The American University of Afghanistan: State and USAID Have Taken Action to Address Concerns with the Management, Processes, and Systems at the University
WHAT SIGAR REVIEWED

One of the U.S. government’s largest efforts to advance Afghanistan’s higher education system is its 14-year investment in the American University of Afghanistan (AUAF) in Kabul. From February 2005 through May 2019, the U.S. Agency for International Development (USAID), the Department of State (State), and the Department of Defense (DOD) cumulatively invested about $167.3 million in AUAF. However, since May 2007, USAID, SIGAR, and others have issued or commissioned dozens of reports on the AUAF, some of which highlighted AUAF’s weaknesses in financial management, human resources, and overall university operations.

Given the U.S. government’s ongoing support of AUAF and its concerns with the university’s management, processes, and systems of control, the objectives of this audit were to determine the extent to which (1) USAID, State, and DOD provided oversight of their AUAF funding, and took action on the results of that oversight; and (2) U.S. funding for the AUAF achieved its intended goals.

WHAT SIGAR FOUND

USAID’s support of AUAF included two cooperative agreements to strengthen the university’s enrollment, academic quality, women’s programming, and security; to help the university improve financial self-sustainment; and to enhance AUAF’s security posture. State’s support consisted primarily of scholarships for Afghans seeking AUAF degrees, especially women. DOD’s support, provided principally through the Task Force for Business Stability Operations (TFBSO), helped establish a women’s center to promote research, education, and advocacy for Afghan women’s economic empowerment, and a business incubator and accelerator to support the growth of Afghan businesses. The agencies provided some awards directly to AUAF. Other awards went to third parties that supported AUAF, including nonprofits such as the Friends of the American University of Afghanistan (Friends of AUAF), and U.S. universities such as Stanford University. DOD has not funded any awards supporting AUAF since 2018. USAID and State continue to provide funding to support AUAF.

For over a decade, AUAF has experienced problems with its financial reporting, management responsiveness, and staffing. Three assessments commissioned by USAID and released in 2016 identified multiple issues at AUAF, including serious problems with leadership; deficiencies in audit, student affairs, human resources, asset management, information technology, accounting and financial management, and security functions; a decline in the overall quality of the academic programs of the university; and concerns with financial self-sustainability.

Problems at the AUAF continued after the release of the 2016 assessments because the university failed to take action to correct its deficiencies. Meanwhile, USAID continued to provide, and even increased, funding to AUAF. U.S. officials SIGAR interviewed stated that the AUAF is viewed as a symbol of the U.S. government’s commitment to Afghanistan, and believe the university’s failure would be detrimental to U.S. national security interests. Thirteen USAID officials with whom SIGAR spoke cited the political significance of AUAF as a reason for continued U.S. support. According to USAID’s Deputy Assistant Administrator for the Office of Afghanistan and Pakistan Affairs, support for AUAF is not typical because AUAF has high symbolic importance. Furthermore, USAID officials told us that they believed because AUAF management is aware of the university’s symbolic and strategic importance to the U.S. government, AUAF management did not take USAID’s threats to reduce funding seriously and lacked the incentives to address issues.

AUAF’s problems continued after the release of the 2016 assessments. In 2017, The Asia Foundation released a follow-up assessment, which found that AUAF continued to have difficulties with accounting,...
financial management, procurement, and human resources. The assessment highlighted the university’s ongoing inability to hire key staff, such as a chief financial officer or individuals to fill internal audit and compliance positions; the weak processes of the Finance, Human Resource, and Procurement departments; and an “overall culture of the organization [that] exhibits a reluctance to change behavior, even when significant problems have been repeatedly identified.” Despite these issues, USAID approved a modification of the cooperative agreement in August 2019, which resulted in the addition of $18.5 million for the university through May 2020.

USAID, State, and DOD were responsible for conducting oversight of their respective funding agreements with the AUAF. SIGAR found that although all three conducted oversight, their actions had minimal impact on the AUAF’s performance and did not resolve problems with the university’s administrative processes, financial controls, and overall management.

USAID has provided $137.8 million to AUAF, most of which went to support the university’s operations. At various points, USAID officials raised concerns about the university’s administration of this funding, but AUAF’s management and Board of Trustees did not adequately address these concerns. In 2016, USAID issued a corrective action letter to AUAF, stating that USAID had significant concerns over its security, financial management, and academic quality, and linked these weaknesses to university management and its Board of Trustees. USAID’s corrective action letter said that USAID would suspend funding for the university under its cooperative agreement if AUAF did not address the concerns. However, USAID continues to provide funding to the university.

State has provided $19.1 million to AUAF, largely to provide scholarships to university students and to develop and strengthen AUAF’s legal studies program. SIGAR found that State took timely action in response to concerns it identified with AUAF operations and practices. For example, State took action when it discovered AUAF was charging State for scholarships based on a tuition rate that was 26 percent higher than the rate of tuition charged to students not receiving State-funded scholarships. In another case, State discovered that the director of the AUAF’s Women’s Center, which State supported under one of its grants, had a history of unethical behavior and mismanagement. State officials recommended, and university officials agreed, to fire the center’s director and two family members.

DOD has provided $10.4 million to AUAF, awarding three grants to Friends of the AUAF, to support the construction of the Women’s Center and the establishment of business innovation hubs in Kabul and Herat, and one Commander’s Emergency Response Program project. SIGAR cannot make a conclusion on what actions DOD officials took in response to that oversight because of the lack of supporting documentation provided by DOD and the length of time that has passed since the projects were implemented.

Although there were issues identified with the university’s security, management, processes, and systems over the years, AUAF has made progress towards the goals of expanding opportunities for women and increasing its overall academic achievement. For example, one of USAID’s goals from its 2008 agreement with AUAF was to increase the number of all full-time undergraduate students from 256 to 750, and increase female enrollment to 30 percent of the student body. AUAF reported in August 2013 that enrollment had expanded to 786 students; women represented 31 percent of the overall student enrollment and 50 percent of the incoming freshman class. By spring 2018, women accounted for 42 percent of AUAF’s enrollment, according to USAID. As of November 2018, State reported that 194 female scholarship recipients were enrolled at the university, and 136 women had earned degrees. Additionally, in February 2018, AUAF became the first university in Afghanistan to receive accreditation from the Afghan Ministry of Higher Education.

AUAF has made progress in expanding opportunities for women and increasing its overall academic achievement, but the university was not successful in achieving self-sufficiency—achieving self-sufficiency was a goal shared by USAID, State, and DOD awards. In 2010, U.S. government funding covered 68 percent of the university’s operating expenses. To assist in achieving the goal of financial self-sufficiency, USAID’s 2013 agreement to AUAF stated the university should decrease institutional costs per student by 20 percent, increase revenues from tuition and fees by more than 25 percent, or boost non-U.S. government funding by over 100 percent. A 2016 independent assessment of the AUAF commissioned by USAID determined the university did not make progress on these outcomes and would not achieve financial sustainability in the near future.

A former AUAF president said university sustainability would require support from an alumni base, Afghans outside the country, corporate employers, and middle-class families who can afford to pay tuition. He explained that none of these elements currently exist. In addition, Afghanistan’s tenuous security situation exacerbates AUAF’s sustainability challenges. USAID officials concluded that without continued external support, it would be “impossible” for AUAF to continue to function.

For more information, contact SIGAR Public Affairs at (703) 545-5974 or sigar.pentagon.ccr.mbx.public-affairs@mail.mil.
Although challenges remain with making AUAF a responsible recipient and manager of U.S. funds, SIGAR recognizes the importance of Afghans having access to a quality, local institution of higher education, especially Afghan women. In recognition of AUAF’s various educational successes and the need for increased access to higher education in Afghanistan, SIGAR hopes for the ultimate success of the university. The March 2019 Administrative Agreement between USAID and the university requires that AUAF improve its managerial, financial, and administrative processes, and includes reforms needed to protect the U.S. investment. SIGAR is not making recommendations in this report because it is too early to assess the improvements that may be realized from the agreement.

SIGAR provided a draft of this report to USAID, State, and DOD for comment. USAID and State’s Bureau for International Narcotics and Law Enforcement Affairs provided written comments. In addition, USAID and State’s Bureau for South and Central Asian Affairs provided technical comments, which have been incorporated as appropriate. DOD did not provide comments.
April 8, 2020

The Honorable Michael R. Pompeo
Secretary of State

The Honorable Dr. Mark T. Esper
Secretary of Defense

The Honorable Mark Green
Administrator, U.S. Agency for International Development

This report discusses the results of SIGAR’s audit of the U.S. government’s support of the American University of Afghanistan (AUAF) from February 2005 through May 2019. In that time, the U.S. Agency for International Development (USAID), Department of State (State), and Department of Defense (DOD) invested about $167.3 million in AUAF. Since May 2007, dozens of U.S. government-issued or commissioned reports examining AUAF repeatedly highlighted weaknesses in the university’s management and operation. While USAID, State, and DOD conducted varying levels of oversight over their funding for AUAF and took some actions to address the university’s weaknesses, we found that those actions had minimal impact prior to 2016. AUAF has made progress in increasing academic offerings, enrollment, and access for women. However, it remains dependent on its primary donor, the U.S. government, for funding in order to sustain operations.

Although challenges remain with making the AUAF a responsible recipient and manager of U.S. funds, we recognize the importance of Afghans having access to a quality, local institution of higher education in Afghanistan, especially Afghan women. In recognition of AUAF’s various educational successes and the need for increased access to higher education in Afghanistan, we hope for the ultimate success of the university. The March 2019 Administrative Agreement between USAID and the university requires that AUAF improve its management, financial, and administrative processes at the university, reforms needed to protect the U.S. investment.

Our report does not contain recommendations because is too early to assess the improvements that may be realized from the 2019 agreement, and because USAID and State have taken actions to address AUAF’s ongoing financial management and administrative problems; DOD no longer funds programs or projects at the university. However, we remain concerned about AUAF’s inability to sustain itself without U.S. government funding and oversight.

We received written comments on a draft of this report from USAID and State’s Bureau for International Narcotics and Law Enforcement Affairs, which are reproduced in appendices IV and V, respectively.

In USAID’s comments, the Acting Mission Director for USAID Mission for Afghanistan stated that our report accurately characterizes the financial management and administrative problems at AUAF, and actions USAID has taken to address these problems. USAID also agreed with the report’s statement that “it is not yet evident whether actions [taken by the U.S. government] will lead to meaningful improvements in the university’s administrative performance.” In the response comments from State’s Bureau for International Narcotics and Law Enforcement Affairs, the Executive Director wrote that the bureau “will closely track the concerns raised by SIGAR, including those related to AUAF’s management and sustainability.” The Executive Director added that the bureau will continue to coordinate with USAID on next steps regarding issues we raised in this report.
In addition, USAID and State's Bureau for South and Central Asian Affairs provided technical comments, which we have incorporated as appropriate. DOD did not provide comments.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and 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>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AO</td>
<td>agreement officer</td>
</tr>
<tr>
<td>AOR</td>
<td>agreement officer’s representative</td>
</tr>
<tr>
<td>AUAF</td>
<td>American University of Afghanistan</td>
</tr>
<tr>
<td>ADS</td>
<td>Automated Directives System</td>
</tr>
<tr>
<td>CFR</td>
<td>Code of Federal Regulations</td>
</tr>
<tr>
<td>DOD</td>
<td>Department of Defense</td>
</tr>
<tr>
<td>State</td>
<td>Department of State</td>
</tr>
<tr>
<td>TFBSO</td>
<td>Task Force for Business Stability Operations</td>
</tr>
<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
</tr>
<tr>
<td>USAID/Afghanistan</td>
<td>USAID Mission for Afghanistan</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>USAID Office of Inspector General</td>
</tr>
</tbody>
</table>
Since 2002, the U.S. Agency for International Development (USAID) and the Departments of State (State) and Defense (DOD) have provided assistance to the Afghan government and private institutions in Afghanistan to develop the country’s education sector. Moreover, the Afghan government and its donors have prioritized higher education as a key component of the reconstruction effort. One of the U.S. government’s largest efforts to advance Afghanistan’s higher education system is its 14-year investment in the American University of Afghanistan (AUAF) in Kabul.

The establishment of AUAF was a collaborative effort between the U.S. government, the Afghan Ministry of Higher Education, Afghan business leaders, and private donors. AUAF opened its doors in 2006 and is Afghanistan’s only university that provides an English-language curriculum. The university’s goal is to replicate a curriculum similar to that of an American university.

From February 2005 through May 2019, USAID, State, and DOD cumulatively invested about $167.3 million in AUAF. Beginning in May 2007, dozens of U.S. government-issued or commissioned reports examining AUAF repeatedly highlighted weaknesses in the university’s management and operation. For example, three assessments released in 2016 identified shortcomings in the university’s security procedures, accounting and financial management practices, and academic quality.\(^1\) These findings prompted USAID to issue three letters in 2016, 2017, and 2018 that required the university to take corrective actions or lose the agency’s financial support.\(^2\)

Given the U.S. government’s ongoing financial support of AUAF and concerns about AUAF’s management, processes, and systems of control, this audit assesses the U.S. government’s support for and oversight of funds provided to AUAF from February 2005 through May 2019. Our audit objectives were to determine the extent to which (1) USAID, State, and DOD provided oversight of their funding for AUAF, and took action on the results of that oversight; and (2) U.S. funding for AUAF achieved its intended goals.

To accomplish these objectives, we reviewed USAID’s Automated Directives System (ADS), State’s Federal Assistance Directive, and the U.S. Code of Federal Regulations (CFR). We reviewed USAID, State, and DOD cooperative agreements, contracts, and grants outlining the terms of U.S. government support of AUAF, and analyzed the agencies’ reporting documents, including assessments of the university’s operations by AUAF and third parties. We interviewed officials from USAID, State, DOD, and AUAF, including members of AUAF’s Board of Trustees.\(^3\) Additionally, we conducted a site visit to facilities at AUAF’s international campus. We conducted our work in Kabul, Afghanistan, and Arlington, Virginia, from August 2018 through January 2020, in accordance with generally accepted government auditing standards. Appendix I has a more detailed discussion of our scope and methodology.

---


\(^3\) The board has between 15 and 35 members. According to its bylaws, “The Board shall have oversight of the University, but shall not engage in day-to-day management of the University.” *Bylaws of the Board of Trustees of the American University of Afghanistan (A Non-Profit Institution Incorporated in Afghanistan)*, As Adopted as Amended and Restated by the Board of Trustees on May 17, 2018 in Washington, D.C., p. 4.
BACKGROUND

In 2004, the Afghan Ministry of Higher Education granted a charter to AUAF under Article 46, Chapter 2 of the Afghan Constitution, and Chapter 7, Article 455 of the Afghan Civil Code. In February 2005, as part of USAID’s support for establishing a private, American-style university in Kabul, the agency awarded a grant to The Asia Foundation to provide the following technical assistance to the new university:

1. Pay approved expenditures on behalf of AUAF, including the salaries of authorized university individuals;
2. Ensure all expenditures were allowable costs based on the USAID-approved grant agreement and budget with AUAF;
3. Monitor AUAF’s expenses to ensure the university followed appropriate procurement methods and properly documented all expenditures;
4. Provide technical assistance to support the establishment of AUAF’s management and accounting systems that within 1 year, would enable the university to receive grant funds directly from USAID;
5. Provide USAID with monthly progress and financial reports; and
6. Provide a final report that specified the accomplishments and evidence of AUAF’s readiness to start receiving direct grant assistance.

AUAF welcomed its first group of students in 2006, offering courses in English, study skills, and critical thinking skills for students in its Foundation Studies Program, and special professional courses for corporate, non-governmental, and Afghan government clients through its Professional Development Institute. Over time, the university developed undergraduate degrees in business administration, information technology and computer science, political science, public administration, and law, and graduate degrees in business administration and education. The university also established two affiliated centers: a women’s center to promote research, education, and advocacy for Afghan women’s economic empowerment, and a business incubator and accelerator to support the growth of Afghan businesses.4

Since February 2005, USAID, State, and DOD has provided about $167.3 million in support to AUAF through 24 awards.5 USAID’s support included two cooperative agreements to strengthen the university’s efforts in the areas of enrollment, academic quality, women’s programming, and security. USAID also provided financial support to help the university achieve financial self-sustainment. One of these USAID cooperative agreements focused specifically on enhancing AUAF’s security posture after the August 2016 abduction of two expatriate professors from a vehicle outside the university and an insurgent attack on the university that killed 13 people and wounded 49 others. State’s support consisted primarily of scholarships for Afghans seeking AUAF degrees, especially women. DOD’s support, provided principally through its Task Force for Business Stability Operations (TFBSO), helped establish the two affiliated centers.6 The agencies provided some awards directly to AUAF. Other awards went to third parties that supported AUAF, including nonprofits such as the Friends of the American University of Afghanistan (Friends of AUAF) and U.S. universities such as Stanford University.7

Table 1 summarizes the agencies’ support, and appendix II has a more detailed breakdown of the awards and their purposes.

---

4 The business incubator/accelerator had two locations: Herat and Kabul.
5 The three agencies funded AUAF through a series of cooperative agreements, grants, and contracts. We refer to these broadly as “awards.”
7 Friends of AUAF is a nonprofit organization based in Washington, DC, that works to raise funds for AUAF.
Each of the 24 awards had specific goals for their support to AUAF. For example, USAID’s 2008 and 2013 cooperative agreements with AUAF described the four goals as

1. Increasing student enrollment;
2. Increasing the academic programs;
3. Expanding programming for women; and

Additionally, in 2010, State’s Bureau of International Narcotics and Law Enforcement Affairs awarded a grant to Stanford University with the goals of establishing Afghanistan’s first non-Shari’a legal curriculum and forging a new model for training lawyers in Afghanistan. The goal of TFBSO’s 2011 grant to the Friends of AUAF was to help establish the International Center for Afghan Women’s Economic Development (Women’s Center) and to construct, furnish, and equip a facility on AUAF campus to advance the role of women in the economic stabilization of Afghanistan.

Prior SIGAR and USAID Office of Inspector General Audits Found Serious Deficiencies with AUAF Management and Operations

Between 2010 and 2018, SIGAR and the USAID Office of Inspector General (USAID OIG) conducted 10 audits related to AUAF’s performance and finances. For example,

- In November 2010, USAID OIG found that AUAF’s development of a new campus and undergraduate curriculum was behind schedule, questioned the university’s financial sustainability, and highlighted challenges it faced in meeting gender enrollment goals. USAID OIG made 18 recommendations to USAID to improve AUAF’s programs and use of U.S. government funds. USAID closed these recommendations by March 2012.

Note: This figure does not include an additional $4.2 million that the U.S. Embassy Kabul’s Public Affairs Section spent on three grants funded with its Diplomatic and Consular Program funds. State officials refused to provide complete information on these grants, claiming that SIGAR did not have the authority to review these expenditures.

Table 1 - U.S. Government Support to AUAF as of May 31, 2019

<table>
<thead>
<tr>
<th>Agency</th>
<th>Number of Awards</th>
<th>Amount Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAID</td>
<td>7</td>
<td>$137,764,410</td>
</tr>
<tr>
<td>State</td>
<td>13</td>
<td>$19,102,961</td>
</tr>
<tr>
<td>DOD</td>
<td>4</td>
<td>$10,447,786</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>$167,315,157*</td>
</tr>
</tbody>
</table>

* Note: This figure does not include an additional $4.2 million that the U.S. Embassy Kabul’s Public Affairs Section spent on three grants funded with its Diplomatic and Consular Program funds. State officials refused to provide complete information on these grants, claiming that SIGAR did not have the authority to review these expenditures.

---

9 In March 2012, USAID’s Bureau for Management, Office of the Chief Financial Officer, Audit, Performance, and Compliance Division determined that final action had been taken on recommendations, such as establishing procedures for AUAF to submit timely budgets and work plans to USAID, and for USAID to perform semi-annual reviews of the university’s procurement system. The bureau notified USAID OIG of these actions.
In December 2010, a USAID OIG financial audit of AUAF identified instances of noncompliance with agreement terms and regulations. For example, the university had a shortfall in required cost-share contributions, and did not have a USAID-approved work plan or documentation to show that it competitively awarded a large security contract. This lack of award documentation resulted in questioned costs of approximately $685,000 because USAID OIG could not determine whether AUAF procured the security service at a competitive price. USAID recovered $116,273 in costs and determined that $569,370 in costs were allowed under the agreement.

In March 2016, SIGAR conducted a financial audit of USAID’s second cooperative agreement with AUAF. We found that AUAF did not have adequate management oversight and documentation, which resulted in questioned costs totaling more than $107,000. We questioned expenses the university charged USAID for items such as overtime, travel, and housing. One finding cited $29,496 in “emergency relocation” travel costs AUAF charged USAID that lacked supporting invoices and USAID approval, which were required. Additionally, AUAF did not have an emergency evacuation plan or policies and procedures in place to ensure that during an emergency, supporting documentation could be maintained that would demonstrate costs were properly supported. The report also found that AUAF did not keep key documents in personnel files such as job announcements, resumes, interview notes, and educational certificates because the university did not have an adequate human resource database, filing system, or retention policy requiring such documentation. USAID recovered $77,713 in costs and determined that $29,496 in costs were allowed under the agreement.

In January 2018, we issued a performance audit report examining $675 million that DOD provided through TFBSO to support economic development throughout Afghanistan, including AUAF funding. We noted that although both AUAF’s Women’s Center and the innovation hubs in Herat and Kabul were not financially self-sustaining, The Women’s Center was among TFBSO’s best-planned, well-managed, and appropriately scoped projects. Our report included a quote from a representative of the Friends of AUAF who referred to the center as “the most successful part of the university,” noting that increased the university’s proportion of female students from 10 to 45 percent and was a significant resource for women. However, we found that the Friends of AUAF could not provide any evidence to verify these claims.

In April 2018, we issued a financial audit on TFBSO’s $1.3 million grant to the Friends of AUAF. The grant’s purpose was to fund a pilot program assessing the viability of establishing sustainable business incubator in Kabul. The audit found $89,892 in questioned costs due to insufficient documentation or lack of required prior approvals. These costs pertained to labor charges, equipment, and travel. The audit had three recommendations, none of which have been closed as of December 2019.

In addition to the 10 audits, State and USAID funded 14 third-party assessments of AUAF between 2007 and 2018. These assessments included reviewing the university’s capacity and sustainability, and resulted in findings related to the university’s processes or practices in areas such as budgeting and compliance with agency requirements. Appendix III lists the audits and assessments we reviewed.

---

10 USAID OIG, Financial Audit of Program “Fiduciary Support to the American University of Afghanistan” Subgrant Under The Asia Foundation Award No. 306-G-00-05-00525-00 and “The USAID Direct Support to AUAF” Cooperative Agreement No. 306-A-00-08-00525-00 for the period from July 1, 2008, to June 30, 2009, Audit Report No. F-306-11-002-R, December 20, 2010. ADS Chapter 303.3.10 defines cost share as the “resources a recipient contributes to the total cost of an agreement” and states that cost sharing applies throughout the award.


13 In January 2018, we issued an inspection of a dormitory for 200 female students at AUAF (SIGAR, American University of Afghanistan Women’s Dormitory: Construction Met Contract Requirements and Building Deficiencies Were Corrected, 18-22-IP). We did not include it in this report because it did not discuss the university’s management and operation practices.
Regulations, Policies, and Guidance for Awarding and Overseeing Grants and Cooperative Agreements

USAID, State, and DOD must all adhere to relevant parts of the CFR when executing grants and cooperative agreements. For USAID and State specifically, Title 2 CFR Chapter II, Part 200 explains the administrative requirements, cost principles, and audit requirements for federal awards. Title 22 CFR, Part 145, outlines additional pre- and post-award requirements for USAID and State concerning grants and cooperative agreements to higher education institutions. DOD follows 32 CFR Chapter 1, Part 22, in its administration of grants and cooperative agreements.

Additionally, the ADS describes the agency-specific policies and procedures that guide USAID’s programs, projects, and operations. ADS Chapter 201 documents how USAID projects and activities should generally be designed, implemented, and monitored to help ensure USAID projects align with higher-level agency strategy, activities are properly executed, information is collected, and results are evaluated. ADS Chapter 303 specifically provides guidance, policy directives, required procedures, and standards for the award and administration of USAID grants and cooperative agreements to higher education institutions. ADS Chapter 304 provides policy, procedures, and guidance for selecting appropriate funding mechanisms, such as a grant or cooperative agreement.

State grants and cooperative agreements must also follow the oversight requirements described in the Federal Assistance Directive. The Federal Assistance Directive states that a grants officer is responsible for applying oversight and ensuring compliance with an award’s provisions. In the cases of grants and cooperative agreements where the U.S. share of costs is over $100,000, the grants officer must designate a grants officer representative who assists in ensuring that the department “exercises prudent management and oversight of the assistance award through the programmatic and financial monitoring and evaluation of the recipient’s performance.” This is accomplished through activities such as reviewing required performance and financial reports, site visits, and assessing project performance to ensure compliance with the award terms and conditions.

DOD follows 32 CFR Chapter 1, Part 22, in its administration of grants and cooperative agreements. For example, 32 CFR Chapter 1, Part 22 states that the grants administration office has the primary responsibility of advising and assisting grant officers and award recipients, and helps ensure that recipients fulfill all award requirements. The grants administration office reviews and determines the adequacy of a recipient’s financial management and timely submission of required reports.

USAID, STATE, AND DOD CONDUCTED OVERSIGHT OF AUAF AWARDS BUT THE UNIVERSITY FAILED TO ADDRESS REPEATEDLY IDENTIFIED WEAKNESSES

Although USAID conducted oversight of the almost $137.8 million in funds supporting AUAF and found problems with the university’s ability to meet the terms of its agreements with USAID, the agency did not take action to restrict funding in response to those problems until 2016. State officials conducted oversight of the

---

approximately $19.1 million in awards it provided to support AUAF—both directly and indirectly—since 2010, and took timely action when it identified issues with the university’s management, processes, or controls. While DOD had some documentation for the oversight it conducted of the approximately $10.4 million it provided to the university since 2005, due to DOD’s inability to provide supporting documentation and the closure of TFBSO in March 2015, we cannot make a conclusion about the actions it may have taken as a result of that oversight.21

USAID Actions Prior to 2016 Had Minimal Impact on Improving AUAF’s Performance

USAID’s ADS outlines the primary oversight responsibilities of the agreement officer’s representative (AOR), the person responsible for ensuring that an award recipient complies with the terms of the award. The AOR is required to conduct oversight through activities such as site visits, reviewing and analyzing reports, verifying timely performance, and monitoring financial reports.22 The AOR reports directly to the Agreement Officer (AO), who has ultimate responsibility for the award. For AUAF-specific funding, other management, technical, and support staff provide additional oversight depending on the issues that need attention.

USAID’s cooperative agreements with AUAF built on the ADS by adding additional performance and financial oversight requirements. The two largest agreements—worth $108 million of the total $137.8 million USAID awards (78 percent) supporting AUAF—required monthly financial reporting for advance payments, quarterly performance reports, annual work plans and budgets, a cost-share contribution, and a final report.23 We found that USAID took actions to help ensure that its awards to AUAF met the terms of its agreements. However, prior to 2016, USAID’s oversight did not result in AUAF taking actions necessary to rectify management, process, and systemic problems identified through the efforts. Moreover, it is not yet evident whether actions taken after 2016 will lead to meaningful improvements in the university’s administrative performance.

Prior to 2016, USAID Actions to Correct Deficiencies at AUAF Had Minimal Impact

We determined that USAID conducted oversight based on our interviews with 34 USAID officials responsible for implementing and overseeing USAID’s awards supporting AUAF, documentation from USAID Mission for Afghanistan (USAID/Afghanistan) portfolio reviews, and internal agency correspondence. Despite USAID/Afghanistan efforts to help AUAF correct deficiencies identified as a result of the agency’s oversight efforts, the university did little to correct the deficiencies. As a result, AUAF had consistent problems with financial reporting, management responsiveness, and staffing throughout the periods of performance for the 2008 and 2013 cooperative agreements. We found that because USAID viewed AUAF as a symbol of the U.S. commitment to Afghanistan and believed its failure would be highly visible and detrimental to U.S. national security interests, USAID continued, and even increased, its funding to support the university, despite persistent problems with the university’s management, processes, and controls.

As part of its oversight actions, USAID officials conducted site visits, reviewed and confirmed information submitted by AUAF, communicated with university management and staff, and coordinated with State officials whose offices were also providing financial support to the university. AUAF’s difficulty in meeting the terms of its agreements with USAID, such as failing to submit required financial reports in a timely and accurate manner, were reflected in the amount of time USAID officials spent reviewing AUAF’s report submissions and working with university staff to correct problems and improve reporting. Nine USAID officials involved in pre-2016 AUAF oversight described the excessive amount of time and effort required to review AUAF financial reports and other required documentation. For example, a former director of USAID/Afghanistan’s Office of Education said no other USAID mission had spent so much time on an implementing partner, and “if any other

---

23 USAID/Afghanistan, Cooperative Agreement No. 306-A-00-08-00525 to provide support to the American University of Afghanistan (AUAF), issued August 1, 2008, and USAID/Afghanistan, Cooperative Agreement No. 306-A-13-00004 for the support of the American University of Afghanistan (AUAF), issued August 1, 2013.
project had the same problems as AUAF, USAID would stop funding it.” A former USAID/Afghanistan AO said reviewing and confirming AUAF’s reports took a large amount of time because the university could not support the information it provided with proper documentation or evidence. USAID/Afghanistan’s Office of Financial Management ultimately established a special unit to review and verify information provided by the university.

A former AO also told us that USAID/Afghanistan offered to provide AUAF with capacity development training so it could submit information that was appropriate and verifiable, but AUAF officials did not respond to the offer. The former AO said AUAF never appeared interested in capacity development and “was not an organization that was interested in accountability” because “the university did not have to be held accountable.”

The nine USAID/Afghanistan officials we interviewed expressed frustration that AUAF management was unresponsive to USAID’s attempts to help the university improve its management, systems, and processes. A former AOR said AUAF submitted financial documents with the same errors repeatedly, even though the AOR met with AUAF staff several times to address the errors. Another former AOR recalled suggesting that AUAF create a grants manager position to oversee voucher approvals. However, even though AUAF’s agreement would have covered the costs associated with hiring a grant manager, the university’s president continued to approve vouchers because AUAF management did not want to take funds away from other activities it deemed more important.

Three USAID/Afghanistan portfolio reviews conducted between January 2012 and September 2015 discussed concerns about AUAF management and staffing. For example, the summary of support for AUAF in the January 2015 portfolio review stated:

> A high faculty and staff turnover renders a need for frequent retraining in USAID procedures and processes. For example, this year alone there were three individuals in the Key Personnel position of [Monitoring and Evaluation] Specialist and two individuals in the Key Personnel position of Chief of Staff...AUAF key personnel turnover caused delays in submitting progress reports. The newly-hired personnel required significant guidance on USAID reporting requirements and document preparation.24

Seven USAID officials also discussed AUAF’s difficulty in filling administrative positions and retaining staff. A former USAID/Afghanistan Education Office official said they suspected the university’s Board of Trustees delayed filling the chief financial officer position so the Board could have more control over the university, rather than delegating authority to a chief financial officer. According to another former Education Office official, AUAF assigned a law professor the additional responsibility of being the university’s monitoring and evaluation specialist, even though the professor had no background in such work and did not receive any training or guidance from AUAF in carrying out this responsibility. A former USAID/Afghanistan AO told us the university’s shortcomings were due to AUAF’s president and Board of Trustees dismissing the value of financial management because they believed “whatever they do, they’ll always get money from the U.S. government.”

When asked about AUAF’s difficulties addressing USAID’s concerns, one AUAF Trustee said the Board was always aware of the university’s administrative challenges and directed university management to correct them. However, another Trustee said they did not know how bad the AUAF’s administration problems were because the university had received “clean” financial audit reports for six years from its independent accounting firm. They suspected that the auditors gave AUAF clean reports because it was “the gentlemanly thing to do,” even if it did not serve the university well. The same Trustee acknowledged that AUAF failed to deliver quality financial or activity reports to USAID.

A Trustee suggested that AUAF did not have expatriate staff to provide capability and expertise, or administrative offices outside of Afghanistan to rely on, capacities from which other USAID implementing partners benefit. Additionally, according to the Trustee, AUAF has not been able to attract sufficiently capable administrative staff. Related to this, another Trustee said problems persisted because AUAF had a limited budget and difficulty hiring qualified staff in Afghanistan. At the Board’s February 2019 meeting, the university

---

president noted that hiring international staff has major financial implications for the university because their salaries are much higher than those of locally-employed Afghan nationals.

Many of these problems persisted for over a decade, through 2016, in large part because of AUAF’s high level of visibility and importance as a symbol of U.S. commitment to Afghanistan. As a result, AUAF management was largely unwilling or unable to address issues raised by USAID. Thirteen USAID officials we spoke with cited AUAF’s political significance as a reason for USAID’s continued support in the face of the university’s management problems. According to USAID’s Deputy Assistant Administrator for the Office of Afghanistan and Pakistan Affairs, support for AUAF was not like that of typical development programs because AUAF had national security implications as an important symbol of U.S. foreign policy, as well as U.S. commitment to Afghanistan. Other USAID officials reiterated this; one official described AUAF as a “political imperative” that USAID could not let fail, while another said “because the AUAF was a high-visibility institution, its failure would equate to American failure in Afghanistan.”

A 2012 USAID/Afghanistan portfolio review expressed a similar sentiment, stating that “if political considerations were not a part of the decision...the project should be concluded or scaled back considerably as sustainability issues will be front and center for the immediate future.”

Beginning in 2016, USAID Increased Its Oversight Efforts to Address the AUAF’s Failure to Correct Shortcomings

After over a decade of funding AUAF and attempts by USAID officials to help the university correct its administrative deficiencies, USAID realized in 2016 that it needed to take more drastic measures to ensure AUAF took the necessary steps to correct ongoing weaknesses in its administrative processes, financial controls, and overall management. A former deputy director of USAID/Afghanistan’s Office of Acquisition and Assistance said that based on the inadequate documentation the university provided, such as required financial reports, USAID commissioned three independent assessments of AUAF.

First, in May 2016, The Asia Foundation assessed the university’s organizational capacity under USAID’s Strengthening Education in Afghanistan–II project. The purpose of the assessment was to identify “capacity gaps” in the systems, functions, and practices of AUAF, and make recommendations to address those gaps. The report identified several deficiencies and made recommendations to address them. The deficiencies included the following:

- AUAF lacked a comprehensive plan and strategy for staff capacity development.
- AUAF lacked a capacity-building process for its Board of Trustees.
- The roles and responsibilities of the Board of Trustees were not clearly documented and communicated.
- AUAF lacked a succession planning process for senior management.

Next, in July 2016, Crowe Horwath (Crowe) issued the results of its pre-certification assessment for International Organization for Standardization 9001, which USAID had commissioned to determine AUAF’s ability to receive future academic accreditation. In its assessment, Crowe found deficiencies in AUAF’s audit, student affairs, human resources, asset management, information technology, accounting and financial management, and security functions.

---

25 USAID/Afghanistan, Portfolio Review: Support to the American University of Afghanistan (AUAF), 2012, p. 20.
28 Crowe Horwath, Report on ISO 9001:2015 Pre-Certification Assessment of American University of Afghanistan Under Blanket Purchase Agreement No. AID-306-E-1 4-00003, Task Order No. AID-306-BC-16-00001, July 17, 2016. ISO 9001 is a set of standards that address quality management. According to its website, the ISO standards “provide guidance and tools for companies and organizations that want to ensure that their products and services consistently meet customer requirements.”
Finally, that same month, Checchi and Company Consulting Inc. (Checchi) issued a midterm evaluation assessing progress on and the sustainability of AUAF’s activities required in the 2013 cooperative agreement. Checchi’s principal conclusions were

- AUAF had serious problems with leadership, especially the Board of Trustees;
- AUAF was experiencing a decline in the overall quality of its academic programs;
- AUAF was not going to achieve financially sustainability in the foreseeable future;
- In spite of its problems, AUAF was worth supporting because of the positive impact it had on its students and the subsequent impact the students have had or were likely to have on Afghanistan.29

Based on the findings of 2016’s three independent assessments, the abduction of two expatriate professors in August 2016, and an insurgent attack on the university two weeks later, USAID/Afghanistan issued a corrective action letter to AUAF in September 2016. In the letter, USAID/Afghanistan said it had “significant concerns over security, financial management, and academic quality at AUAF” and that “these events further called into question AUAF’s capacity to operate safely in this non-permissive, high-threat environment.”30 USAID/Afghanistan linked the findings from the three assessments to “significant weakness in the management and leadership” of the university’s Board and senior management, and notified AUAF that USAID would suspend funding for the university under its cooperative agreement if the university did not address the agency’s concerns.31

In a September 2016 letter to USAID, the AUAF President responded:

The corrective action requests based on the results of the three independent performance assessments of AUAF, which identified concerns over security, financial management, and academic quality, are being addressed by the Board of Trustees and the university’s senior administration. In fact, the Board changed the entire agenda of the Board meeting held here in Washington, DC, this weekend so that the Board and senior management were completely focused for two full days on the issues raised in your letter.32

To help the university address the issues identified in USAID’s September 2016 corrective action letter and the weaknesses identified in the three external assessments, USAID awarded The Asia Foundation an 18-month, $4.5 million contract in July 2017 to provide financial, procurement, and human resources to support AUAF.33 The contract had three components: an initial assessment of the capacity of AUAF’s Finance Department, a work plan to address identified problems, and technical assistance to implement that work plan. One university Trustee was highly critical of The Asia Foundation’s assessment and assistance, complaining that the foundation had no background in higher education and did not do anything for the first 5 months of the contract. But another Trustee said the university needed the foundation’s assistance to develop policies and procedures for human resources, finance, procurement, and a new enterprise management system, and to train AUAF staff to apply the new policies and procedures, and use the new system in the future.34

Despite the award to help AUAF improve its management, processes, and controls, The Asia Foundation issued another assessment of AUAF in September 2017 that found that the university continued to have problems with accounting, financial management, procurement, and human resources. The assessment highlighted the

32 AUAF, Letter from the President of the AUAF to USAID/Afghanistan on Corrective Action re Cooperative Agreement No. 306-A-13-00004 for the support of the American University of Afghanistan (AUAF), September 11, 2016, p. 1.
33 USAID/Afghanistan, Contract Number AID-306-C-17-00014, awarded to The Asia Foundation, July 5, 2017, pp. 3 and 8.
34 An enterprise management system is a software package for large organizations that integrates diverse software needs, such as financial processing, human resources management, and budgeting.
university’s ongoing inability to hire key staff, such as a chief financial officer or individuals to fill internal audit and compliance functions; the weak manual and automated processes of the Finance, Human Resource Management, and Procurement departments; and an “overall culture of the organization [that] exhibits a reluctance to change behavior, even when significant problems have been repeatedly identified.”³⁵ The Asia Foundation concluded that

Considering that AUAF is more than ten years old and has an operating budget of more than $30 million, the quality of the financial and related administrative management systems at AUAF is surprisingly low...This makes it very difficult to perform the basic functions of financial planning and control.³⁶

In response, in December 2017, USAID/Afghanistan sent a second corrective action letter to AUAF because “after 15 months, most of the conditions listed in our corrective action letter of September 7, 2016, still persist impacting compliance with the terms and conditions of USAID’s cooperative agreement with AUAF.”³⁷ USAID/Afghanistan said it recognized that the organizational deficiencies and weaknesses required time and resources to address, but warned that “without rapid and significant improvement on the part of AUAF, USAID will be severely challenged in its ability to document the rationale for continued financial support to the University.”

AUAF sent USAID an update in which it identified the actions it took in response to the second letter, including terminating the contract of the university president, providing full cooperation with The Asia Foundation in its efforts to address deficiencies in human resources, finance, and procurement, and establishing a Center for Teaching and Learning.³⁸

In addition to the corrective actions required by USAID/Afghanistan’s letters, USAID increased its AUAF oversight. A former deputy director of USAID/Afghanistan’s Office of Acquisition and Assistance said that after the first corrective action letter, USAID took deliberate steps to enhance oversight and improve AUAF capacity, including requesting more frequent updates from university staff (involving bi-weekly visits to the U.S. Embassy in Kabul), and advising the university on the development of human resource and financial manuals and methods to compile and submit proper documentation for payment. USAID/Afghanistan officials also participated in selecting and training a new chief financial officer for the university, and the sent local Afghan staff from the USAID/Afghanistan Office of Financial Management on site visits to the university.

In February 2018, USAID modified its ongoing cooperative agreement with AUAF to require the university to

- recruit and hire a qualified program manager;
- update and submit a human resources policy manual for USAID approval;
- implement a time and attendance system for all employees; and
- submit all procurements for more than $3,000 to USAID for review and approval.³⁹

Later that month, USAID modified the agreement again and switched its payments to the university from advance payment to cost reimbursement.⁴⁰ According to a former USAID/Afghanistan AOR, the Offices of Education and Financial Management were concerned about the quality of reporting coming from AUAF regarding the university’s cash on hand. They said the reimbursement method would force AUAF to track expenses because it would have to submit its monthly expenses to USAID for reimbursement. This change would also allow USAID to better verify that AUAF’s expenses matched the documentation it provided.

³⁹ USAID/Afghanistan, Cooperative Agreement No. 306-A-13-00004 for the support of the American University of Afghanistan (AUAF), Modification Number 14, February 4, 2018, p. 2.
While USAID/Afghanistan continued its efforts to improve AUAF performance through the corrective action process, agreement modifications, and the supporting contract with The Asia Foundation, in 2016 USAID OIG and SIGAR initiated a joint investigation into allegations involving the university’s “misuse of [U.S. government] funds, gross mismanagement, false reporting, and non-compliance with USAID’s [cooperative] agreement.” In February 2018, USAID OIG sent USAID a memo advising that USAID OIG and SIGAR investigators could not determine how AUAF was spending USAID funds because of “insufficient and non-compliant accounting methods and practices.” In light of these findings, USAID OIG informed USAID that it intended to conclude its investigation and refer AUAF to USAID’s suspension and debars official for consideration.

In response to the investigation, USAID/Afghanistan sent a follow-up letter to AUAF that noted some improvements to its “advance/liquidation process” and the inclusion of information necessary for USAID to review actual expenses and disbursements, as required under the terms of the agreement. However, USAID/Afghanistan also found that AUAF continued to “comingle USAID funds with other sources, degrading internal controls related to cash on hand and creating major reporting and reconciliation issues.” The letter included specific measures USAID/Afghanistan expected the university to take to address the previously identified problems. Additionally, the letter noted USAID’s decision to switch its payments to AUAF from advances to reimbursements.

In July 2018, SIGAR coordinated with USAID OIG to refer AUAF to USAID’s Suspending and Debarring Official. A SIGAR and USAID OIG memorandum concluded that AUAF had “a history of failing to perform in accordance with the requirements of its agreements with USAID due to a lack of proper records of its expenses, the non-existence of an implemented budget for its operations, failure to develop plans and procedures, late and inaccurate financial reports and improper management of its cost-share requirements.” In addition, the memorandum stated that AUAF’s management and Board of Trustees had “been aware of these failures since at least 2010 and neither has taken effective measures to ensure that AUAF complies with its obligations” under the cooperative agreement. For these reasons, the memorandum recommended suspending the university from receiving additional U.S. government funding.

In response to the referral, USAID’s Suspending and Debarring Official sent AUAF a “Notice to Show Cause” letter in August 2018, which advised AUAF that USAID was gathering information to determine whether the university should be “entrusted with future U.S. government funds,” and asked the university to address areas of concern identified in the memo, such as AUAF’s lack of “basic corporate governance or oversight from the Board of Trustees,” and its failure to establish necessary financial policies, properly maintain records, track funding, or “produce accurate and timely financial reports.”

On March 29, 2019, USAID (through its Suspending and Debarring Official) and AUAF entered into a 3-year administrative agreement in which the university acknowledged the need to continue to improve in the areas that SIGAR and USAID OIG identified in the referral memorandum. AUAF agreed to take the remedial and compliance measures set forth in the agreement, such as appointing an independent consultant to monitor agreement compliance and progress toward improving internal controls. Specific items that were to be monitored by the independent consultant include AUAF’s governance structures, managerial and financial

---

43 Suspension and debarment is an administrative process by which the U.S. government can penalize its contractors for not meeting contractual standards. Organizations that are suspended or debarred may be unable to receive future contracts, subcontracts, loans, grants, or other federally funded assistance.
44 USAID/Afghanistan, Corrective Action Letter No. 2 – further action, February 26, 2018.
45 The university sent USAID a plan of action in March 2018 to address the items the agency identified in its February 2018 letter.
47 SIGAR, Referral of the American University of Afghanistan..., p.1.
48 USAID, Notice of Show Cause, letter to the President of the AUAF, August, 7, 2018, p.1.
controls, and its integrity and compliance program. In particular, AUAF agreed to employ qualified staff who possess sufficient expertise to oversee operations and develop strategic plans, priorities, and focuses for the university. The USAID Suspending and Debarring Official is responsible for determining AUAF’s compliance or whether the university materially breaches this administrative agreement by failing to adhere to its obligations.

Although USAID’s actions since 2016 to address to AUAF’s significant administrative problems are positive, it is not yet evident whether those actions—including the requirements in the corrective action letters, the agreement modifications, and the contract with The Asia Foundation to assess and advise the university—will lead to lasting improvements in the university’s administrative performance. Furthermore, since the July 2018 suspension and debarment referral, AUAF’s conduct has remained under active investigation. Both SIGAR and USAID OIG have continued to receive allegations of misconduct by AUAF employees, ongoing vacancies of key staff positions, AUAF’s failure to properly implement its integrity and compliance program, and a continued lack of internal financial controls. Despite a cooperative agreement modification in August 2019, which resulted in the addition of $18.5 million in funding through May 2020, we have received allegations that AUAF continues to have a significant number of unpaid vendors due to financial mismanagement and inefficiency.

State Took Timely Action in Response to Concerns It Identified Regarding the University’s Management, Processes, and Systems

State’s oversight guidance for its grants and cooperative agreements comes from its Federal Assistance Directive, as well as oversight provisions contained in each specific award. Each State award contains different requirements that the awardee must comply with based upon the award’s goals. Additionally, the standard operating procedures of U.S. Embassy in Kabul’s Public Affairs Section requires State officials to monitor awards according to State’s monitoring plan and the provisions, terms, and conditions of the award. The grant officer’s representative serves as the primary contact with the grantee, and is responsible for gathering required progress reports, conducting site visits, monitoring performance, and updating the project dashboards.

Since 2010, State has provided approximately $19.1 million in both direct and indirect financial support to AUAF. The Public Affairs Section’s grants and cooperative agreements supporting AUAF primarily focused on providing scholarships to Afghans admitted to the university ($10.1 million), but also funded improvements to AUAF’s business school ($177,015), the establishment of a testing center ($80,175), and costs related to the AUAF Women’s Center, including staff salaries, operations, and physical improvements ($1.7 million). In addition to the Public Affairs Section awards, State’s Bureau of International Narcotics and Law Enforcement Affairs awarded two grants to Stanford Law School to develop and strengthen the law program at AUAF ($7 million).

We determined that State conducted appropriate oversight of its awards supporting AUAF, and took timely action by requiring changes when it identified issues with the university’s management, processes, or controls. State provided us with the reporting documents required in the awards’ terms and conditions, as well as the project dashboards. The project dashboards summarized concerns State officials identified through its various oversight activities, which included site visits, discussions with recipients, and reviews of policies, procedures, and financial and quarterly reports.

We analyzed the project dashboards and found that State officials identified management issues, such as poor quality financial and reporting documents, concerns over the misuse of funds, and staff turnover. We also found that State officials took action on these issues by returning financial forms to AUAF with instructions to

50 USAID, Administrative Agreement Between USAID and the AUAF, p. 5.
51 The dashboards summarize a project’s activity, accomplishments, and any operational and budget concerns identified by responsible State officials.
52 The remainder of the $19.1 million consisted of other awards for various activities, including the salaries of AUAF officials, and paying travel expenses for international speakers and Afghan participants to attend a June 2013 conference.
complete them properly, ensuring the removal of individuals involved in fraudulent activity, and switching from an advance to a cost-reimbursement payment method.

The project dashboards for four awards noted that AUAF charged State for scholarships based on a tuition rate that was 26 percent higher than the tuition charged to students not receiving State-funded scholarships. Upon discovering this, State told AUAF that tuition charges needed to be the actual, universal rate as of summer 2017, and State reserved the right to make AUAF pay back the overcharges. An AUAF Trustee confirmed that the university had two tuition rates: a higher one for students whose tuition was subsidized through donor-funded scholarships, and a lower rate for students whose tuition was not subsidized. The Trustee said AUAF now charges scholarship donors the same tuition rates that it charges nonsubsidized students.

In addition, the Public Affairs Section took action when problems were reported under a grant supporting the Women’s Center. State documented the unethical behavior and mismanagement of the Women’s Center director, such as hiring unqualified family members and friends, spending funds inappropriately, and supervising the completion of sub-par research papers. One paper was so deficient that a State official recommended it not be published because “it would lead to great embarrassment at best and lawsuits at worst.” State officials recommended that AUAF fire the director and their two family members; the university agreed. State then modified the award to include staff training and to de-obligate $70,472 in funding.

We also reviewed emails between officials at State and AUAF related to State’s oversight actions. The emails cited a lack of required reporting information, such as financial and supporting documentation, and expressed concerns over the timing and inadequate content of the information AUAF provided. To address these problems, State officials visited AUAF’s financial office and gave guidance about the information that should be included in required reports and the correct report format. Emails between State and university officials from 2013 through 2017 show AUAF continued to struggle with providing adequate reports to State.

**We Could Not Determine Whether DOD Identified Concerns with AUAF or Took Any Action as a Result**

DOD provided limited evidence that it conducted oversight of its awards. Because of the lack of supporting documentation provided and the length of time that has passed since the projects were implemented, we cannot make a conclusion on what actions DOD officials took in response to that oversight. In 2018, we also reported that TFBSO’s poor recordkeeping did not allow us to determine whether the temporary organization had met its overall goals of “reducing violence, enhancing stability, and supporting economic normalcy in Afghanistan through strategic business and economic activities.” Our latest work reiterates the finding of our previous TFBSO audit that poor recordkeeping appears to have impeded DOD’s ability to provide required deliverables related to its support to AUAF.

Oversight requirements for DOD’s administration of grants and cooperative agreements are outlined in 32 CFR Part 22. The guidance states the grants administration office has the primary responsibility for reviewing and determining the adequacy of a recipient’s financial management and its timely submission of required reports. In addition, each DOD award has a set of terms and conditions the recipients are required to follow. DOD’s $10.3 million in grants to the Friends of AUAF included specific requirements, such as the production of quarterly financial and performance reports, sustainability and capacity building plans, and final reports.

DOD provided us some limited evidence that it conducted oversight on the approximately $10.4 million in support it provided to AUAF between 2005 and 2018 through its three TFBSO grants to the Friends of AUAF

---

54 “DOD Grants and Agreements – Award and Administration,” 32 CFR §§ 22.100-825, July 1, 2011.
55 DOD also awarded $190,000 in Commander’s Emergency Response Program funds to build a protective wall at AUAF in 2005. However, according to DOD, the department did not have supporting documentation for the project because it pre-dated the existing databases that store project information.
and one Commander’s Emergency Response Program project. However, we could not determine what action, if any, DOD took based on the results of that oversight.

We reviewed documentation provided by DOD for our previous audit examining TFBSO, as well as documents obtained through a subpoena and other investigatory efforts related to AUAF. DOD failed to provide almost half of the required documents, such as financial, performance, and final reports with the required deliverables identified in the grant awards between 2011 and 2014.\(^\text{56}\) As part of our efforts to obtain the missing documents, we then sent a list of missing deliverables to the DOD grants officer at the Washington Headquarters Service responsible for two of the DOD grants to AUAF. Our analysis found that DOD only provided 12 of 22 (or 55 percent) of the required reporting deliverables for the three grants.\(^\text{57}\)

We spoke with the DOD program officer and grants officer responsible for two of the awards to the Friends of AUAF. The program officer, who worked in Afghanistan between March 2012 and March 2014, said that he recalled reviewing grant documents and conducting site visits, but remembered little else and few specifics due to the amount of time that had passed. The grants officer said oversight was not part of the grant officer’s responsibilities.

**AUAF MADE PROGRESS TOWARD ACHIEVING SEVERAL GOALS ESTABLISHED BY U.S. AGENCIES, BUT HAS NOT ACHIEVED SELF-SUFFICIENCY AND STILL RELIES ON EXTERNAL SUPPORT**

USAID, State, and DOD reported making progress toward meeting some of the goals of their awards supporting AUAF. Since it first began classes in 2006, AUAF has expanded its academic offerings and provided improved access to higher education for Afghan women. USAID’s two largest awards to AUAF (totaling approximately $108 million) incorporated four primary goals: (1) increase student enrollment, (2) enhance academic programs, (3) expand programming for women, and (4) increase financial self-sufficiency. The award agreements list specific outcomes associated with each of these goals, such as obtaining contributions through fundraising, decreasing institutional costs, and increasing tuition revenue in order to obtain financial self-sufficiency. Despite progress in other areas, AUAF has not been able to reduce its reliance on funding from USAID.

**AUAF Expanded Education Access for Women, and Increased Academic Offerings and Enrollment**

The various USAID, State, and DOD awards supporting AUAF align with the goals established in USAID’s two largest cooperative agreements with the university. USAID’s two largest awards to AUAF aimed to expand opportunities for women and overall academic offerings, and to increase enrollment and financial self-sufficiency. AUAF made progress towards meeting three of these four goals, and the U.S. government agencies supported AUAF’s efforts to do so. State supported the goals through awards focused on scholarships, particularly to women, and partnering with U.S. universities to work with AUAF to develop law and business programs. Additionally, one of DOD’s three grants to the Friends of AUAF focused on creating opportunities for women by building and equipping the Women’s Center.

Projects designed to expand access to education for Afghan women appear to have been successful. One of USAID’s goals from its 2008 agreement with AUAF was to increase the number of all full-time undergraduate students from 256 to 750, and increase female enrollment to 30 percent of the student body. AUAF reported

---

\(^{56}\) Although TFBSO ceased operations in 2014, DOD’s Washington Headquarters Services Acquisition Directorate issued four no-cost modifications under grant No. HQ-0034-14-1-0003 to the Friends of the AUAF, extending its period of performance through June 30, 2018.

\(^{57}\) There were three grants in total, but the grants officer we spoke with was only responsible for two of them. The grants officer for the third award is no longer a DOD employee, and we were unable to interview them.
in August 2013 that enrollment expanded to 786 students; women represented 31 percent of the overall student enrollment, and 50 percent of the incoming freshman class. By spring 2018, women accounted for 42 percent of AUAF’s enrollment, according to USAID. As of November 2018, State reported 194 female scholarship recipients were enrolled at AUAF, and 136 women had earned degrees.

As of January 2019, State has provided scholarships to 399 AUAF students through its Embassy Scholars Program, of which 330 were women. According to a member of AUAF Board of Trustees, the State scholarships for female students increased female enrollment because the scholarships could go to any woman, regardless of need. The Trustee said this was an impactful change because many Afghan families will spend money to send boys to school, but not girls. One of the university’s other efforts to support women’s education was the establishment of the Women’s Center. In March 2019, we conducted a site visit to the AUAF International Campus in Kabul and found the Women’s Center, which the university built and furnished with DOD funding, was well-equipped, being used, and in good condition.

In response to USAID’s goal of expanding the university’s curriculum, its number of courses and degrees increased. In 2008, AUAF offered majors in arts and sciences, business administration, and information technology and computer science. By 2013, the university had expanded its offerings to include 4-year degrees in political science and public administration, mass communication, and a combined degree in arts and law. In its April and July 2018 reports to State, Stanford Law School reported academic progress such as student success in multiple international moot court competitions, the publication of nine law textbooks, and AUAF bachelor of arts and law degree alumni studying for master of law degrees in the United States at schools like University of Notre Dame and Emory University.

As further evidence of the university’s progress in strengthening academic quality, AUAF reported that by the end of 2015, nearly 60 AUAF graduates had received a Fulbright scholarship to pursue a master’s degree in the United States, with another 17 AUAF graduates expecting to begin their Fulbright studies in August 2016. In February 2018, AUAF became the first university in Afghanistan to receive accreditation from the Afghan Ministry of Higher Education.

USAID and DOD Efforts to Improve AUAF’s Ability to Achieve Self-Sufficiency Have Not Succeeded Due to Multiple Challenges

The USAID and DOD goal of improving AUAF’s ability to achieve self-sufficiency has not been achieved. USAID’s two largest agreements with AUAF list specific requirements the university must do to be considered financially self-sufficient, such as decreasing institutional costs and increasing revenue from tuition and fees. The agreements also require AUAF to share some of the costs associated with operating the university. The first agreement required the university to contribute $29.8 million toward its operations, and the second required it to contribute $62.9 million.

According to USAID’s Administrator’s Sustainability Guidance for USAID in Afghanistan, “if our work establishes recurrent costs, then we must determine with our Afghan partners and other donors whether they will have the interest and resources, amongst many competing demands and decreasing resources, to maintain the investment over time, so that it is sustainable.” USAID told SIGAR that financial self-sufficiency refers to “empowering the university as an institution to be able to reduce the shortfall in funding, and increase revenue through its degree and non-degree programs.” It added that the concept is to make the university financially independent and decrease reliance on U.S. government and donor funds.

However, AUAF has not met this self-sufficiency goal, according to reports prepared or commissioned by USAID. In a January 2012 portfolio review, USAID said U.S. government funding covered 68 percent of the university’s operating expenses in fiscal year 2010. Other sources were crucial to ensure its sustainability after USAID’s support ended. This review recommended that USAID keep funding AUAF, but at a level that declined annually

58 USAID, Administrator’s Sustainability Guidance for USAID in Afghanistan, June 2011, p. 2.
over a 5-year period. “If the university cannot figure out how to increase revenues,” the authors wrote, “it cannot operate and provide opportunities for Afghans.”59

In 2013, USAID/Afghanistan conducted a sustainability analysis to determine whether the university could maintain operations after a proposed 5-year award ended. The analysis found that AUAF would accrue budget deficits of $3 million to $4.4 million annually under the award, and those deficits would increase to $12 million to $13 million annually after the award ended.60 A 2016 USAID/Afghanistan portfolio review said that “sustainability of the university is a challenge and without external support its functionality is impossible.”61

USAID and two of the independent assessments attribute AUAF’s sustainability issues to questionable leadership on the part of the university’s Board of Trustees and senior administrators. USAID’s September 2016 corrective action letter said shortcomings in accounting and financial management, academic quality, and security were the result of significant weaknesses with AUAF’s Board and senior administrators. The Asia Foundation rated AUAF’s Board development functions and strategic management abilities at “basic” capacity levels.62 It found that not all Trustees had a clear understanding of their roles and responsibilities, meetings were not well organized, subcommittees were not used productively, and some members were prone to micromanaging the university’s affairs. Checchi’s evaluation reiterated these findings and concluded that the university’s financial management lacked leadership and direction.

In addition to leadership issues, USAID’s two largest cooperative agreements with AUAF, entered into in 2008 and 2013, established sustainability as a primary goal for the university, but did not define when sustainability should be achieved or state clearly what would happen if the goal is not met. The 2013 cooperative agreement said the university is moving “aggressively towards independent sustainability” through actions such as reducing costs per student by 20 percent, increasing revenues from tuition and fees by 25 percent, expanding its donor base, and increasing non-U.S. government funding from $600,000 to $2.1 million.

The agreement specified that “USAID’s support for AUAF will decrease annually, as indicated in this proposal, while the university moves toward independent sustainability.” However, the opposite happened, as detailed in assessments by The Asia Foundation and Checchi. Over the course of the second cooperative agreement, USAID modified the award to increase its funding for AUAF from $40 million in August 2013, to $71.7 million in February 2019.

As with USAID efforts to make AUAF self-sustaining, DOD’s $5.3 million project to create AUAF’s business innovation hubs in Kabul and Herat failed. The goal for the hubs was to leverage the university’s resources and generate revenues for AUAF by charging businesses a consultation fee. However, this was not successful. The AUAF Board of Trustees reported that between 2013 and 2017, the hubs spent $3.5 million but generated revenues of only $207,263. A proposed solution from the Board was to convert the business innovation hubs into agribusiness centers that could seek funding from donors supporting the agriculture sector in Afghanistan. However, AUAF has not yet received any donor funding to support this.

According to a former AUAF president, the university needs support from the following categories in order to achieve sustainability: an alumni base, “the Afghan diaspora,” corporate employers that hire graduates, and middle-class families who can afford to pay tuition. He explained that because AUAF is a relatively new university, it does not have many graduates. The Afghan diaspora is not very cohesive or large, he continued, and is not necessarily wealthy enough to send money back. Furthermore, most Afghan families in the country are very poor, so there is no middle-class who can afford to pay tuition. In addition, both the former AUAF president and a university Trustee pointed out the country’s tenuous security situation, with the Trustee noting, “sustainability is probably not a term that should be applied to a new university in a war zone.”

59 USAID/Afghanistan, Portfolio Review: Support to the American University of Afghanistan (AUAF), January 2012, p.12.
60 USAID/Afghanistan, American University of Afghanistan (AUAF) Sustainability Assessment, May 9, 2013.
62 Board development covers topics such as self-evaluation, participation in fund development, and legal responsibilities. Strategic management included operational planning, organizational structure, and succession planning.
Given these issues, AUAF is unlikely to be able to sustain itself after U.S. funding ends, and the U.S. government’s $167.3 million investment to date could be at risk.

CONCLUSION

The U.S. government has made a significant financial commitment to AUAF, totaling $167.3 million over a 14-year period. The combined efforts of three federal agencies—USAID, State, and DOD—benefited operations at AUAF, and helped the university expand opportunities for women and increase overall academic offerings. Additionally, the U.S.’s long-standing and ongoing commitment to AUAF was important because it also served as a symbolic measure of the U.S. government’s overall commitment to Afghanistan. However, AUAF continues to faces serious, challenges in its management, processes, and systems.

Many of those challenges have been repeatedly identified, since 2007, by USAID, State, and others. For example, three separate assessments released in 2016 identified shortcomings in the university’s security procedures, accounting and financial management practices, and academic quality. Unfortunately, AUAF officials were unwilling or unable to make the necessary reforms to ensure confidence that the university was a responsible partner acting in good faith.

Nevertheless, we recognize the importance of Afghans having access to a quality, local institution of higher education, especially Afghan women. In recognition of these needs and the various educational successes of AUAF, we hope for its ultimate success. The March 2019 Administrative Agreement between USAID and AUAF requires that AUAF improve the kind of managerial, financial, and administrative reforms that are needed to protect the U.S. investment in the university. This report does not contain recommendations because it is too early to determine if the reforms called for in the 2019 agreement have substantively improved the university’s practices.

AGENCY COMMENTS

We provided a draft of this report to USAID, State, and DOD for comment. We received written comments from USAID and State’s Bureau for International Narcotics and Law Enforcement Affairs, which are reproduced in appendices IV and V, respectively. In addition, USAID and State’s Bureau for South and Central Asian Affairs provided technical comments, which we have incorporated as appropriate. DOD did not provide comments.

In USAID’s comments, the Acting Mission Director for USAID/Afghanistan stated that our report accurately characterizes the financial management and administrative problems of AUAF and actions the agency has taken to address these problems. USAID also agreed with the report’s statement that “it is not yet evident whether actions [taken by the U.S. government] will lead to meaningful improvements in the university’s administrative performance.”

In the State Bureau for International Narcotics and Law Enforcement Affairs’ comments on this report, the Executive Director wrote that the bureau “will closely track the concerns raised by SIGAR, including those related to AUAF’s management and sustainability.” The Executive Director added that the bureau will continue to coordinate with USAID on next steps regarding issues we raised in this report.
APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of our audit of the U.S. government’s support to and oversight of the American University of Afghanistan (AUAF), from February 2005 through May 2019. Our objectives were to determine the extent to which (1) the U.S. Agency for International Development (USAID), Department of State (State), and Department of Defense (DOD) provided oversight of their funding for AUAF, and took action on the results of that oversight; and (2) U.S. funding for AUAF achieved its intended goals.

To determine the extent to which USAID, State, and DOD provided oversight of their funding and acted on the results of that oversight, we reviewed federal and agency guidance to determine what oversight the agencies were required to conduct when providing U.S. government funding, including USAID’s Automated Directives System (ADS), State’s Federal Assistance Directive, and the U.S. Code of Federal Regulations (CFR). We also reviewed the three agencies’ award documents and modifications for their cooperative agreements, grants, and contracts supporting AUAF—either directly or indirectly—to identify specific oversight requirements.

We then reviewed USAID, State, and DOD reporting deliverables for each award, such as performance and financial reports, budgets, work plans, and monitoring and evaluation plans, to determine whether each agency had the required documentation. We analyzed internal and external assessments of AUAF, such as annual internal audits, inspector general audits, and independent U.S. government-funded assessments, to determine what deficiencies they identified. Additionally, we reviewed internal USAID and State documents, including USAID portfolio reviews, annual performance plans and reports, State award dashboards, and email correspondence between USAID or State and AUAF officials to determine whether documentation existed showing oversight of the awards and actions taken in response to that oversight. To obtain more information on agency oversight of the awards and actions they took in response, we interviewed USAID, State, and DOD officials responsible for oversight of the awards. Additionally, we interviewed university officials to obtain their perspectives on agency oversight.

To determine the extent to which U.S. funding for AUAF achieved its intended goals, we reviewed USAID, State, and DOD award documents. We then reviewed progress reports from the awardees, internal agency documentation, and internal and external assessments of AUAF. We also interviewed agency and university officials to determine whether AUAF achieved or was making progress toward those goals. We conducted a site visit to facilities at AUAF’s international campus to determine whether the following facilities and supplies, which were paid for by U.S. government funds, were being used as intended:

- laboratory supplies purchased for the university under a USAID cooperative agreement with the non-profit, Friends of AUAF
- a cafeteria supported by a USAID cooperative agreement with the Friends of AUAF
- the International Center for Afghan Women’s Economic Development, which received funding from USAID, State, and DOD

For both objectives, we conducted interviews with the following stakeholders:

- USAID officials from the Offices of Afghanistan and Pakistan Affairs, and American Schools and Hospitals Abroad, and the USAID Mission for Afghanistan’s Offices of Social Sector Development, Education, Acquisition and Assistance, and Financial Management
- State officials from the Bureaus of International Narcotics and Law Enforcement Affairs, and South and Central Asian Affairs
- A DOD grants manager at Washington Headquarters Services, and a former program officer with the Task Force for Business Stability Operations (TFBSO)
- Members of AUAF Board of Trustees, and the university president
We assessed internal controls to determine the extent to which USAID, State, and DOD had systems in place to ensure proper oversight of their funding and support for AUAF, in accordance with agency guidance. The results of our assessment are included in the body of this report.

We used some computer-processed data from USAID, State, and DOD to assess the agencies’ oversight of whether AUAF or recipients of other awards supporting the university were meeting award requirements and achieving their goals. We assessed the data’s reliability by comparing each award’s requirements to the data provided, by requesting corroborating data when available, and by interviewing responsible officials. We determined that the data USAID and State provided were sufficiently reliable for the purposes of this report. For DOD, in addition to the data we received directly from the department for this current audit, we used results from our previous audit of TFBSO projects, including analyses of documents on a hard drive provided by the Office of the Under Secretary of Defense for Policy. Our analyses indicated that TFBSO’s hard drive was an incomplete record because TFBSO did not consistently maintain documents and data. We discuss the impacts of these limited and unreliable records in the findings of this report.

We conducted our audit work in Kabul, Afghanistan, and Arlington, Virginia, from August 2018 to January 2020, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was performed by SIGAR under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

63 SIGAR, DOD Task Force for Business and Stability Operations, SIGAR 18-19-AR.
Table 2 lists the 24 awards issued by the U.S. Agency for International Development (USAID), Department of State (State), and Department of Defense (DOD) supporting the American University of Afghanistan (AUAF), either directly or indirectly, as of from February 2005 through May 2019.

### Table 2 - USAID, State, and DOD’s 24 Awards Supporting AUAF

<table>
<thead>
<tr>
<th>Agency</th>
<th>Award Title and Purpose</th>
<th>Amount Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAID</td>
<td>Grant Agreement with The Asia Foundation to Provide Financial Management Services for the AUAF</td>
<td>$22,082,491</td>
</tr>
<tr>
<td>USAID</td>
<td>Support to the AUAF</td>
<td>$41,931,083</td>
</tr>
<tr>
<td>USAID</td>
<td>Support to the AUAF II</td>
<td>$65,846,792</td>
</tr>
<tr>
<td>USAID</td>
<td>Friends of the AUAF</td>
<td>$350,000</td>
</tr>
<tr>
<td>USAID</td>
<td>Task Order to Design and Construct a Three-Story Female Dormitory</td>
<td>$4,326,783</td>
</tr>
<tr>
<td>USAID</td>
<td>Construct and Furnish a Single-Story Cafeteria</td>
<td>$500,831</td>
</tr>
<tr>
<td>USAID</td>
<td>USAID/Afghanistan Financial and Business Management Activity</td>
<td>$2,726,430</td>
</tr>
<tr>
<td>State</td>
<td>AUAF Scholarships 2012</td>
<td>$1,723,579</td>
</tr>
<tr>
<td>State</td>
<td>Support for the International Center for Afghan Women’s Economic Development (Women’s Center)</td>
<td>$97,314</td>
</tr>
</tbody>
</table>

This grant assisted in the start-up operations of AUAF, such as paying approved expenditures and salaries on behalf of AUAF, monitoring expenses to ensure appropriate procurement methods are followed and expenditures documented, and providing technical assistance to establish an accounting system.

This cooperative agreement supported AUAF’s general operations toward achieving its core goals of increasing enrollment, particularly of women, expanding the undergraduate program, and increasing program quality.

This cooperative agreement continued supporting AUAF’s general operations to further its goal establishing itself as a high quality, Western-style university.

This grant allowed the Friends of the AUAF to procure commodities for AUAF, including biology, chemistry, and physics lab equipment.

This contract funded the construction of a dormitory for 200 female students.

This cooperative agreement funded construction, equipment, and furnishings for a 600-square meter (6,458-square foot) cafeteria to hold up to 300 people.

This contract provided AUAF with financial, procurement, and human resources support from The Asia Foundation.

This cooperative agreement funded scholarships for 45 female students to complete undergraduate degrees over a 5-year period.

This grant paid the salaries of the director and senior assistant positions in AUAF’s Women’s Center over a 2-year period.
<table>
<thead>
<tr>
<th>State</th>
<th>Construct and Furnish a Test of English as Foreign Language (TOEFL) Internet-based Testing Center at the AUAF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This grant funded the creation of a Test of English as Foreign Language Internet-based testing center that can accommodate 18 people.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>AUAF Scholarships 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This cooperative agreement funded 65 scholarships, 55 for women and 10 for men, to complete either undergraduate or graduate degree programs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Support for Women’s Center Conference on Women in Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This grant funded the travel expenses of international speakers and Afghan participants in a June 2013 conference at AUAF.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Three Years of Program Funding for AUAF’s Women’s Center</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This grant funded the salaries of individuals working at the center.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>AUAF Scholarships 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This cooperative agreement provided scholarships for 40 Afghan women to pursue undergraduate degrees and 12 women to pursue Master of Business Administration degrees.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Promote AUAF Scholarships³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This cooperative agreement funded full scholarships for 8 Afghan women to pursue undergraduate degrees and 5 women to pursue Master of Business Administration degrees.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>AUAF Scholarships 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This cooperative agreement funded scholarships for 45 Afghan women studying up to 5 years, and 5 female or male alumni of the U.S. Embassy in Kabul programs studying up to 4.5 years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>AUAF Scholarships 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This cooperative agreement funded scholarships for 52 Afghan students to pursue undergraduate degrees at AUAF.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Support a Partnership with the AUAF Business School</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This cooperative agreement with the University of Nebraska at Omaha funded a partnership with AUAF to improve the quality of AUAF’s business school.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Afghanistan Legal Education Project I</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This grant to Stanford Law School funded the development of AUAF’s new legal curriculum.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Afghanistan Legal Education Project II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This was a competitive follow-on grant to Stanford Law School that continued to strengthen and improve AUAF’s undergraduate law degree program.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DOD</th>
<th>Construct and Furnish the Women’s Center</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This grant to the Friends of AUAF funded the construction and furnishing of AUAF’s new 5,500-square meter (59,201-square foot) International Center for Afghan Women’s Economic Development.</td>
</tr>
<tr>
<td>DOD</td>
<td><strong>Research and Develop Plans to Establish a Kabul Business Incubator, Phase I</strong></td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>This grant to the Friends of AUAF funded a pilot program to assess the viability of a sustainable business incubator in Kabul.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DOD</th>
<th><strong>Establish the Kabul Business Incubator, Phase II</strong></th>
<th>$3,909,531</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This grant to the Friends of AUAF funded the follow-on activities of the Kabul business incubator.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DOD</th>
<th><strong>Construct Protective Wall for the AUAF</strong></th>
<th>$190,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This Commander’s Emergency Response Program project funded the construction of a protective wall for AUAF.</td>
<td></td>
</tr>
</tbody>
</table>

| Total Amount | $167,315,157 |

Source: SIGAR analysis of USAID, State, and DOD data on awards and funding supporting AUAF.

Notes:

a Funding for AUAF scholarships under this State award originated from USAID’s Participating Agency Program Agreement award number AID-306-T-15-00001.

b The Kabul Business Incubator is also commonly referred to as the Business Innovation Hub, the Innovation Hub, and the Kabul Business Accelerator.

c This figure does not include an additional $4.2 million that State’s U.S. Embassy in Kabul, Public Affairs Section spent on three grants funded with its Diplomatic and Consular Program funds. State refused to provide complete information on these grants. State officials said SIGAR did not have the authority to review these expenditures.
APPENDIX III - PRIOR AUDITS, ASSESSMENTS, AND REPORTS ON THE
AMERICAN UNIVERSITY OF AFGHANISTAN

Table 3 provides a list of the 10 prior SIGAR and U.S. Agency for International Development (USAID) Office of Inspector General (USAID OIG) audits and inspections on the American University of Afghanistan (AUAF). Table 4 lists the 12 U.S. government-funded external reports on AUAF we reviewed as part of our audit. These tables show the report issuance date, report title and findings, and the U.S. government agency or organization that issued the report. Table 5 provides a list of the 15 AUAF internal audits that we reviewed.

**Table 3 - Prior SIGAR and USAID OIG Audits and Inspections on AUAF**

<table>
<thead>
<tr>
<th>Report Date</th>
<th>Report Title and Results</th>
<th>Issuing Agency or Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2010</td>
<td>Audit of USAID Mission for Afghanistan’s (USAID/Afghanistan) Human Resources and Logistical Support Program This performance audit analyzed USAID’s $58 million program supporting a broad range of human resources and logistical support to various contractors. It had two recommendations pertaining to the design and engineering drawings of AUAF’s new campus.</td>
<td>USAID OIG</td>
</tr>
<tr>
<td>November 2010</td>
<td>Audit of USAID/Afghanistan’s Support to the AUAF This performance audit had 18 recommendations ranging from AUAF’s financial sustainability and curriculum development, to gender enrollment and compliance with agreement terms.</td>
<td>USAID OIG</td>
</tr>
<tr>
<td>December 2010</td>
<td>Financial Audit of Program “Fiduciary Support to the American University of Afghanistan” Sub-grant under The Asia Foundation Award No. 306-G-00-05-00525-00 and “The USAID Direct Support to the AUAF” Cooperative Agreement No. 306-A-00-08-00525-00 This financial report had four recommendations pertaining to questioned costs, cost-share contributions, internal control deficiencies, and material instances of noncompliance.</td>
<td>USAID OIG</td>
</tr>
<tr>
<td>October 2012</td>
<td>Financial Audit of Local Costs Incurred by the AUAF Under USAID Direct Support to AUAF Program, Cooperative Agreement No. 306-A-00-08-00525-00 For the Period From July 1, 2009, to June 30, 2011 This financial report had four recommendations pertaining to questioned costs, material weaknesses in internal control, and a material instance of noncompliance.</td>
<td>USAID OIG</td>
</tr>
<tr>
<td>July 2014</td>
<td>Closeout Audit of the Fund Accountability Statement of Resources Managed by the AUAF Under the “Support to the American University of Afghanistan” Project, Cooperative Agreement No. 306-A-00-08-00525-00 for the Period July 1, 2011 - July 31, 2014 This financial report had three recommendations pertaining to ineligible and unsupported costs, and material instances of noncompliance.</td>
<td>USAID OIG</td>
</tr>
<tr>
<td>Date</td>
<td>Report Title</td>
<td>Source</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>March 2016</td>
<td><strong>USAID’s Support for the AUAF: Audit of Cost Incurred by the AUAF</strong>&lt;br&gt;This financial report had three recommendations regarding ineligible and unallowable questioned costs, internal control deficiencies, and instances of noncompliance.</td>
<td>SIGAR</td>
</tr>
<tr>
<td>January 2018</td>
<td><strong>AUAF Women’s Dormitory: Construction Met Contract Requirements and Building Deficiencies Were Corrected</strong>&lt;br&gt;This inspection found AUAF’s women’s dormitory was an example of a quality contractor performance and oversight that resulted in a generally well-built building.</td>
<td>SIGAR</td>
</tr>
<tr>
<td>January 2018</td>
<td><strong>DOD Task Force For Business and Stability Operations (TFBSO): $675 Million In Spending Led To Mixed Results, Waste, and Unsustained Projects</strong>&lt;br&gt;This performance audit found that the TFBSO did not set clear targets, did not initially establish metrics to collect project data and evaluate performance, and did not leave behind complete records. The report evaluated both the Innovation Hubs and Women’s Center. It concluded that the hubs and the center were in use but also still reliant on donor funding to sustain operations.</td>
<td>SIGAR</td>
</tr>
<tr>
<td>April 2018</td>
<td><strong>Department of Defense Task Force For Business and Stability Operations’ Support for the Kabul Business Incubator: Audit of Costs Incurred by the Friends of the AUAF</strong>&lt;br&gt;This financial report had three findings on questioned costs, internal control, and noncompliance issues.</td>
<td>SIGAR</td>
</tr>
<tr>
<td>December 2018</td>
<td><strong>Report of Costs Incurred by American University of Afghanistan (AUAF) Under Cooperative Agreement Number AID-306-A-13-00004 for the Period August 1, 2015 to July 31, 2017 by Davis and Associates</strong>&lt;br&gt;This financial audit was rejected by USAID OIG, who said the report was inconsistent with deficiencies identified by The Asia Foundation, as well as AUAF’s response to USAID’s show-cause letter. The OIG also questioned the audit’s methodology and conclusions of AUAF’s indirect costs.</td>
<td>USAID OIG</td>
</tr>
</tbody>
</table>

**Total Audits and inspections**<br>10

Source: SIGAR analysis of audits, assessments, and reports on AUAF by SIGAR and USAID OIG.
### Table 4 - Other U.S. Government-Funded Audits, Assessments, and Reports on AUAF

<table>
<thead>
<tr>
<th>Report Date</th>
<th>Report Title and Results</th>
<th>Issuing Agency or Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2007</td>
<td>This assessment determined that AUAF had the financial management capacity to receive U.S. government funding. The assessment had seven recommendations to improve AUAF’s organization, financial management, and internal controls.</td>
<td>USAID/Afghanistan Office of Financial Management</td>
</tr>
<tr>
<td>May 2013</td>
<td><strong>AUAF Sustainability Assessment</strong></td>
<td>USAID/Afghanistan Office of Social Sector Development</td>
</tr>
<tr>
<td>May 2013</td>
<td>This assessment determined that without USAID funding for core operational costs, AUAF was probably not sustainable. It had 12 recommendations to assist the university in financial sustainability, including capping student enrollment at 1,000 and ceasing further construction on the International Campus, focusing fundraising efforts on the creation of an endowment, and installing USAID milestones in any follow-on award to disburse funds based on achieving them.</td>
<td>USAID/Afghanistan Office of Social Sector Development</td>
</tr>
<tr>
<td>September 2014</td>
<td>This report had four recommendations for improving AUAF’s governance, strategic and business planning, and financial management and human resource capacity, in order to become a more effective, sustainable organization.</td>
<td>U.S. Embassy in Kabul, Public Affairs Section</td>
</tr>
<tr>
<td>May 2016</td>
<td><strong>Organizational Capacity Assessment of the AUAF</strong></td>
<td>The Asia Foundation</td>
</tr>
<tr>
<td>May 2016</td>
<td>This assessment identified capacity gaps in the systems, functions, and practices of AUAF, and recommended capacity interventions to address the gaps. The 30 recommendations focused on the areas of Board development, strategic management, human resources and financial management, administration and procurement, financial sustainability, performance management, and internal and external communications.</td>
<td>The Asia Foundation</td>
</tr>
<tr>
<td>July 2016</td>
<td><strong>Mid-Term Evaluation of the AUAF</strong></td>
<td>Checchi and Company Consulting Inc.</td>
</tr>
<tr>
<td>July 2016</td>
<td>This evaluation measured the effectiveness of AUAF activities, assessed progress, and identified key risk factors and areas that need improvement. It had 17 recommendations and concluded that AUAF had serious problems with leadership, especially its Board of Trustees; was experiencing a decline in overall academic quality; and was not financially sustainable for the near future.</td>
<td>Checchi and Company Consulting Inc.</td>
</tr>
<tr>
<td>July 2016</td>
<td>This report had 27 recommendations in the areas of quality control, organizational structure, training, and ethics.</td>
<td>Crowe Horwath</td>
</tr>
<tr>
<td>Date</td>
<td>Title</td>
<td>Summary</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>October 2016</td>
<td>AUAF: Independent Auditors’ Report For the Year Ended 30 June 2014</td>
<td>This financial report noted that AUAF incurred a loss of $12.6 million before receiving grants and donations amounting to $11.8 million for the year ending June 30, 2014. It further found that AUAF had sustained its operating and investing activities from its USAID grants.</td>
</tr>
<tr>
<td>October 2016</td>
<td>AUAF: Independent Auditors’ Report For the Year Ended 30 June 2015</td>
<td>This financial report found that AUAF incurred a loss of $8.9 million before receiving grants and donations amounting to $10.5 million for the year ending June 30, 2015. It further found that AUAF sustained its operating and investing activities from the grants it received from USAID.</td>
</tr>
<tr>
<td>March 2017</td>
<td>2016 Data Quality Assessment of Performance Indicators for Foreign Assistance Programs in Afghanistan</td>
<td>This assessment selected and tested 105 performance indicators reported in the mission’s annual performance plan and report, including 7 AUAF indicators. The report found that AUAF over reported the number of graduates that were employed (73 percent versus 66 percent), and recommended AUAF devise a strategy for reporting data accurately.</td>
</tr>
<tr>
<td>April 2017</td>
<td>Audited Financial Statements For the Year Ended June 30, 2016</td>
<td>This financial report noted that AUAF incurred a loss of $8.8 million before receiving grants and donations amounting to $11.5 million for the year ending June 30, 2016. It further found that AUAF had sustained its operating and investing activities from its USAID grants.</td>
</tr>
<tr>
<td>September 2017</td>
<td>Finance, Human Resource and Procurement Function Assessment Report</td>
<td>This assessment identified key gaps in the capacity and skill of AUAF’s Finance Department, including staff, policies, and procedures, particularly with regards to decision making. Additionally, the report noted an overall AUAF culture of reluctance to change behavior, even when significant problems were repeatedly identified.</td>
</tr>
<tr>
<td>February 2018</td>
<td>Audit for the Year Ended June 30, 2017</td>
<td>This financial audit noted that AUAF incurred a loss of $11.8 million before receiving grants and donations amounting to $13.3 million for the year ending June 30, 2017. Regarding AUAF’s overall financial condition, the report stated that “material uncertainty” existed that “cast significant doubt on AUAF’s ability to continue” as a growing concern.</td>
</tr>
</tbody>
</table>

**Total Audits, Assessments, and Reports: 12**

Source: SIGAR analysis of U.S. government-funded audits, assessments, and reports on AUAF by independent contractors.
<table>
<thead>
<tr>
<th>Report Date</th>
<th>Report Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2014</td>
<td>Master of Arts in Education: Cohort #1 Mid-Program Assessment</td>
</tr>
<tr>
<td>March 2016</td>
<td>Audit of Cafeteria Revenue Collection &amp; Point-of-Sale System</td>
</tr>
<tr>
<td>March 2016</td>
<td>Audit of Procurement/Warehouse Department</td>
</tr>
<tr>
<td>April 2016</td>
<td>Audit of Facilities Department</td>
</tr>
<tr>
<td>June 2016</td>
<td>Audit of Professional Development Institute–Kandahar Branch</td>
</tr>
<tr>
<td>July 2016</td>
<td>Audit of Professional Development Institute-Heart [sic] Office</td>
</tr>
<tr>
<td>August 2016</td>
<td>Audit of Professional Development Institute-Kabul Office</td>
</tr>
<tr>
<td>November 2016</td>
<td>Follow-up Audit of Facilities Department–Kabul</td>
</tr>
<tr>
<td>December 2016</td>
<td>Follow-up Audit of Procurement &amp; Main Store Department-Kabul</td>
</tr>
<tr>
<td>April 2017</td>
<td>Fuel Purchases &amp; Usage Review</td>
</tr>
<tr>
<td>May 2017</td>
<td>Cafeteria Food Services &amp; Point of Sales System April 2016 till [sic] April 2017</td>
</tr>
<tr>
<td>July 2017</td>
<td>Special Audit of Wages and Daily Labor Recruitment Process As of June 2017</td>
</tr>
<tr>
<td>August 2017</td>
<td>Procurement Department As of June 2017</td>
</tr>
<tr>
<td>February 2018</td>
<td>International Center for Afghan Women’s Economic Development Department as of 30 June 2017</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

Source: SIGAR analysis of AUAF internal audits and reviews.
MEMORANDUM

TO: The Honorable John F. Sopko
   Special Inspector General for Afghanistan Reconstruction

FROM: Jeffery P. Cohen, Acting Mission Director

DATE: February 17, 2020

SUBJECT: Management Comments to Respond to the Draft Audit Report
Produced by the Special Inspector General for Afghanistan Reconstruction (SIGAR) titled, The American University of Afghanistan: The University Has Failed to Address Concerns with Its Management, Processes, and Systems and Remains Dependent on Donor Funding (SIGAR 20-XX AR/SIGAR 131A).

The U.S. Agency for International Development (USAID) thanks you and the SIGAR staff for the opportunity to provide comments on the subject draft report, which contains no recommendations for the Agency.

USAID agrees with the draft report’s characterization of the ongoing financial-management and administrative problems at the American University of Afghanistan (AUAF). The draft report accurately identifies that AUAF has experienced problems with its financial reporting, management responsiveness, and staffing for 15 years. USAID has observed an overall culture at AUAF of reluctance to change behavior, even after the repeated identification of significant deficiencies.

The draft report correctly highlights the positive actions USAID has taken since 2016 to address AUAF’s significant administrative problems. USAID continues to conduct regular oversight of the university, including by a special overseer; provides appropriate, on-going guidance to the university’s staff; raises concerns about the university’s administration; and refers serious issues to the relevant oversight and investigative bodies. USAID believes we have addressed all recommendations from our oversight bodies concerning AUAF.

Nevertheless, we agree with the draft report that “it is not yet evident whether actions taken [by the U.S. Government] after 2016 will lead to meaningful improvements in the university’s administrative performance.” Even after more than $137 million in investments from USAID and additional sums from the U.S. Departments of State and Defense, AUAF continues to face serious challenges in its administration, operations, and management. Sadly, our view is that the university and its Board of Trustees remain seriously resistant to change, and have taken few steps to diversify AUAF’s sources of revenue to move toward self-sufficiency.
COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT ON THE DRAFT REPORT RELEASED BY THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION (SIGAR) TITLED, THE AMERICAN UNIVERSITY OF AFGHANISTAN: THE UNIVERSITY HAS FAILED TO ADDRESS CONCERNS WITH ITS MANAGEMENT, PROCESSES, AND SYSTEMS AND REMAINS DEPENDENT ON DONOR FUNDING (SIGAR 20-XX AR/SIGAR 131A)

Please find below the Management Comments from the U.S. Agency for International Development (USAID) on the draft report produced by the Special Inspector General for Afghanistan Reconstruction (SIGAR) titled, The American University of Afghanistan: The University Has Failed to Address Concerns with Its Management, Processes, and Systems and Remains Dependent on Donor Funding (SIGAR 20-XX AR/SIGAR 131A), which contains no recommendation(s) for USAID:

1. The Title of the Report: “The American University of Afghanistan: The University Has Failed to Address Concerns with Its Management, Processes, and Systems and Remains Dependent on Donor Funding.”

- **Management Comment 1:** The current title of the draft report does not reflect the stated purpose of the performance audit—to evaluate oversight by the U.S. Government (USG) of Federal funding to the American University of Afghanistan (AUAF). Instead, it reads as an evaluation of AUAF directly. USAID requests that SIGAR modify the title to reflect the draft report’s conclusion that “[the USG has taken positive steps to address AUAF’s significant administrative problems; however, despite these actions, it is not yet evident whether they will lead to lasting improvements or self-sufficiency.”

2. SIGAR Statement, Page 2, Paragraph 1, Second Sentence: “In February 2005, as part of USAID’s support for ‘the establishment of a private American-style university to be located in Kabul,’ the Agency awarded a grant to The Asia Foundation to provide technical assistance to the University.”

- **Management Comment 2:** USAID requests SIGAR delete the above sentence and replace it with the following correct purpose of our award to the The Asia Foundation:

  “In March 2005, USAID awarded a grant to The Asia Foundation to provide the following assistance:

  1. Pay approved expenditures on behalf of AUAF, and the salaries of authorized individuals;
  2. Ensure all expenditures were allowable USG costs based on the USAID-approved grant agreement and budget with AUAF;
  3. Monitor AUAF’s expenses to ensure the university followed appropriate procurement methods and properly documented all expenditures;
  4. Provide technical assistance to support the establishment of AUAF’s management and accounting systems that would enable the university within one year to receive grant funds directly from USAID;
  5. Provide USAID with monthly progress and financial reports; and
  6. Provide a final report that specified the accomplishments and evidence of AUAF’s readiness to start receiving direct grant assistance.”
3. **SIGAR Statement, Page 6, Paragraph 2:** “USAID’s Automated Directives System outlines the primary oversight responsibilities of the Agreement Officer’s Representative (AOR), the person responsible for ensuring that a recipient of funding from USAID complies with the terms of its award. The AOR is required to conduct oversight through activities such as site visits, reviewing and analyzing reports, verifying timely performance, and monitoring financial reports.”

- **Management Comment 3:** The above statement is misleading, because it does not accurately portray the correct oversight in place to manage the Agency’s award to AUAF. In addition to the AOR and the Agreement Officer (AO), other technical and support staff, the leadership of USAID’s Mission in Kabul, the Office of Afghanistan and Pakistan Affairs (OAPA) at USAID headquarters, and a special overseer also provide oversight of the award, depending on the issues that need attention.

USAID requests SIGAR to list other staff within the Mission and OAPA who provide oversight to the implementation of the award to AUAF.


SIGAR’s Response to Comments from the U.S. Agency for International Development

SIGAR Comment 1: In response to USAID’s comment, we revised the report title.

SIGAR Comment 2: In response to USAID’s comment, we revised the report to more accurately describe the purpose of the agency’s March 2005 grant to The Asia Foundation.

SIGAR Comment 3: In response to USAID’s comment, we revised the report to state that additional personnel assist in providing oversight for the AUAF grant agreement in addition to the Agreement Officer’s Representative. This includes an Agreement Officer, who has ultimate responsibility for an award, and other management, technical, and support staff who provide additional oversight, depending on the issue requiring attention.
Ms. Gabriele A. Tonsil
Assistant Inspector General for Audits and Inspections
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, Suite 900
Arlington, VA 22202

Dear Ms. Tonsil:

The Department of State welcomes the opportunity to comment on this draft Special Inspector General for Afghanistan Reconstruction (SIGAR) report entitled, “The American University of Afghanistan: The University Has Failed to Address Concerns with Its Management, Processes, and Systems and Remains Dependent on Donor Funding” (dated January 2020). The Department respects SIGAR’s role in safeguarding U.S. taxpayer investment, and we share your goals of implementing programs free from waste, fraud, and abuse.

Since 2010, INL has partnered with Stanford University Law School to support the American University of Afghanistan’s (AUAF) undergraduate law department through the Afghanistan Legal Education Project. Having invested over $7 million in this project, we will closely track the concerns raised by SIGAR, including those related to AUAF’s management and sustainability. We understand that other offices within the Department of State may have additional comments on this report. We will continue our coordination with Department and USAID colleagues on any next steps with respect to the issues raised in this report, in addition to advancing INL’s other initiatives to strengthen legal education in Afghanistan.
The Department of State appreciates SIGAR’s thorough examination of U.S. foreign assistance programming in Afghanistan’s justice sector. INL looks forward to continuing to work with SIGAR and other relevant authorities on these issues. INL acknowledges receipt of the report, but does not have any comments on the report at this time.

Sincerely,

Erin M. Barclay
Executive Director
Bureau of International Narcotics and Law Enforcement Affairs
APPENDIX VI - ACKNOWLEDGMENTS

Julie Silvers, Senior Project Manager
Nicole Stauch, Analyst-in-Charge
Erika Ersland, Senior Auditor
Brian Persico, Senior Counsel for Investigations
This performance audit was conducted under project code SIGAR-131A.
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.

To obtain copies of SIGAR documents at no cost, go to SIGAR’s Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

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
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs Officer

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