

RELEASE IN PART
B5,B6

From: H <hrod17@clintonemail.com>
Sent: Saturday, March 12, 2011 10:50 AM
To: 'millscd@state.gov'
Subject: Re: URGENT Kabul Bank/OIG Audit Info Memo to S

[Redacted]

B5

From: Mills, Cheryl D [mailto:MillsCD@state.gov]
Sent: Saturday, March 12, 2011 09:23 AM
To: H
Subject: Fw: URGENT Kabul Bank/OIG Audit Info Memo to S

From bottom up

From: Singh, Vikram J
Sent: Saturday, March 12, 2011 09:21 AM
To: Mills, Cheryl D; Feldman, Daniel F; Sullivan, Jacob J
Cc: Carland, Raphael; Kennedy, Patrick F; Ruggiero, Frank J; Nides, Thomas R
Subject: Re: URGENT Kabul Bank/OIG Audit Info Memo to S

We are working with AID on three things:

- Their response to the OIG findings
- engaging with the press -- so far they think there is a wapo story in the works (which they heard from Deloitte).

[Redacted]

AID has the facts, and I will loop all of you in on their products. We will review and edit. [Redacted]

[Redacted]

[Redacted] We will try to keep AID ahead of the wave and have the info we need and a clear plan with Raj. Tom, appreciate your efforts to engage with Raj -- the Japan situation pulled all his attention yesterday.

Thanks,

V-

From: Mills, Cheryl D
Sent: Saturday, March 12, 2011 08:45 AM
To: Feldman, Daniel F; Sullivan, Jacob J; Singh, Vikram J
Cc: Carland, Raphael; Kennedy, Patrick F; Ruggiero, Frank J; Nides, Thomas R
Subject: Re: URGENT Kabul Bank/OIG Audit Info Memo to S

+ ton for visibility

From: Feldman, Daniel F
Sent: Saturday, March 12, 2011 08:27 AM
To: Sullivan, Jacob J; Mills, Cheryl D; Singh, Vikram J
Cc: Carland, Raphael; Kennedy, Patrick F; Ruggiero, Frank J
Subject: RE: URGENT Kabul Bank/OIG Audit Info Memo to S

+ Frank, since he's en route to Kabul now, with Alex Thier, and they'll likely be seeing Karzai as this breaks.

From: Sullivan, Jacob J
Sent: Saturday, March 12, 2011 8:09 AM
To: Mills, Cheryl D; Singh, Vikram J
Cc: Feldman, Daniel F; Carland, Raphael; Kennedy, Patrick F
Subject: Re: URGENT Kabul Bank/OIG Audit Info Memo to S

Do we have a plan to deal w Karzai?

From: Mills, Cheryl D
Sent: Saturday, March 12, 2011 06:53 AM
To: Singh, Vikram J
Cc: Sullivan, Jacob J; Feldman, Daniel F; Carland, Raphael; Kennedy, Patrick F
Subject: Re: URGENT Kabul Bank/OIG Audit Info Memo to S

Vikram

Thank you for this - I read the report and largely agree w/ your analysis.

However, usaid=dos=S and we need to undertake a team approach for strategy and reinforcement.



B5

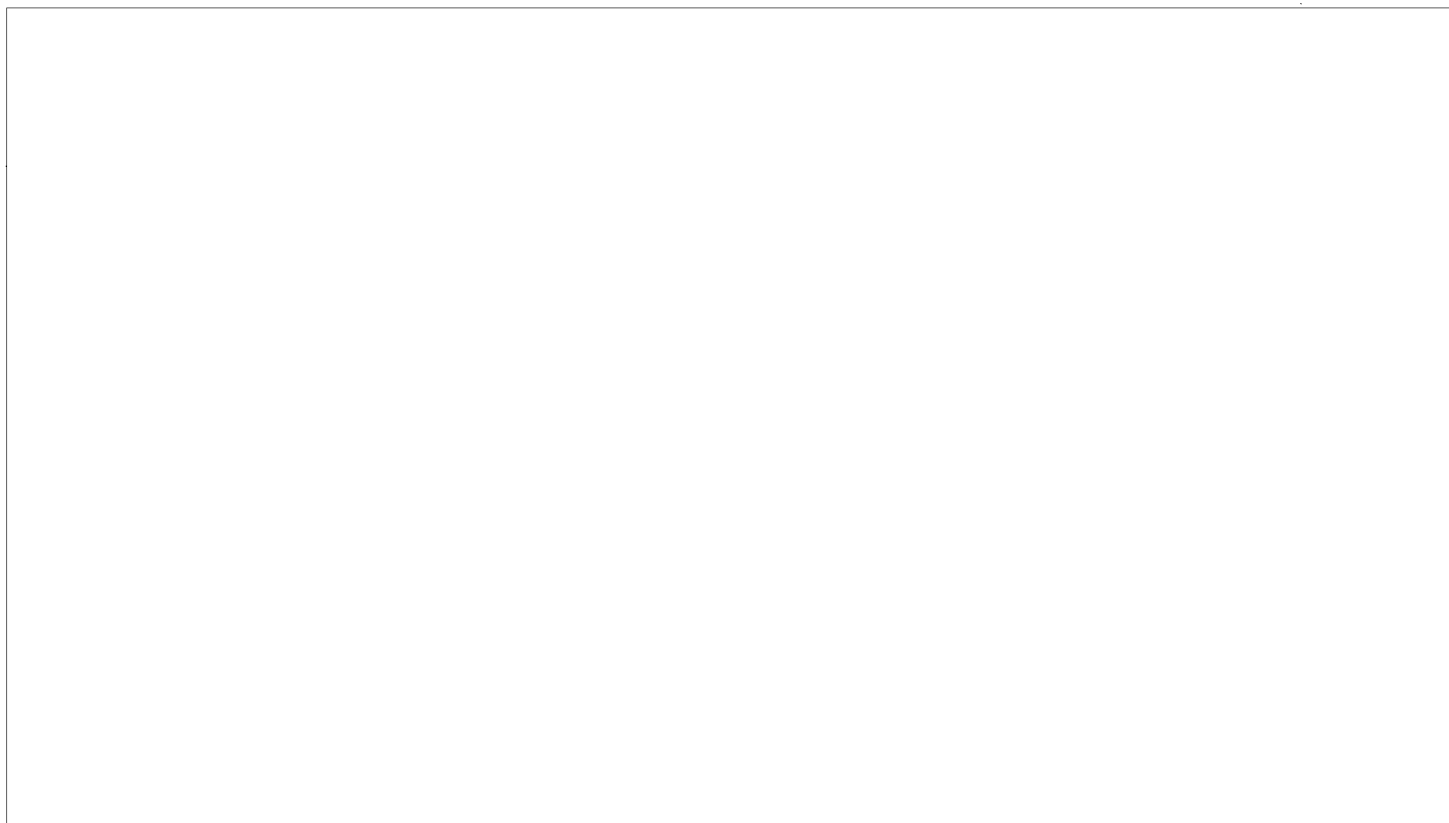
Adding Pat

Cdm

From: Singh, Vikram J
Sent: Saturday, March 12, 2011 06:46 AM
To: Mills, Cheryl D
Cc: Sullivan, Jacob J; Feldman, Daniel F; Carland, Raphael
Subject: Fw: URGENT Kabul Bank/OIG Audit Info Memo to S

Cheryl,

The OIG report is a little sensational, but overall accurate. Technical advisers had indications of serious problems, and did not take adequate steps. Blame will accrue first to bearing point / deloitte, then to USAID mgmt in the field. The OIG recommendations are fairly reasonable, but it would be a stretch to say that these advisers could have somehow stopped the KB fraud (the report does not say this, but the press likely will). Bottom line, this mainly hits AID.



B5

Does this sound right to you? We'll try to make sure AID's points account for all of this. But this will not look good.

V-

From: Carland, Raphael
Sent: Friday, March 11, 2011 07:34 PM
To: Ruggiero, Frank J; Darcy, Shannon M; Singh, Vikram J; Feldman, Daniel F
Subject: Re: URGENT Kabul Bank/OIG Audit Info Memo to S

Clear as well, thanks. Have looped Tom in as well. Presumably we will see TPs soon from aid?

From: Ruggiero, Frank J
Sent: Friday, March 11, 2011 06:32 PM
To: Darcy, Shannon M; Singh, Vikram J; Feldman, Daniel F
Cc: Carland, Raphael
Subject: RE: URGENT Kabul Bank/OIG Audit Info Memo to S

clear

From: Darcy, Shannon M
Sent: Friday, March 11, 2011 6:21 PM
To: Ruggiero, Frank J; Singh, Vikram J; Feldman, Daniel F
Cc: Carland, Raphael
Subject: URGENT Kabul Bank/OIG Audit Info Memo to S

Frank/Vikram,

Raj Shah is sending an info memo to the Secretary on the impending Kabul Bank article referencing the USAID OIG report. USAID needs SRAP clearance tonight in order to send it to S. Not sure if you are on a plane, so I've copied the language below. They are anticipating a Washington Post story sometime this weekend – cannot say for certain the day.

INFORMATION MEMO FOR THE SECRETARY

FROM: Dr. Rajiv Shah, Administrator, US Agency for International Development (USAID)

SUBJECT: Impending Washington Post Article on the USAID/OIG Review of USAID/Afghanistan's Bank Supervision (Kabul Bank)

I wanted to share with you a situation that recently has arisen in the event that it comes up during the FY 2012 Budget Hearings.

The USAID Office of the Inspector General (OIG) recently has completed a review of our Afghanistan Bank Supervision assistance activities. The OIG is set to release its report soon, probably next week.

However, I have been informed that the Washington Post plans to publish an article on the OIG review of the USAID contractor advising the Afghan Central Bank on bank supervision - Deloitte Touche LLP. The article may appear in the March 13th Sunday edition. Deloitte trains Afghan bank examiners as part of its larger contract implementing our Economic Growth and Governance Initiative, which provides broad policy advice to the Afghan government.

I support the independence of our OIG and the audit community. They represent a vital check on all USG activities both home and abroad. As Administrator, I have made it a central goal to improve oversight of all USAID activities world-wide. I have directed the implementation of the Accountable Assistance for Afghanistan Initiative in order to ensure more stringent control and oversight of USG funds.

I am gravely concerned about the findings of the USAID/OIG and have directed our General Counsel to work closely with the USAID Mission to determine the appropriate course of action. I will keep you updated on this and as we move our assistance program in Afghanistan toward transition goals.

Shannon Darcy
Sr. Development Advisor
Office of the Special Representative for Afghanistan and Pakistan
U.S. Department of State
(202) 647-9403 (direct)
(202) 647-9004 (main)

B6

From: Green, Ashley (OAPA/AF) [mailto:]
Sent: Friday, March 11, 2011 6:17 PM
To: Darcy, Shannon M
Cc: Karns, Mark (OAPA/TS); Pryor, Jeanne Marie (OAPA/AF)
Subject: Kabul Bank/OIG Audit Info Memo to S

Hi Shannon,

Attached is the info memo. I also included the Action memo for context.

Thanks for taking a look,

Ashley

Ashley Green
*Administrative Assistant | Afghanistan Desk
Office of Afghanistan and Pakistan Affairs (OAPA)
U.S. Agency for International Development (USAID)
RRB 5.06-83, 1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: 202.712.0397 | BB:
asgreen | greenan@state.sgov.gov*