction and Funded Some Financial Audits as Required, but Many Audits Face Significant Delays, Accountability Limitations, and Lack of Resources</i>	<p>To improve financial audit coverage of U.S.-based contractors, we recommend that the Administrator of USAID take the following action:</p> <ul style="list-style-type: none"> Increase the quantity and timeliness of incurred cost audits of U.S. contractors by (a) using appropriations for program funds to help finance those audits and (b) contracting with private audit firms for those instances in which the Defense Contract Audit Agency cannot respond to audit requests. <p>To provide better accountability over funds provided to contractors and grantees for Afghanistan reconstruction, we recommend that the Administrator of USAID take the following actions:</p> <ul style="list-style-type: none"> Develop a system to identify and prioritize awards to U.S. nonprofit organizations to determine whether USAID should (a) request that the awards be audited as major programs by the organizations' Office of Management and Budget Circular A-133 auditors or (b) contract for award-specific financial audits of those awards. Expedite close-out audits for expired awards, especially for (a) the 90 expired awards with \$103 million in unexpended obligations and (b) the 13 expired awards with \$27.3 million in unpaid cost share as of September 30, 2011. Amend USAID's awards for Afghanistan reconstruction to include a requirement that 	Closed-Implemented	Cross-cutting: Award and management of contracts, grants, and cooperative agreements	Conduct or expedite audits of reconstruction projects	Ensure accountability and oversight of contract funds
			Closed-Implemented	Cross-cutting: Award and management of contracts, grants, and cooperative agreements	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure accountability and oversight of contract funds
			Closed-Implemented	Cross-cutting: Award and management of contracts, grants, and cooperative agreements	Conduct or expedite audits of reconstruction projects	Ensure accountability and oversight of contract funds
			Closed-Implemented	Cross-cutting: Award and	Modify contract language or other	Ensure accountability

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		prime recipients develop and submit to the respective contract or agreement officer a plan for ensuring that financial audits of expenditures under sub-awards are conducted, as required.		management of contracts, grants, and cooperative agreements	procurement action	and oversight of contract funds
Audit 12-10 June 29, 2012	<i>Increases in Security Costs Are Likely under the Afghan Public Protection Force; USAID Needs to Monitor Costs and Ensure Unlicensed Security Providers Are Not Used</i>	<p>Given the likely increase in security costs under the Afghan Public Protection Force, we recommend that the USAID Mission Director, Kabul:</p> <ul style="list-style-type: none"> Perform a comprehensive analysis of security costs for all ongoing projects that are using or plan to use Afghan Public Protection Force security services and determine (a) if funding will be available to cover any additional security costs and (b) the effect the additional costs will have on overall project implementation. Before deciding whether to award new or follow-on contracts, cooperative agreements, or grants for reconstruction and development projects, conduct a cost-benefit analysis for each award that methodically assesses whether U.S. funds should be spent on other projects if the costs of security exceed any benefits that USAID expects to derive from these projects. <p>To ensure implementing partners only use risk management companies licensed by the Ministry of Interior, we recommend the USAID Mission Director, Kabul:</p> <ul style="list-style-type: none"> Institute a formal process that requires implementing partners to submit Ministry of Interior licenses to the Office of Acquisition and Assistance and requires the Office of Acquisition and Assistance to ensure they are still valid to 	Closed-Implemented	Security	Conduct or improve current assessments or reviews	Ensure accountability and oversight of contract funds
			Closed-Implemented	Security	Conduct or improve current assessments or reviews	Ensure accountability and oversight of contract funds
			Closed-Implemented	Security	Establish, improve, or follow existing procedures, policies, or other	Ensure adherence to Afghan law

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		document these reviews prior to approving or consenting to the subcontract award.			guidance	
Audit 12-11 June 29, 2012	<i>Progress Made Toward Increased Stability under USAID's Afghanistan Stabilization Initiative-East Program but Transition to Long Term Development Efforts Not Yet Achieved</i>	<p>To help ensure that the Afghanistan Stabilization Initiative-East program is implemented within the terms of the Office of Transition Initiatives' indefinite quantity contract and the Afghanistan Stabilization Initiative-East task order and applicable cost principles, SIGAR recommends that USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance/Office of Transition Initiatives in Washington, D.C., in conjunction with Office of Transition Initiatives Kabul mission staff:</p> <ul style="list-style-type: none"> Review the Afghanistan Stabilization Initiative-East program spending patterns to determine if the current spending levels represent a reasonable balance between program spending versus operating costs. Instruct the contractor to address and correct the identified timekeeping and billing internal control weakness and procedural shortcomings. <p>To ensure that Afghanistan Stabilization Initiative-East program costs are allowable, allocable, and reasonable, we recommend that the Contracting Officer in Washington, D.C.:</p> <ul style="list-style-type: none"> Review the more than \$590,000 in questioned costs outlined below and recover these funds as deemed appropriate: (a) the \$500,000 in potentially unallowable costs associated with Development Alternatives Incorporated's sub- 	<p>Closed-Implemented</p> <p>Closed-Implemented</p> <p>Closed-Implemented</p>	<p>Afghan governance and civil society</p> <p>Afghan governance and civil society</p> <p>Afghan governance and civil society</p>	<p>Conduct or improve current assessments or reviews</p> <p>Establish, improve, or follow existing procedures, policies, or other guidance</p> <p>Recover or ensure appropriate use of funds</p>	<p>Strengthen contract compliance and internal controls</p> <p>Strengthen contract compliance and internal controls</p> <p>Ensure accountability and oversight of contract funds</p>

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<p>contract award to Altai Consulting for monitoring and evaluation services; (b) the \$3,400 in unallowable shipping costs associated with a different Development Alternatives Incorporated contract; (c) the \$50,000 in wasteful spending on insurance cost for non-operational armored vehicles; and (d) the \$38,500 in wasteful spending on insurance for leased armored vehicles.</p>				
		<p>To improve Afghanistan Stabilization Initiative-East program performance oversight, monitoring, and evaluation systems and assess the overall utility and success of the District Stability Framework programming model, SIGAR recommends that USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance/Office of Transition Initiatives in Washington, D.C., in conjunction with Office of Transition Initiatives Kabul mission staff and the Stabilization Unit Chief, as appropriate:</p>				
		<ul style="list-style-type: none"> • Incorporate an assessment of activity outcome results into level 1/output measurement of the District Stability Framework monitoring and evaluation methodology and perform level 3/overall stability monitoring and evaluation when entering new districts. 	Closed-Implemented	Afghan governance and civil society	Establish, enhance, or implement performance indicators or targets	Ensure reconstruction programs and projects meet objectives
		<ul style="list-style-type: none"> • Provide input to the Stabilization Unit Chief to produce an interim and final lessons learned summary of the Afghanistan Stabilization Initiative-East program's implementation of the District Stability Framework to be considered by senior USAID, military, and State Department officials as future decisions are made regarding 	Closed-Implemented	Afghan governance and civil society	Conduct or improve current assessments or reviews	Ensure reconstruction programs and projects meet objectives

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<p>the application of the District Stability Framework methodology to other stabilization programs.</p> <p>To help ensure future progress toward transitioning districts to the “build” phase of the counterinsurgency strategy, SIGAR recommends that USAID’s Bureau for Democracy, Conflict, and Humanitarian Assistance/Office of Transition Initiatives in Washington, D.C., in conjunction with Office of Transition Initiatives Kabul mission staff:</p> <ul style="list-style-type: none"> Finalize draft disengagement criteria to facilitate programming decisions at the district level and develop an exit strategy to guide overall Office of Transition Initiatives programming decisions at the country level. 	Closed-Implemented	Afghan governance and civil society	Establish, improve, or implement a plan or strategy	Build and sustain Afghan government capacity
Audit 12-12 July 30, 2012	<i>Fiscal Year 2011 Afghanistan Infrastructure Fund Projects Are behind Schedule and Lack Adequate Sustainment Plans</i>	<p>To improve Congress’s capacity for effective oversight and enhance joint decision making for large-scale, interdependent infrastructure projects that effect sector-wide goals, SIGAR recommends that the U.S. Ambassador to Afghanistan and the USAID Mission Director, in coordination with the Commander of U.S. Forces-Afghanistan:</p> <ul style="list-style-type: none"> Define and identify all infrastructure projects that compose the Afghanistan Infrastructure Program, including projects funded by the Afghanistan Infrastructure Fund and the Economic Support Fund, and include this information in required congressional reports as part of the Afghanistan Infrastructure Program. This notification should illustrate the interrelationship of infrastructure projects. 	Closed-Implemented	Infrastructure	Establish or enhance reporting or reporting requirements	Increase coordination and information sharing

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<p>To enhance coordination and oversight between the Department of Defense (U.S. Forces-Afghanistan and U.S. Army Corps of Engineers), the Department of State, and USAID, SIGAR recommends that the Commander of U.S. Forces-Afghanistan, the U.S. Ambassador to Afghanistan, and the USAID Mission Director:</p>				
		<ul style="list-style-type: none"> Define the roles and responsibilities for lead and secondary agencies for the implementation and oversight of Afghanistan Infrastructure Program projects. 	Closed-Implemented	Infrastructure	Define agency roles and responsibilities and ensure appropriate personnel	Increase coordination and information sharing
		<ul style="list-style-type: none"> Develop a shared or web-based database, or include Afghanistan Infrastructure Program projects into an existing shared or web-based database, to monitor project implementation and track progress. (Similar consideration should be given to all development/infrastructure projects, as recommended previously by SIGAR and the Government Accountability Office.) 	Closed-Not Implemented ^c	Infrastructure	Establish or improve a database or information system	Increase coordination and information sharing
		<p>To help ensure the successful and timely development of Afghanistan’s power sector, which relies on interdependent projects implemented by different U.S. government agencies and international donors, SIGAR recommends that the Commander of U.S. Forces-Afghanistan, the U.S. Ambassador to Afghanistan, and the USAID Mission Director—in close coordination with key stakeholders including the Afghan government and the Asian Development</p>				

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<p>Bank:</p> <ul style="list-style-type: none"> Develop a project execution schedule of U.S.-funded interrelated infrastructure projects to determine and communicate the “critical path” to stakeholders and implementers, and incorporate the schedule into the master plan for Afghanistan’s energy sector being developed by the Asian Development Bank. <p>To help ensure Afghanistan Infrastructure Program projects achieve counterinsurgency goals, SIGAR recommends that the Commander of U.S. Forces-Afghanistan, the U.S. Ambassador to Afghanistan, and the USAID Mission Director:</p> <ul style="list-style-type: none"> Clearly indicate the amount of time that infrastructure projects will take to achieve counterinsurgency benefits identified in congressional notifications required by Afghanistan Infrastructure Program authorizing legislation. Revise Afghanistan Infrastructure Program guidance and project selection criteria to ensure that Afghanistan Infrastructure Program projects have the support of the affected population. <p>To help ensure Afghanistan Infrastructure Program projects are sustained and viable upon completion, SIGAR recommends that the Commander of U.S. Forces-Afghanistan, the U.S. Ambassador to Afghanistan, and the USAID Mission Director:</p> <ul style="list-style-type: none"> Develop a comprehensive sustainment plan for 	Closed-Implemented	Infrastructure; Energy	Establish, improve, or implement a plan or strategy	Build and sustain Afghan government capacity
			Closed-Implemented	Infrastructure	Establish or enhance reporting or reporting requirements	Ensure reconstruction programs and projects meet objectives
			Closed-Implemented	Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure reconstruction programs and projects meet objectives
			Closed-	Infrastructure	Establish, improve,	Improve planning

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		each Afghanistan Infrastructure Program project that, at a minimum, includes (a) a realistic estimate of costs necessary to sustain the project, the planned source of such funding, and an assessment of the reliability of the planned source; (b) evidence that estimated sustainment costs have been provided to the Afghan government and that the Afghan government has committed to sustain the project; and (c) a joint assessment of the capacity of the Afghan government entity responsible for sustaining the project. The sustainment plans should be included in required congressional notifications.	Implemented		or implement a plan or strategy	for and ensure the sustainability of reconstruction projects
Audit 13-02 December 18, 2012	<i>Afghanistan's National Power Utility: \$12.8 Million in DOD-Purchased Equipment Sits Unused, and USAID Paid a Contractor for Work Not Done</i>	To ensure that USAID's contractor is not paid a fee for work that was never performed and/or completed, we recommend that the USAID Mission Director for Afghanistan instruct the USAID Mission Afghanistan's Office of Acquisition and Assistance to, before closing out Task Order 22: <ul style="list-style-type: none"> Complete a comprehensive assessment of Task Order 22 deliverables and contractor performance. Using the results of this assessment, USAID should negotiate the appropriate fixed fee associated with Task Order 22 that should be paid and seek reimbursement for any fee paid in excess of the negotiated amount in order to hold the contractor accountable for incomplete deliverables. 	Closed-Implemented	Energy	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
Audit 13-07 April 18, 2013	<i>Afghanistan's National Power Utility: Commercialization Efforts Challenged by Expiring</i>	To ensure that U.S.-funded billing systems are consistent across Afghanistan, we recommend that the USAID Mission Director for Afghanistan: <ul style="list-style-type: none"> Require that any system funded by the Power 	Closed-	Energy	Establish or	Increase

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
	<i>Subsidy and Poor USFOR-A and USAID Project Management</i>	Transmission Expansion and Connectivity program is coordinated with Da Afghanistan Breshna Sherkat Corporate and consistent nationwide, wherever possible.	Implemented		improve a database or information system	coordination and information sharing
Audit 13-09 April 29, 2013	<i>Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not Be Sustainable and Existing Hospitals Are Facing Shortages in Some Key Medical Positions</i>	<p>To provide greater assurance that the Afghan government will be able to sustain new health facilities built with USAID funds, we recommend that the USAID Mission Director for Afghanistan:</p> <ul style="list-style-type: none"> • Coordinate with the Ministry of Public Health to develop a plan for making optimum use of the Gardez and Khair Khot hospitals currently being constructed. Specifically, the plan should identify (a) the funding source for the increased costs that will be needed to operate and maintain the new hospitals; and (b) options for ensuring that the new hospitals can be used efficiently and effectively, to include an evaluation of whether all of the hospital space constructed will be used. <p>To ensure the successful provision of staffing resources needed to provide health care services, we recommend that the USAID Mission Director for Afghanistan:</p> <ul style="list-style-type: none"> • Establish and monitor milestones for achieving the minimum and advised staffing levels at provincial hospitals and include information on meeting these milestones in annual program reviews. 	Open	Health	Establish, improve, or implement a plan or strategy	Improve planning for and ensure the sustainability of reconstruction projects
Audit 13-08	<i>Taxes: Afghan Government Has Levied</i>	To ensure that taxes were not reimbursed inappropriately the Department of State Office of	Closed-Implemented	Health	Establish, enhance, or implement performance indicators or targets	Improve planning for and ensure the sustainability of reconstruction projects

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
May 14, 2013	<i>Nearly a Billion Dollars in Business Taxes on Contractors Supporting U.S. Government Efforts in Afghanistan</i>	<p>Procurement Executive and the USAID Office of Acquisition and Assistance should:</p> <ul style="list-style-type: none"> Determine if taxes reimbursed by the Bureau of International Narcotics and Law Enforcement Affairs and USAID were legitimate and recover any inappropriately reimbursed taxes. <p>To help ensure that contractors gain tax-exempt status and prevent inappropriate reimbursement of taxes, we recommend that the Department of State Office of Procurement Executive, USAID Office of Acquisition and Assistance, the Commander of the U.S. Army Corps of Engineers, and the Commander of the U.S. Central Command Joint Theater Support Contracting Command:</p> <ul style="list-style-type: none"> Develop procedures to help contractors obtain appropriate documentation of tax-exempt status with the Afghan government. Issue guidance and training to contracting officers on how to properly identify taxes in contracts and invoices. Ensure thorough guidance and training that contractors are reimbursed only for eligible tax payments. 	Closed-Implemented	Revenue generation/financial sector	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
Financial Audit 13-01	<i>Audit of Costs Incurred by Chemonics International,</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan:				

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
June 6, 2013	<i>Inc. in Support of USAID's Alternative Livelihoods Program - Southern Region</i>	<ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$13,555,998 in questioned costs identified in the report. 	Open	Agriculture and food security; Counter-narcotics	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
		<ul style="list-style-type: none"> Advise Chemonics International, Inc. to address the eight internal control findings identified in the report. 	Closed-Implemented	Agriculture and food security; Counter-narcotics	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
		<ul style="list-style-type: none"> Advise Chemonics International, Inc. to address the twelve compliance findings identified in the report. 	Closed-Implemented	Agriculture and food security; Counter-narcotics	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 13-02	<i>Audit of Costs Incurred by Cardno Emerging Markets Group, LTD. in Support of USAID's Afghanistan State-Owned Enterprises Privatization, Excess Land Privatization, and Land Titling Project</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan:				
June 6, 2013		<ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$93,423 in questioned costs (\$19,501 ineligible and \$73,922 unsupported) identified in the report. 	Closed-Implemented	Rule of law/anti-corruption	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
		<ul style="list-style-type: none"> Advise the Cardno Emerging Markets Group, LTD. to address the two internal control findings identified in the report prior to applying for additional awards with USAID. 	Closed-Implemented	Rule of law/anti-corruption	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
		<ul style="list-style-type: none"> Advise the Cardno Emerging Markets Group, LTD. to address the two compliance findings identified in the report prior to applying for additional awards with USAID. 	Closed-Implemented	Rule of law/anti-corruption	Establish, improve, or follow existing procedures, policies, or other	Strengthen contract compliance and internal controls

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
					guidance	
Financial Audit 13-03 June 6, 2013	<i>Audit of Costs Incurred by Futures Group International, LLC in Support of USAID's Project for Expanding Access to Private Sector Health Products and Services in Afghanistan</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$45,445 in questioned costs identified in the report. 	Closed-Implemented	Health	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
Financial Audit 13-04 June 13, 2013	<i>USAID's Technical Support to the Central and Provincial Ministry of Public Health Project: Audit of Costs Incurred by Management Sciences for Health</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$12,666 in questioned costs (\$6,345 ineligible and \$6,321 unsupported) identified in the report. Advise Management Sciences for Health to address the internal control finding identified in the report. Advise Management Sciences for Health to address the two compliance findings identified in the report. Resolve the 14 open recommendations to Management Sciences for Health from the July 7, 2012 USAID/Afghanistan's Regulatory Compliance Review for vetting and procurement. 	Closed-Implemented Closed-Implemented Closed-Implemented	Health Health Health	Recover or ensure appropriate use of funds Establish, improve, or follow existing procedures, policies, or other guidance Establish, improve, or follow existing procedures, policies, or other guidance	Ensure accountability and oversight of contract funds Strengthen contract compliance and internal controls Strengthen contract compliance and internal controls

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
					guidance	
Financial Audit 13-05 June 17, 2013	<i>USAID's Program to Support the Loya Jirga and Election Process in Afghanistan: Audit of Costs Incurred by The Asia Foundation</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$26,381 in questioned costs (\$5,457 ineligible and \$20,924 unsupported) identified in the report. Recover the estimated \$110,333 in interest revenue earned from advances provided. Advise The Asia Foundation to address the five internal control findings identified in the report. Advise The Asia Foundation to address the four compliance findings identified in the report. 	Closed-Implemented	Elections	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Elections	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Elections	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
			Closed-Implemented	Elections	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 13-08 July 16, 2013	<i>USAID's Human Resources and Logistical Support Program: Audit of Costs Incurred by International Relief and Development, Inc.</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$1,484,824 in questioned costs identified in the report. Advise International Relief and Development, 	Closed-Implemented	Cross-cutting: Resource and information management	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-	Cross-cutting:	Establish, improve,	Strengthen

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		Inc. to address the three internal control findings identified in the report.	Implemented	Resource and information management	or follow existing procedures, policies, or other guidance	contract compliance and internal controls
		<ul style="list-style-type: none"> Advise International Relief and Development, Inc. to address the six compliance findings identified in the report. 	Closed-Implemented	Cross-cutting: Resource and information management	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Inspection 13-09 July 17, 2013	<i>Sheberghan Teacher Training Facility: U.S. Army Corps of Engineers Paid Contractors and Released Them from Contractual Obligations before Construction Was Completed and without Resolving Serious Health and Safety Hazards</i>	To ensure project completion and to protect U.S. government interests, we recommend that the USAID Mission Director for Afghanistan: <ul style="list-style-type: none"> Coordinate with the U.S. Army Corps of Engineers to review project documentation, and conduct a site inspection to determine whether the sanitary sewer lines were improperly placed in relation to the water well and pose a health risk to the faculty and students. If so, determine and take the appropriate actions required to remediate the situation. Take appropriate measures to minimize existing health and safety risks, including accidents that could arise from the faculty and students' continued unauthorized use of the facility. Complete construction of the Sheberghan teacher training facility and expedite its official turnover to the Afghan government. 	Closed-Implemented	Education	Conduct or improve current assessments or reviews	Ensure facilities are safely constructed, completed, and used as intended
		<ul style="list-style-type: none"> Take appropriate measures to minimize existing health and safety risks, including accidents that could arise from the faculty and students' continued unauthorized use of the facility. 	Closed-Implemented	Education	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure facilities are safely constructed, completed, and used as intended
		<ul style="list-style-type: none"> Complete construction of the Sheberghan teacher training facility and expedite its official turnover to the Afghan government. 	Closed-Implemented	Education	Establish, improve, or implement a plan or strategy	Ensure facilities are safely constructed, completed, and used as intended

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<ul style="list-style-type: none"> Provide adequate oversight to ensure that the facility is properly completed before paying for contractor services. 	Closed-Implemented	Education	Recover or ensure appropriate use of funds	Ensure facilities are safely constructed, completed, and used as intended
Financial Audit 13-09 July 18, 2013	<i>USAID's Alternative Development Project South/West: Audit of Costs Incurred by Tetra Tech ARD</i>	<p>Given the results of the audit, SIGAR recommends that the Contracting Officer:</p> <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$3,041,819 in questioned costs (\$2,080,806 ineligible and \$961,013 unsupported) identified in the report. Advise Tetra Tech ARD to address the four internal control findings identified in the report. Advise Tetra Tech ARD to address the three compliance findings identified in the report. 	Closed-Implemented	Agriculture and food security; Counter-narcotics	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Agriculture and food security; Counternarcotics	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
			Closed-Implemented	Agriculture and food security; Counternarcotics	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 13-10 July 18, 2013	<i>USAID's Alternative Livelihoods Program– Eastern Region: Audit of Costs Incurred by Development Alternatives, Inc.</i>	<p>Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan:</p> <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$25,149,243 in questioned costs identified in the report. Advise Development Alternatives Incorporated to address the four internal control findings 	Open	Counternarcotics	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-	Counternarcotics	Establish, improve, or follow existing	Strengthen contract

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		identified in the report.	Implemented		procedures, policies, or other guidance	compliance and internal controls
		<ul style="list-style-type: none"> Advise Development Alternatives Incorporated to address the compliance finding identified in the report. 	Closed-Implemented	Counter-narcotics	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Audit 13-16 July 29, 2013	<i>Stability in Key Areas (SIKA) Programs: After 16 Months and \$47 Million Spent, USAID Had Not Met Essential Program Objectives</i>	<p>To help ensure that future USAID programs do not face unnecessary delays in implementation, SIGAR recommends that the USAID Mission Director for Afghanistan:</p> <ul style="list-style-type: none"> Issue guidance requiring documentation of Afghan government agreement for future USAID programs that align with Afghan government initiatives. This agreement should be structured in a manner similar to the Stabilization in Key Areas agreement that outlines the roles and responsibilities of each signatory in relation to the particular USAID program. Further, USAID should finalize such agreements prior to the start of the USAID program. <p>To help ensure that Stabilization in Key Areas programs achieve identified strategic and program objectives (increased confidence in district government, leading to the expansion of Afghan provincial government authority and legitimacy through government officials responding to the local population's development and governance concerns), we recommend that the USAID Mission Director for Afghanistan instruct the USAID Mission Afghanistan's</p>	Open	Afghan governance and civil society	Establish, improve, or follow existing procedures, policies, or other guidance	Improve planning for and ensure the sustainability of reconstruction projects

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		Office of Acquisition and Assistance and Stabilization Unit to:				
		<ul style="list-style-type: none"> Modify each of the Stabilization in Key Areas contracts to clearly articulate a consistent plan for community contracting and implementing the Kandahar Model under the National Area-Based Development Program including the roles of specific government and/or community entities and the processes to be followed in developing, approving, implementing, and monitoring community projects in support of Stabilization in Key Areas program goals. 	Open	Afghan governance and civil society	Modify contract language or other procurement action	Ensure reconstruction programs and projects meet objectives
		<ul style="list-style-type: none"> Instruct the contracting officer's representatives for each of the contracts to ensure that this plan for community contracting and implementing the Kandahar Model under the National Area-Based Development Program is applied in the regional Stabilization in Key Areas programs. 	Open	Afghan governance and civil society	Modify contract language or other procurement action	Ensure reconstruction programs and projects meet objectives
Audit 13-15 July 30, 2013	<i>Afghanistan Public Protection Force: Concerns Remain about Force's Capabilities and Costs</i>	To ensure implementing partners use risk management companies in accordance with Afghan government regulations, we recommend that the USAID Mission Director for Afghanistan:				
		<ul style="list-style-type: none"> Determine why a formal process requiring implementing partners to submit Afghan Ministry of Interior licenses as part of their requests to enter into subcontracts with risk management companies was not created. 	Closed-Implemented	Security	Conduct or improve current assessments or reviews	Ensure adherence to Afghan law
		<ul style="list-style-type: none"> Establish and implement the necessary processes requiring implementing partners to submit risk management company licenses, ensure that the licenses are reviewed for validity, 	Closed-Implemented	Security	Establish, improve, or follow existing procedures, policies, or other	Ensure adherence to Afghan law

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		and document these reviews prior to approving or consenting to the risk management company subcontract award.			guidance	
		<ul style="list-style-type: none"> Develop policy guidance for implementing partners regarding the proper use of risk management companies. Such guidance should clearly indicate whether an implementing partner can contract with a risk management company when it is not contracting with the Afghan Public Protection Force. 	Closed-Implemented	Security	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure adherence to Afghan law
		<ul style="list-style-type: none"> Clarify the ratio regarding the maximum allowable number of risk management company personnel cited in risk management company regulations with the Afghan government. 	Closed-Implemented	Security	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure adherence to Afghan law
		<ul style="list-style-type: none"> Establish a formal process to ensure that implementing partners do not exceed the applicable risk management company ratio. 	Closed-Implemented	Security	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure adherence to Afghan law
Audit 13-17 September 5, 2013	<i>Health Services in Afghanistan: USAID Continues Providing Millions of Dollars to the Ministry of Public Health despite the Risk of Misuse of Funds</i>	To improve the pre-award assessment process, develop realistic budgets, and ensure proper stewardship and transparency of U.S. funds provided to the Afghan government, we recommend that the USAID Mission Director: <ul style="list-style-type: none"> Provide no further funding to the Partnership for Contracts program until program cost estimates are validated as legitimate. 	Open	Health	Recover or ensure appropriate use of funds	Ensure accountability over direct assistance funds

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<ul style="list-style-type: none"> Develop, in coordination with the Ministry of Public Health, a comprehensive action plan to address the deficiencies identified in the 2012 ministry capability assessment, establish key milestones to monitor progress in executing this action plan, and make additional funding for the Partnership for Contracts program contingent upon the successful completion of the established milestones. 	Open	Health	Establish, improve, or implement a plan or strategy	Ensure accountability over direct assistance funds
		<ul style="list-style-type: none"> Validate the funds obligated and expended under the Partnership for Contracts program since its inception and deobligate any excess funds and return the funds to the Treasury or put these funds to better use. 	Closed-Implemented	Health	Recover or ensure appropriate use of funds	Ensure accountability over direct assistance funds
Inspection 14-06 October 23, 2013	<i>Gardez Hospital: After almost 2 Years, Construction Not Yet Completed because of Poor Contractor Performance, and Overpayments to the Contractor Need to Be Addressed by USAID</i>	To protect the U.S. government's investment in the Gardez Hospital, we recommend that the USAID Mission Director: <ul style="list-style-type: none"> Seek reimbursement from the International Organization for Migration of the \$507,000 in identified contractor overpayments for diesel fuel and temperature control devices. Conduct a detailed financial audit of costs associated with construction of Gardez Hospital to determine whether there are additional contractor overpayments that need to be returned to the U.S. government. 	Open	Health	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Health	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
Financial Audit 14-09 ^b October 29,	<i>USAID's Afghanistan Rule of Law-Informal (ARL-I) Project and Services Under Program and</i>	Four recommendations unclassified, but for official use only.	Closed-Implemented (4)	Rule of law/anti-corruption (4)	Recover or ensure appropriate use of funds (2); Establish, improve,	Ensure accountability and oversight of contract funds

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
2013	<i>Project Offices for Results Tracking (SUPPORT) Project: Audit of Costs Incurred by Checchi and Company Consulting, Inc.</i>				or follow existing procedures, policies, or other guidance (2)	(2); Strengthen contract compliance and internal controls (2)
Financial Audit 14-14 December 16, 2013	<i>USAID's Rural Finance and Cooperative Development Project: Audit of Costs Incurred by World Council of Credit Unions, Inc.</i>	Given the results of the audit, SIGAR recommends that the Contracting Officer: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$97,363 in questioned costs identified in the report. Recover, as appropriate, the estimated \$1,053 in interest revenue earned from advances provided. Advise World Council of Credit Unions, Inc. to address the six internal control findings identified in the report. Advise World Council of Credit Unions, Inc. to address the five compliance findings identified in the report. 	Closed-Implemented	Revenue generation/financial sector	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Revenue generation/financial sector	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Revenue generation/financial sector	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
			Closed-Implemented	Revenue generation/financial sector	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 14-15 January 3,	<i>USAID's Initiative to Promote Afghan Civil Society Project: Audit of Costs Incurred by</i>	Given the results of the audit, SIGAR recommends that USAID: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$815,317 in questioned costs 	Closed-Implemented	Afghan governance and civil society	Recover or ensure appropriate use of	Ensure accountability

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
2014	<i>Counterpart International, Inc.</i>	identified in the report.			funds	and oversight of contract funds
		<ul style="list-style-type: none"> Advise Counterpart International, Inc to address the one internal control finding identified in the report. 	Closed-Implemented	Afghan governance and civil society	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 14-18 ^b January 7, 2014	<i>USAID's Building Education Support Systems for Teachers and Community Based Stabilization Grants Projects: Audit of Costs Incurred by Creative Associates International, Inc.</i>	Three recommendations unclassified, but for official use only.	Closed-Implemented (3)	Education (3)	Establish, improve, or follow existing procedures, policies, or other guidance (2); Recover or ensure appropriate use of funds (1)	Strengthen contract compliance and internal controls (2); Ensure accountability and oversight of contract funds (1)
Financial Audit 14-20 January 9, 2014	<i>USAID's Community Development Program: Audit of Costs Incurred by Central Asia Development Group, Inc.</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$7,853,478 in questioned costs (\$563,477 ineligible and \$7,290,001 unsupported) identified in the report. Recover the estimated \$9,613 in lost interest revenue. Advise Central Asia Development Group, Inc. to address the nine internal control findings identified in the report. 	Open Open Closed-Implemented	Agriculture and food security; Counter-narcotics Agriculture and food security; Counter-narcotics Agriculture and food security; Counter-narcotics	Recover or ensure appropriate use of funds Recover or ensure appropriate use of funds Establish, improve, or follow existing procedures, policies, or other	Ensure accountability and oversight of contract funds Ensure accountability and oversight of contract funds Strengthen contract compliance and

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<ul style="list-style-type: none"> Advise Central Asia Development Group, Inc. to address the five compliance findings identified in the report. 	Closed-Implemented	Agriculture and food security; Counter-narcotics	Establish, improve, or follow existing procedures, policies, or other guidance	internal controls Strengthen contract compliance and internal controls
Financial Audit 14-19 January 13, 2014	<i>USAID's Community Development Program: Audit of Costs Incurred by Mercy Corps</i>	<p>Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan:</p> <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$682,241 in questioned costs identified in the report. Advise Mercy Corps to address the six internal control findings identified in the report. Advise Mercy Corps to address the three compliance findings identified in the report. 	Open	Infrastructure	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
			Closed-Implemented	Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 14-23 January 22, 2014	<i>USAID's Food Insecurity Response for Urban Populations Program: Audit of Costs Incurred by World Vision, Inc.</i>	<p>Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan:</p> <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$674,049 in questioned costs identified in the report. 	Closed-Implemented	Agriculture and food security; Infrastructure	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<ul style="list-style-type: none"> Recover the estimated \$295 in interest revenue earned from advances provided. 	Closed-Implemented	Agriculture and food security; Infrastructure	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
		<ul style="list-style-type: none"> Advise World Vision to address the seven internal control findings identified in the report. 	Closed-Implemented	Agriculture and food security; Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
		<ul style="list-style-type: none"> Advise World Vision to address the nine compliance findings identified in the report. 	Closed-Implemented	Agriculture and food security; Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Inspection 14-24 January 22, 2014	<i>Balkh Education Facility: Building Remains Unfinished and Unsafe to Occupy after Nearly 5 Years</i>	To help ensure that the facility meets the needs of faculty and students and all applicable safety requirements, and to protect the U.S. government's investment, we recommend that the USAID Mission Director:				
		<ul style="list-style-type: none"> Expand the scope of work for the pending procurement action to address the deficiencies identified by SIGAR. 	Closed-Implemented	Education	Modify contract language or other procurement action	Ensure facilities are safely constructed, completed, and used as intended
		<ul style="list-style-type: none"> Develop roof and septic tank structural calculations based on the construction documents, progress photos, and quality assurance reports, to determine whether these building components comply with the required 2003 International Building Code and whether 	Closed-Not Implemented ^c	Education	Conduct or improve current assessments or reviews	Ensure facilities are safely constructed, completed, and used as intended

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		they adequately protect life and property. We further requested that USAID report back to SIGAR within 90 days with the results of this analysis and any planned corrective actions.				
Financial Audit 14-29 January 28, 2014	<i>USAID's Food Insecurity Response for Urban Populations Program: Audit of Costs Incurred by CARE International</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan: <ul style="list-style-type: none"> Advise CARE International to address the one compliance finding identified in the report. 	Closed-Implemented	Agriculture and food security	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Audit 14-32 January 30, 2014	<i>Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries' Ability to Manage Donor Funds, but Concerns Remain</i>	To ensure more robust quality control of the process for assessing ministries and implementing risk mitigation measures prior to providing direct assistance funds to the Afghan government, we recommend that the Administrator for USAID: <ul style="list-style-type: none"> Require compliance with all parts of Automated Directive System 220—except for the Stage 1 macro-level review—for the use of all direct assistance funds for fiscal year 2014 and beyond. <p>To improve accountability and oversight of direct assistance to the Afghan government, we recommend that the Mission Director for USAID/Afghanistan:</p> <ul style="list-style-type: none"> Fully inform Congress of the status of ministry assessments USAID or its contractors have completed, the risk mitigation measures Afghan ministries have implemented, and the level of risk to U.S. funds. 	Open	Cross-cutting: Resource and information management	Establish, improve, or follow existing procedures, policies, or other guidance	Ensure accountability over direct assistance funds
			Closed-Implemented	Cross-cutting: Resource and information management	Establish or enhance reporting or reporting requirements	Ensure accountability over direct assistance funds

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		<ul style="list-style-type: none"> Develop a plan, similar to the one created for Da Afghanistan Breshna Shekat, for each Afghan ministry that has a completed USAID risk review that defines how each of the risks identified are being or will be mitigated, and suspend direct assistance disbursements to these ministries until these plans are completed. 	Closed-Implemented	Cross-cutting: Resource and information management	Establish, improve, or implement a plan or strategy	Ensure accountability over direct assistance funds
Financial Audit 14-34 February 25, 2014	<i>USAID's Health Service Support Project: Audit of Costs Incurred by Jhpiego Corporation</i>	<p>Given the results of the audit, SIGAR recommends that USAID's Mission Director for Afghanistan:</p> <ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$301,956 in questioned costs (\$46,025 ineligible and \$255,931 unsupported) identified in the report. Recover, as appropriate, the estimated \$10,954 in interest income on funds Jhpiego Corporation drew from its letter of credit in excess of its immediate cash needs. Advise Jhpiego Corporation to address the two internal control findings identified in the report. Advise Jhpiego Corporation to address the three compliance findings identified in the report. 	Closed-Implemented	Health	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Health	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
			Closed-Implemented	Health	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
			Closed-Implemented	Health	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Financial Audit 14-39	<i>USAID's Strategic Provincial Roads</i>	Given the results of the audit, SIGAR recommends that the Mission Director of USAID/Afghanistan:				

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
February 25, 2014	<i>Program: Audit of Costs Incurred by International Relief and Development, Inc.</i>	<ul style="list-style-type: none"> Determine the allowability of and recover, as appropriate, \$14,179,351 in questioned costs identified in the report. 	Open	Infrastructure	Recover or ensure appropriate use of funds	Ensure accountability and oversight of contract funds
		<ul style="list-style-type: none"> Advise International Relief and Development, Inc. to address the 12 internal control findings identified in the report. 	Closed-Implemented	Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
		<ul style="list-style-type: none"> Advise International Relief and Development, Inc. to address the 10 compliance findings identified in the report. 	Closed-Implemented	Infrastructure	Establish, improve, or follow existing procedures, policies, or other guidance	Strengthen contract compliance and internal controls
Audit 14-47 April 15, 2014	<i>Afghan Customs: U.S. Programs Have Had Some Successes, but Challenges Will Limit Customs Revenue as a Sustainable Source of Income for Afghanistan</i>	<p>To ensure that USAID's goals in reforming Afghanistan's customs collection capabilities are met and contribute to the fiscal sustainability of the Afghan government, we recommend that the USAID Administrator instruct the USAID Mission Director for Afghanistan to:</p> <ul style="list-style-type: none"> Direct the Afghanistan Trade and Revenue implementing partner to continue to work with Afghanistan's Tariffs Statistics Unit to reduce discrepancies in customs data and make the reduction in statistical discrepancies a requirement of the contract for the Afghanistan Trade and Revenue program. Ensure that annual targets for implementation of anti-corruption measures, such as the electronic payment system, are included as performance 	Closed-Implemented	Afghan governance and civil society; Revenue generation/financial sector	Modify contract language or other procurement action	Build and sustain Afghan government capacity
		<ul style="list-style-type: none"> Ensure that annual targets for implementation of anti-corruption measures, such as the electronic payment system, are included as performance 	Closed-Implemented	Afghan governance and civil society; Revenue	Establish, enhance, or implement	Build and sustain Afghan government

Report Number and Issue Date	Report Title	Recommendation Text	Status	Sector(s)	Recommended Action	Intended Outcome
		requirements in the Afghanistan Trade and Revenue program contract.		generation/financial sector	performance indicators or targets	capacity
Audit 14-52 April 24, 2014	<i>Afghanistan's Water Sector: USAID's Strategy Needs to Be Updated to Ensure Appropriate Oversight and Accountability</i>	<p>As the only U.S. government agency with an enduring role in future water sector activities in Afghanistan and because of the critical role that access to water plays in the country's reconstruction, we recommend that the USAID Administrator:</p> <ul style="list-style-type: none"> • Develop a new water sector strategy for Afghanistan with updated short-, medium-, and long-term goals and objectives that reflect USAID's current water sector priorities. • Develop and implement a performance measurement plan upon completion of the new strategy that can be used to evaluate USAID's performance in meeting the new strategy's goals and objectives. • Ensure this strategy includes clear lines of responsibility and accountability within USAID for implementing the strategy. 	Closed-Implemented	Infrastructure	Establish, improve, or implement a plan or strategy	Improve planning for and ensure the sustainability of reconstruction projects
			Open	Infrastructure	Establish, enhance, or implement performance indicators or targets	Improve planning for and ensure the sustainability of reconstruction projects
			Open	Infrastructure	Establish, improve, or implement a plan or strategy	Improve planning for and ensure the sustainability of reconstruction projects

Source: SIGAR analysis

Notes: ^a Recommendation not implemented by USAID but considered closed by SIGAR because SIGAR determined not to pursue the recommendation to closure due to a decision to initiate new work on the recommendation topic.

^b Report is unclassified, but for official use only. As such, it is not publicly available on SIGAR's website.

^c Recommendation not implemented by USAID but considered closed by SIGAR because USAID did not take steps to address it.

APPENDIX III - ADDITIONAL ANALYSIS OF RECOMMENDATIONS MADE TO THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

The following tables provide additional information regarding our analysis of recommendations made to the U.S. Agency for International Development (USAID). Tables 6 and 7 list the number of recommendations made to USAID per recommended action and intended outcome, respectively. Tables 8, 9, and 10 list the number of recommendations per intended outcome category for those recommendations that were implemented by USAID, for those recommendations that were not implemented by USAID, and for those recommendations that remain open, respectively.

Table 6 - All SIGAR Recommendations Made to USAID, by Recommended Action

Recommended Action	Number of Recommendations	Percent of Total Recommendations
Establish, improve, or follow existing procedures, policies, or other guidance	49	38.58%
Recover or ensure appropriate use of funds	35	27.56%
Establish, improve, or implement a plan or strategy	11	8.66%
Conduct or improve current assessments or reviews	9	7.09%
Establish, enhance, or implement performance indicators or targets	7	5.51%
Modify contract language or other procurement action	6	4.72%
Establish or enhance reporting or reporting requirements	3	2.36%
Establish or improve a database or information system	3	2.36%
Conduct or expedite audits of reconstruction projects	2	1.57%
Define agency roles and responsibilities and ensure appropriate personnel	2	1.57%
Totals	127	100.00%

Source: SIGAR analysis

Note: Percentages may not total to 100 percent due to rounding.

Table 7 - All SIGAR Recommendations Made to USAID, by Intended Outcome

Intended Outcome	Number of Recommendations	Percent of Total Recommendations
Ensure accountability and oversight of contract funds	43	33.86%
Strengthen contract compliance and internal controls	37	29.13%
Improve planning for and ensure the sustainability of reconstruction projects	11	8.66%
Ensure facilities are safely constructed, completed, and used as intended	7	5.51%
Increase coordination and information sharing	7	5.51%
Ensure accountability over direct assistance funds	6	4.72%
Ensure adherence to Afghan law	6	4.72%
Ensure reconstruction programs and projects meet objectives	6	4.72%
Build and sustain Afghan government capacity	4	3.15%
Totals	127	100.00%

Source: SIGAR analysis

Note: Percentages may not total to 100 percent due to rounding.

Table 8 - Recommendations Implemented by USAID, by Intended Outcome

Intended Outcome	Number of Recommendations	Percent of All Implemented Recommendations
Strengthen contract compliance and internal controls	37	35.92%
Ensure accountability and oversight of contract funds	34	33.01%
Ensure adherence to Afghan law	6	5.83%
Ensure facilities are safely constructed, completed, and used as intended	6	5.83%
Improve planning for and ensure the sustainability of reconstruction projects	6	5.83%
Build and sustain Afghan government capacity	4	3.88%
Ensure reconstruction programs and projects meet objectives	4	3.88%
Ensure accountability over direct assistance funds	3	2.91%
Increase coordination and information sharing	3	2.91%
Totals	103	100.00%

Source: SIGAR analysis

Note: Percentages may not total to 100 percent due to rounding.

Table 9 - Recommendations Not Implemented by USAID, by Intended Outcome

Intended Outcome	Number of Recommendations	Percent of All Not Implemented Recommendations
Increase coordination and information sharing	4	57.14%
Ensure accountability and oversight of contract funds	1	14.29%
Ensure facilities are safely constructed, completed, and used as intended	1	14.29%
Improve planning for and ensure the sustainability of reconstruction projects	1	14.29%
Totals	7	100.00%

Source: SIGAR analysis

Note: Percentages of may not total to 100 percent due to rounding.

Table 10 - Open Recommendations Made to USAID, by Intended Outcome

Intended Outcome	Number of Recommendations	Percent of All Open Recommendations
Ensure accountability and oversight of contract funds	8	47.06%
Improve planning for and ensure the sustainability of reconstruction projects	4	23.53%
Ensure accountability over direct assistance funds	3	17.65%
Ensure reconstruction programs and projects meet objectives	2	11.76%
Totals	17	100.00%

Source: SIGAR analysis

Note: Percentages may not total to 100 percent due to rounding.

APPENDIX IV - AGENCY COMMENTS FROM THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



USAID | AFGHANISTAN
FROM THE AMERICAN PEOPLE

MEMORANDUM

DATE: September 18, 2014

TO: John F. Sopko
Special Inspector General for
Afghanistan Reconstruction (SIGAR)

FROM: Sepideh Keyvanshad, Acting Mission Director 

SUBJECT: Mission Response to Draft SIGAR Report titled "U.S. Agency for International Development: More than 80 Percent of All SIGAR Audit and Inspection Report Recommendations Have Been Implemented" (SIGAR Report 14-X-AR under Code 094A)

REF: SIGAR Transmittal email dated 08/22/2014

USAID would like to thank SIGAR for the opportunity to provide comments to the report titled "U.S. Agency for International Development: More than 80 Percent of All SIGAR Audit and Inspection Report Recommendations Have Been Implemented." We appreciate the efforts of the audit team and SIGAR's recognition of the actions taken by USAID to resolve audit recommendations.

USAID/Afghanistan follows Agency policy and procedures for the closure of audit recommendations (Ref: ADS 595.3.1.1 to 595.3.1.6), which take into consideration the need for a thorough review, due process and care required to resolve audit recommendations. While SIGAR requires status updates for financial audits after 60 days, USAID standards for audit resolution are: (a) a management decision within six months of report issuance and (b) completion of final action (such as a Bill of Collection) within one year of making a management decision. In most cases and as noted in subject report, USAID is well within these Agency guidelines.

comment 1

USAID/Afghanistan will continue making every effort to ensure recommendations are promptly implemented after reports are issued and all recommendations are addressed.

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SIGAR's Response to Comments from USAID

1. As noted in the report, USAID's own policies provide a target closure date of 6 months, not 1 year. While USAID's Automated Directive System Chapter 595, *Audit Management Program*, states that a reasonable effort must be made to complete corrective action on audit recommendations within 1 year of a management decision, it does not specifically cite timelines on SIGAR recommendations. However, USAID's *Audit Management Procedures Summary* provides a target closure date of 6 months for SIGAR recommendations, and 1 year for USAID Office of Inspector General recommendations.

APPENDIX V - ACKNOWLEDGMENTS

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SIGAR's Mission

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

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

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

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