



# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



## Annual Plan

## OFFICE OF INSPECTOR GENERAL

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Fiscal Year 2017

Cover Photo: The World Food program provides ongoing food distribution for individuals displaced by militants who are now forced to live in camps. Photo by USAID/Pakistan.

# MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Office of Inspector General's (OIG) fiscal year 2017 annual plan. The plan identifies each line of effort we expect to carry out over the next year to provide independent oversight of the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Overseas Private Investment Corporation (OPIC). Together, these organizations are responsible for managing billions of dollars in foreign assistance programs that include efforts to alleviate poverty, provide disaster relief, promote economic growth, and encourage accountable, democratic societies.



Ann Calvaresi Barr  
Inspector General

This annual plan aligns with OIG's strategic goals and objectives. To set priorities across our sizable portfolio of mandatory and discretionary financial and performance audits and investigative activities, we consider congressional and other stakeholder interests, the results of formal risk assessments of the organizations we oversee, changing functional and geographic conditions affecting a program or office, and the return on our investment in terms of dollars and impact. Our work is also anchored in the most formidable challenges facing the agencies we oversee—challenges identified through our audit and investigative results.

Our assessments remain focused on the efforts of the organizations we oversee to provide food, shelter, and other humanitarian aid to populations affected by natural disasters and by conflict, including overseas contingencies that involve partnering with the Departments of State and Defense OIGs. As part of the lead inspector general framework for Operation Inherent Resolve, we will continue to oversee and report on USAID's ongoing humanitarian response in Iraq and Syria. We will also continue to oversee efforts to stop the spread of disease and treat populations in areas with high rates of HIV/AIDS, malaria, tuberculosis, and Ebola; and to restore or improve critical infrastructure through projects under Power Africa, the Gomal Zam Multipurpose Dam in Pakistan, and USAID's investments through the New Development Partnership with Afghanistan and the Afghanistan Reconstruction Trust Fund—both aimed at helping Afghanistan achieve self-reliance.

Finally, OIG will engage with the new administration to provide information on our oversight role and responsibilities, and to highlight key challenges facing USAID, MCC, USADF, IAF, and OPIC. We will also

remain engaged with congressional stakeholders to identify oversight priorities and keep them informed of the challenges the United States faces in delivering foreign assistance.

For our office, fiscal year 2017 will be a year of significant change, as we continue to take major steps to ensure that our dedicated workforce at headquarters and around the world have the policies, processes, training, technologies, and other tools needed to effectively carry out our mission. Much of the planning for these efforts began in fiscal year 2016 after I was sworn in as Inspector General. In the last few months, we realigned our management structure to enhance collaborative and strategic oversight across each of the overseas regions where foreign assistance funds are spent. This new management structure, along with a refreshed executive team in place, will enable us to better target our oversight resources on initiatives that are susceptible to fraud, waste, and abuse and on programs and functions that present the most challenges to execute. I have set high standards for myself and our office, and our leaders and front-line staff have demonstrated that they have the capacity and drive to meet these standards.

We appreciate and look forward to maintaining an open dialogue with the leadership of the agencies we oversee and external stakeholders as we work toward our common goal of ensuring maximum efficiency and effectiveness in U.S. aid programs and operations.

# STRATEGIC PLAN PRIORITIES FOR FY 2017

In fiscal year 2017, as we work to improve how we do business, we will ensure that our people are prepared to take on new challenges, we will reexamine our processes to be more efficient, and we will promote work products that provide greater value for the organizations we oversee and for our stakeholders. To achieve our new organizational vision, many of our managers and staff will be asked to assume different or expanded roles, develop new skills and capabilities, and implement new processes.

Successful transformation of our organization, however, will involve more than just having robust plans. Our success will depend on the collective actions of our employees who are responsible for helping to design and execute the changes. Although change can be unsettling for people at all levels and daunting to those who are new to USAID OIG, we have a tremendous opportunity to become a leading accountability organization by embracing change and taking timely action to achieve our related priorities.

The strategies we will employ in the coming year to meet our strategic goals are discussed below.

## **Goal I: Strengthen the ability of the organizations for which OIG provides oversight to manage and deliver foreign assistance efficiently and effectively through audit products and activities.**

To maximize the impact of our audit work, we will execute audits that respond to stakeholders' concerns, clearly communicate the results of our work, and aim to improve the efficiency and effectiveness of U.S. foreign assistance programs and result in changes in audited agencies' organizational cultures.

In FY 2017, we are revamping our audit planning process to target high-risk programs and better address stakeholders' needs. We have conducted extensive outreach with USAID officials, congressional committees, and other external stakeholders and assessed the results of OIG investigations to identify programs or operational areas that are vulnerable to fraud, waste, or abuse. Our new audit plan will be resource-constrained and carefully balance meeting significant statutory audit mandates with initiating discretionary audits that focus on significant USAID programs and initiatives. Our goal is to conduct

work that helps stakeholders make informed decisions about USAID's, OPIC's, ADF's, IAF's, and MCC's overall strategies and approach to achieving development objectives.

OIG will continue to expeditiously complete annual audits that are mandated by legislation in order to promote accountability for Federal funds and information security in the organizations for which we provide oversight. These include audits of agencies' financial statements and compliance with the Federal Information Security Act, the Government Charge Card Abuse Prevention Act, the Digital Accountability and Transparency Act, and the Improper Payments Elimination Act and Recovery Act.

OIG will also continue to meet its significant obligations related to various overseas contingency operations. Congress authorizes overseas contingency operations to integrate the efforts of USAID, the Departments of Defense and State, and other partners such as the United Nations to respond to conflicts and emergencies. Operation Inherent Resolve (OIR) is the contingency operation ongoing in Syria and Iraq and the OIG plans to perform audit engagements to provide oversight of USAID's OIR activities. For example, we plan to:

- Evaluate USAID's oversight procedures for public international organizations (PIOs) and assess what USAID does to identify and mitigate risks before making decisions to fund PIOs.
- Perform audits of Syrian implementers to assess whether corrective actions have been taken to address problems that OIG investigations revealed.
- Assess USAID Bureau for Democracy, Conflict, and Humanitarian Assistance's (DCHA's) role in responding to ongoing humanitarian crises like Syria, including the effectiveness of its oversight of program implementation.

We play a role in another overseas contingency environment by auditing economic development, humanitarian, and reconstruction programs in Afghanistan. Currently, we have an ongoing body of work that is looking at USAID's contributions to the Afghanistan Reconstruction Trust Fund and the New Development Partnership that seeks to help Afghanistan achieve self-reliance and reinforce U.S. commitment to results and accountability. We will continue to plan and execute audits that promote accountability for USAID funds and identify improvements in USAID programs in Afghanistan.

After Operation United Assistance concluded in June 2015—the U.S. contingency that responded to the Ebola outbreak in the West Africa—OIG's oversight efforts shifted from combating the disease to mitigating its effects on food security and health systems. We will further our work that stems from the Ebola experience and emerging global public health threats, such as Zika.

OIG is also currently performing audits aimed at improving the efficiency and effectiveness of U.S. foreign assistance initiatives with Administration and congressional interest. The completion of these audits is being carried forward into FY 2017. For example:

- USAID's Health Systems Strengthening initiative was established to promote access to high-quality services that reach underserved, marginalized, and high-priority groups. OIG has initiated an audit to determine whether the Agency has designed programs to address its vision for health strengthening, including a review of program implementation at selected missions throughout the world.
- USAID's Local Solutions initiative was established to promote country ownership and sustainability of development outcomes by providing program funding directly to local governments and organizations, making them implementing partners. OIG is currently performing an audit to determine whether the Local Solutions initiative is strengthening local capacity and increasing sustainability of USAID programs. Other ongoing OIG audits are looking at sustainability and the capacity of local organizations in the context of specific countries or programs.
- The President launched Power Africa in 2013 to bring together technical and legal experts, the private sector, and governments from around the world to work in partnership to increase the number of people with access to power—a significant problem in sub-Saharan Africa. OIG is performing an audit to determine whether USAID, MCC, OPIC, and ADF are designing and implementing programs to achieve Power Africa goals.
- We will work with the Department of Health and Human Services and the Department of State to develop an annual oversight plan of foreign assistance to combat HIV/AIDS, Tuberculosis, and Malaria. In FY 2017, our related audit work will focus on USAID's Health Systems Strengthening Initiative, the President's Emergency Plan for AIDS Relief's (PEPFAR) Site Improvement through Monitoring System, and USAID/Ukraine's Improving HIV/AIDS Services Among Most-at-Risk Populations (RESPOND) project.
- We will continue to focus on auditing USAID's significant investment in Pakistan. We have worked on USAID-funded projects, such as the Satpara Development and Gomal Zam Multipurpose Dam projects, and future work may look at USAID's efforts to work in areas where monitoring is difficult because of security threats or USAID/Pakistan's construction portfolio.

Finally, we are taking a new approach to our annual top management challenges report. We will focus on identifying challenges that could hinder USAID's and MCC's ability to effectively meet U.S. development objectives and ensure proper stewardship of agency resources. Our challenges will have a foundation in prior OIG work and highlight areas where our auditees could reasonably take action within their current authority. The challenges for FY 2017 relate to working in nonpermissive environments, strengthening local capacity, reconciling interagency development priorities, improving program design and monitoring, meeting government-wide financial and information technology requirements, and improving MCC programs and operations. We will use our top management challenges report as the cornerstone of our transition strategy when the new Administration is in place in 2017. The report will also be a key planning tool, as new audits will drill down on these challenge areas.

**Goal 2: Deter and detect fraud, corruption, criminal activity, and misconduct in the programs, operations, and workforce of the organizations for which OIG provides oversight.**

OIG's investigative priorities for FY 2017 will center on preventing, identifying, and neutralizing fraud and corruption in USAID's highest priority programs, as well as resolving allegations of misconduct by Agency personnel with highest priority given to matters involving senior officials and those in positions of fiduciary trust. We will (1) leverage technology to improve information sharing and analysis, (2) expand our focus on high-priority program areas, and (3) promote outreach efforts to industry, public international organizations, other bilateral donors, and host-nation officials to ensure robust information sharing and support for ongoing investigations.

We will continue to expand our efforts to provide focused oversight in high-risk areas. In addition to maintaining our ongoing commitment to investigative operations in Afghanistan, Pakistan, and Haiti, OIG will permanently assign investigators to USAID West Bank/Gaza and establish a team of investigators and analysts based at headquarters focused on the Middle East Complex Humanitarian Response (the Iraq/Syria crisis). These dedicated teams of investigators will engage in proactive outreach and fraud prevention activities and proactively investigate issues that arise in their areas or responsibility. In addition to resolving investigations, these dedicated teams will also provide timely information USAID in order to ensure exposed vulnerabilities are mitigated.

Building on work carried out in the prior fiscal year, OIG will vigorously pursue investigations involving sophisticated criminal schemes targeting USAID-funded humanitarian relief operations. We will partner



with other U.S. Government agencies and international bodies to address criminal schemes that may impact multiple donors. In addition to identifying and disrupting these schemes and bringing those responsible for them to justice, OIG will continue to use lessons learned to educate USAID and its implementers on how to prevent and detect common issues such as product substitution and corruption in procurement processes.

OIG will also expand its ongoing efforts to identify and neutralize threats posed to the global supply chain for lifesaving medications and commodities provided through various USAID programs. We will continue to expand our Make a Difference (MAD) Malaria campaign, which encourages members of the public in targeted countries to report theft, diversion, and counterfeit activities impacting USAID commodities to OIG hotlines. Individuals reporting information to our hotlines are eligible to receive cash rewards if their information leads to a significant enforcement action. These efforts have already resulted in several joint operations with international law enforcement agencies, as well as U.S. Federal criminal action. This effort will also be expanded to proactively focus on USAID's new multibillion-dollar global health supply chain program.

OIG will establish a new dedicated headquarters hotline team, along with streamlined procedures, to ensure expeditious handling of new complaints. We will also work to enhance our collaboration with USAID to ensure hotline complaints that can not or should not be investigated are expeditiously referred to the Agency for appropriate action. To raise awareness of reporting responsibilities, whistleblower protections, and appropriate reporting mechanisms, we will continue to conduct proactive outreach and fraud awareness briefings to agency implementers, recipients, and staff.

**Goal 3: Provide useful, timely, and relevant information to enable stakeholders to make informed decisions about foreign assistance programs and operations.**

OIG will provide the Administration, Congress, and the public with information on the results of its oversight activities, its ability to work independently and access the materials it needs, and its own internal functions and operations. OIG will use its public Web site and other communications technologies to inform stakeholders of important developments related to OIG and its work. In addition to meeting mandated reporting requirements with timely and accurate responses, OIG will proactively advise key stakeholders of newly issued reports and other matters of urgent or emerging interest to the international development and oversight communities. OIG will undertake additional outreach to engage and inform specific communities of interest within the broader network of international development

practitioners. Furthermore, during the fiscal year, OIG will support leadership transitions within the Federal agencies it oversees, maintaining and relaying data and insight to key stakeholders on the effectiveness of foreign assistance programs and supporting operations.

OIG outreach will support plans to undertake work and issue products that inform strategic and policy level decision-making across U.S. foreign assistance programs and agencies. OIG expects to report on areas like USAID's role in strengthening health systems worldwide, as well as the effectiveness of certain programs in response to the past Ebola outbreak in West Africa and the emerging Zika emergency in the Latin American/Caribbean region; multiple agencies' efforts under Power Africa; and continuing programs to provide aid and assistance in Syria, Iraq, and the surrounding region. For these and similar work products, OIG will relay the results of high-priority work in more accessible ways, enabling stakeholders to assess progress, anticipate challenges, and make decisions more efficiently. OIG will solicit stakeholders' input on how we communicate the results of our work and make needed adjustments based on their feedback.

Lastly, OIG will also continue to acquire information on Administration, congressional, and international priorities through regular outreach and monitoring, and by tracking developments across the foreign assistance and donor communities. We will follow reporting from major media outlets, think tanks, and niche news organizations to help OIG monitor and respond to emerging issues in foreign assistance. We will continue to monitor statutory, regulatory, and policy developments affecting oversight of foreign assistance programs and align our work accordingly.

#### **Goal 4: Continually improve the efficiency, effectiveness, and quality of OIG operations and outputs.**

OIG is committed to continual improvement in all of its program and operational areas, and we will be renewing our focus in this area in FY 2017.

We are reorganizing how we do business, consolidating functions and providing more opportunities for greater collaboration across OIG offices. As part of this reorganization, we will consolidate functions and reorganize staff reporting chains to achieve greater economies of scale. We will implement formal quality assurance review and process improvement programs that will span across the organization, promoting efficiency and innovation and furthering our ability to produce high-quality products.

Specifically, in our Office of Audit, we will improve our operations to focus on quality management and independence, adopt leading business practices for accountability organizations, and address all issues

that were identified in our most recent external peer review. To achieve these goals, we plan to (1) undertake initiatives to fully respond to external peer review recommendations, (2) standardize the performance audit process to ensure greater quality and consistency across our worldwide audit offices, (3) overhaul the recommendation follow-up process so that OIG has full control over the dispensation of open recommendations, (4) revisit and revise the audit handbook to address gaps in policy, align with leading audit management practices, and make it more user-friendly for our auditors, and (5) realign our audit organization around four regions hubs—in Central/South America, Europe/Middle East, Africa, and Asia—with the aim of promoting greater collaboration among auditors and stability in leadership of our audit work.

We will continue to enhance OIG's investigative case management system to provide additional functionalities and greater flexibility to meet reporting requirements. Furthermore, we will continue to develop the capacity of our cadre of computer forensics trained personnel through participation in advanced training programs. We will also complete the process of upgrading our computer forensics laboratory with the addition of a robust server, enhancing our ability to process large amounts of data.

We will expand our use of surveys, mapping, and data analytics to provide our administrative program areas greater access to data they need to conduct their operations, as well as enhance our analytical abilities to provide information about emerging trends. We will also use graphic information to improve the quality of our reports and plans.

In order to ensure that we are good stewards of the funds that we are appropriated, we will institute centralized processes to oversee certain categories of funding. We will establish procedures to ensure that funding decisions are made equitably and that proper approval processes are followed. We will promote additional training for users of financial systems and applications to make the best use of available technology.

**Goal 5: Recruit, develop, and retain a highly qualified, motivated, and diverse workforce with the necessary tools and training to fulfill OIG's mission.**

As OIG expands its workforce to address growing mission needs, we will target high-quality candidates through active outreach efforts, promote the use of available hiring authorities and incentives, and work to improve the timeliness of the hiring process. We will use a more a collaborative approach that integrates budget and staffing, better manage attrition, and ensure that there is a proper mix of hiring at various grade levels.

We will work to delineate clear roles and responsibilities for our leaders, ensure that our employees have the tools and training they need to do their jobs, deploy managers and staff in the right places, and target placement decisions and recruitment efforts at key workforce gaps. For example, the recent addition of a training director will allow for OIG managers and supervisors to have a central and dedicated resource to aid them in their formal development as managers and supervisors.

We are forging a new partnership with the Government Accountability Office's Center for Excellence to provide training on leading practices in audit planning and management, with an initial focus on new employees. Our first core training session will occur in calendar year 2016 and will likely lead to a series of worldwide training sessions targeted at employees at all levels of experiences. We will also hold informal leadership training discussions to implement best practices throughout the organization.

We will refine our recognition processes, as well as promote more effective human capital policies. We will establish a more clearly defined performance award system to promote greater equity throughout the organization, and review and streamline OIG Civil Service and Foreign Service processes. We plan to revise our Foreign Service Selection Board policy using input from focus groups, lessons learned, and feedback from 2016 Selection Board members in order to ensure transparency and an appropriate link to position and organizational management.

To promote greater accountability, we will ensure that employee performance plans include tangible goals and expectations.

We will use information from our employee engagement survey to obtain information from our workforce about improvements we can make in work-life balance, employee satisfaction, and other areas. Likewise, we will continue to solicit input from the Employee Advisory Council to address employee needs.

# PERFORMANCE MEASURES FOR FY 2017

OIG has identified the following performance measures and targets for FY 2017 to gauge progress in meeting our strategic goals and objectives. OIG will provide biannual reports to all employees on the results of the performance measures through our semiannual reports to the Congress.

**Goal I: Strengthen the ability of the organizations for which OIG provides oversight to manage and deliver foreign assistance efficiently and effectively through audit products and activities.**

Measure	FY 2015 Results	FY 2016 Yearend Results	FY 2017 Target
Percentage of audits covering high priority programs and operations, addressing management challenges, or identifying systemic weaknesses	96%	100%	92%
Percentage of management decisions <sup>1</sup> on which OIG and the Agency agree that have final action within 1 year of the decision.	79%	74%	72%
Percentage of audit peer review recommendations with which OIG agrees that have been implemented within 1 year.	NA	57% <sup>2</sup>	100%

<sup>1</sup> A management decision is considered to be made when agency management establishes corrective action to be taken in response to an audit recommendation. A management decision must determine the allowability of questioned costs (if applicable), establish a corrective action plan, and identify a target date for final action.

<sup>2</sup> OIG received its peer review report in June 2016 and expects to have all recommendations addressed within 1 year.

**Goal 2: Deter and detect fraud, corruption, criminal activity, and misconduct in the programs, operations, and workforce of the organizations for which OIG provides oversight.**

Measure	FY 2015 Results	FY 2016 Yearend Results	FY 2017 Target
Percentage of OIG investigations resulting in a positive outcome (e.g., indictments, recoveries, systemic changes)	NA	65%	50%
Number of individuals reached through outreach events	8,592	10,350	7,500
Dollar value of investigative savings and recoveries	Exceeded total cost of investigative operations	Exceeded total cost of investigative operations	Exceeds total cost of investigative operations
Number of briefings or meetings with senior U.S. Government or foreign government officials that provide law enforcement liaison and support to anti-corruption efforts	21	25	30

**Goal 3: Provide useful, timely, and relevant information to enable stakeholders to make informed decisions about foreign assistance programs and operations.**

Measure	FY 2015 Results	FY 2016 Yearend Results	FY 2017 Target
Number of congressional engagements (e.g., testimony, briefings, and other formal contacts)	60	55	60
Number of page views on the OIG Web site	176,778	197,877	221,622

**Goal 4: Continually improve the efficiency, effectiveness, and quality of OIG operations and outputs.**

Measure	FY 2015 Results	FY 2016 Yearend Results	FY 2017 Target
Percentage of employees indicating satisfaction with OIG customer service, operations, and initiatives	66%	65%	67%
Percentage of major management milestones met relating to strategic planning, continuity of operations, policy development, information technology management, financial resource management, operations planning, and external reporting requirements <sup>3</sup>	80%	83%	85%
Percentage of OIG operating units executing within 5 percent of budget plans	39%	50%	55%

**Goal 5: Recruit, develop, and retain a highly qualified, motivated, and diverse workforce with the necessary tools and training to fulfill OIG’s mission.**

Measure	FY 2015 Results	FY 2016 Yearend Results	FY 2017 Target
Percentage of incoming employees hired within established time frames <sup>4</sup>	38%	16%	60%
Percentage of employees retained who are performing at or above fully successful or proficient levels	85%	94%	90%
Percentage of employees engaged in their work <sup>5</sup>	65%	68%	68%

<sup>3</sup> Specifically, major management milestones include items such as reviewing and updating select human capital policies, procedures, and guidance; improving OIG’s information management; and improving OIG’s budget management process.

<sup>4</sup> The established time frame for Civil Service vacancies is 80 calendar days and 140 calendar days for Foreign Service positions. We are modifying our definition in FY 2017 to measure the timeframe between the execution of the Request for Personnel Action (SF-52) is completed and the day the employee accepts a job offer.

<sup>5</sup> As measured through OIG’s annual survey, using the U.S. Office of Personnel Management’s employee engagement index.