SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR 24-31 Audit Report

Counterterrorism Vetting in Afghanistan: Two of Five State Bureaus Could Not Demonstrate Compliance with State Partner Vetting Requirements

JULY 2024

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

Since 2001, the Department of State (State) has used grants, contracts, and other funding vehicles to implement development and humanitarian projects to help achieve U.S. foreign policy and national security goals in Afghanistan. Under federal laws and regulations, U.S. agencies, including State, are prohibited from engaging in transactions with certain sanctioned individuals, entities, and jurisdictions, including those listed by the Department of the Treasury's Office of Foreign Assets Control (OFAC).

State established internal guidance and policies to help ensure it complies with these prohibitions. State's partner vetting process involves its bureaus using non-standardized methodologies to perform risk assessments and evaluate whether prospective implementing partners have ties to terrorists or terrorist-affiliated individuals and entities. For these risk assessments, State bureaus consider a variety of program and context-specific risk factors and employ both public and nonpublic information sources to help mitigate the risk that State funds inadvertently benefit designated terrorist organizations. If a bureau's risk assessment determines that there is a risk that department funds or department-funded activities may benefit terrorists or their supporters, the bureau may elect to use additional risk mitigating measures, such as Risk Analysis Management counterterrorism namecheck vetting, which State refers to as "RAM vetting."

This audit's objective was to assess the extent to which State adhered to applicable policies and procedures for vetting implementing partners conducting activities in Afghanistan.

July 2024

Counterterrorism Vetting in Afghanistan: Two of Five State Bureaus Could Not Demonstrate Compliance with State Partner Vetting Requirements

SIGAR 24-31 AUDIT REPORT

WHAT SIGAR FOUND

SIGAR found that three out of the five State bureaus that had active awards in Afghanistan from March 1, 2022, through November 30, 2022, had sufficient documentation to demonstrate they complied with State's Foreign Affairs Manual (FAM) and other State implementing partner counterterrorism vetting requirements. Specifically, the Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA); Bureau of Population, Refugees, and Migration (PRM); and Bureau of South and Central Asian Affairs, Office of Press and Public Diplomacy (SCA/PPD) provided SIGAR with documentation showing they complied with State's vetting policies. Two bureaus, the Bureau of Democracy, Human Rights, and Labor (DRL) and the Bureau of International Narcotics and Law Enforcement Affairs (INL), provided some documentation but not enough to determine whether all their Afghanistan programs complied with State's vetting guidance.

According to State guidance, all bureaus are required to perform basic procedures and follow best practices during the pre-award phase, and to perform a risk assessment for each program. SIGAR requested and tested each bureau's award listing documentation for Afghanistan programs. SIGAR determined PM/WRA, PRM, and SCA/PPD completed bureau-prepared risk assessments for all of their awards in the audit's scope, as well as RAM vetting documentation for eligible awards. This documentation demonstrated their compliance with State's partner vetting requirements and federal and State document retention requirements.

DRL and INL could not demonstrate that they complied with State's partner vetting requirements for many of their programs in Afghanistan. Specifically, DRL could only provide supporting vetting documentation for three of its seven awards, while the partner vetting documentation for four of its awards were missing from its contracting files. As a result, SIGAR could not determine whether DRL complied with State's partner vetting requirements for four of its awards. Similarly, INL could only provide SIGAR with supporting vetting documentation for 3 of its 22 awards because supporting documentation for 19 of its awards was missing from its contracting files. Based on this response, SIGAR determined that INL did not comply with federal document retention requirements.

In total, State could not demonstrate compliance with its partner vetting requirements on awards that disbursed at least $293 million in Afghanistan. State officials acknowledged that not all bureaus complied with document retention requirements. State officials told us that INL did not retain documentation because of employee turnover and the dissolution of its Afghanistan-Pakistan office.

Since its takeover in August 2021, the Taliban have sought to obtain U.S. funds intended to benefit the Afghan people through several means, including the establishment of nongovernmental organizations (NGOs). State officials told SIGAR in September 2023 that they were not aware of any instances in which potential implementing partners were identified as newly created Taliban-affiliated organizations. However, in that same month, U.S. Agency for International Development (USAID) officials told SIGAR that USAID had "heard reports that over 1,000 new national NGOs have registered with the so-called [Ministry of Economy], and there are rumors that many of these newly registered NGOs may have Taliban affiliations." The risk of Taliban-founded NGOs, or other organizations that could funnel money to terrorist groups, benefiting from U.S. taxpayer funds underscores the importance of State complying with its own vetting and document retention requirements.

WHAT SIGAR RECOMMENDS

To help improve State's compliance with federal and Department partner vetting requirements, we recommend that the Secretary of State:

1. **Take immediate action to ensure that State bureaus comply with federal and FAM partner vetting and award document retention requirements to enable policymakers and other oversight authorities to better scrutinize the risks posed by State's spending.**

SIGAR provided a draft of this report to State for review and comment and received written comments from State's Director, Office of Afghanistan Affairs in the Bureau of South and Central Asian Affairs, which are reproduced in appendix III. In its comments, State acknowledged gaps in compliance with federal and internal document retention requirements, and committed to ensuring all program offices comply with applicable federal and FAM partner vetting requirements. State also agreed with this report's conclusion and recommendation, noting that it takes vetting requirements seriously and works to ensure compliance with those requirements.

SIGAR | Office of the Special Inspector General for Afghanistan Reconstruction

July 16, 2024

The Honorable Antony J. Blinken
Secretary of State

This report discusses the results of SIGAR's audit of the Department of State's (State) compliance with its own counterterrorism partner vetting requirements in Afghanistan, focusing on the bureaus that had ongoing awards from March 1, 2022, through November 30, 2022. State's internal guidance establishes partner vetting requirements using risk-based models, which vary between State's bureaus. This lack of standardization allows each bureau to tailor its program risk assessments since implementation circumstances differ by program. For example, for programs at a higher risk of benefitting terrorist organizations or their affiliates, bureaus may consider using Risk Analysis Management counterterrorism namecheck vetting (also known as "partner vetting" or "RAM vetting"), which is intended to prevent State from awarding funding to organizations with ties to terrorism, as an additional risk mitigation measure.

We found that three bureaus—Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA); Population, Refugees, and Migration (PRM); and South and Central Asian Affairs, Office of Press and Public Diplomacy (SCA/PPD)—complied with State partner vetting requirements. However, two bureaus—Democracy, Human Rights, and Labor (DRL) and International Narcotics and Law Enforcement Affairs (INL)—could not demonstrate their compliance with partner vetting requirements because they were unable to provide supporting documentation for many of their respective awards. Collectively, State could not demonstrate their compliance with its partner vetting requirements on awards that disbursed at least $293 million in Afghanistan.

Additionally, we were able to determine that those two bureaus also did not comply with federal document retention requirements because supporting documentation to demonstrate their compliance with State partner vetting requirements was missing from the bureaus' award files. State officials acknowledged that not all bureaus complied with document retention requirements.

We are making one recommendation to help improve State's compliance with federal and internal partner vetting and documentation retention requirements. We recommend that the Secretary of State take immediate action to ensure that State bureaus comply with federal and FAM partner vetting and award document retention requirements to enable policymakers and other oversight authorities to better scrutinize the risks posed by State's spending in Afghanistan.

We provided a draft of this report to State for review and comment. We received written comments from State's Director, Office of Afghanistan Affairs in the Bureau of South and Central Asian Affairs, which are reproduced in appendix III. In its comments, State acknowledged gaps in compliance with federal and internal document retention requirements. State committed to ensuring all program offices comply with applicable federal and FAM partner vetting requirements. State also agreed with this report's conclusion and recommendation, noting that it takes vetting requirements seriously and works to ensure compliance with those requirements.

We conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, 5 U.S.C. Chapter 4, and in accordance with generally accepted government auditing standards.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

CFR	Code of Federal Regulations
DRL	Bureau of Democracy, Human Rights, and Labor
FAM	Foreign Affairs Manual
FAR	Federal Acquisition Regulation
GL	General License
INL	Bureau of International Narcotics and Law Enforcement
NGO	nongovernmental organization
OFAC	Office of Foreign Assets Control
PIO	public international organization
PM/WRA	Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement
PRM	Bureau of Population, Refugees, and Migration
RAM	Risk Analysis and Management
SCA/PPD	Bureau of South and Central Asian Affairs, Office of Press and Public Diplomacy
State	Department of State
USAID	U.S. Agency for International Development

Since 2001, the Department of State (State) has used grants, contracts, and other funding mechanisms to implement development and humanitarian projects intended to help achieve U.S. foreign policy and national security goals in Afghanistan. Pursuant to federal sanctions laws and regulations, U.S. agencies—including State—are prohibited from engaging in certain transactions with sanctioned individuals, entities, and foreign jurisdictions identified by the Department of the Treasury's Office of Foreign Assets Control (OFAC).[1] State has established internal regulations and policies to help ensure it complies with such prohibitions. For example, each of State's bureaus uses individualized methodologies to perform initial counterterrorism risk assessments of their potential implementing partners. These assessments consider a variety of program and context-specific risk factors and employ both public and nonpublic information sources to help mitigate the risk of State funds inadvertently benefiting designated terrorist organizations. If a bureau's program risk assessment determines that terrorist financing presents a risk, the bureau may elect to further mitigate that risk by screening prospective implementing partners' executives and key officers through a process called "Risk Analysis Management counterterrorism namecheck vetting," which State refers to as "RAM vetting."[2]

We previously identified concerns related to the partner vetting undertaken by State, the Department of Defense, and the U.S. Agency for International Development (USAID).[3] Given the Taliban's takeover of Afghanistan in August 2021, it is critical that U.S. government activities adhere to the laws, regulations, and policies intended to prevent certain transactions with terrorists or other prohibited persons and entities.[4] This audit's objective was to assess the extent to which State adhered to its own policies and procedures for vetting of its implementing partners who are conducting activities in Afghanistan.[5]

To accomplish this objective, we reviewed federal laws, regulations, and procedures, including OFAC regulations, as well as State's internal requirements and the Foreign Affairs Manual (FAM). We analyzed State's programming from March 1, 2022, through November 30, 2022, to determine which implementing partners State funded in Afghanistan. We then reviewed partner vetting documentation to determine if State adhered to applicable guidance. We also interviewed State officials responsible for vetting organizations, individuals, and implementing partners who have been awarded State funding, and OFAC officials responsible for guidance related to its General Licenses (GLs). We conducted our work in Arlington, Virginia, from December 2021, through July 2024, in accordance with generally accepted government auditing standards. Appendix I contains a detailed discussion of our scope and methodology.

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[1] *See, e.g.*, International Emergency Economic Powers Act, 50 U.S.C. §§ 1701–1706 and Executive Order 13224. As discussed later in this report, there are exceptions to these prohibitions, including certain transactions involving governing institutions in Afghanistan.

[2] *See, e.g.*, 14 FAM 247.2-1. For purposes of our audit, we define "vetting" and "partner vetting" as including both State's internal bureau-specific partner vetting processes and its RAM vetting processes. RAM vetting gathers personally identifiable information about key individuals employed by organizations or about individual beneficiaries, and vets that information against relevant databases (both unclassified and classified) for ties to terrorists or terrorist-affiliates. RAM vetting is performed by State's Bureau of Administration.

[3] *See*, SIGAR, *Contracting with The Enemy: DOD Has Limited Assurance that Contractors with Links to Enemy Groups Are Identified and their Contracts Terminated*, SIGAR 13-06-AR, April 11, 2013. SIGAR, *Contracting with the Enemy: State and USAID Need Stronger Authority to Terminate Contracts When Enemy Affiliations Are Identified*, SIGAR 13-14-AR, July 24, 2013. SIGAR, *Contracting with the Enemy: DOD Has Not Fully Implemented Processes Intended to Prevent Payments to Enemies of the United States*, SIGAR 22-29-AR, June 7, 2022. SIGAR, *Implementing Partner Vetting in Afghanistan: The USAID Mission to Afghanistan Complied with Vetting Requirements but USAID's Bureau for Humanitarian Assistance Did Not*, SIGAR 24-11-AR, January 16, 2024.

[4] This audit follows a congressionally requested audit on the extent to which U.S. funds intended to benefit the Afghan people since August 2021 were used to pay taxes, fees, duties, and other costs that benefit the Taliban. We responded to that request in May 2024. *See*, SIGAR, *U.S. Funds Benefitting the Taliban-Controlled Government: Implementing Partners Paid at Least $10.9 Million and Were Pressured to Divert Assistance*, SIGAR-24-22-AR, May 20, 2024.

[5] We removed an objective from this audit: "Determine the extent to which State has the ability to oversee and direct programming activities and, if deemed necessary, revoke and recover funding based on issues related to non-compliance with 31 C.F.R. Part 594, 31 C.F.R. Part 597, or Executive Order 13224." We notified State of the change in our objectives on April 11, 2022.

BACKGROUND

The International Emergency Economic Powers Act authorizes the President to restrict certain financial transactions in order to "deal with any unusual and extraordinary threat . . . to the national security, foreign policy, or economy of the United States, if the President declares a national emergency with respect to such threat."[6] OFAC, a part of the Department of the Treasury's Office of Terrorism and Financial Intelligence, is the lead federal office responsible for administering and enforcing economic sanctions programs issued pursuant to the President's authority under the International Emergency Economic Powers Act. This includes blocking assets or initiating trade restrictions against countries and groups of individuals, such as terrorists and terrorist organizations, to accomplish U.S. foreign policy and national security goals.[7]

Sanctions Imposed on the Taliban and Their Exemptions

The Taliban's takeover of Afghanistan in August 2021 led to humanitarian and economic crises, including discrimination and violence against women and girls, a lack of financial liquidity, and economic instability. Aid organizations initially struggled to mitigate these crises because of concerns related to the restrictions posed by existing sanctions against the Taliban and its members dating back to 1999.[8] To "ensure that U.S. sanctions do not prevent or inhibit transactions and activities needed to provide aid to and support the basic human needs of the people of Afghanistan and underscores the United States' commitment…to support the people of Afghanistan," OFAC issued seven GLs from September 2021 through February 2022, and issued implementing guidance explaining the exceptions to U.S. sanctions intended to facilitate the provision of aid to the Afghan people.[9] A GL is an authorization issued by OFAC for entities and individuals to engage in transactions that would otherwise be prohibited under U.S. sanctions.[10] In February 2022, OFAC issued GL 20, which authorized most transactions involving Afghanistan or Taliban-controlled "governing institutions" in Afghanistan, but does not authorize payments to the Taliban, including blocked individuals in leadership roles of governing institutions and Taliban-owned companies, with certain exceptions.[11]

OFAC's Office of Compliance and Enforcement is responsible for promoting adherence to OFAC's sanctions programs, including the use of GLs, through enforcement actions and communication with the private sector. OFAC officials told us that the office may request or subpoena copies of potentially relevant records from organizations and individuals, that it monitors and investigates instances of terrorist abuse in the charitable sector, and that intelligence, law enforcement, financial institutions, media and other organizations, and civil society provide information to OFAC about potential violations of a GL's terms.

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[6] *See*, 50 U.S.C. §§ 1701–1702.

[7] OFAC, "Mission," accessed May 21, 2024, https://ofac.treasury.gov/.

[8] Executive Order 13129 of July 4, 1999, "Blocking Property and Prohibiting Transactions with the Taliban," 64 Fed. Reg. 36759 (1999).

[9] Department of the Treasury, Press Release "U.S. Treasury Issues General License to Facilitate Economic Activity in Afghanistan," February 25, 2022.

[10] All OFAC GLs are "self-executing," meaning that if the organizations or individuals are engaging in transactions within the scope of a GL, they may execute those transactions without further OFAC approval. However, GLs do not relieve organizations or individuals from compliance with other federal laws, requirements of other federal agencies, or applicable international obligations. *See,* Department of the Treasury, "Frequently Asked Questions, 963: Can humanitarian organizations ship cash into Afghanistan for use in delivering humanitarian assistance?," updated February 25, 2022, https://ofac.treasury.gov/faqs/963; and "Frequently Asked Questions, 955: Are General Licenses (GLs) 17, 18, 19, and 20 consistent with the UN Security Council's 1988 (Taliban) sanctions regime?," updated February 25, 2022, https://ofac.treasury.gov/faqs/955.

[11] OFAC GL No. 20, "Authorizing Transactions Involving Afghanistan or Governing Institutions in Afghanistan," February 25, 2022, p. 1.

State's Requirements to Assess Activity-Associated Risks and Vet Implementing Partners

Federal laws and regulations establish legal prohibitions and requirements intended to prevent U.S. persons and organizations from contracting with sanctioned foreign organizations and individuals.[12] As a means of facilitating State's compliance with these restrictions, 14 FAM 247 outlines State's partner vetting process, which uses a risk-based model for RAM vetting.[13] State guidance states that because each program and its implementation circumstances are different, each program may present different risks and risk factors. 14 FAM 247 states,

> For all State Department funded programs and requirements, Department bureaus must assess the likelihood that the funds or Department funded activities, goods, services, training, expert advice or assistance, or other benefits to be provided, could inadvertently or incidentally benefit terrorist organizations or their members or supporters, and put in place appropriate risk mitigation measures to mitigate such risk.

Consequently, State's risk mitigation response is tailored to each individual program and there is no "one size fits all" approach.

Furthermore, 14 FAM 247 states that if a bureau determines State funds might benefit terrorist organizations or their affiliates, the bureau has the option to consider RAM vetting, performed by State's Bureau of Administration, as a risk mitigation measure.[14] Thus, individual bureaus within State have discretion as to whether they perform vetting, what factors they consider when assessing risk, which safeguards are appropriate to mitigate any risks, and whether they want to refer certain cases to the RAM vetting program for further evaluation.

State's Recommended Risk Assessment Procedures

Although there are no standardized, bureau-wide risk assessment processes, State's FAM requires that all programs perform basic procedures and best practices during the pre-award phase. These basic procedures and best practices include screening the names of recipient organizations against sanctions lists, adhering to State's Office of the Procurement Executive's procedures, identifying whether prospective awardees have a record of ethical business practices—including standard clauses such as the prohibition on terrorist financing in award documents, consulting with State's Office of the Legal Adviser, and seeking approval from a senior bureau official when issuing awards.

After bureaus complete these basic pre-award procedures, they perform their own risk assessments. The processes and methodologies used for these risk assessments vary from bureau to bureau, and sometimes vary by program within the same bureau. However, State guidance provides bureaus with examples of risks and risk factors to consider when preparing a program's risk assessment, such as those associated with the implementing partner, the program, and the program's implementation strategy.

For example, when the Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA) completes a program's risk assessment, it categorizes risks as (1) organizational, (2) programmatic, or (3) country/region-specific, with each category containing various risk factors. A PM/WRA vetting official then assigns a numerical value to each risk factor within each risk category, ranging from one to three, with a higher numerical value indicating a higher risk. For example, when considering organizational risks for a

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[12] *See*, 18 U.S.C. §§ 2339A–2339C; 31 C.F.R. Part 594, 31 C.F.R. Part 597; Federal Acquisition Regulation 25.701.

[13] Prior to May 10, 2022, State used an internal memorandum, which was not part of the FAM, to guide its risk assessment procedures to prevent terrorist and terrorist-affiliate financing. This internal memorandum was in effect when the Taliban took over Afghanistan in August 2021. On May 10, 2022, State revised the FAM to incorporate risk assessment procedures to prevent terrorist and terrorist-affiliate financing, thereby superseding the memorandum. For purposes of our audit, we define "State's partner vetting requirements" as including both State's internal memorandum and the revised FAM guidance.

[14] RAM vetting has limitations, as we discuss later in this report.

prospective funding recipient, PM/WRA lists whether the applicant is registered in the System for Award Management (SAM.gov) as a risk factor.[15] If the prospective partner is registered, this corresponds with a numerical value of one and if the applicant is not registered, this corresponds with a numerical value of two.

Once the vetting official assesses each risk factor in each risk category, the official tallies the numerical values for each category—with higher totals corresponding to higher risk—and designates each category as "High," "Medium," or "Low" risk. The vetting official then determines the program's overall risk profile by weighting the organizational and programmatic categories at 40 percent each and the country or region-specific category at 20 percent. Depending on the weighted and combined values of all three risk categories, the vetting official designates the overall risk level of the prospective awardee as "High," "Medium," or "Low." Using this overall risk level as guidance, the vetting official proposes program monitoring and oversight activities (e.g., site visits or increased reporting requirements) to mitigate the program's calculated risk. Agency guidance requires that these risk assessments be revisited any time there is a significant change to programming activities, in-country context, or other relevant factors that determine a program's overall risk level.

If a bureau determines that a program has a "Low" risk, it may, with appropriate input from the Bureau Assistant Secretary, elect to proceed with the program without additional risk measures. If a bureau assesses a program to have a higher level of risk, State guidance suggests—but does not require—that bureaus consider enhanced risk mitigation measures, such as RAM vetting. RAM vetting assists bureaus in determining whether prospective awardees are eligible for State funding based on whether any negative information is discovered during the process and whether this negative information is sufficient to disqualify prospective awardees from receiving State funding.

After determining that an applicant is eligible to receive State funding, the respective bureau may issue the award to the applicant. If the bureau finds that vetting was the determining factor in not issuing an award, the applicant receives notice of this information and has 7 days to request a reconsideration with any other relevant written materials.

RAM Vetting Procedures

According to 14 FAM 247, after a bureau conducts a risk assessment, if the bureau determines that programming funds may benefit terrorists or terrorist-affiliates, the bureau should consider whether RAM vetting is an appropriate risk mitigation tool.[16] However, the FAM does not require RAM vetting as a general matter or in specific instances. If a bureau elects to use RAM vetting, the bureau submits a form to the RAM vetting program, an independent office within State's Bureau of Administration, to initiate the vetting. The form provides information about the award, including the prospective awardees. Prospective awardees will also then complete a form that includes personal identifiable information of key individuals to be vetted. After receipt of the completed forms, RAM vetting begins.[17] In instances where the RAM vetting program discovers potentially negative information on a potential recipient, it transmits that information to the requesting bureau. Figure 1 shows State's partner vetting process.

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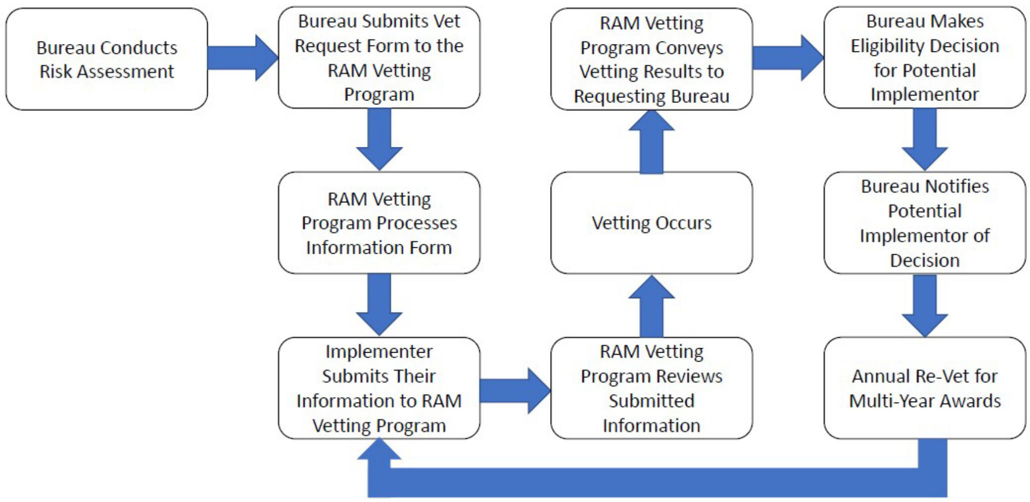
[15] SAM.gov is a federal website that serves as the central registration point for government contractors.

[16] Per State guidance, RAM vetting includes vetting an organization's key individuals, such as principal officers or any other persons with significant responsibilities for controlling or administrating U.S. government-funded programming.

[17] According to State, the RAM vetting program may decline bureaus' requests to perform RAM vetting if bureaus' risk assessments deem that the award is "Low" risk.

Figure 1 - State's Partner Vetting Process



Source: SIGAR analysis of State's RAM vetting process

A bureau's determination on a potential awardee's funding eligibility is independent of other awards in the respective bureau and of other bureaus' eligibility decisions. For example, it is possible for one bureau to determine that a potential awardee is eligible to receive State funding, while a different bureau may determine the same awardee is ineligible for funding. Additionally, if a bureau determines a potential awardee is eligible for funding on one of its awards, the potential awardee may not be eligible for a different award within the same bureau. FAM guidance states that RAM vetting is valid for 1 year and must be conducted annually for multi-year awards, meaning that once a bureau elects to use RAM vetting to vet an awardee, it must continue to do so annually throughout the program's duration.[18] While State bureaus' initial terrorist financing risk assessments are performed for all potential activities, the RAM vetting program does not conduct vetting for government-to-government awards, contributions to public international organizations (PIOs) such as the United Nations, nonproliferation programs, other U.S. government agencies, or the National Endowment for Democracy.[19]

THREE STATE BUREAUS COMPLIED WITH PARTNER VETTING REQUIREMENTS, BUT TWO BUREAUS DID NOT RETAIN DOCUMENTATION DEMONSTRATING THEIR COMPLIANCE

We found that three of the five State bureaus with Afghanistan-related awards within the scope of our audit had sufficient documentation to demonstrate they complied with State's partner vetting requirements.[20] Specifically, PM/WRA; the Bureau of Population, Refugees, and Migration (PRM); and the Bureau of South and

[18] State, "14 FAM 240 Contingency Operations and Critical Environment Contracting," 14 FAM 247.2, May 25, 2021.

[19] A PIO, such as the United Nations, is composed of multiple member states (sovereign countries). The National Endowment for Democracy is an independent, nonprofit foundation dedicated to the growth and strengthening of democratic institutions around the world.

[20] State provided us a listing of seven bureaus with Afghanistan-related awards within the scope of our audit. However, during fieldwork, we determined that the Bureaus of Diplomatic Security's Antiterrorism Assistance program and Overseas Building Operations terminated all their Afghanistan programming after the Taliban's takeover in August 2021, but were still in the closeout process during the scope of our audit. For purposes of this report, we excluded these bureaus from our analysis. However, despite having multiple opportunities to do so throughout the course of our fieldwork, it was not until June 2024 that the Bureau of Overseas Building Operations informed us that it terminated all its Afghanistan programming in August 2021.

Central Asian Affairs, Office of Press and Public Diplomacy (SCA/PPD) provided us with documentation demonstrating they complied with State's vetting policies. Two bureaus, the Bureaus of Democracy, Human Rights, and Labor (DRL) and International Narcotics and Law Enforcement Affairs (INL), provided us with some documentation but not enough to determine whether all their Afghanistan programs complied with State's vetting guidance. Appendix II documents the number of ongoing awards in Afghanistan, and their obligated and disbursed values, for each bureau.

The Federal Records Act, 44 U.S.C. § 3101 et seq., requires that U.S. government agencies "make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency…" These requirements are implemented through Section 1222.22 of Title 36, U.S. Code of Federal Regulations (CFR), which states that agencies "must prescribe the creation and maintenance of records that:

a) Document the persons, places, things, or matters dealt with by the agency.
b) Facilitate action by agency officials and their successors in office.
c) Make possible a proper scrutiny by the Congress or other duly authorized agencies of the Government.
d) Protect the financial, legal, and other rights of the Government and of persons directly affected by the Government's actions.
e) Document the formulation and execution of basic policies and decisions and the taking of necessary actions, including all substantive decisions and commitments reached orally (person-to-person, by telecommunications, or in conference) or electronically.
f) Document important board, committee, or staff meetings."

Furthermore, the Federal Acquisition Regulation (FAR) 4.805 requires agencies to retain contract files for 6 years after final payment.

Similarly, State's 5 FAM 400 establishes guidance on State's records management policies and assigns responsibility to all department personnel to establish and maintain an active records management system "pursuant to the Federal Records Act and other laws and regulations."[21] This includes ensuring that records are available when needed, minimizing the financial and legal risks of losing valuable information, maintaining the department's history of business decisions, establishing internal policies and procedures for record keeping, and ensuring that records are stored on appropriate department systems and platforms.[22]

State officials told us that in accordance with the RAM vetting program's approved records retention policy, nonderogatory personally identifiable information gathered on implementing partners who went through RAM vetting for the award in question are disposed of after 1 year.

When beginning fieldwork, we initially planned to examine RAM vetting documents for selected and unselected implementing partners. However, State initially refused to cooperate with this audit and destroyed the RAM vetting documents for unselected implementing partners in accordance with its records retention policy before we could examine them. Therefore, we were only able to examine the RAM vetting documents for selected implementing partners, as they were required to be in the award file.[23]

[21] *See*, State, 5 FAM 400.

[22] 5 FAM 400 defines records as "all recorded information, regardless of form or characteristics, made or received by a Federal agency under Federal law or in connection with the transaction of public business and preserved or appropriate preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the [U.S.] government or because of the information value of data in them." (*See*, 5 FAM 400, October 13, 2022, pp. 4–5.)

[23] As previously described in our report, the FAM does not require RAM vetting. Because of this, we did not require that State bureaus provide us with RAM vetting documentation for applicable awards to demonstrate their compliance with State's partner vetting requirements. Of note, had State cooperated with our requests in 2022 and 2023, this documentation would have been available for our review.

Since its takeover in August 2021, we have reported on the Taliban's efforts to obtain U.S. funds intended to benefit the Afghan people through the establishment of nongovernmental organizations (NGOs).[24] Although State officials told us in September 2023 that they were not aware of any instances in which potential implementing partners were identified as newly created Taliban-affiliated organizations, USAID officials told us in that same month that USAID had "heard reports that over 1,000 new national NGOs have registered with the so-called [Ministry of Economy], and there are rumors that many of these newly registered NGOs may have Taliban affiliations."[25] These developments underscore the importance of State retaining complete, timely, and accurate records of its partner vetting activities in Afghanistan, as these records are critical to understand whether vetting occurred and for completing audits of those activities. Additionally, U.S. government agencies are required to maintain records of their activities, in part, to protect the legal and financial rights of the government and persons affected by the government's activities.

Three State Bureaus Complied with State Partner Vetting Requirements

According to State guidance, all bureaus are required to perform basic procedures and best practices during the pre-award phase and perform a risk assessment for each program. We requested and tested each bureau's award listing documentation for Afghanistan programs and determined that PM/WRA, PRM, and SCA/PPD completed bureau-prepared risk assessments for all their awards, as well as RAM vetting documentation for eligible awards. This demonstrates their compliance with State's partner vetting requirements and federal and State document retention requirements.[26]

PM/WRA Complied with State Partner Vetting Requirements

We determined that PM/WRA provided us with sufficient documentation to demonstrate it complied with State partner vetting requirements.[27] To perform our testing of PM/WRA's compliance with State's partner vetting requirements, we requested PM/WRA provide us with the details for its ongoing awards in Afghanistan from March 1, 2022, through November 30, 2022. In response, PM/WRA provided us with information on 22 awards. These awards used 12 implementing partners and totaled about $33 million in both obligations and disbursals as of November 30, 2022. Seven of these partners were Afghan NGOs, and thus eligible for RAM vetting as a risk mitigation measure for 11 of PM/WRA's awards.[28] We requested PM/WRA provide us with the risk assessments it performed for each award and any accompanying RAM vetting documentation for the 11 eligible awards.

PM/WRA provided us with the supporting vetting documentation for all its awards, which included 25 bureau-prepared risk assessments, 11 unique RAM vetting evaluations, and funding eligibility determination notices for the 11 awards.[29] After examining PM/WRA's supporting documentation, we determined that it complied with State's partner vetting requirements.

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[24] *See*, SIGAR, *2023 High-Risk List: Report Highlights Major Sources of Risk to U.S. Assistance Efforts in Afghanistan*, SIGAR 23-21-HRL, April 19, 2023. SIGAR, *Emergency Food Assistance to Afghanistan: USAID Has Improved Oversights, But Could Better Align Monitoring with Increased Aid Levels*, SIGAR 23-30-AR, August 29, 2023. SIGAR, *Status of Education in Afghanistan: Taliban Policies Have Resulted in Restricted Access to Education and a Decline in Quality*, SIGAR 24-01-AR, October 13, 2023.

[25] USAID, RFI Response, September 6, 2023.

[26] As noted earlier in our report, we did not require that State provide us with RAM vetting documentation for eligible awards to demonstrate bureaus' compliance with State's partner vetting requirements because the FAM does not require RAM vetting. However, we have noted when awards were eligible for RAM vetting and whether bureau-provided RAM vetting documentation was complete and finalized.

[27] PM/WRA's mission is to deliver programs and services aimed at reducing the harmful effects associated with conventional weapons of war.

[28] PM/WRA officials told us that their bureau's policy does not require RAM vetting of international NGOs, and as such, PM/WRA only performs RAM vetting of Afghan NGOs.

[29] The number of bureau-prepared risk assessments is greater than the number of awards because PM/WRA provided multiple risk assessments for several multi-year awards.

PRM Complied with State Partner Vetting Requirements

We determined that PRM provided us with sufficient documentation to demonstrate that it complied with State partner vetting requirements.[30] To perform our testing of PRM's compliance with State's partner vetting requirements, we requested PRM provide us with the details for its ongoing awards in Afghanistan from March 1, 2022, through November 30, 2022. In response, PRM provided us with the details on 15 awards. These awards used nine implementing partners and totaled about $215 million in obligations and about $167 million in disbursals as of November 30, 2022. Four of the nine partners were NGOs, and thus eligible for RAM vetting as a risk mitigation measure for eight of PRM's awards. We requested PRM provide us with the risk assessments it performed for each award and any accompanying RAM vetting documentation for the eligible eight awards.

PRM provided us with supporting vetting documentation for all its awards, which included 15 bureau-prepared risk assessments, eight unique RAM vetting evaluations, and funding eligibility determination notices for the eight awards. After examining PRM's supporting documentation, we determined that it complied with State's partner vetting requirements.

SCA/PPD Complied with State Partner Vetting Requirements

We determined that SCA/PPD provided us with sufficient documentation to demonstrate that it complied with State partner vetting requirements.[31] To perform our testing of SCA/PPD's compliance with State's partner vetting requirements, we requested SCA/PPD provide us with the details for its ongoing awards in Afghanistan from March 1, 2022, through November 30, 2022. In response, SCA/PPD provided us with information on two awards, both using the same implementing partner, totaling about $3 million in obligations and about $1 million in disbursals as of November 30, 2022. The partner was an NGO and was thus eligible for RAM vetting as a risk mitigation measure for SCA/PPD's two awards. We requested SCA/PPD provide us with the risk assessments it performed for each award and any accompanying RAM vetting documentation for the two eligible awards.

SCA/PPD provided us with supporting vetting documentation, which included two bureau-prepared risk assessments, two unique RAM vetting evaluations, and two funding eligibility determination notices for both of its awards. After examining SCA/PPD's supporting documentation, we determined that it complied with State's partner vetting requirements.

Two State Bureaus Lacked Sufficient Documentation Demonstrating Compliance with State Partner Vetting Requirements

We could not determine whether two bureaus, DRL and INL, complied with State's partner vetting requirements for their programs in Afghanistan. Specifically, these bureaus provided us with some, but insufficient, supporting documentation. When we met with State officials in November 2023, they told us that these two bureaus did not retain the required vetting documents in their award files and thus could not provide them to us.

DRL Could Not Provide Sufficient Documentation to Determine Its Compliance

To perform our testing of DRL's compliance with State's partner vetting requirements, we requested that DRL provide us with the details for its ongoing awards in Afghanistan from March 1, 2022, through November 30, 2022.[32] In response, DRL provided us with information on seven awards totaling about $12 million in obligations as of November 30, 2022. DRL did not provide information on the implementing partners it used or the amounts disbursed for these awards. However, DRL-provided data showed that PIOs did not implement its awards, meaning its implementing partners were eligible for RAM vetting as an appropriate risk mitigation

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[30] PRM's mission is to provide protection to globally persecuted and forcibly displaced people.

[31] SCA/PPD is responsible for U.S. foreign policy and relations with South and Central Asian countries, including Afghanistan, and seeks to advance national interests by engaging with foreign audiences.

[32] DRL's mission is to promote democratic institutions and the rule of law.

measure. Using this list, we requested DRL provide us with the risk assessments it performed for each award and any accompanying RAM vetting documentation for the seven eligible awards.

However, DRL did not provide sufficient documentation to demonstrate it complied with State partner vetting requirements. Specifically, DRL provided us with supporting vetting documentation for three of its seven awards, which consisted of three bureau-prepared risk assessments and three unique RAM vetting evaluations, which contained eligibility determinations for 103 unique key individuals for those three awards. After examining DRL's supporting documentation, we determined that (1) DRL could not provide us with supporting documentation for four of its awards; (2) two of DRL's provided bureau-prepared risk assessments lacked unique identifying information, such as an award's name, number, or implementing partner, which would allow us to verify whether the risk assessments pertained to DRL's ongoing awards in Afghanistan; and (3) DRL provided RAM eligibility notices for three out of seven eligible awards—one eligibility notice was final and two were "in process." For one of the "in process" notices, 65 entities were under consideration for funding. DRL made a final eligibility determination for 64 entities while the determination for one entity was still "in process." For the second "in process" notice, 29 entities were under consideration for funding. DRL made a final eligibility determination for 26 entities, while the determinations for the remaining 3 entities were still "in process." DRL began implementing those awards, despite the eligibility notices being "in process." As such, DRL could not demonstrate its compliance with State partner vetting requirements. We concluded that DRL did not comply with relevant document retention requirements because these documents were missing from its award files, which prevented us from properly scrutinizing DRL's vetting documentation in accordance with the Federal Records Act, CFR, and FAR.[33] DRL did not offer an explanation as to why it did not maintain the required records.

INL Could Not Provide Sufficient Documentation to Determine Its Compliance

To perform our testing of INL's compliance with State's partner vetting requirements, we requested INL provide us with the details for its ongoing awards in Afghanistan from March 1, 2022, through November 30, 2022.[34] In response, INL provided us with details on 22 awards, using 10 distinct implementing partners, totaling about $295 million in obligations and about $294 million in disbursals as of November 30, 2022. Five implementing partners, who implemented 17 awards, were ineligible for RAM vetting because they were a PIO or U.S. government agency; however, the remaining five implementing partners, which implemented 5 awards, were eligible for RAM vetting because they were an NGO or contractor. Using this list, we requested that INL provide us with the risk assessments it performed for each of the 22 awards, and any accompanying RAM vetting documentation for the 5 eligible awards.

INL did not provide any supporting documentation for 19 of its 22 awards, which would have enabled us to determine if it complied with State partner vetting requirements. However, INL provided us with the supporting vetting documentation for 3 of its 22 awards, which consisted of bureau-prepared risk assessments, RAM vetting documentation, and eligibility determination notices. After examining INL's supporting documentation, we determined that (1) INL could not provide bureau-prepared risk assessments for 19 of its 22 awards; and (2) INL provided RAM eligibility notices for three out of five eligible awards—two eligibility notices were final and one was "in process." For the "in process" notice, six organizations were under consideration for funding. INL made a final eligibility determination for one organization, while the determinations for the remaining five organizations were still "in process," despite the fact that INL was already implementing the award. As such, INL could not demonstrate its compliance with State partner vetting requirements. We concluded that INL did not comply with relevant document retention requirements because these documents were missing from its award files, which prevented us from properly scrutinizing INL's vetting documentation in accordance with the Federal Records Act, CFR, and FAR.[35]

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[33] 44 U.S.C. § 3101 et seq., 36 C.F.R. § 1222.22, FAR 4.805.

[34] INL's mission is to counter crime, illegal drugs, and instability abroad.

[35] 44 U.S.C. § 3101 et seq., 36 C.F.R. § 1222.22, FAR 4.805.

INL confirmed it could not provide the required documentation because the bureau did not retain it. INL told us it attempted to comply with document retention requirements; however, employee turnover and the dissolution of its Afghanistan-Pakistan office prevented it from doing so. INL also told us it is currently undergoing efforts to improve its risk management process in recognition of the need for improved compliance.

Collectively, DRL and INL's 29 awards represent at least $293 million in disbursals as of November 30, 2022. We found that DRL and INL did not comply with relevant document retention requirements as some documents were missing from the bureaus' award files, which prevented us from properly scrutinizing their vetting supporting documentation in accordance with the Federal Records Act, CFR, and FAR. State officials confirmed that the bureaus did not comply with document retention requirements. In total, two State bureaus could not demonstrate their compliance with State's partner vetting requirements on awards that disbursed at least $293 million in Afghanistan.

CONCLUSION

As the U.S. government continues to provide assistance to the people of Afghanistan, it is vital that State complies with its partner vetting requirements intended to prevent the department from awarding U.S. taxpayer funds to individuals and entities with ties to terrorism. The Taliban's control of governing institutions in Afghanistan and its reported attempts to establish or closely associate with Afghan NGOs, underscores the need for State to fully and consistently assess the risks posed by its implementing partners and to retain documentation demonstrating that it did so. To their credit, three State bureaus—PM/WRA, PRM, and SCA/PPD—complied with partner vetting requirements. However, two State bureaus—DRL and INL—could not demonstrate that they complied with State's own partner vetting requirements. In total, State could not demonstrate its compliance with its partner vetting requirements on awards that disbursed at least $293 million in Afghanistan.

By exercising due diligence through the vetting processes and by working to ensure potential implementing partners do not have ties to terrorism, PM/WRA, PRM, and SCA/PPD have helped prevent the diversion of U.S. taxpayer funds to the Taliban and its affiliates. In contrast, because DRL and INL could not demonstrate their compliance with State's partner vetting requirements, there is an increased risk that terrorist and terrorist-affiliated individuals and entities may have illegally benefited from State spending in Afghanistan. As State continues to spend U.S. taxpayer funds on programs intended to benefit the Afghan people, it is critical that State knows who is actually benefitting from this assistance in order to prevent the aid from being diverted to the Taliban or other sanctioned parties, and to enable policymakers and other oversight authorities to better scrutinize the risks posed by State's spending.

RECOMMENDATION

To help improve State's compliance with federal and Department partner vetting requirements, we recommend that the Secretary of State:

1. Take immediate action to ensure that State bureaus comply with federal and FAM partner vetting and award document retention requirements to enable policymakers and other oversight authorities to better scrutinize the risks posed by State's spending.

AGENCY COMMENTS

We received written comments on a draft of this report from State's Director, Office of Afghanistan Affairs in the Bureau of South and Central Asian Affairs, which are reproduced in appendix III. We also received technical comments from State, which we incorporated into the report as appropriate.

In its comments, State acknowledged gaps in compliance with federal and departmental document retention requirements. State committed to ensuring all program offices comply with applicable federal and FAM partner vetting requirements. State also agreed with this report's conclusion and recommendation, noting that it takes vetting requirements seriously and works to ensure compliance with those requirements.

In addition, DRL asserted that it provided us with all applicable supporting vetting documentation, but did not provide us risk assessments that did not utilize vetting because DRL determined that those documents did not pertain to our requests for information. However, during our fieldwork, we determined that in addition to the missing risk assessments, DRL did not provide us with other supporting vetting documentation as well. We made requests to DRL for the missing supporting documentation, provided DRL with opportunities to assert the documentation it provided to us was complete, and provided DRL opportunities to provide an explanation for the missing documentation. Despite these opportunities, however, DRL never provided the necessary supporting documentation to verify DRL complied with State vetting requirements.

APPENDIX I - SCOPE AND METHODOLOGY

This report addresses the extent to which the Department of State (State) adhered to federal laws and its internal policies and procedures for conducting partner vetting in Afghanistan from March 1, 2022, through November 30, 2022.[36] To abide by federal laws and regulations, State established internal agency policies for vetting the organizations and individuals to whom it awards funding. This process involves State bureaus using individualized methodologies to perform risk analysis based on a variety of program- and context-specific factors and may include additional risk mitigation measures, such as Risk Analysis Management counterterrorism namecheck vetting (a process State refers to as "RAM vetting") if a bureau deems necessary. However, State guidance does not require RAM vetting, and states that RAM vetting is available only for certain organization types, such as nongovernmental organizations (NGOs) or independent contractors.[37]

To achieve our objective, we reviewed federal laws, regulations, and procedures related to compliance with partner vetting and document retention requirements, such as State's Foreign Affairs Manual (FAM) and other internal departmental guidance, and the Department of the Treasury's Office of Foreign Asset Control (OFAC) regulations. We also reviewed documentation governing sanctions on organizations and individuals involved in or supporting terrorism, such as the Federal Records Act, the Code of Federal Regulations, the FAM, the International Emergency Economic Powers and National Emergencies Acts, Executive Order 13224, the Global Terrorism Sanctions Regulations, and OFAC's General Licenses (GLs). Additionally, we interviewed officials from State who are responsible for preparing program-specific risk assessments and officials responsible for additional risk mitigation measures.

To assess State's compliance with federal laws, regulations, and procedures related to partner vetting, we requested that State provide us with a listing of its awards, including relevant details like award numbers and implementing partner information, for activities in Afghanistan from March 1, 2022, through November 30, 2022. State provided us with a list of 68 awards from five bureaus that had active awards during the scope of our audit.[38] See appendix II for that listing.

We reviewed State's FAM and other internal vetting guidance and spoke with State officials to determine State's vetting processes. Based on our review and discussions, we found that State uses risk-based models, which vary between State's bureaus, to vet its implementing partners. However, despite this approach, 14 FAM 240 requires all bureaus to perform a risk assessment for each of their awards, and if necessary, take additional risk mitigation measures such as RAM vetting. As such, we requested that each bureau provide us with the risk assessments for every award included in its respective listing, along with any RAM vetting documentation for additional risk mitigation measures taken on a specific award. We then compared each bureau's listing of awards with the risk assessments and RAM vetting supporting documentation to determine whether the bureaus complied with State's partner vetting guidance. We did not require that State bureaus provide us with RAM vetting supporting documentation for eligible awards to demonstrate their compliance

[36] Our audit's scope began on March 1, 2022, because OFAC issued GL 20, which authorized transactions involving Afghanistan and the governing institutions in Afghanistan, on February 25, 2022. GL 20's issuance removed many limitations on transactions in Afghanistan. Our audit's scope ended on November 30, 2022, because this was the point at which State and SIGAR began to discuss what information would be provided by State. Although our audit was initiated in December 2021, State refused to cooperate in 2022 while it determined SIGAR's authority to perform this audit and refused to provide information in much of 2023 while State and SIGAR engaged in technical discussions.

[37] The RAM vetting program does not conduct vetting for government-to-government awards, contributions to public international organizations (PIOs) such as the United Nations, nonproliferation programs, other U.S. government agencies, or the National Endowment for Democracy.

[38] State provided us with a listing of seven bureaus with Afghanistan-related awards within the scope of our audit. However, during fieldwork, we determined that the Bureaus of Diplomatic Security's Antiterrorism Assistance program and Overseas Building Operations terminated all their Afghanistan programming in August 2021, but were still in the closeout process during the scope of our audit. For purposes of our report, we excluded these bureaus from our analysis. However, despite having multiple opportunities to do so throughout the course of our fieldwork, it was not until June 2024 that the Bureau of Overseas Building Operations informed us that it terminated all its Afghanistan programming in August 2021.

with State's partner vetting requirements, such as RAM vetting, which is optional. However, our report notes the number of awards eligible for RAM vetting and the number of awards for which bureaus provided risk mitigation supporting documentation.

We relied on State's data and coordinated with State to ensure that provided data was complete and did not contain duplicative information. We assessed the reliability of State's award data by (1) reviewing existing information about the data, (2) tracing available source documentation to the 68 awards, and (3) communicating with State officials knowledgeable about the data and relevant internal controls. We determined that the data was sufficiently reliable for the purposes of this report.

We conducted our work in Arlington, Virginia, from December 2021 through July 2024, 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. SIGAR performed this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, 5 U.S.C. Chapter 4.

APPENDIX II - SUMMARY OF DEPARTMENT OF STATE AWARDS LISTED BY BUREAU

To assess State's compliance with federal laws, regulations, and procedures related to partner vetting requirements, including State internal guidance, we requested that State provide us with a listing of its awards, including relevant details such as award numbers and implementing partner information, for activities in Afghanistan from March 1, 2022, through November 30, 2022. State provided us with listings from five bureaus which had active awards during the scope of our audit.[39]

Table 1 shows that a total of 68 awards were implemented within the scope of our audit, and that about $558 million was obligated and at least $495 million was disbursed for these awards. As noted in our report, two State bureaus could not demonstrate their compliance with its partner vetting requirements on awards that disbursed at least $293 million in Afghanistan.

Table 1 - Summary of State Bureau Award Listings

Bureau	Number of Awards	Amount Obligated	Amount Disbursed
Bureau of Democracy, Human Rights, and Labor (DRL)	7	$12,209,263	Not provided
Bureau of International Narcotics and Law Enforcement Affairs (INL)	22	$294,946,689	$293,696,959
Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA)	22	$32,672,994	$32,672,994
Bureau of Population, Refugees, and Migration (PRM)	15	$215,197,161	$167,279,020
Bureau of South and Central Asian Affairs, Office of Press and Public Diplomacy (SCA/PPD)	2	$3,027,257	$1,334,051
TOTAL	**68**	**$558,053,364**	**$494,983,024**

Source: SIGAR analysis of State award listing data.

[39] State provided us with a listing of seven bureaus with Afghanistan related awards within the scope of our audit. However, during fieldwork, we determined that the Bureaus of Diplomatic Security's Antiterrorism Assistance program and Overseas Building Operations terminated all their Afghanistan programming in August 2021, but were still in the closeout process during the scope of our audit. For purposes of our report, we excluded these bureaus from our analysis. However, despite having multiple opportunities to do so throughout the course of our fieldwork, it was not until June 2024 that the Bureau of Overseas Building Operations informed us that it terminated all its Afghanistan programming in August 2021.

United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

June 25, 2024

MEMORANDUM

TO: Special Inspector General – John F. Sopko

FROM: SCA Afghanistan - Kevin Covert

SUBJECT: Response to SIGAR Draft Audit Report: "Implementing Partner Vetting in Afghanistan: Five of Eight Bureaus Could Not Demonstrate Compliance with State Partner Vetting Requirements"

Thank you for the opportunity to comment on the Special Inspector General for Afghanistan Reconstruction's draft audit report on applicable policies and procedures for implementing partners in Afghanistan from March 1, 2022 to November 30, 2022. While the majority of the Department's Afghanistan-related awards fully complied with federal and Foreign Affairs Manual (FAM) partner vetting requirements, the Department acknowledges some of the gaps in compliance highlighted in the report on certain awards implemented in Afghanistan. The Department commits to ensuring that all program offices comply with applicable federal and FAM partner vetting requirements.

In response to SIGAR's recommendation, the Department has given each of the relevant bureaus an opportunity to provide an explanation addressing SIGAR's findings.

Recommendation: "Take immediate action to ensure that State bureaus comply with federal and FAM partner vetting and award document retention requirements to enable policymakers and other oversight authorities to better scrutinize the risks posed by State's spending."

Management Response (6/25/2024): The Department concurs with SIGAR's recommendation.

The Department takes vetting requirements seriously and continuously works to implement internal guidance, which helps ensure compliance with all applicable vetting requirements. We remain committed to compliance with federal and FAM partner vetting and award document retention requirements to prevent the mishandling of U.S. taxpayer funds.

- During the course of SIGAR's audit, Democracy, Human Rights, and Labor (DRL) provided documentation relevant to active vetting programs during the timeframe specified by SIGAR, including proof of vetting actions and the risk assessments corresponding to those vetting instances. Risk assessments for programs that did not utilize vetting were not included as they did not pertain to information requests on vetting programs. However, those assessments have been and are currently maintained in award files in compliance with all applicable document retention requirements. DRL is committed to complying with oversight requests and intends to submit all risk assessments, including those submitted for this audit, as requested under a separate SIGAR audit, which includes an overlapping request for all risk assessments related to DRL's Afghanistan programs.

As noted in the audit report, International Narcotics and Law Enforcement (INL) acknowledges gaps in compliance and is undertaking efforts to improve its risk management process and ensure that it complies with all federal and FAM partner vetting and award document retention requirements. INL notes that it did provide one final Risk Analysis and Management (RAM) eligibility notice for one out of five awards eligible for RAM vetting and provided two interim RAM eligibility notices for two out of five awards eligible for RAM vetting.

The Department appreciates the opportunity to provide feedback to SIGAR. The Department will continue providing SIGAR responses to quarterly reports and audits, offering reading rooms, and communicating in accordance with the bilateral protocols document.

Attachment: Technical Comments

SIGAR's Response to Comments from the Department of State

SIGAR Comment 1: The Department of State's Bureau of Democracy, Human Rights, and Labor (DRL) stated that it provided documentation relevant to active vetting programs during the scope of our audit, including proof of vetting actions and risk assessments, and that it did not provide risk assessments for programs that did not utilize vetting because those documents did not pertain to our requests for information.

However, we analyzed DRL's vetting documentation and found that it only provided us with supporting vetting documentation for three of its seven awards. The four awards missing documentation were missing other types of supporting vetting documentation in addition to the missing risk assessments, such as final eligibility notices. This means that even if DRL had provided us with the missing risk assessments, the four awards would still be missing other supporting documentation. We requested DRL to provide us with (1) every bureau-prepared risk assessment for any award that was ongoing in Afghanistan during the scope of our audit, regardless of the type of the award and type of implementing partner, and (2) Risk Analysis Management counterterrorism namecheck vetting (a process State refers to as "RAM vetting") documentation for every award that was eligible for RAM vetting that occurred during the scope of our audit, which would have included the supporting documentation that DRL chose to not provide us. DRL was also given multiple opportunities to respond to our requests for information, to assert it provided us with all supporting vetting documentation, or to offer an explanation as to why it could not provide us with all of the requested supporting documentation. Although DRL asserted that its vetting documentation is currently maintained in its award files in compliance with all applicable document retention requirements, ultimately, DRL did not provide us with the necessary supporting evidence to verify its claim.

APPENDIX IV - ACKNOWLEDGMENTS

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This performance audit was conducted
under project code SIGAR-152A.

SIGAR's Mission

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

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