



Office of Inspector General

**SEMIANNUAL REPORT TO
THE CONGRESS**

October 1, 2011–March 31, 2012

OFFICE OF INSPECTOR GENERAL

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Inspector General HOTLINE

The hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement, or misconduct in the programs and operations of the United States Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), the Inter-American Foundation (IAF), and the United States African Development Foundation (USADF). Employees of USAID, MCC, USAID, and IAF, as well as contractors, program participants, and members of the general public, may report allegations directly to the Office of Inspector General (OIG). Complaints may be submitted electronically by using e-mail or OIG's online complaint form.

E-mail ig.hotline@usaid.gov
Complaint form <http://www.usaid.gov/oig/hotline/hotline.htm>

Individuals who are concerned about the confidentiality or anonymity of electronic communication may submit allegations by telephone or mail.

Telephone 1-202-712-1023
1-800-230-6539
Mail USAID OIG HOTLINE
P.O. Box 657
Washington, DC 20044-0657

The Inspector General Act of 1978, as amended, and other laws protect those who make hotline complaints. Individuals who contact the hotline are not required to identify themselves and may request confidentiality when submitting allegations. However, OIG encourages those who report allegations to identify themselves so that they can be contacted if OIG has additional questions.

OIG will not disclose the identity of an employee of USAID, MCC, USADF, or IAF who provides information unless that employee consents or unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation.

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Message From the Acting Inspector General

I am pleased to present the Semiannual Report to the Congress for the period October 1–March 31, 2012. This report features highlights of oversight activities of the Office of Inspector General (OIG) for the United States Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), the United States African Development Foundation (USADF), and the Inter-American Foundation (IAF).

During this reporting period:

\$110.7 million in questioned costs and funds recommended to be put to better use

\$49.3 million in investigative recoveries and savings

3 convictions

31 administrative actions

In the past 6 months, we have seen several accomplishments in programs and operations of the organizations for which we provide oversight.

For example, USAID's National Malaria Control Program in Rwanda that we audited during this reporting period has demonstrated notable success. Following the implementation of malaria prevention activities, confirmed cases of the disease decreased between 2010 and 2011.

Malaria deaths reported by district hospitals fell from 1,445 in 2005 to 670 in 2010—a reduction of 54 percent. Although in 2005 only 18 percent of households owned a bed net, in 2010, the percentage had increased to 83.

In terms of overall program management, MCC has been making some positive changes. In January 2012, the Corporation revised its compact development guidelines to include practices OIG identified to strengthen due diligence activities as well as compact planning. MCC is also making a concerted effort to expeditiously address OIG audit recommendations. As of the end of this reporting period, MCC had no audit recommendations pending management decisions for more than 6 months, whereas it previously had 15 such audit reports with recommendations awaiting decision.

Oversight challenges remain, however. We continue to commit ourselves to working with the agencies to help improve programs. In our audits, we focus on determining the sustainability and efficiency of programs and operations and on making recommendations for program improvement. In addition, our investigations help maintain the integrity of agencies' activities, saving millions of taxpayer dollars each year.

Programs that USAID is implementing in Asia, the Middle East, and Africa have received particular focus during this reporting period. For example, several members of an Islamic charity with ties to international terrorism were sentenced in January for their roles in illegally channeling more than \$1 million to Iraq. In October, the former president and CEO of an engineering consulting company was indicted on six counts of conspiring to defraud USAID over a 20-year period.

OIG noted concerns about sustainability in USAID/Angola's Civil Society Strengthening Program, primarily because of the inability to fill key positions and the resulting lack of program oversight. Other problems included cultural reluctance by program-trained employees to share their knowledge with fellow employees and hesitancy on the part of officials from the Ministry of Health to engage in joint training or supervision.

In order for OIG to be an effective oversight organization, we must ensure that our own operations are efficient and properly focused, and we have undertaken several initiatives toward that end. We have begun to implement our newly issued human capital plan to address our critical

need to recruit, develop, and maintain high-quality employees. Further, we are revising our 5-year strategic plan with input from all offices throughout OIG. We have also reorganized our audit functions, consolidating oversight of USAID and MCC under one directorate. Separate staff members are still assigned to MCC oversight, but this reorganization should result in greater consistency of operations and the ability to use field resources to conduct MCC operations to augment this oversight.

We have decreased resources in Iraq and channeled them to provide oversight of pressing programs elsewhere in the Middle East. We recognize that we will still need to safeguard resources for planned projects in contingency areas, despite changing military priorities. As I testified before Congress earlier this fiscal year, we believe that our office—and other statutory inspectors general responsible for oversight in those countries—are well placed to address the challenges in this region.

We look forward to continuing to work with the Congress and our partners and stakeholders to improve the efficiency and effectiveness of U.S. foreign assistance programs.

Introduction

History and Mandated Authority

USAID's OIG was established on December 16, 1980, by statutory amendment¹ to the Foreign Assistance Act of 1961.² On December 29, 1981, the International Security and Development Cooperation Act of 1981³ brought the USAID Inspector General under the purview of the Inspector General Act of 1978.⁴ OIG assumed audit and investigative oversight of USADF and IAF in 1999⁵ and of MCC in 2004.⁶

The Inspector General Act authorizes the Inspector General to conduct and supervise audits and investigations. Our mission is to provide independent oversight that promotes efficiency

and effectiveness and safeguards the integrity of programs and operations under our jurisdiction. Some of our work is mandated by statute or other requirements; other work is performed at the discretion of OIG. When identifying and prioritizing appropriate audit and investigative activity, we consider stakeholder interests and needs, alignment with strategic goals, program funding levels, and the risks associated with the agency programs, including potential vulnerabilities in internal controls.

Areas of Responsibility

Audits. OIG audits activities relating to worldwide foreign assistance programs and agency operations of USAID, MCC, USADF, and IAF. Audit activities include performance audits and reviews of programs and management systems, financial statement audits required under the Chief Financial Officers Act of 1990,⁷ and audits related to financial accountability of grantees and contractors.

Investigations. OIG investigates allegations of fraud, mismanagement, and misconduct relating to the foreign assistance programs and agency operations of our client agencies. Investigations of criminal, civil, and administrative violations

¹ International Security and Development Cooperation Act of 1980, Public Law 96-533.

² Public Law 87-195.

³ Public Law 97-113.

⁴ Public Law 95-452.

⁵ Consolidated Appropriations Act, 2000, Public Law 106-113, Division B, Section 1000(a)(7), Admiral James W. Nance and Meg Donovan Foreign Relations Authorizations Act, Fiscal Years 2000 and 2001.

⁶ Established in 2004 by the Millennium Challenge Act of 2003 (Pub. L. 108-199, Div. D.), MCC is a U.S. Government corporation that works to reduce poverty and stimulate economic growth in some of the poorest countries in the world. It has committed more than \$8 billion in foreign aid to 38 countries.

When a country meets the performance standards of MCC's 22 policy indicators, it may become eligible to receive a compact—the chief grant instrument between MCC and the country to fund specific programs. Each compact country identifies an entity or organization that will manage the compact funds and oversee compact implementation. Such entities are usually called Millennium Challenge Accounts (MCAs).

⁷ Public Law 101-576.

cover all facets of these worldwide operations. OIG also works proactively by providing fraud awareness training and literature, audiovisual aids, and advice on fraud prevention strategies for agency personnel and employees of foreign assistance implementers worldwide.

Locations of OIG Offices. OIG carries out its audit and investigative work in about 100 countries from offices in:

- Baghdad, Iraq
- Cairo, Egypt
- Dakar, Senegal
- Islamabad, Pakistan
- Kabul, Afghanistan
- Manila, Philippines
- Port-au-Prince, Haiti
- Pretoria, South Africa
- San Salvador, El Salvador
- Tel Aviv, Israel
- Washington, DC

Joint Work and Partners

OIG participates in task forces and cooperates with other interagency groups. In this reporting period, for example, OIG contributed to task forces to provide oversight for accountability and transparency in USAID operations in Afghanistan and Pakistan and to assist the Department of Justice in addressing procurement and grant fraud.

Southwest Asia Joint Planning Group. This group was formed to coordinate oversight activities in Afghanistan and other countries in the region. The group comprises representatives of the Offices of Inspector General for USAID and the Department of State, the Government Accountability Office (GAO), the Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, the U.S. Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, and the Defense Contract Audit Agency (DCAA).

Department of Justice Task Forces. OIG actively participates on two Department of Justice task forces—the National Procurement Fraud Task Force and the International Contract Corruption Task Force. The mission of both task forces is to promote the early detection, prevention, and prosecution of procurement and grant fraud associated with increased contracting activity for national security and other government programs.

Working With BiLateral Donors. OIG is participating in a group of eight bilateral donors, who are working to harmonize audit standards and improve transparency and accountability of multilateral organizations, and are taking on other issues of mutual interest. In support of the group's efforts, OIG is preparing an analysis of the differences between the audit standards

issued by the U.S. Government Accountability Office, the International Federation of Accountants, and the International Organization of Supreme Audit Institutions. Harmonization of audit standards has the potential to achieve

efficiencies and reduce the audit burden on aid recipients who receive funding from multiple sources.

Reporting Requirements

The Inspector General Act of 1978, as amended (5 U.S.C. Appendix 3), and other public laws set forth congressional reporting requirements for the Offices of Inspector General. There are 15 general categories of reporting requirements:

1. Significant problems, abuses, and deficiencies uncovered.
2. Recommendations for corrective action identified.
3. Recommendations described previously for which corrective action has not been completed.
4. Investigative activities, including matters referred to prosecutive authorities.
5. Reports of incidents in which OIG was refused assistance or information.
6. Questioned costs (QC), unsupported costs (UN), and the dollar value of recommendations that funds be put to better use (BU).
7. A summary of each particularly significant report.
8. Statistical tables showing:
 - (a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of questioned and unsupported costs associated with these reports.
 - (b) The total number of reports during the reporting period, including the total dollar value of questioned costs and unsupported costs associated with these reports.
 - (c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of disallowed costs and the dollar value of costs allowed.
 - (d) The total number of reports for which no management decision had been made by the end of the reporting period.
9. Statistical tables showing:

- (a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of recommendations that funds be put to better use.
 - (b) The total number of reports issued during the reporting period, including the total dollar value of funds put to better use.
 - (c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of recommendations that were agreed to by management, and the dollar value of recommendations that were not agreed to by management.
 - (d) The total number of reports for which no management decision had been made by the end of the reporting period.
 - (e) A list of reviews conducted by OIG during the reporting period.
 - (f) A list of outstanding recommendations made by OIG during the reporting period.
10. Reports previously issued for which no management decision had been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.
- 11. Revisions of management decisions, including a description and explanation of the reasons.
 - 12. Management decisions with which the Inspector General is in disagreement.
 - 13. Noncompliance with the Federal Financial Management Improvement Act of 1996.
 - 14. Significant audit findings from contract audit reports.
 - 15. Peer review results, including the following:
 - (a) Reviews conducted on OIG during the reporting period, or the date of its last peer review and any unimplemented recommendations.
 - (b) A list of reviews conducted by OIG during the reporting period.
 - (c) A list of outstanding recommendations made by OIG during the reporting period.

| Summary Table of Audits Conducted USAID, USADF, and IAF October 1, 2011–March 31, 2012 | | |
|--|--------------------------|---------------------------------------|
| Type of Report | Number of Reports | Amount of Recommendations (\$) |
| Financial Audits | | |
| American Recovery and Reinvestment Act of 2009, Public Law III–5 (ARRA) | 1 | 100,440 |
| USAID programs and operations | 1 | 0 |
| Foundations' programs and operations | 2 | 0 |
| U.S.–based contractors | 29 | 53,511,436 |
| Quality control reviews | 0 | 0 |
| U.S.–based grantees | 69 | 19,073,190 |
| Quality control reviews | 0 | 0 |
| Foreign–based organizations | 190 | 21,417,617 |
| Quality control reviews | 11 | 604 |
| Enterprise funds | 0 | 0 |
| Performance Audits | | |
| USAID economy and efficiency | 34 | 8,975,859 |
| Foundations' economy and efficiency | 2 | 0 |
| Other | 11 | 6,575,911 |
| Total | 350 | 109,655,057 |

| Summary Table of Audits Conducted MCC⁸ October 1, 2011–March 31, 2012 | | |
|--|--------------------------|---------------------------------------|
| Type of Report | Number of Reports | Amount of Recommendations (\$) |
| Financial Audits | | |
| U.S.–based contractors | 0 | |
| U.S.–based grantees | 0 | |
| Foreign–based organizations | 15 | 1,052,408 |
| Performance Audits | | |
| Economy and efficiency | 4 | |
| Other | | |
| Totals | 19 | 1,052,408 |

⁸ MCC oversight is reported separately because operations are funded by reimbursable agreement.

Investigative Activities Including Matters Referred to Prosecutive Authorities

October 1, 2011–March 31, 2012

| Workload | | | Civil Actions | |
|--|-----------|--|---------------------------|-----------|
| Investigations opened | 115 | | Civil referrals | 3 |
| Investigations closed | 74 | | Civil declinations | 1 |
| | | | Complaints | 0 |
| | | | Judgments | 0 |
| | | | Settlements | 1 |
| | | | Total | 5 |
| Criminal Actions | | | Administrative Actions | |
| Prosecutive referrals | 9 | | Reprimands/demotions | 2 |
| Prosecutive declinations | 4 | | Personnel suspensions | 4 |
| Arrests | 5 | | Resignations/terminations | 6 |
| Indictments | 7 | | Recoveries | 7 |
| Convictions | 3 | | Savings | 0 |
| Sentencing | 7 | | Suspensions/debarments | 9 |
| Fines/assessments | 8 | | Systemic changes | 0 |
| Restitutions | 2 | | Other | 3 |
| Total | 45 | | Total | 31 |
| Judicial recoveries (criminal and civil) | | | \$48,985,093 | |
| Administrative recoveries | | | \$446,606 | |
| Savings | | | | |
| Total savings / recoveries | | | \$49,431,699 | |

Fraud Awareness Briefings Conducted Worldwide October 1, 2011–March 31, 2012

| Month | Location | Sessions | Attendees | Affiliation |
|-------|---------------------------|----------|-----------|---------------------------|
| OCT | Baghdad, Iraq | 3 | 136 | Personnel |
| | Kabul, Afghanistan | 5 | 90 | Personnel and contractors |
| | Manila, Philippines | 1 | 32 | Personnel and contractors |
| NOV | Kabul, Afghanistan | 1 | 10 | Personnel |
| | Windhoek, Namibia | 2 | 39 | Personnel |
| | San Salvador, El Salvador | 1 | 8 | Contractors |
| | West Bank and Gaza | 2 | 160 | Personnel and contractors |
| | Quezon City, Philippines | 1 | 29 | MCC personnel |
| DEC | Washington, DC | 1 | 14 | Contractors |
| | Islamabad, Pakistan | 1 | 20 | Personnel and contractors |
| | Dhaka, Bangladesh | 1 | 55 | Personnel and contractors |
| JAN | Baghdad, Iraq | 1 | 21 | Personnel |
| | Santa Domingo, Dom. Rep. | 3 | 88 | Personnel and contractors |
| | Washington, DC | 3 | 140 | Personnel and contractors |
| | Kabul, Afghanistan | 7 | 197 | Personnel and contractors |
| | Islamabad, Pakistan | 4 | 88 | Personnel and contractors |
| | Pretoria, South Africa | 1 | 47 | Personnel and contractors |

| Month | Location | Sessions | Attendees | Affiliation |
|---------------|------------------------|-----------|--------------|---------------------------|
| FEB | Kabul, Afghanistan | 8 | 113 | Personnel and contractors |
| | Skopje, Macedonia | 7 | 78 | Personnel and contractors |
| | Washington, DC | 6 | 212 | Personnel and contractors |
| | Jakarta, Indonesia | 4 | 189 | Personnel |
| | Pristina, Kosovo | 2 | 76 | Personnel |
| | Beirut, Lebanon | 2 | 31 | Personnel |
| | Islamabad, Pakistan | 2 | 82 | Personnel and contractors |
| | Dili, Timor-Leste | 2 | 43 | Personnel and contractors |
| | Pretoria, South Africa | 1 | 47 | Contractors |
| MAR | Pristina, Kosovo | 2 | 82 | Personnel and contractors |
| | Maputo, Mozambique | 2 | 8 | Contractors |
| | Kabul, Afghanistan | 7 | 104 | Personnel and contractors |
| | Sarajevo, Bosnia | 4 | 62 | Personnel and contractors |
| | Washington, DC | 1 | 34 | Contractors |
| | Mexico City, Mexico | 1 | 23 | Personnel |
| | Khartoum, Sudan | 1 | 23 | Personnel |
| | Islamabad, Pakistan | 1 | 105 | Personnel |
| | Pretoria, South Africa | 1 | 10 | Contractors |
| | Port-au-Prince, Haiti | 1 | 34 | Personnel and contractors |
| Totals | | 93 | 2,530 | |

Peer Reviews
USAID, USADF, IAF, and MCC
October 1, 2011–March 31, 2012

The Dodd–Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) requires federal inspectors general to report on results of peer reviews in their semiannual reports.

Results of any peer reviews conducted on USAID OIG during the reporting period.

Audit: No peer reviews were conducted during this period.

Investigations: No peer reviews were conducted during this period.

Date of the last peer review conducted on USAID OIG.

Audit: September 2009

Investigations: April 2011

Outstanding recommendations for any peer review conducted on USAID OIG that have not been fully implemented.

Audit: None

Investigations: None

Peer reviews conducted by USAID OIG during the reporting period and any outstanding recommendations from any previous peer review.

Audit: None

Investigations: None

Significant Findings and Activities

United States Agency for International Development

Response to Crisis, Conflict, and Instability

Audit of USAID/Afghanistan's Afghanistan Stabilization Initiative for the Southern Region (Report No. F-306-12-001-P). In June 2009, the USAID Office of Transition Initiatives (USAID/OTI) signed a 3-year, \$159.6 million contract with Chemonics International, Inc. (Chemonics) to implement the Afghanistan Stabilization Initiative for the Southern Region (ASI-SR). ASI-SR has implemented project activities through grants in districts and municipalities in Kandahar and Helmand Provinces.

OIG was unable to reach a conclusion about whether the program as a whole was achieving its goal because of multiple issues with the program. Many of these problems stemmed from program implementation, which was delayed by a lack of formal work plans, inadequate USAID/OTI oversight, staffing difficulties, and poor quality subcontractors. In addition, ASI-SR did not properly manage its budget and began running out of funds in the first quarter of fiscal year 2011.

Security costs were also questionable. Chemonics paid \$1.2 million for personal security details for staff members who lived on military bases and traveled exclusively in military convoys, even though no other contractor incurs this type of cost when the contractor's staff members are on a military installation. Furthermore, Chemonics officials stated that the company had leased 13 armored vehicles because it felt the vehicles were needed to provide sufficient security. However, Chemonics' security personnel prohibited expatriate staff from traveling into the field, and to maintain a low profile, local staff members were using unarmored vehicles. They also leased them at a significantly higher cost than other implementers did.

The long-term benefits of the initiative were undercut by a lack of planning. Although some key districts were ready for longer-term development projects, no comprehensive plans were in place to guide this transition. Without such plans, key districts may not be able to sustain gains in stability, as district governors may not have the resources to meet the needs of their communities. Further, financial controls were problematic. For example, Chemonics was using cash to make large tax payments to the Afghan Government, increasing the risk that a payment

may be stolen. In May 2011, an employee sent to a bank in Lashkar Gah with \$62,398 to pay taxes to the Ministry of Finance disappeared with the money. Although all but \$80 was ultimately recovered (see “Afghan Contractor Employee Arrested and Debarred” below), this incident revealed a serious weakness in Chemonics’ internal cash controls.

OIG made 18 recommendations. Management decisions have been made on 12, and final action has been taken on 3. OIG also questioned \$6.5 million in security costs.

Afghan Contractor Employee Arrested and Debarred.

In May 2011, a Chemonics senior director reported to OIG that a locally employed financial assistant stole \$62,398 in cash from the ASI-SR program. OIG agents interviewed the senior director and learned that shortly after the money was stolen, the employee surrendered to the Afghan police and his brother returned all but \$80 of the cash. Chemonics terminated the employee, and he was subsequently debarred from doing business with the U.S. Government.

Former Louis Berger Group, Inc. Chief Executive Officer Arrested. On October 20, 2011, the former president and CEO of New Jersey-based international engineering consulting company Louis Berger Group (LBG) was arrested. The defendant allegedly conspired to defraud USAID by leading a scheme to intentionally overbill the United States in

connection with hundreds of millions of dollars reconstruction contracts in Iraq and Afghanistan over a nearly 20-year period. The indictment charges the former president and CEO of LBG with one count of conspiring to defraud USAID and five counts of making false claims in connection with those billings. The conspiracy charge carries a maximum potential penalty of 10 years in prison; each of the false claims counts carries a maximum potential penalty of 5 years in prison. Each of the six counts also carries a maximum \$250,000 fine, or twice the loss from the offense. USAID has suspended the individual.

Two Employees of USAID Contractors Suspended for Sharing Sensitive Information Inappropriately.

An investigation was initiated into allegations that an employee of a USAID contractor illegally obtained and shared confidential information with his friend from the existing security contractor during the rebidding of a contract for the Kabul Power Plant. The investigation confirmed that, during the bidding process, one of the employees who worked for a project under Louis Berger Group/Black & Veatch and participated in the selection committee gave confidential procurement information from the incumbent firm to a friend who worked for a security company bidding for the upcoming contract. The information gave an unfair and illegal advantage to the firm competing for the

security contract. As a result of the investigation, USAID suspended both employees.

Australian Man Sentenced to Prison for Steering \$15 Million in U.S.-Funded Contracts in Afghanistan.

On December 16, 2011, an Australian program consultant for the International Organization for Migration (IOM), a contractor with USAID, was sentenced to 22 months in prison. The individual had sought \$190,000 in payments as a reward for steering U.S.-funded contracts to build a hospital and a provincial teaching college in Afghanistan. This case involved the efforts of USAID's Office of Inspector General, the Special Inspector General for Afghanistan Reconstruction, the FBI's Washington Field Office, members of the International Contract Corruption Task Force (ICCTF), and the Indian Central Bureau of Investigation, whose agents arrested the suspect in New Delhi, India.

Afghan Staff Member of a USAID Contractor Arrested by Afghan National Police on Bribery and Kickback Charges.

In October 2011, OIG received a mandatory self-disclosure of fraud from Development Alternatives, Inc. (DAI). DAI is implementing the \$114 million Afghanistan Small and Medium-Sized Enterprise Development Activity (ASMED) contract, which provides technical and financial development assistance to small- and medium-sized organizations in Afghanistan.

DAI reported that one of its local procurement employees solicited and received a kickback from an ASMED grantee. The investigation proved that the employee solicited bribes from the president of the grantee company, which was obtained through the traditional Hawala system. OIG presented the case to the Afghan Attorney General's office, and the individual was indicted for violating the Afghan bribery law. In December 2011, OIG assisted Afghan law enforcement authorities with arresting the employee outside of the DAI compound in Kabul, Afghanistan. DAI immediately terminated the individual, who is currently in custody awaiting trial.

USAID Foreign Service National Contracting Officer's Representative in Afghanistan Suspended for 10 Days for Conflict of Interest Issues.

As a result of an OIG investigation, a USAID contracting officer's representative was suspended for 10 consecutive business days without pay for violating ethical standards. The employee approved the hiring of his brother as a construction supervisor on the USAID Sustainable Water Supply and Sanitation project in Afghanistan without disclosing it to USAID.

Three USAID Contractor Employees Terminated in Connection With Construction Fraud in the Federally Administered Tribal Areas of Pakistan (FATA).

During the fall of 2010 and spring of

2011, USAID OIG and the Pakistan Anti-Fraud Hotline received information regarding alleged construction fraud on a USAID project in FATA. OIG determined that three employees of IOM had submitted false documentation on the construction of two flood-protection walls. As a result of these false submissions, USAID paid more than \$33,000 for a wall that was not built to specifications and more than \$36,000 for a separate wall, of which only a small portion was completed.

In addition to falsifying documentation about the walls' specifications, all three employees lied about the matter when questioned by OIG. As a result, the contractor's team leader in charge of the project, the site engineer who certified that the incomplete wall was built to specifications, and the head engineer, who certified completion to specification of the first wall, have all been terminated. USAID's contracting officer determined that USAID would pay the full amount for the first wall but that the contractor should credit USAID \$36,719 for the cost of the incomplete wall.

Audit of USAID's Pakistan Transition Initiative Program (Report No. G-391-12-003-P). Assisting the Government of

Pakistan in bringing peace and security to the unstable regions of Pakistan—FATA and Khyber Pakhtunkhwa (KPK)—is pivotal to U.S. foreign policy objectives and national security. To achieve this goal, USAID awarded a 3-year, \$102 million

contract in September 2009 to implement a portion of the Pakistan Transition Initiative (PTI) in FATA and KPK. USAID's OTI⁹ manages the program with a staff of seven located at USAID/Pakistan.



Before PTI, residents used an automobile to power a cable to carry one person at a time across the river (photo by OIG).

OIG confirmed that the PTI is a quick, efficient mechanism to deliver projects that the local communities want—such as the suspension bridge pictured below—and it has allowed the Government of Pakistan to cultivate trust and confidence in its services. Key accomplishments include 48,000 meters of streets paved, 22,800 meters of drainage and sanitation piping constructed, and 7,000 meters of retaining walls built to withstand flooding.

PTI formed committees for each project that were made up of community representatives who

⁹ The Office of Transition Initiatives is part of USAID's Bureau for Democracy, Conflict and Humanitarian Assistance.

then conducted inspections and evaluations throughout project implementation. For example, the audit team interviewed the community members who had overseen the installation of a water supply system. They explained that, after extremists destroyed portions of their water system, villagers had been



A PTI-funded bridge allows for quick and safe river crossing (photo by OIG).

forced to get water from a distant well, exposing themselves to danger along the path. After the Pakistani military cleared the area, PTI installed a new water tank and pumps.

An overarching goal of the program is to improve relations between the Government of Pakistan and communities in FATA and KPK, thereby reducing violence and extremism. In addition to the infrastructure projects, the program rehabilitated 92 educational facilities, including

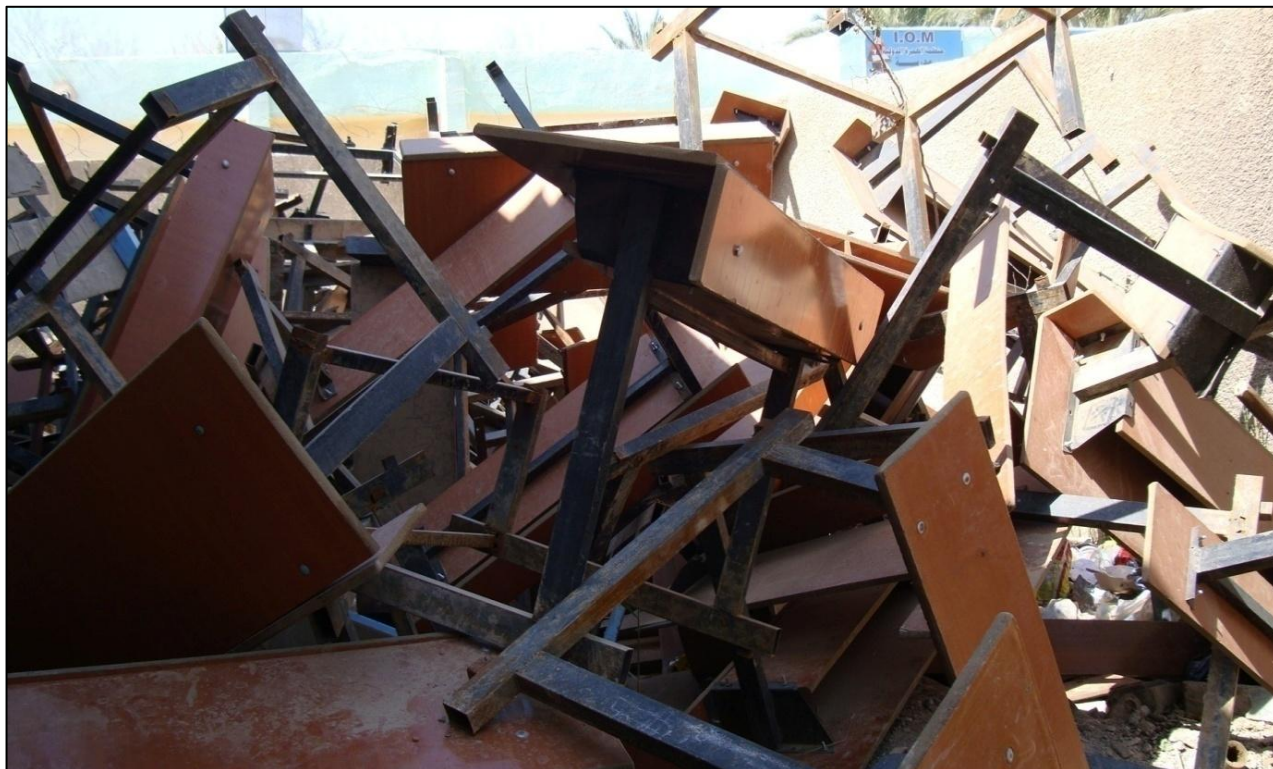
the Government Girls' High School. After the school closed for several months to house displaced persons during military operations and sustained significant damage, the program rehabilitated the school and provided school supplies.

However, OIG found that the mission had not developed a formal written plan with clear criteria linking the implementation of program activities with the larger, mission-wide development portfolio for FATA and KPK. As a result, OTI officials agree that, if funding stops, the program will collapse.

A management decision has been made on the one recommendation.

Audit of USAID/Iraq's Community Action Program Activities Implemented by International Relief and Development (Report No. E-267-12-001-P).

USAID awarded a \$39.1 million cooperative agreement in September 2008 to International Relief and Development, Inc. (IRD) for the implementation of the Iraq Community Action Program (ICAP) activities. As of September 2010, USAID/Iraq had increased the total estimated costs to \$91 million and extended the period of performance to September 2012.



Substandard desks from IRD were delivered to a primary school in Baghdad and discarded (photo by Combined Consultancy Company for Legal and Economic Investment Consultation LLC of Karradah, Baghdad, under contract with OIG).

There were some notable improvements, such as the creation of community action groups and the completion of 51 projects. However, most completed projects did not target the identified, prioritized needs of the communities. In fact, of 146 completed projects surveyed, 50 (34 percent) did not match any needs identified by the neighborhoods and 45 others (31 percent) did not match the first or second priorities. In November 2009, USAID/Iraq issued a notice of material noncompliance to IRD for vacant key personnel positions and IRD's lack of programmatic progress.

In 2009, USAID approved IRD's request of a 57 percent reduction in projects in order to reduce the number of small, supply-type projects (such as providing student desks, office equipment, and toys to kindergartens). However, out of more than 500 projects IRD completed by 2011, more than 50 percent were supply-type and over 60 percent were funded for less than \$25,000. OIG found that IRD had a financial interest in programming its projects to not exceed \$25,000 as it could collect overhead only for the first \$25,000 of an individual subaward, and supply-type projects most easily fit within this parameter. In contrast, other implementers on

the project had between 7 and 25 percent of projects under \$25,000.

In addition, IRD reported that more than 2.4 million Iraqis had benefitted from the projects completed and material delivered. In one case, IRD stated that 72,000 people benefited from the supply of vaccination and office equipment valued at less than \$800 dollars to a health center for allergic diseases. In another, 37,440 beneficiaries were reported from the supply of office equipment valued at \$4,875 to a health center in Sadr City. OIG did not find it plausible that IRD's activities, with projects worth an estimated \$11.8 million, could have directly benefited half the city's population. Furthermore, OIG determined that 31 percent of the value of all IRD completed projects was programmed to benefit just 2 of 36 neighborhoods, Baquba Center and Khan Dhari.

OIG made ten recommendations to improve ICAP, including requiring improvements for projects with safety hazards, poor-quality work, and potential overcharges. Management decisions have been made on four.

Audit of USAID/Lebanon's Landmines and War Victims Program (Report No. 6-268-12-004-P). Since June 1998,

USAID/Lebanon, with funding from the Leahy War Victims Fund,¹⁰ has awarded the World

Rehabilitation Fund Inc. (WRF) approximately \$10 million through two cooperative agreements to implement the Landmines and War Victims Project. Under the project, WRF seeks to create economic opportunities through viable businesses and jobs for disadvantaged victims of war, including landmine survivors. The project also seeks to create a viable, bankable, and sustainable legal organization through a development cooperative in Jezzine, Lebanon (known as "the co-op").



The development cooperative in Jezzine sells these herbs, chicken products, and honey under the brand B. Balady to various venues in Lebanon (photo by OIG).

Although the project has had some successes in providing income-generating opportunities to

particularly those who have sustained mobility-related injuries from unexploded ordnance or antipersonnel landmines.

¹⁰ The Leahy War Victims Fund is one of USAID's efforts to provide a dedicated source of financial and technical assistance for people living with disabilities,

some beneficiaries, its sustainability is questionable because of the co-op's limited success. Between 2009 and 2010, WRF reported that 169 beneficiaries earned a total net income of \$403,000. From the numbers of beneficiaries, the average annual income targets earned through the project was \$2,400 per beneficiary, but only 64 of 169 beneficiaries (38 percent) met or exceeded their expected net income. Furthermore, WRF reported that the co-op did not generate profit without the mission's assistance for 4 of 8 years of its operation (beginning in 2003) and experienced an average annual net loss of approximately \$8,800.



Goats like this one belong to a project beneficiary in Jezzine who sell their meat and dairy products (photo by OIG).

Other problems stemmed from project management at the mission. The mission awarded funds to WRF from June 1998 to August 2012, more than 10 years beyond the agreement's original award date and without the required approval of USAID Office of Acquisition and Assistance. The mission also did not obligate project funds appropriately or seek

approval of subawards. Further, the mission acquired 118 Saanen goats from France and mated them with local goats without examining the environmental consequences. As reported by WRF, some Saanen goats were infected by bluetongue disease, which affected all goats throughout Europe during 2008.

OIG made 14 recommendations. Management decisions have been made on 12, and final action has been taken on 8.

Democracy

Good Governance

Review of Responses to Internal Audit Findings on the Local Governance and Community Development Project

(Report No. F-306-12-001-S). Launched in October 2006, the Local Governance and Community Development Project (LGCD) sought to promote stability in Afghanistan. Focused in Kandahar City and the Maywand District, DAI implemented the project through a \$349 million contract that ended in August 2011.¹¹

¹¹ As reported in our previous semiannual reports to the Congress, DAI, the USAID contractor managing LGCD, terminated multiple employees because of information revealed by ongoing internal investigations being conducted in conjunction with OIG. USAID also has debarred several former DAI employees who were implicated in misconduct, including solicitation of kickbacks and conflicts of interest.

The project had many successes, including the completion of more than 2,500 community stabilization projects; generation of immediate short-term employment totaling 1.5 million employment days through cash-for-work activities; and completion of significant and lasting improvements in rural infrastructure, including gravel roads, footbridges, and irrigation systems. However, in March 2011, OIG received a copy of a DAI internal audit report detailing financial and internal control problems occurring from August 2008 through August 2009. DAI had not provided this report to USAID or returned any funds related to questioned expenditures identified in the report.

Procurements for the project, including service contracts, fuel supply, and building and vehicle leasing had several deficiencies. For instance, analysis of payment vouchers and the associated procurement documents revealed more than \$2 million in noncompetitive procurements. In addition, OIG's review of leases for office space and guesthouses, at an amount of \$6.7 million over 4½ years, revealed that project personnel had entered into several leases without the required competition, and without required approvals. In addition, some rental payments were apparently made to the project cashier, instead of to the lessors identified in the lease agreements. DAI staff explained that because many of the property owners did not have bank

accounts, lease payments needed to be in cash. OIG found no documentation showing that the lessors had signed for receipt of their monthly rents.

Furthermore, OIG determined the contract files for three vehicle leasing companies lacked preaward documents, bid solicitations, other vendors' quotations, and approvals from DAI procurement managers. In one incident, a bid submitted for one procurement (to provide armored and unarmored vehicles) was copied and included as proof of competitive bidding in another procurement, and correction fluid had been used to obscure relevant information.

DAI staff members were also unable to locate the contract file, payment vouchers, or project receipts for fuel purchases totaling more than \$3 million from Khyber Afghan Petroleum, one of DAI's suppliers. DAI staff had no explanation for this lack of documentation.

OIG made seven recommendations and identified \$6.6 million in questioned costs. Management decisions have been made on all seven recommendations.

Audit of USAID/Regional Development Mission for Asia's Sapan Program in Thailand (Report No. 5-493-12-004-P).

In March 2010, USAID awarded a 3-year, \$19.7 million contract to Development Alternatives, Inc., to foster a constructive civil society engagement with the Royal Thai

Government. The program faced numerous challenges, including having to recreate relationships with the targeted independent government agencies and civil society organizations (CSOs). These challenges delayed implementation, forcing program officials to take a more cautious approach.

Despite several difficulties, mostly outside the mission's control, OIG determined that USAID had made some limited progress in achieving the program's goals. Originally, USAID envisioned working with a core group of CSOs in different regions of Thailand that would then reach out to a larger pool of organizations. Program representatives soon found out, however, that Thailand's CSOs were far less developed than they anticipated. To adapt to this situation, an empowerment training course called OPERACY was begun to introduce new ideas to potential program participants, increase their exposure to USAID, and enhance their receptiveness to technical capacity-building efforts. Following the training course, however, the mission did not appear to have followed up with participants to emphasize the key messages incorporated in the training nor to initiate any technical skill building.

Another issue stemmed from inadequate program reporting. In an effort to synchronize the reporting of program results with the mission's reporting to Washington, the Agency shortened the second annual reporting period to

just 5 months but did not modify the established 12-month targets accordingly. Even though the program had a more cautious start than anticipated, the lack of reportable achievements, compared with these 12-month targets, was exacerbated by the shortened time frame. This misalignment cast a particularly negative light on the program, and OIG found that it may inhibit appropriate management decision making about whether to extend the program. The mission's ability to make decisions is further impaired by delays in its receipt of reported results from the contractor.

Reporting challenges also occurred in the training program. According to one contractor, documentation was lacking because of confusion as to whether the contractor or the externally hired trainer should perform the monitoring. As a result, OIG found 27 percent of the training courses to be unsupported by daily attendance documents, and 40 percent showed a daily absence rate up to 32 percent. Some participants who did not attend the training sessions were also paid for lodging and per diem as a result of this deficient monitoring.

Management decisions were made on all nine recommendations, and final action was taken on four.

USAID Subcontractor Billed Haiti

Mission \$31,408 in Unallowable Costs. As reported in our previous semiannual report, USAID awarded funds to the International

Foundation for Electoral Systems (IFES) to provide support for the electoral process in Haiti. Through a subaward, IFES awarded \$132,550 to Foyer Civique de la Jeunesse Haitienne (FOCIJH) to purchase equipment and provide electoral outreach. An investigation revealed that the president of FOCIJH created false invoices from nonexistent vendors as supporting documentation to receive payment from the USAID/Haiti mission. OIG coordinated with the Haitian National Police and the Bureau des Affaires Financiers et Economiques, who arrested the president. As a result of the investigation and referral, the mission requested a billing offset to recover the funds, and the president of FOCIJH was suspended indefinitely from doing business with the United States Government.

Audit of USAID/Iraq's Electoral Technical Assistance Program (Report No. E-267-12-003-P). To help strengthen the Iraqi electoral system, USAID/Iraq entered into a cooperative agreement, totaling \$40 million, with the International Foundation for Electoral Systems (IFES) to implement the Electoral Technical Assistance Program. The program was intended to coordinate and work closely with the United Nations Assistance Mission in Iraq (UNAMI) to establish and strengthen the Iraqi electoral system. The agreement covered the period of September 2004 to September 2011. After the program started, USAID/Iraq increased funding to \$103 million and signed a follow-on

agreement with IFES, totaling \$36 million, for the following 3 fiscal years.

The program and UNAMI provided technical assistance to Iraq's Independent High Electoral Commission (IHEC) to conduct elections in Iraq and to build a sustainable electoral institution that would require minimal international assistance. OIG determined that the program did provide assistance to conduct elections. For example, the program provided assistance in establishing the voter registration and polling center databases, as well as databases to tabulate election results, register political parties, track complaints, and maintain candidate information.

However, all parties acknowledged that although technical assistance provided during elections did build capacity to some extent, IHEC is not sustainable at this point and needs more assistance before it can stand on its own operationally, administratively, and financially. For instance, the program focused on the immediate election cycles instead of devoting sufficient attention to building IHEC's institutional capacity and organizational sustainability. As a result, IHEC did not have a strategic plan to become sustainable.

The organization still lacks a reliable voter registration system, permanent staff, up-to-date computer equipment, plans for training and outreach, financial transparency, and political independence—all prerequisites for

sustainability. Training to develop necessary skills to build a professional electoral administration was neglected at the 18 Governate electoral offices, further hindering sustainability.

In addition, IFES did not coordinate with UNAMI to identify the institutional gaps within IHEC, such as financing, procurement, and human resources. Further, the mission also does not know whether the two duplicated efforts or gave conflicting advice, either of which would have prevented the efficient use of program funds.

OIG made 11 recommendations. Management decisions were made on eight, and final action was taken on three.

Rule of Law and Human Rights

Review of USAID/Egypt's Contractors' Compliance With the Trafficking Victims Protection Reauthorization Act of 2008 (Report No. 6-263-12-001-S).

From 2010 through 2012, the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (the Wilberforce Act)¹² requires OIG to investigate contracts and subcontracts under which there is a high risk that the contractor may engage in acts related to trafficking in persons (TIP). As of September 2011, USAID/Egypt had 15 active contracts valued at approximately \$192 million.

¹² Public Law 110-457.

For the USAID/Egypt contracts reviewed, there was no indication that the mission's contractors and subcontractors engaged in trafficking of persons. In addition, the mission has taken steps to comply with the Agency's Counter Trafficking in Persons Code of Conduct, including designating a mission coordinator, providing training to employees and implementers, and ensuring that newly hired employees are aware of the code.

However, 60 percent (9 of 15) of USAID/Egypt's active contracts, valued at \$130.5 million, did not include the required Federal Acquisition Regulation (FAR) clause¹³ related to trafficking in persons. Because the mission did not verify that the FAR clause related to human trafficking was included in some of its contracts, at least one contractor and many contracting officers' representatives were not aware of the U.S. Government's policy on human trafficking or the related FAR requirements.

Management decisions have been reached on all four recommendations.

Audit of USAID/Cambodia's Program on Rights and Justice II (Report No. 5-442-12-003-P). After decades of conflict, Cambodia is experiencing peace and strong economic growth that has lifted many Cambodians out of

¹³ FAR 22.17 and 52.222-50, both entitled "Combatting Trafficking in Persons," require that specific language related to combating trafficking in persons be incorporated in all contracts.

poverty. Fundamental improvements in governance, however, are still needed to secure the country's democratic transition and to provide a better future for the Cambodian people. USAID/Cambodia signed a \$20 million cooperative agreement with the East-West Management Institute, Inc., to implement the Program on Rights and Justice II,¹⁴ between October 2008 and September 2013.

The program has been successful in improving the collection of and access to Cambodian justice system data, improving legal education, and promoting transparency within the system. For instance, the implementer launched the Justice Documentation Training Program, an intensive 6-month training series designed to develop Ministry of Justice (MOJ) staff skills. Program activities included the creation of several databases, including a Justice Statistics Database to track court information, as well as an MOJ Trafficking Database that tracks all human trafficking prosecutions in the country. Use of the latter database reportedly resulted in a 200 percent increase in documented trafficking prosecutions and convictions, prompting the MOJ to request a similar database for tracking criminal cases. The program also created a Web-based database that tracks and maps human

rights violations, government land concessions, and other information.

Program-supported activities also contributed to the production of a television series called "Scales of Justice," which seeks to provide the public with information on legal rights and procedures. In addition, the program worked to improve court administration. A database of Supreme Court judgments from 1996 to 2006, created under the program, is the first such system available to legal professionals and academics in Cambodia.

Further, the program has provided grants totaling approximately \$1.4 million to six local partners who provide legal aid to indigent clients. Because of this financial support, the legal aid providers have been able to work on more than 4,000 cases involving almost 17,000 beneficiaries.

However, OIG noted a lack of established end-of-program targets, and the implementer's quarterly progress reports failed to show the progress achieved against the end-of-program targets that had been established.

OIG made two recommendations, and management decisions have been made on both.

¹⁴ Program on Rights and Justice II carries out activities similar to those implemented under the original Program on Rights and Justice, implemented by East-West Management Institute, Inc., from 2003 to 2008.

Economic Growth

Audit of USAID/Pakistan's Energy Efficiency and Capacity Program (Report No. G-391-12-002-P).

To help address power blackouts and other severe supply shortages, USAID/Pakistan awarded a 3-year, \$23.5 million contract in March 2009 to the International Resources Group to focus on training in the energy sector and on a variety of conservation activities throughout Pakistan.

In April 2010, in response to a shift in U.S. Government strategy, the mission modified the program's goal to focus on reducing energy demand through an activity to improve the efficiency of tube wells. This activity was designed to replace irrigation pumps used by farmers with more energy-efficient models.

In the first year of the program, OIG found that the mission had not achieved the majority of its targets, which were intended to help with energy conservation and efficiency projects, to upgrade equipment, and to conduct training.

After the shift in strategy, the mission planned to install 11,000 energy-efficient irrigation pumps. Although a pilot phase determined that the activity was unlikely to succeed, the mission proceeded with the program. By September 2011, fewer than 1,000 pumps, or 9 percent, had been installed.



Irrigation water flows from a USAID-provided pump in Punjab Province (photo by OIG).

This shortfall was a result of multiple problems, including the mission's setting unrealistic goals and budgets. For example, the mission budgeted almost \$1,500 per pump but actually paid almost \$9,000. In addition, partners and beneficiaries often did not participate as intended. The regional energy distribution company, a key partner, did not fully support the program, and farmers would not pay the additional costs of installing the pump, including masonry and electrical work.

Management decisions have been reached on two recommendations, and final action has been taken on one.

Audit of USAID/Pakistan's Firms Project (Report No. G-391-12-001-P).

To help improve Pakistan's economic stability, USAID/Pakistan awarded a 4-year,

\$89.8 million contract to Chemonics International to implement the Firms Project. In 2010, 14 months after the project began, USAID modified the project goal to promote economic development in vulnerable areas as an alternative to extremism.

Despite the mission's attempt to increase sales and employment in a number of sectors—leather, livestock, textiles, dates, and mangoes—project activities did not increase sales or employment. Efforts to boost sales and jobs were stalled, and activities to improve competitiveness through economic policy reform were behind schedule, in part because shifts in the mission's strategy resulted in the cancellation of activities. In addition, the mission did not set realistic targets. Though tasked with working with the Government of Pakistan to enact regulatory reform, Chemonics is not expected to achieve this goal by 2013. According to Chemonics, regulatory reform is a long-term process that takes 10- to 12-years because of all the stakeholders involved.

Although a performance management plan was approved by the mission, it did not comply with Agency standards. In addition, sales and employment figures were overstated, and methods for collecting data were inconsistent and unreliable. Further, the contracting officer's representative did not provide sufficient monitoring and oversight, especially of the procurement process, and did not conduct any

site visits to the project. Consequently, the mission did not discover several problems in the process.

OIG made nine recommendations, including determining the allowability of more than \$1.3 million in questioned costs. Management decisions have been made on eight recommendations, and final action has been taken on five.

USAID Issues a \$336,603 Bill for Collection to CHF International for Fraud and Theft in a Livelihoods Project in the Federally Administered Tribal Areas of Pakistan.

The Pakistan Branch of the Cooperative Housing Foundation (CHF), a prime USAID implementing partner, received a 5-year, \$150 million cooperative agreement for the FATA-Livelihoods Development Program.

In April 2008, the organization entered into a subcontract with ABT Associates, Inc., to undertake a US \$6 million cash-for-work tree planting program in the FATA to create job opportunities for youth and locally unemployed individuals. In turn, ABT sought competitive bids from vendors to supply the tree saplings needed. As a result of allegations made to OIG, CHF conducted an audit of the program.

The independent auditors determined that, of the 2.2 million trees contracted to be planted, only 1.2 million trees were documented as purchased. In addition, three of the five vendors

that ABT selected through the competitive bid process to procure saplings were owned and controlled by the same family. The investigation substantiated that USAID funds were lost as a result of theft, overpayment, fraud and mismanagement by ABT Associates. USAID directed CHF to submit a reimbursement check for \$336,603.

Audit of USAID/Afghanistan's Skills Training for Afghan Youth Project

(Report No. F-306-I2-002-P). In April 2010, USAID awarded the Education Development Center (EDC) a \$49.9 million, 3-year cooperative agreement to design and implement the Skills Training for Afghan Youth Project (STAY). An important element of the project is providing financial and technical assistance to two Afghan vocational skills training centers: the Afghanistan Technical Vocational Institute (ATVI) and the Kunar Vocational Organization (KVO).



A carpentry student works at Kunar Vocational Organization in Shigal, Laghman Province (photo by OIG).

By funding operational costs, the project has enabled ATVI and KVO to continue conducting vocational training. In addition, the project has trained staff at ATVI and KVO in financial management, procurement, and reporting. However, after 16 months, little evidence exists that the project has made progress toward strengthening the overall technical capacity of these institutions or empowering youth.

The “design and build” strategy used for the project, which was incorporated in the cooperative agreement program description, allowed EDC to design and present its implementation plan to USAID for approval after the award. However, the STAY program description included in the cooperative agreement was loosely defined and largely illustrative, and there was little to demonstrate that USAID and EDC agreed on key elements of the design. Further, USAID and EDC differed on whether the design had been approved and on what specific activities were to be implemented during the second phase. OIG determined that without a clearly defined program description outlining USAID’s expectations for results and a mutual understanding of an approved design, the project is less likely to implement activities that contribute to the overall goals of the mission.

The program description also did not clearly communicate the project’s purpose, goals, objectives, priorities, and activities. In fact, a report by an education specialist who assessed the



The Kamanga suspension footbridge in Sultan Kudurat Province, Philippines, at left, gives villagers, including schoolchildren, a safe and convenient means of crossing a stream they previously had to cross via a dirt trail shown at right (photos by OIG).

project in May 2011 noted that the mission could aid program progress by clearly articulating its priorities to EDC and that it should address key issues such as what deliverables are of critical importance, what targets are acceptable, and which program areas should be prioritized for implementation. These factors contributed to the lack of a clear purpose, goals, objectives, priorities, and activities in the project.

OIG made four recommendations. Management decisions were made on all four, and final action has been taken on two.

Audit of USAID/Philippines' Growth with Equity in Mindanao (GEM-3) Program (Report No. 5-492-12-002-P). The southern Philippines island of Mindanao, including the Sulu Archipelago, is the country's second largest island and is home to almost

22 million people, or approximately one-fifth of the total Philippine population.¹⁵ About 20 percent of Mindanao's inhabitants are Muslim, many of whom live in a region known as the Autonomous Region in Muslim Mindanao, created by the Philippine Government in 1989. Since 1996, the Growth with Equity in Mindanao (GEM) Program has been USAID/Philippines' flagship activity in Mindanao and is the largest program in the mission's portfolio. Originally conceived as a 5-year program, GEM is now in its 15th year. The current program (known as GEM-3) is being implemented by the Louis Berger Group, Inc.

OIG determined that the GEM-3 program was generally achieving its objectives. The program

¹⁵ *The Philippines in Figures 2011*, The Republic of the Philippines National Statistics Office.

was not expected to achieve anywhere near the level of outputs originally envisioned in its contract for a number of its activities—partly because the program’s authorized funding level was reduced from approximately \$126 million to \$98.9 million. Nevertheless, through its diverse activities, the program has benefited tens of thousands of people living in the conflict-affected areas of Mindanao. Among other things, the program’s efforts have resulted in improved infrastructure at the barangay (village) level, better access to local markets, higher incomes for farmers (including former combatants), increased domestic shipments and international exports of targeted aquacultural and agricultural commodities, the provision of computers and Internet connectivity to a number of high schools, and improved English proficiency among college students preparing to enter a competitive labor market.



At the Basilan Aquamarine Products Cooperative on Basilan Island, fish cages had been sitting empty for months while waiting to be restocked with additional fingerlings that were on order from the fish hatchery (photos by OIG).

However, the audit disclosed that a number of the program’s regional infrastructure projects did not fully meet prescribed criteria and were smaller in scale than what was envisioned, while

many of the program’s smaller barangay infrastructure projects were running behind schedule. Auditors also noted supply problems that hindered the success of the program’s aquaculture producers.

Management decisions have been made on all four recommendations, and final action has been taken on two.

Audit of USAID/Jordan’s Design for Sustainability in its Water Resources Program (Report No. 6-278-12-002-P).

Jordan faces a severe water shortage because of depletion of nonrenewable water resources and projected population growth. Accordingly, USAID/Jordan entered into an agreement with the Government of Jordan to improve water and wastewater infrastructure, water conservation and efficiency, and policy. The mission obligated approximately \$186 million to enhance the productivity of agriculture per unit of water, support new initiatives to reuse wastewater, improve water efficiency, promote multiple uses of water, and provide solutions to address water quality and conservation.

As of July 2011, USAID/Jordan had developed 19 water projects that included water and wastewater infrastructure, water reuse and environmental conservation, water demand management, community-based initiatives for water demand management, construction supply, and information technology master plans.

USAID/Jordan's water program has achieved notable successes. For example, the construction of a desalination plant, a water demand project, and a community-based initiative for water demand management, designed to increase the availability of water and improve water efficiency, have benefited more than 1 million people in the cities of Amman and Jerash.

However, despite the successes achieved by the mission, some of the mission's projects to assist the Jordanian water sector may not be sustainable after USAID funding ceases because the projects have not addressed Jordan's main water management concerns—specifically, water consumption by Jordan's agriculture sector. Although the agriculture sector is the largest consumer of Jordan's water supply, the mission does not have any current projects that address this sector's water use.



Water passes through reverse osmosis membranes that are used to remove dissolved impurities from water at the Zara Ma'in Desalination Plant (photo by OIG).

Instead, the mission's Water Resources and Environment Office strategy has focused on funding water projects valued at approximately \$212 million for the urban and industrial sectors during fiscal year 2011. According to mission officials, the mission did not design projects that would include Jordan's agriculture sector because of a lack of government support from both Jordan and the United States to enforce agriculture sector policy reforms that have been politically unfavorable.

In addition, mission staff did not complete contractor performance reports because USAID's Office of Acquisition and Assistance (OAA) did not train the staff on the Agency's new Contractor Performance Assessment Reporting System. Moreover, although it has been more than a year since OAA launched the new system, mission staff members have no access to the system, and the former regional contracting officer has not requested training and does not know when OAA will provide the necessary training for mission staff.

Management decisions have been made on all seven recommendations.

Audit of USAID/Morocco's Economic Competitiveness Project (Report No. 7-608-12-002-P). The Government of Morocco seeks to increase competitiveness in its leading sectors—energy, fisheries, industry, commerce, agriculture, and tourism—to continue growth

and reduce unemployment, especially among young Moroccans. Under the current strategy, the USAID/Morocco economic growth portfolio includes five projects with total estimated funding of approximately \$30 million. The Morocco Economic Competitiveness Project (MECP) represents about 90 percent of the mission's economic growth portfolio and provides technical assistance to improve Morocco's economic enabling environment, primarily in the Oriental and Doukkala-Abda regions.

Even though the majority of the project's activities were still in their early stages of development, OIG found that the project likely will not achieve its expected results. Inadequate communication has led to project delays, as well as continued disagreement between USAID and the implementer, DAI, about which tasks to implement and how and when they should be accomplished. OIG found other areas that needed improvement, such as training to produce commodities, the inclusion of women and youths in training activities, and performance indicator development and approval.

Despite these problems, the mission and DAI reported that other activities have been making progress and that project management has improved. USAID and DAI have developed good relationships with their partners, which are essential because MECP requires collaboration from many national, regional, and local

partners. For the sustainable water use for agriculture component, activities generally have been proceeding smoothly, and strong results are expected soon.

OIG made 12 recommendations, and management decisions have been reached on all of them. Final action has been taken on six.

Education

Nine Education Officials Suspended for Theft and Diversion of Commodities From Food for Education Program in Pakistan.

The United Nation's World Food Programme (WFP) Food for Education Program gives parents an incentive for their children, especially girls, to attend school by providing one can of fortified cooking oil to each student who meets monthly attendance requirements.

After receiving complaints through the Anti-Fraud Hotline and coordinating with USAID OIG, WFP dispatched a monitoring team to Sindh Province, reviewed documentation, and conducted interviews with the students and community members. WFP field monitoring visits revealed numerous instances of documentation falsified by schools participating in the program and 50 district warehouses, as well as instances in which students who should have, but did not receive cooking oil.

WFP field monitoring personnel also learned that one school participating in the program was, in fact, a private residence. WFP was able to

recover the amount spent on cooking oil for this location from a participating organization. Nine education officials—including teachers, headmasters, and warehouse personnel—were suspended.

Audit of USAID/Pakistan’s Pre-Service Teacher Education Program (Report No. G-391-12-004-P).

To improve teacher education in Pakistan, in September 2008 USAID/Pakistan awarded a \$37 million cooperative agreement to Academy for Educational Development (AED) to implement the Pre-Service Teacher Education Program (Pre-STEP). After the Government of Pakistan terminated its memorandum of understanding with AED, USAID canceled the cooperative agreement as well and awarded the program to Education Development Center, Inc. (EDC).

In its first 3 years, the program made progress toward achieving improved teacher education by developing and helping the Pakistani Government implement education policy reforms. The Higher Education Commission approved two new education degree programs based in part on Pre-STEP recommendations. These programs, introduced with USAID’s support, should ultimately affect teacher training colleges and universities throughout Pakistan and help improve the overall quality of education. In part because of Pre-STEP’s efforts, 16 Pakistani teaching institutions have adopted the new degree programs. Pre-STEP plans to increase the

number of colleges and universities offering the new degrees over the next 2 years by supporting their implementation at target colleges and universities and expanding the number of students enrolled in the new degree programs.

Despite the progress in developing and implementing policy reforms at the provincial and national levels, the program did not achieve most of the set targets. For example, USAID funded only 410 of 2,297 planned scholarships to students enrolled in the new teaching curriculum and only distributed 10 of 36 planned research grants with an average value of \$9,000 to teaching institutions in 2011. These shortfalls occurred in part because key personnel hired to manage the program did not have the necessary management skills. Another contributing factor occurred when the mission terminated its agreement with AED and awarded the new agreement to EDC. Even though the mission awarded the new agreement the day after terminating the AED agreement, EDC still needed time to hire additional staff, find new office space, develop work plans, and establish internal controls.

In addition, the mission’s technical office had many competing priorities and lacked time to provide adequate oversight. During the period under review, the mission assigned one agreement officer’s representative to manage Pre-STEP’s \$75 million agreement. This individual was assigned to manage three other projects

whose average budget was \$9 million. This situation contributed to the failure of achieving targets.

OIG made two recommendations, and management decisions have been made on both.

**Audit of Selected Activities Under
USAID's Higher Education for
Development Program (Report No. 9–
000–12–003–P).**

In October 2005, USAID's Bureau for Economic Growth, Agriculture and Trade (USAID/EGAT) awarded a 5-year, estimated \$319 million cooperative agreement to the American Council on Education (ACE) to implement the Higher Education for Development Program (HED). In September 2010, USAID/EGAT extended HED's period of performance by 5 years and increased the estimated cost by \$17 million, bringing the total to \$336 million. As of March 2011, HED managed 69 active higher education partnerships in 30 countries involving 71 host-country and 54 U.S. higher education institutions. USAID's Latin America and the Caribbean Region had nearly half the partnerships, followed by Sub-Saharan Africa and the Asia and Near East, Europe, and Eurasia regions.

OIG confirmed that HED has had some success in improving human and institutional capacity development in host-country institutions. HED was effective in bringing stakeholders and higher education experts together to discuss ideas such

as how to track the contributions higher education makes to international development. Positive contributions were also made in addressing violence and social disintegration along the U.S.–Mexico border through community outreach activities. For instance, HED conducted community outreach activities along the U.S.–Mexico border. At-risk youths in grades 6 through 12 who live in low-income neighborhoods of Ciudad Juarez participated in three afterschool sessions per week, integrating sports and related social skills with academic instruction and visits to cultural organizations in the city.

Despite these positive outcomes, OIG revealed that USAID/EGAT needs to strengthen its monitoring of HED activities to ensure that intended results are being achieved. For instance, USAID/EGAT, ACE, and the mission did not make enough site visits to monitor HED's activities effectively. In addition, the agreement officer's representative responsible for monitoring HED did not effectively carry out all of his responsibilities. There was no performance management plan, which led to several problems including ACE's ability to establish a consistent, reliable system of data collection. Further, the agreement officer's representative gave advice to ACE that was misguided and contrary to USAID policy directives. In May 2010, the individual gave ACE approval to issue subawards to three partnerships regardless of the uncertainty of

funding. As a result, USAID entered into an unauthorized commitment totaling \$3.3 million.

OIG made 14 recommendations. Management decisions were made on all of them, and final action was taken on three.

Food Security

Audit of USAID/Tajikistan's Productive Agriculture Program (Report No. 5-119-12-001-P).

In 2009, USAID/Central Asian Republics awarded a 5-year, \$9.8 million contract to ACDI/VOCA to assist in the development of the agriculture sector of Tajikistan and to increase the productivity of traditional agricultural crops.

OIG found that the program has made some progress toward increasing the productivity and profitability of traditional crops, such as onions, tomatoes, watermelons, lemons, and apricots. In addition, the material provided through the voucher program—i.e., certified seed, complex fertilizer, and pesticides—has been well received. Farmers interviewed during the audit voiced appreciation for the training provided as well.¹⁶ However, even with these moderate successes, the program has serious problems with monitoring and evaluation.

Despite the need to track the achievements of key program activities, the mission and implementing partner did not formally track or report on the program's most significant activity, voucher distribution. As a result, the mission did not know how many people were receiving or redeeming vouchers and therefore could not measure how many beneficiaries were actually receiving assistance.

Another issue was that the vouchers would sometimes be delivered too late for farmers to use, often just weeks before they were due to expire. Farmers who did receive the vouchers sometimes did not understand the purpose of them and, as a result, used some materials incorrectly. Further, more than half of the beneficiaries interviewed failed to meet certain guidelines for participation in the program. In addition, the reported number of people who participated in training activities was not reliable and contained multiple and duplicative entries, which inflated the program's numbers.

Grants made through the credit and investment activity were also problematic. This part of the program was meant to increase beneficiaries' access to credit and to help them with purchasing items like tractors. However, despite the program's \$11.6 million end-of-program target, only about \$95,000 in loans had been made at the time of the audit, partly because the review and approval process for farmer and agribusiness grant applications was too slow.

¹⁶ The program also offers training on improved cultivation techniques, the application of fertilizers and pesticides, and post-harvest handling techniques.



A farmer tends a program-sponsored demonstration plot in Tajikistan showing the effects that different fertilizers have on tomato plants grown with certified seed (photo by OIG).

Some farmers and agribusinesses had waited months—if they heard anything at all—before learning about the status of their applications or before completing the financial package.

Management decisions have been reached on all eight OIG recommendations.

Audit of USAID/Sierra Leone’s Agricultural Activities (Report No. 7–636–12–003–P). In hopes of building its agricultural sector, the Government of Sierra Leone developed a country compact under the Comprehensive Africa Agriculture Development

Programme (CAADP).¹⁷ USAID/Sierra Leone aligned its assistance to Sierra Leone with CAADP goals through the 4-year, \$13.2 million cooperative agreement, Promoting Agriculture, Governance, and the Environment (PAGE) Program. A consortium of implementing partners led by ACDI/VOCA (Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance), which included World Vision and Associates in Rural

¹⁷ Established in 2003, CAADP is a program under the African Union’s New Partnership for Africa’s Development.

Development,¹⁸ started implementing PAGE in 2008.

OIG found that the program had a significant positive effect on the beneficiaries visited. Farmers and representatives praised the program for not only teaching them improved farming and business techniques but also helping to empower the women in their communities. The audit team also met with representatives of marketing associations that had united hundreds of farmers to combine yields and sell crops through bulk contracts to the United Nations World Food Program.

Although many successes were noted, OIG still found multiple issues. In disbursing its budgeted funds, ACDI/VOCA focused little on program activities while overspending significantly on administrative costs. Questioned costs include travel reimbursements without receipts or approval by the program, unreasonable amounts paid for lodging, payment of unnecessary taxes, and payments made without official invoices. As of July 2011, with 1 year of implementation remaining, ACDI/VOCA had expended about 97.5 percent of its total funding; however, it had issued only \$508,433 of the \$1 million program budget allocated for grants to beneficiaries.

Problems existed with communications and relationships between partners. For instance,

¹⁸ In 2007, ARD was purchased by Tetra Tech, Inc. and subsequently changed its name to Tetra Tech ARD.

though information was clearly stated in the cooperative agreement that World Vision would share office space and resources with partners, it was not in the subagreement between World Vision and ACDI/VOCA. As a result, ACDI/VOCA had to relocate staff members and open its own office.

This issue was just one of several conflicts among the partner and subpartners. USAID involvement helped resolve the most pressing issues, but the audit team noted that the relationship among the implementers remained strained.

OIG made 14 recommendations, including determining the allowability of over \$800,000 in questioned costs. Management decisions have been reached on 12.

Global Health and Health Systems

HIV/AIDS

Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Lesotho (Report No. 4-632-12-001-P). In response to Lesotho's HIV/AIDS epidemic, U.S. Government support through the President's Emergency Program for AIDS Relief (PEPFAR) has steadily increased, from \$1 million prior to 2005 to \$37 million in 2010. In partnership with the Government of Lesotho, USAID is implementing multiple programs with the

Elizabeth Glaser Pediatric AIDS Foundation, Pact, IntraHealth, and John Snow, Inc., with obligated funds totaling almost \$12 million.

Although the programs have helped mitigate the impact of the HIV/AIDS epidemic in Lesotho, progress was hampered by deficiencies in the implementation and supervision of several activities. For instance, one of Pact's main responsibilities was to strengthen local nongovernmental organizations (NGOs) and help them to become more effective, sustainable organizations. Despite the program's focus on smaller, local groups, several large international NGOs were included as subgrantees, including CARE, Catholic Relief Services, and Population Services International. These three NGOs are already prime implementing partners with USAID; including them was contrary to the purpose of the program and led to an increase in overall costs.

Another issue with the activities was the lack of coordination and disagreements with other health programs run by USAID and MCC. One official from the Ministry of Health and Social Welfare said that the conflict and difficulties with coordination compromised performance, limited the effectiveness of the MCC program, and hindered the decentralization process.

Deficiencies in oversight were most likely due to USAID's high staff turnover and the extended vacancy of key positions such as the country director.

Management decisions were made on four recommendations, and final action was taken on one.

Audit of USAID/Democratic Republic of Congo's HIV/AIDS Program (Report No. 7-660-12-001-P). In 2010, USAID obligated \$18 million for its HIV/AIDS program activities in the Democratic Republic of Congo. The largest projects are ProVIC (Projet Intégré de VIH/SIDA au Congo), begun in 2009 for \$44.9 million and implemented by a consortium led by PATH, and the Advanced Social Marketing for Health Program (ASMHP), also begun in 2009 for \$22.8 million and implemented by Population Services International (PSI).

Although the programs were helping improve access to quality HIV/AIDS prevention, care, and support services, they were not making a measurable impact because USAID has not adequately supervised the activities of the two implementing partners. For instance, PSI's social marketing program, which featured a condom distribution campaign, was not well implemented. A lack of follow-up and monitoring by USAID led to significant delays in receiving the condoms. Further, PSI made only minimal marketing efforts to improve condom sales and failed to address competition from another brand.

PATH has not been able to fulfill its obligation concerning the procurement of HIV commodities (e.g., test kits), a significant component of the project. Not having budgeted for these commodities, PATH used funding intended for other items in an attempt to meet its obligations. The irregular, insufficient supply of test kits has had a significant negative impact on the project and targeted communities. Some of the project's testing sites were without supplies for as long as 2½ months, and others closed because of the lack of test kits.

In addition, PATH poorly managed its local partners. Although the program had been active for 19 months, the second round of agreements with local partners had not been finalized at the time of the audit. The local partners were operating under short-term agreements, memorandums of understanding, or no agreements at all. Existing agreements were vague, providing little or no detail as to what was expected from the local partners.

Furthermore, PATH encountered problems regarding payments of salaries and other operating expenses to some of its local partners. As of April 2011, PATH had expended approximately \$9 million of the \$45 million contract and may receive \$9 million more for project expansion. Given the problems and challenges it has encountered, OIG believes that it is unlikely the program will be able to achieve

its goals under the existing project, much less expand into another region.

Management decisions have been made on all 12 recommendations, and final action has been taken on 6.

Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Swaziland (Report No. 4-645-12-004-P).

Swaziland faces the enormous burden of having the highest HIV/AIDS prevalence rate in the world—estimated at about 26 percent in 2009,¹⁹—while being in the midst of a fiscal emergency made worse by the global financial crisis. AIDS organizations are struggling to survive Swaziland's growing financial predicament. For example, one of the oldest and largest organizations, the Swaziland AIDS Support Organization—whose programs reach six out of ten Swazis needing such services—is on the brink of closure.

As a result, Swaziland is reliant on foreign aid, receiving about \$26.6 million in HIV/AIDS funding from the U.S. Government alone in fiscal year 2010. USAID/Southern Africa, through its Regional HIV/AIDS Program (RHAP) Office, is one of several U.S. Government agencies that support HIV/AIDS activities in Swaziland. Three of the programs being supported by RHAP are Pact, the Southern African Human Capacity Development Coalition

¹⁹ UNAIDS *Report on the Global AIDS Epidemic 2010*, Joint United Nations Programme on HIV/AIDS.

(the Coalition) and John Snow Inc. for combined funding of \$15 million.

OIG found that USAID/Southern Africa's HIV/AIDS activities partially achieved their goals but had issues with data collection and sustainability. For instance, USAID is supporting salaries for public sector health-care workers in Swaziland, including three positions in the Swaziland Ministry of Health (MOH). However, no plan exists for shifting the salaries that the U.S. Government supports to the payroll of the Government of the Kingdom of Swaziland or a civil society organization because USAID does not have reliable information to do so. Therefore, there is a risk that health services currently provided by USAID will be discontinued if U.S. Government funding is reduced. Furthermore, the absence of an effective transition plan hinders the sustainability of USAID's efforts in building public sector health-care capacity.

In addition, the Coalition fell short of meeting program objectives before terminating its activities early in Swaziland. A USAID official stated that the Human Resource Information System developed by the Coalition was well under way, but how the system would feed into another MOH human resource system was

unclear. Furthermore, the Coalition did not work side by side with the MOH to develop the system to ensure that the information technology department and key personnel had a clear understanding of the system.

Three recommendations have been made to improve the program. Management decisions have been made on all three, and final action has been taken on one.

Audit of USAID/Kenya's Assistance to Orphans and Other Vulnerable Children

(Report No. 4-615-12-002-P). Kenya, one of the 12 sub-Saharan African countries selected as focus countries during the first phase of PEPFAR, has a large population of AIDS orphans. The 2009-2013 Kenya National AIDS Strategic Plan estimated that 2.5 million Kenyan children under the age of 18 would be orphans by 2010, approximately 700,000 of them (28 percent) as a result of AIDS. During fiscal year 2010, PEPFAR provided support to orphans and other vulnerable children through partnerships with 23 implementing partners in Kenya. These partnerships include the JHPIEGO Corporation (an affiliate of Johns Hopkins University), Family Health International (FHI), and PATH, which were collectively awarded cooperative agreements valued at \$120.9 million.



This sign advertises the Njoro Drop-In Centre in Kenya's Rift Valley Province implemented by Family Health International (photo by OIG).

OIG determined that USAID/Kenya's assistance was achieving its goal of providing care and support to orphans and other vulnerable children (OVC). Specifically, OIG validated that the mission provided care and support to 651,556 children during 2010, exceeding the U.S. Government goal of 650,000. However, OIG found that FHI had multiple weaknesses in its data reporting system. For instance, FHI did not always clearly identify the status of the child assisted, and one beneficiary was listed as 23 years old. This inconsistent application of the OVC definition could misrepresent the actual number of beneficiaries.

According to PEPFAR guidance, the statutory set-aside requirement to spend not less than 10 percent of the amounts appropriated for HIV/AIDS assistance each year on orphans and other children affected by or vulnerable to HIV/AIDS is essential for countries with a generalized epidemic, such as Kenya. However,

USAID officials did not monitor the amount of money that implementing partners were spending on OVC activities because officials believed that the expenditure information would be very difficult and time-consuming to collect.

They also stated that the information collected would not be very precise because funding for many of the activities spanned multiple categories of funding (such as OVC and prevention).

USAID's inability to track the expenditures related to each program area makes it impossible to evaluate the program's cost-effectiveness and will make it difficult for PEPFAR to set targets for OVC activities in future years based on the level of funding provided.

Management decisions have been made on four of five recommendations.

Audit of USAID's HIV/AIDS Activities in Côte d'Ivoire (Report No. 7-681-12-004-P).

Over the past 6 years, USAID/West Africa has worked with multiple partners to implement HIV/AIDS activities in Côte d'Ivoire. Three of these agreements are valued at more than \$17 million, and implementers include AVSI (Associazione Volontari per Servizi Internazionali, an Italian NGO), Save the Children, and PATH. OIG found that although the beneficiaries visited felt that the program has had a positive impact, evidence was lacking to support the results reported by program officials

and to determine whether the activities were achieving their goals.

At the time of the audit, six USAID staff members were in Côte d'Ivoire administering daily program activities. These personnel rely heavily on USAID/West Africa for administrative matters, such as filling vacancies. This reliance caused unnecessary delays and difficulties for program implementation. USAID's PEPFAR program in Côte d'Ivoire is approved for 18 positions, yet filling these vacancies is difficult not only because of the recent civil unrest in the country, but also because USAID/West Africa must approve most personnel decisions. Although the managers in Côte d'Ivoire are acutely aware of their needs and know local personnel available to fill the positions, the in-country managers have little input in the final decisions. When explaining its slowness to fill vacancies in Côte d'Ivoire, USAID/West Africa cited a lack of adequate staffing to provide support services to USAID field offices while implementing new Agency-wide initiatives related to contracting and procurement.

Other issues stemmed from documentation that was disorganized or unverifiable. For example, AVSI reported that 450 beneficiaries were assisted during the second quarter of 2010 by the Koumassi social center, but the implementer was unable to provide any documentation to support this result. In another instance, AVSI reportedly

reached 12,843 OVCs and their family members; however, OIG could not verify the eligibility of recipients because the centers providing services did not maintain records documenting how or why beneficiaries had been admitted to the program.

In addition, AVSI and its subpartners follow different rules for eligibility. For example, AVSI does not require verification of HIV/AIDS status for acceptance to its program, but a subpartner requires all OVC and their family members to provide evidence of direct impact of HIV/AIDS. AVSI personnel usually determine the beneficiaries' HIV/AIDS status merely by noting their physical appearance or asking them about their status, but they do not require any evidence or information about the impact of the disease on their lives.

Management decisions have been made on all six OIG recommendations, and final action has been taken on two.

Audit of USAID/Haiti's Community Health and AIDS Mitigation Project (Report No. I-521-12-002-P).

USAID/Haiti's Community Health and AIDS Mitigation Project was designed to improve the health and quality of life of vulnerable families and people living with AIDS, in accordance with the Government of Haiti's strategic plan. To implement the project, USAID/Haiti signed a 5-year, \$65 million cooperative agreement with Family Health International (FHI) from May

2009 to April 2014. FHI implements this project with two key partners—Catholic Relief Services and International Child Care—both of which have many years of experience in Haiti.

OIG found that the project was making some progress. The project had established 44 community service delivery points, also known as PDSCs;²⁰ trained more than 250 individuals to deliver integrated health services; and served more than 6,500 people living with HIV/AIDS and almost 11,600 orphans and vulnerable children. The project had also provided school fees for children and vocational and literacy training and transportation fees for adults. In addition, FHI played a key role during the 2010 cholera outbreak by providing safe water and hygiene kits to beneficiaries.

Despite the positive findings, OIG identified multiple areas for improvement. For instance, FHI's midterm evaluation acknowledged that there is no consistent rationale for the target number of PDSCs or for the location of existing PDSCs. Enrollment at some PDSCs has been much lower than anticipated, and in some areas, several PDSCs were competing for the same targeted population.

²⁰ PDSCs (in French, *points de délivrance des services communautaires*) offer orientation, information, essential commodities, and referrals related to HIV/AIDS, maternal/child health, tuberculosis, family planning, nutrition, and safe drinking water.

FHI also struggled to report data accurately. Each PDSC had its own method of using sign-in sheets to track and document activities.

Important information needed for internal controls—such as dates, type of services or activities, and signatures—was also missing. Similarly, each PDSC used its own method to report and track key services, including transportation and school fees paid, thereby raising questions about the accuracy of reporting.

In addition, the second annual work plan contained several errors related to the results for the first- and second-year targets. These problems occurred partially because FHI was significantly delayed in implementing its monitoring and evaluation activities. As a result, FHI did not have a monitoring and evaluation staff in place until almost a year after the project started.

Management decisions have been made on 10 out of 14 recommendations.

Malaria, Tuberculosis, and Neglected Tropical Diseases

Supplier to Compensate USAID \$180,507 for Theft of Bed Nets. In connection with an OIG initiative to track and prevent the diversion of the President's Malaria Initiative (PMI) products throughout Africa, a USAID supplier agreed to reimburse USAID \$180,507 or purchase an equivalent amount of antimalarial

bed nets in order to replace approximately 35,000 nets that were stolen from its warehouse in Mozambique. In addition, three of the supplier's employees were terminated for their involvement in the theft.

Audit of USAID/Rwanda's

Implementation of the President's Malaria Initiative (Report No. 4-696-12-003-P). Since 2007, USAID/Rwanda has been working with the National Malaria Control Program (NMCP) to determine how PMI funds can best support the national system. In 2010, USAID/Rwanda implemented PMI activities through partnerships with 13 organizations, including John Snow, Inc., PSI, and RTI International. Projects involved indoor residual spraying, procuring and distributing bed nets and lab equipment, packaging combination drugs, community outreach, case management, and technical assistance activities.

Excellent coordination with NMCP is one of the reasons that the mission's efforts to reduce the malaria burden in the country have been successful. Health center staff members reported a decrease in confirmed cases between 2010 and 2011, following the implementation of malaria prevention activities funded by PMI, the Global Fund, and the Rwandan Government. Most notably, the 2010 Demographic and Health Survey show a 50 percent reduction in all-cause mortality for children under 5, from 152 to 76 deaths per 1,000 live births.

In addition, the malaria deaths reported by district hospitals fell from 1,445 in 2005 to 670 in 2010—a reduction of 54 percent. Furthermore, while in 2005 only 18 percent of households owned a bed net, in 2010, the percentage had increased to 83.

Despite these many successes, the program still needs to improve its branding strategy. Many beneficiaries—who, like most Rwandans, are generally aware of USAID and its activities—were mostly unaware that USAID was funding indoor residual spraying and a portion of the bed net distributions in their communities.

OIG made one recommendation, for which a management decision has been reached.

Audit of USAID/Malawi's Implementation of the President's Malaria Initiative (Report No. 4-612-12-005-P).

Between 2007 and the beginning of 2011, USAID/Malawi disbursed \$53 million for PMI activities. Implementers for these multiple programs include Chemonics International, John Snow, Inc., Management Sciences for Health/BASICS, PSI and Jhpiego Corporation/MC HIP.

According to the 2010 Malawi Demographic and Health Survey, the mortality rate for children under 5 years old has been steadily declining in the country since 1992; in the last decade alone, rates have dropped by 22 percent. Because the mission began its activities in 2007, OIG cannot reasonably conclude that the mission's PMI-led

interventions contributed to this decline. In addition, OIG determined that the mission's annual targets were not achieved, threatening the sustainability of efforts to strengthen the health system.

USAID/Malawi's indoor residual spraying activities did not meet the annual target in 2011; the number of structures sprayed was just 73 percent of the 134,000 targeted structures in Nkhosakota and Salima Districts. Mosquitos in the region had developed a resistance to the insecticide being used, and implementers did not have sufficient quantities of the proper insecticide available. Without a vector specialist—whom the mission does not employ—officials said that they had no way of knowing what the proper quantities of the new insecticide should have been.

The distribution of bed nets was also a problem. Multiple PSI warehouses were found to be fully stocked with nets, but three out of six health care facilities OIG visited did not have any. Furthermore, although the mission stated in its 2010 annual report that it had purchased 1.1 million nets, only 320,000 (approximately) were received in the country during that fiscal year and only 234,000 were actually distributed.

In 2007, PMI began using Malawi Central Medical Stores to distribute malaria commodities, on the condition that the stores would ensure commodity security and tracking.

During the course of the audit, allegations arose that workers were intentionally using less than the required amount of insecticide for spraying houses and selling the excess. In fact, in September 2010, the mission became aware that antimalarial drugs with batch numbers from shipments originally sent to Malawi were being sold in other countries, and these issues were reported to OIG investigators.



Some 12,000 insecticide-treated nets sit in PSI's Lilongwe warehouse while no nets are available at the Bwaila Maternity Ward just a few miles away (photo by OIG).

Management decisions have been made on all three recommendations, and final action has been taken on one.

General Health Programs

Audit of USAID/Haiti's Social Marketing Project (Report No. I-521-I2-001-P).

Haiti, USAID seeks to make health-related information, products, and services easily available and affordable—especially to low-income populations—while promoting the adoption of healthier behavior through social

marketing. In April 2009, USAID/Haiti awarded PSI a 3-year, \$13.5 million contract to implement a social marketing project called PROMARK.

OIG's audit determined that PROMARK has somewhat expanded social marketing in Haiti and in certain areas has improved access to, availability of, and continuing use of some health products. However, after 2 years of implementation, the project had not advanced as far as USAID anticipated it would, despite the fact that PSI has a longstanding presence in Haiti and extensive experience in social marketing.

As of March 2011, PSI had not completed many of the key elements of the implementation strategy. A communications plan for HIV scheduled to be completed by December 2009 was still not finished as of June 2011. A planned radio soap opera was scheduled to be launched in February 2010 but had not aired. Moreover, confusion existed about why project trainers deployed to rural communities were not equipped with adequate training material. According to PSI officials, the mission was responsible for the delay because it needed to print the material. However, the mission asserted that PSI should first use previously printed material.

Another issue stemmed from data collection. In addition to the training data not meeting data quality standards for validity and reliability, PSI

lacked adequate sales data needed to formulate its marketing strategy. For instance, PSI did not capture data on distribution, coverage, consumer knowledge and behavior, or the consumer's ability to pay. Beneficiaries interviewed provided candid input on their dislikes of the products. In addition, interviews with field coordinators and sales agents revealed that wholesalers and retailers were losing sales because of competition with USAID projects that were giving out free generic condoms.

Management decisions have been reached on all seven recommendations.

Audit of USAID/West Bank and Gaza's Palestinian Health Sector Reform and Development Project (Report No. 6-294-12-003-P). In September 2008, USAID

awarded a 5-year, \$56.9 million dollar contract to Chemonics International to implement the Palestinian Health Sector Reform and Development Project, known as the Flagship Project, to support efforts to reform the Palestinian health sector. USAID/West Bank and Gaza provided supplemental funding of \$28.5 million in September 2009, bringing the total contract amount to \$85.4 million.

A midterm evaluation conducted through USAID's Global Health Technical Assistance Project noted that the project endeavored to strengthen the entire health sector, not just part of it. The evaluation also noted many ambiguous

deliverables that complicated project performance and lacked clarity of outcome. OIG confirmed the midterm evaluation, finding that the project's initial lack of focus kept it from achieving core reform efforts. The ambitious design and large number of deliverables resulted in the project team's responding to Ministry of Health requests that may not have been directly in line with the project's strategic vision.

USAID/West Bank and Gaza allowed an unreliable partnership with the Minister of Health to develop by approving whatever the minister requested, regardless of whether the requests fit into the mission's vision and focus for the project. In one case, the team leader and contracting officer's representative described a situation in which the minister was holding USAID-procured equipment in storage. They believed he did this in order to pressure USAID to implement the health information system in the hospital of his choice.

In several instances, the mission and implementers also reported misleading information regarding accomplishments in progress reports and other promotional information. For example, a consultant report gives the project credit for establishing a residency program in emergency medicine; however, this program existed before the start of the project. The mission staff also shared with OIG a document in which Chemonics

characterized the health information system as up and running, which was not true at the time.

In addition, in March 2011, a promotional video was developed and placed on USAID's Web site promoting the purchase of a medical linear accelerator²¹ and showing a patient using the machine as if she were benefiting from it. This impression was misleading because the linear accelerator was not yet operational or licensed until 8 months after the creation of the video. Eight recommendations were made, and management decisions have been reached on all of them. Final action has been taken on four.

Management

Science and Technology

Audit of USAID's Fiscal Year 2011

Compliance With the Federal Information Security Management Act of 2002 (Report No. 9-000-12-002-P).

The Federal Information Security Management Act of 2002 requires federal agencies to develop, document, and implement an agency-wide information security program to protect their information and information systems, including those provided or managed by another agency, contractor, or other source. The act also requires agencies to have an annual independent

²¹ A linear accelerator is a device that produces high-energy x-rays for use in radiation therapy.

evaluation of their information security program and practices.

An OIG contractor concluded that USAID had generally implemented selected security controls for selected information systems in support of the act. However, the auditors found areas in which USAID could improve its information security program. OIG made recommendations for improvements. Management decisions have been made on most of the recommendations, and final action has been taken on one.

Audit of the Sustainability of USAID/Iraq–Funded Information Technology Systems (Report No. E–267–12–002–P). Between

2003 and 2011, USAID implemented programs across several sectors to assist the Government of Iraq. These programs were intended to stabilize communities, foster economic and agricultural growth, and build the capacity of the national, local, and provincial governments. Some of these programs included the financing and development of information technology (IT) systems.

During this period, the mission funded at least 24 IT systems, 2 totaling \$73.2 million, through awards to various contractors and grantees. These USAID–financed IT systems were intended to be delivered to and used by Government of Iraq entities to allow them to operate more efficiently and effectively. In some cases, the awards included IT systems as specific deliverables; in

other cases, the mission implemented programs using IT systems to achieve broader goals such as to increase transparency and accountability or reduce fraud and corruption.

OIG found that 10 of the 24 systems, which cost \$62.1 million, were not completed, were not functional when delivered, or were not used by the Government of Iraq as intended. Two other systems, costing \$2.5 million, were partially used, and three systems, totaling \$1.5 million, were used as intended. For the remaining systems, the mission was neither able to provide documentation that the systems were used nor provide direct contact information for the end users so that OIG could follow up with them. Nevertheless, the director of the mission’s technical office said that the Government of Iraq likely was not using the systems.

OIG determined that the IT system endeavors failed and that 19 of the 24 programs did not use taxpayer money appropriately. For instance, one of the programs, GAPTIS, was intended to improve the transparency of accounting practices in the governorates. However, according to State Department officials from a Provincial Reconstruction Team, USAID and its implementer, Research Triangle Institute, assumed that the Government of Iraq wanted to improve transparency—which was not the case. This lack of user agreement, coupled with only limited, rudimentary training, led to disuse of the

system in some governorates.²² In another program, the database system supplied contained a virus, and the backup version was “read only.” As a result, the system was not usable.

Management decisions have been made on all seven recommendations.

Financial Management

OIG’s Oversight Activities in the West

Bank and Gaza. During this period, OIG issued 20 final audit and examination reports of contractors and grantees in West Bank and Gaza. The reports identified questioned costs of approximately \$465,000 of the \$53 million audited. In addition, the reports identified areas for improvement in internal control and instances of noncompliance with awards.

Audit of USAID’s Financial Statements for Fiscal Years 2011 and 2010 (Report No. 0-000-12-001-C). USAID’s consolidated balance sheets, consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources present fairly, in all material respects, the financial position of USAID as of September 30, 2011, and 2010. OIG identified one deficiency in internal control that the audit

team considered a material weakness, related to USAID’s process for reconciling its fund balance with the U.S. Treasury.

OIG also found six significant deficiencies in internal control related to the following aspects of USAID’s financial management processes: reconciling loans receivable and inter-governmental transactions; accounting for unliquidated obligations; accounts receivable; advances; and property, plants, and equipment.

OIG made six recommendations to improve USAID’s internal controls over financial reporting. Management decisions were made on all of them.

Audit of the Management of Grants Awarded by USAID’s Office of American Schools and Hospitals Abroad (Report

No. 9-000-12-002-P). The American Schools and Hospitals Abroad (ASHA) program provides grants to competitively selected private, nonprofit universities and secondary schools, libraries, and medical facilities outside the United States. ASHA was founded in 1959, which predates the creation of USAID by 2 years, and differs somewhat from the development assistance and humanitarian aid objectives typical of USAID programs.

Although ASHA consequently became a USAID program, because of the program’s unique nature, USAID determined that certain standard requirements for program management were not

²² Although the mission could provide no evidence, USAID/Iraq stated that two current implementing partners working with provincial governors’ offices reported that GAPTIS is in use and that at least some governors find it valuable. Therefore, we have classified this system as partially in use.

applicable. Without clear, written exclusions and exemptions from various policies, procedures, and regulations, the audit team applied industry best practices as the primary form of criteria to evaluate the ASHA program.

OIG concluded that the ASHA office did not manage its grants portfolio in accordance with industry best practices. The program had several significant deficiencies in internal control, including information management and monitoring practices. ASHA's outdated policies and procedures were a contributing cause of these deficiencies. Without appropriate Agency and federal guidance, the ASHA office developed its own policies and procedures manual in 1993. With changes in Agency standard procedures and applicable laws over nearly 20 years, many of the procedures drafted by ASHA are now contrary to best practices in grants management. As a result, ASHA staff members were reluctant to reference and adhere to the outdated information. Instead, they opted to create and follow their own operating procedures, leading to gaps and inconsistencies in the management of grants.

Staff responsibilities and reporting relationships were often poorly defined. While ASHA staff members individually managed sections of the grant management process, no individual was formally identified to oversee the grant through its entire life cycle. Sometimes the responsibilities of ASHA contractors stretched beyond their defined boundaries, as contractors provided

verbal or written approvals to grantees without first consulting direct-hire staff. In addition, the management of information on grant recipients was inconsistent and caused duplication of records, mismatched information, and improper filing. OIG detected a discrepancy of nearly \$9 million in grant balances between ASHA's system and the records of 60 grantees contacted.

Management decisions have been made on all seven recommendations, and final action has been taken on four.

Audit of USAID's Unliquidated Obligations for Selected Expired Awards at the Bureau for Global Health (Report No. 9-000-12-001-P). USAID's Global

Health Bureau supports field health programs. In fiscal year 2010, Global Health obligated \$2.1 billion in program funds to support activities such as HIV/AIDS and malaria prevention, family planning, and reproductive health care.

The Global Health Bureau has sufficient controls in place for managing expired awards and conducting annual reviews of unexpended obligations (known as section 1311 reviews) so that funds can be reprogrammed before the end of the fiscal year.

During the past year, the bureau took steps to strengthen its review of expired awards with unliquidated obligation balances by updating and streamlining its financial review process.

However, documentation was not available for 2 of 24 expired awards in OIG's sample. The two awards expired as far back as 1992 and 1995, and they were still pending final closeout and deobligation of more than \$50,000. This issue illustrates the delays in the closeout process and deobligation of unliquidated obligations from expired awards, leading to a large backlog of awards awaiting closeout.

OIG made three recommendations, and management decisions have been made on all of them, and final action has been taken on one.

Review of USAID's Compliance With Procedures for Approving Conference Expenses (Report No. 2-000-12-001-S).

At USAID, employees attending and planning conferences must comply with federal regulations and agency policies on all conference-related expenses; however, OIG determined that employees did not always comply with these regulations and policies. These instances of noncompliance often resulted in excess expenditures and overpayments.

In fiscal year 2010, the Chief Operating Officer (COO) approved approximately \$5 million in estimated conference costs; however, actual agency costs were much higher. This problem stemmed from incorrect guidance that the COO's Office provided for estimating these costs. When total costs for a conference are estimated, mission staff costs and expenses

incurred by the Agency through program funds awarded to implementing partners are supposed to be included. However, the COO's e-mails issued every quarter to offices, missions, and bureaus explicitly stated they should not include these costs.

According to Agency policy officials, because USAID's conference policy documents do not cross-reference the Federal Travel Regulation, Agency conference planners are unaware of certain conference-related federal regulations. As a result, planners did not minimize any costs, including administrative costs or conference attendees' travel or time costs. For instance, for a USAID-hosted conference in Washington, DC, planners appraised five commercial hotels and selected one that cost more than \$15,000, when they could have used the General Services Administration conference facilities for free.

Other problems stemmed from conference per diem expenses that were paid out unnecessarily. Employees often claimed per diem for meals when attending conferences in which meals were provided for free. In several cases, employees submitted for per diem lodging when their hotel actually cost much less than the per diem rate. OIG has recommended that USAID be reimbursed by the employees who were overpaid.

Management decisions have been made on all 14 OIG recommendations.

Review of Audits of Foreign Organizations Expending Centrally Funded Assistance (Report No. 2-000-12-002-S).

USAID policy requires that foreign nonprofit organizations, governments, and subrecipients that expend \$300,000 or more under USAID agreements and awards during their fiscal year must have an annual audit of those funds. Concerned about whether required audits have been performed, in April 2011 OIG surveyed USAID to determine whether required audits of foreign recipients were being performed and to quantify the amount of money being audited. Few USAID headquarters organizations responded to the survey. Accordingly, OIG conducted this review to determine whether required audits of foreign recipients of centrally funded awards were performed in fiscal year 2009.

Only 32 of 84 foreign recipients (38 percent)²³ had an audit performed, and 13 of the audits were incomplete because they did not cover all USAID awards to the recipient. As a result, about a half a billion dollars in USAID-provided funding was not audited. These audits were not

performed because the Contract Audit and Support Division had not maintained a key supporting system to produce an inventory of all organizations receiving USAID awards and has not created awareness about sources of funding that should be audited. However, the system is being upgraded and has a target date of May 2012 to become operational.

OIG made four recommendations to improve oversight of USAID/Washington-issued awards, and management decisions have been made on all of them.

Survey of USAID/Iraq's Awards and Subawards (Report No. E-267-12-001-S).

Each year, federal agencies award more than a trillion dollars in contracts and financial assistance. The Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) was enacted to increase the transparency of federal government expenditures by providing access to information on federal awards through a single, searchable, publicly available Web site.

The act required the federal government to provide more user-friendly and detailed information about government spending. The act also required the Office of Management and Budget (OMB) to establish a public Web site that included data on federal awards and subawards.²⁴ In accordance with the Transparency Act, USAID is compiling and reporting data on

²³ Because an inventory for foreign organizations receiving centrally funded awards was not available to OIG, this review used an estimation procedure to determine where recipient audits were required. To address this issue, OIG recommended that the Contract Audit and Support Division develop and publish inventories for fiscal years 2009, 2010, and 2011 of foreign organizations receiving centrally funded awards to make clear which recipients must undergo audits and what awards should be audited.

²⁴ USASpending.gov.

awards and subawards funded by USAID's mission in Iraq and determining whether recipients of USAID awards have complied with applicable audit requirements for their subawardees.

From March 2003 to June 2011, USAID/Iraq managed a portfolio of \$6.72 billion that included 24 expired awards with total estimated costs of \$4.95 billion. As of June 30, 2011, there were 15 active awards with total estimated costs of \$1.77 billion.

Implementers of five of the ten USAID-funded programs included in this survey awarded subgrants during fiscal year 2010. However, only two of the USAID programs, provincial economic growth and agribusiness—both implemented by LBG—provided grants to Iraqi nonprofit organizations of amounts that necessitated audits. According to information provided by the implementer, the programs are in the process of implementing these audit requirements.

OIG made no recommendations.

Independent Auditor's Report on USAID's Compliance With the Improper Payments Elimination and Recovery Act of 2010 (Report No. 0-000-12-001-S). On

November 26, 2002, Congress passed the Improper Payments Information Act of 2002 (IPIA), requiring federal agencies to provide estimates and reports of improper payments.

Specifically, IPIA required agencies to review all programs and activities annually and identify those that may be susceptible to improper payments.²⁵ Despite IPIA, improper payments continued to increase throughout government agencies, and federal agencies reported approximately \$100 billion in improper payments for fiscal year 2009.²⁶ In response, the President signed Executive Order 13520, Reducing Improper Payments and Eliminating Waste in Federal Programs, on November 20, 2009. The purpose of the Executive order was to increase transparency and hold federal agencies accountable for reducing improper payments. OIG's evaluation determined that USAID complied, in all material respects, with these requirements as of September 2011, and as reported in November 2011, in its annual financial report.

OIG disclosed one area of USAID's internal controls that needs improvement. Specifically, OIG determined that USAID did not ensure that audits of costs incurred by contractors are completed in a timely manner to identify, prevent, and recover improper payments. USAID contracts with for-profit organizations to perform various types of services around the world. USAID has all costs incurred by these contractors to be audited by the Defense Contract Audit Agency (DCM). During OIG's

²⁵ IPIA, Public Law 107-300, Section 2(a).

²⁶ OMB Memorandum M-10-13, March 22, 2010.

review, it was noted that DCM was not conducting the audits or reporting the results in a timely manner. As of October 2010, 176 audits requested by USAID had not been completed and after meeting with OIG, DCM agreed to complete 62 of these audits in 2011. However, it completed only eight of the audits and 168 audits were still outstanding as of September 2011. USAID should try to expedite these audits to improve its performance in identifying, preventing, and recovering improper payments.

A management decision has been made on the one recommendation.

Improper Payments Made Under the American Recovery and Reinvestment Act of 2009 (Report No. 0-000-12-001-K). As part of the Recovery Act, USAID received \$38 million for immediate information technology security and upgrades to support mission critical operations. On the basis of USAID's information technology priorities, USAID determined that the funding would be used for the development and deployment of the Global Acquisition and Assistance System over a 2-year period.

Although USAID has implemented procedures for separating Recovery Act payments from other payments, it erroneously used Recovery Act funds to pay for services that were not authorized under the Act's obligations. These errors occurred because USAID did not follow its established

process for reviewing, approving, and paying Recovery Act invoices.

OIG made two recommendations. Management decisions have been made on both, and final action has been taken on one.

Management Capabilities

Audit of USAID/Angola's Public-Private Partnerships for Development (Report No. 4-654-12-006-P). Since 2001, USAID's Global Development Alliance initiative has promoted strategic partnerships between USAID and public and private sector partners as a business model for achieving development assistance objectives. In 2011, USAID/Angola reported having four active public-private partnerships—two with Chevron and two with Esso Angola.²⁷ With Chevron, USAID is implementing the Agriculture Development and Finance Program (locally branded as ProAgro) and the Municipal Development Program. As of September 2011, USAID had contributed nearly \$20 million and Chevron had contributed \$5.3 million respectively to these programs. Esso Angola had contributed \$4 million to USAID's activities under PMI in one of its two alliances with the mission.

OIG determined that partners did not benefit from partnerships as anticipated and programs implemented as a part of these partnerships

²⁷ This is done through the ExxonMobil Foundation.

either did not achieve their goals or were not sustainable. For example, one of the programs reported assisting a greater number of organizations and had many more beneficiaries than planned, but key indicators of success fell behind. ProAgro had a target of helping beneficiaries get \$4.1 million in loans in 2010, but reported loans amounting to less than \$930,000. In addition, total agricultural sales by beneficiaries, targeted at \$9.8 million, ended up at only \$748,800 for the year.²⁸

OIG noted concerns about the sustainability of PMI activities under USAID/Angola's Civil Society Strengthening Program, primarily because of the program's lack of focus on preparing individuals to continue activities on their own, high turnover in the health-care field, cultural reluctance by trained employees to share their knowledge, and reluctance on the part of officials from the Ministry of Health to engage in joint training or supervision. While some of these factors are outside of the mission's control, officials did not consider these factors in planning or make adjustments when conditions warranted, largely because of insufficient staffing. External factors often affected the programs' abilities; however, the mission did not consider these factors in planning or make adjustments

when conditions warranted, primarily because of difficulties in staffing. Though the mission is authorized to have nine U.S. direct hires, since 2005 it has never had a full complement of U.S. staff. Of the 32 positions designated for local hires, 12 were unfilled.

The high turnover and vacancies resulted in a lack of consistent champions for the Agency's alliance initiative. Turnover in the mission's program office, even at the mission director level, led to differing levels of alliance interest—and therefore guidance and involvement—in the initiative during these partnerships.

Implementers noted that the selected partnerships were not as successful as they once were because there had been less focus on the parties' relationships in recent years.

OIG also found that partners did not benefit from partnerships as anticipated because joint monitoring plans were not in place; certain aspects of the partnerships, like in-kind contributions, were not planned for, existed only in limited cases, and were not systematically tracked. In addition, there was an absence of any contingency plans in memorandums of understanding and awards. For example, an original partner in one alliance pulled out in 2008 for economic reasons, and without this partner's support, USAID did not have funding to continue activities. The program therefore had to curtail activities in one province, meaning that

²⁸ Because the program did not report on its performance indicators in the second or third quarters of fiscal year 2011 and because site visits were limited, the audit's data validation procedures did not allow for a conclusion on the accuracy of the reported results.

USAID forfeited costs that had already been incurred.

Further, the mission did not adequately monitor the recipients and did not ensure that program costs were properly reviewed. The implementer for the Municipal Development Program, CARE, had attempted several times to get inappropriate cost approvals. Moreover, USAID determined in October 2010 that \$1.7 million in costs related to a CARE Angola program implemented from 2003 to 2005 were unallowable—facts that if promptly disclosed might have disqualified CARE from getting further funding. Key officials with financial management responsibilities at CARE Angola have resigned, reportedly because of management issues.

Management decisions have been reached on eight of nine recommendations. Final action has been taken on five.

Employee Misconduct

USAID Contractors Agree to Pay \$47 Million to Resolve False Claims Act

Allegations. As reported in previous semiannual reports to congress, the Harbert Companies violated the false claims act when they conspired to rig the bids on a USAID-funded construction contract that was bid and performed in Cairo, Egypt, in the late 1980s and early 1990s. The companies were part of a joint venture that bid on and was ultimately awarded a contract to build a sewer system. The entities

entered into agreements with other potential bidders on the contract to ensure that the joint venture would win the bid. Other potential bidders agreed to either not bid or bid intentionally high in return for a payoff. In March 2012, the companies agreed to pay the U.S. Government \$47 million to settle claims that they submitted false claims and caused others to submit false claims to USAID.

Former USAID Controller Sentenced to 29 Months' Imprisonment.

As reported in our previous semiannual report, a former USAID controller pled guilty to embezzlement in September 2011. He was sentenced in December 2011 to a 29-month term of imprisonment. He was also required to pay more than \$36,000 in restitution to USAID and must pay a \$1.9 million penalty to the Internal Revenue Service for his failure to report his foreign bank account. In addition, he must file accurate amended U.S. individual income tax returns and pay all taxes and any interest and penalties owed on those returns to the Internal Revenue Service.

The former controller was debarred and began serving his sentence in January 2012. Upon completion of his prison term, he will be placed on 3 years of supervised release and required to perform 100 hours of community service.

USAID Foreign Service National Employee Terminated for Falsifying Biographical Information.

OIG investigated

an allegation that a USAID/Afghanistan Foreign Service National (FSN) employee provided false information about his previous salary history in order to obtain a higher salary offer. OIG confirmed the information and made a referral to USAID for administrative action; the employee was subsequently terminated. The FSN appealed the decision to the U.S. Mission of Afghanistan's Grievance Board which, after hearing the appeal, upheld USAID's decision.

USAID Locally Employed Staff Member Receives Suspension and Bill of

Collection. OIG conducted an investigation into allegations that a USAID locally employed staff member serving in Pretoria as a program development specialist submitted a fraudulent travel claim. As a result of the investigation, the employee received a 3-day suspension and was issued a \$3,230 bill of collection.

Expanding Accountability

Corruption and lack of accountability are major impediments to development. These issues threaten to negate years of economic growth, especially in the areas of the world subject to political instability and violence.

OIG audits and investigations afford two methods of safeguarding USAID funds; however, OIG pursues additional methods to promote accountability and transparency, described below.

Expanding Supreme Audit Institutions'

Capabilities. OIG continues to work closely with selected Supreme Audit Institutions (SAIs) in countries where USAID is present. SAIs are the principle government audit agencies in the recipient countries and are often the only organizations that have a legal mandate to audit the accounts and operations of their governments.

Thus, SAIs may be called upon to audit funds provided to host governments by USAID or other donors. OIG and USAID missions have signed memorandums of understanding (MOUs) with SAIs in 22 countries.

Before SAIs can conduct audits for USAID, they must have professional capacity and independence. OIG often provides training to SAIs in how to conduct financial audits of USAID funds in accordance with Agency guidelines and U.S. Government auditing standards.

This training helps build capacity within SAIs to enhance their ability to audit all public funds. The SAI, the USAID mission, and OIG then sign an MOU that outlines the standards and procedures to be used in auditing USAID funds provided to the host government.

As part of the shift to use host-country systems to deliver foreign assistance, USAID and OIG intend to rely more heavily on SAIs and continue working to build their capacity.

During this reporting period, the SAI in Pakistan conducted a financial audit of budgetary support provided through USAID/Pakistan Program Assistance and managed by the Benazir Income Support Program (BISP) for the period from September 30, 2009, to March 31, 2011. This \$85 million program aims at providing cash assistance to the poorest families. One major finding by the SAI identified \$38 million in funds that had not been disbursed to beneficiaries. These funds remained in accounts maintained by the Pakistan Post Office. Periodic reconciliations had not been made by the disbursing organizations to facilitate the disbursement of funds to eligible beneficiaries. OIG recommended that USAID/Pakistan develop a plan with BISP to (1) perform periodic reconciliations of program funds and (2) disburse all undelivered and unsettled BISP funds to eligible beneficiaries. A management decision has been made.

Training USAID Staff and Others. OIG remains committed to preventing losses of development funds and continues to provide training in cost principles and fraud awareness to USAID employees, contractors, grantees, SAIs, and auditors from local accounting firms.

Cost Principles Training. USAID's contracts and grants include cost principles provisions that define the types of costs can be legitimately charged to USAID programs. Although the full

text of these cost principles is contained in the FAR and various OMB circulars, USAID agreements generally contain only a single sentence that refers to these principles.

To increase awareness of—and compliance with—cost principles and to promote the highest standards, OIG conducts training for overseas USAID staff, contractors, grantees, and others.

This training provides a general overview of U.S. Government cost principles and actual examples of instances that demonstrate concepts such as reasonableness, allocability, allowability, and various specific cost principles (e.g., travel expenses or entertainment costs). The training also includes financial audit requirements and accountability issues.

During this reporting period, OIG provided training in cost principles and related subjects in 4 countries and trained about 240 individuals. These individuals included USAID/Iraq's newly hired field monitors, SAI staff, USAID staff and partners, and auditors from local, public accounting firms.

Fraud Awareness Training. OIG also provided 93 fraud awareness training sessions to 2,530 individuals during the reporting period.

Accountability Over Contractors and Grantees—Audits

Overall Audit Activity. USAID is required by FAR, the Single Audit Act,²⁹ OMB circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors, grantees, and enterprise funds. OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and that they enhance accountability over USAID contractors and grantees.

Also, in accordance with provisions in USAID contracts and agreements, OIG reviews reports of audits conducted on foreign organizations that receive USAID funds.

Audits of U.S.–Based Companies. U.S.–based companies carry out many USAID–funded activities. DCAA conducts audits, reviews, and preaward surveys of U.S.–based contractors on USAID’s behalf. OIG then reviews DCAA’s reports and transmits them to USAID management.

During the reporting period, DCAA issued an audit of CHF under a cooperative agreement in Iraq. CHF provides technical and capital assistance to individuals, international government organizations, and private

organizations that, in turn, assist their citizens or members in improving their homes and communities. The purpose of the examination was to determine whether direct costs incurred and billed were allowable, allocable, and reasonable. DCAA questioned costs of \$2,943,880 that included ineligible, unsupported direct costs billed by CHF and its subrecipients. OIG recommended that USAID/Iraq’s Office of Acquisition and Assistance determine the allowability of the costs and collect them, as appropriate. In addition, OIG recommended that the mission request supporting documentation to verify \$12,387,460 of cost–sharing reported by CHF. Management decisions are pending.

During this reporting period, OIG reviewed and transmitted 17 DCAA reports covering approximately \$661 million in costs (with questioned costs of more than \$50 million).

Audits of U.S.–Based Grantees and

Enterprise Funds. U.S.–based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A–133, “Audits of States, Local Governments, and Non–Profit Organizations,” nonfederal auditors perform annual financial audits of USAID grantees that spend more than \$500,000 in federal funds annually. These auditors are required to identify:

²⁹ Single Audit Act of 1984, Public Law 98–502, as amended.

- Significant deficiencies involving major programs.
- Material noncompliance with laws and regulations.
- Known fraud affecting a federal award.
- Misrepresentations of the status of prior audit findings.
- Reasons why the auditor's report on compliance for major programs is other than unqualified.

OIG provides oversight for the nonfederal auditors performing these audits and reviews to determine whether auditors have prepared audit reports in accordance with the reporting requirements of OMB Circular A-133.

OIG also conducts quality-control reviews to determine whether the underlying audits complied with OMB A-133 audit requirements and generally accepted government auditing standards. In some instances, OIG contracts with DCAA to perform special financial audits and with independent public accounting firms to perform Agency-contracted financial audits of U.S.-based grantees.

Enterprise funds are U.S.-based nonprofit organizations established under the Support for East European Democracy (SEED) Act of 1989.³⁰ USAID currently has two enterprise funds, one that invests in Eastern Europe and the other that invests in South Africa. Enterprise funds are

subject to annual audits of financial statements performed by private accounting firms and reviewed by OIG.

During the reporting period, OIG issued 55 desk reviews for A-133 Single Audit Act reports and issued 10 desk reviews for Agency-contracted audit reports covering USAID funds of approximately \$3.3 billion spent by U.S.-based grantees.

Audits of Foreign-Based Contractors and Grantees.

OMB Circular A-133 does not apply to foreign-based contractors and grantees. Given the high-risk environment in which USAID operates, however, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts through OIG's *Guidelines for Financial Audits Contracted by Foreign Recipients* (February 2009). Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms approved by OIG's overseas regional offices.

Under the recipient-contracted audit programs, audits are required for all foreign nonprofit organizations that spend \$300,000 or more during their fiscal year. USAID may also request financial audits of nonprofit organizations that fall below the \$300,000 threshold.

USAID's financial audit requirements concerning its contracts, grants, and cooperative

³⁰ Public Law 101-179.

agreements are normally satisfied under the recipient-contracted audit program. However, agency-contracted audits may be initiated by either USAID or OIG to provide additional audit coverage or address specific concerns.

A concern was addressed during this reporting period as a result of a quality control review conducted by OIG staff. The Society for Family Health (SFH) has been audited on a yearly basis since the inception of its program. It is one of the largest health nongovernmental organizations in Nigeria. Its mission is to empower Nigerians, particularly the poor and vulnerable, to lead healthier lives by promoting and providing health and family planning products and services to motivate adoption of healthy behaviors.

OIG received audit reports of SFH for the years 2009, 2008, 2006, and 2005. However, a quality assurance review (QAR) conducted by OIG recently found that the audits were not fully conducted in accordance with U.S. Government Auditing Standards. Specifically, the QAR could not ensure that SFH's expenses were fully reviewed to determine their allowability, allocability, and reasonableness in accordance with government regulations and grant agreements. As a result, OIG recommended that USAID/Nigeria conduct a closeout audit.

The closeout audit disclosed questioned costs of more than \$3.5 million. The questioned costs included international travel costs that were neither budgeted nor approved, costs that were

not allowable to USAID-supported programs, costs that were not supported with adequate documentation, and income generated from SFH cost-sharing contributions that were not used to further program activities. In addition, a theft occurred at SFH that caused losses of more than \$7,000 in commodities provided by USAID.

OIG recommended that USAID/Nigeria recover the amounts determined to be unallowable.

Management decisions are pending.

OIG reviews all audit reports and, if they are found to be in compliance with *Guidelines for Financial Audits Contracted by Foreign Recipients*, transmits the reports to the appropriate USAID mission for corrective actions. Audit firms are also notified of any problems identified in the audit reports.

During this reporting period, OIG reviewed and transmitted 190 audits of foreign-based organizations, covering more than \$1 billion in expenditures and resulting in about \$21 million in questioned costs. OIG also completed 11 quality control reviews to ensure that the audits were completed in accordance with appropriate audit standards.

Accountability Over Contractors and Grantees—Investigations

Five Individuals, Including a Former Member of Congress, Sentenced in U.S. District Court for Violations of the International Economic Powers Act and

Other Felonies. A former Member of Congress from Michigan and U.S. Ambassador to the United Nations was sentenced in federal court in January 2012 for obstruction of justice and for acting as an unregistered foreign agent related to his work for an Islamic charity with ties to international terrorism. Several officials and employees of the now-defunct Islamic American Relief Agency (IARA) charity, formerly headquartered in Columbia, Missouri, also were sentenced in federal court.

IARA was closed in October 2004, after being identified by the U.S. Treasury Department as a specially designated global terrorist organization with ties to Osama bin Laden, al-Qaida, and the Taliban. IARA secretly funneled more than \$1 million to Iraq in violation of U.S. economic sanctions. IARA then hired the former Member of Congress to lobby the U.S. government on its behalf.

In exchange for the payments, the Member of Congress acted as an agent for IARA by contacting persons at the U.S. Senate Finance Committee, USAID, the Department of Justice, and the Department of the Army, in an effort to have

IARA removed from the USAID list of debarred entities, and to remove IARA from the Senate Finance Committee's list of charities suspected of funding terrorism.

The five defendants in this case received sentences ranging from 6 months' probation to nearly 5 years' imprisonment.

The case was investigated by USAID's OIG, the FBI, and IRS-Criminal Investigation.

Investigation Leads to Two Guilty Pleas Involving Conspiracy to Commit Wire Fraud Regarding USAID Funds. OIG

investigated allegations that a contractor's employee embezzled \$1 million in USAID funds by creating fictitious invoices for services not rendered. The investigation confirmed the allegation and identified co-conspirators who contributed to the fraud against USAID. As a result of the investigation, two defendants pleaded guilty to conspiracy to commit wire fraud. OIG, with the assistance of the Department of Justice, was also able to recover \$49,000 in proceeds from the subject and a related party's bank accounts.

Significant Recommendations Described Previously Without Final Action

USAID

October 1, 2011–March 31, 2012

Section 5(a)(3) of the Inspector General Act of 1978 requires each inspector general to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|------------------|--|------------|----------|--------------------------|--------------------------|
| I-511-09-004-P** | Audit of Engender Health's Management of Activities Financed by USAID/Bolivia | 01/15/09 | 2 | 01/15/09 | 09/30/12 |
| | | | 3 | 01/15/09 | 09/30/12 |
| | | | 5 | 01/15/09 | 09/30/12 |
| | | | 7 | 04/27/09 | 09/30/12 |
| | | | 8 | 04/27/09 | 09/30/12 |
| 0-000-10-001-C | Audit of USAID's Financial Statements for Fiscal Years 2009 and 2008 | 11/13/09 | 1 | 11/13/09 | 05/01/12 |
| A-000-10-001-P | Audit of USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2009 | 11/17/09 | 15 | 11/17/09 | 12/31/12 |
| A-000-11-002-P | Audit of USAID's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2010 | 11/09/10 | 3 | 11/09/10 | 12/30/12 |
| | | | 8 | 11/09/10 | 08/31/12 |
| | | | 9 | 11/09/10 | 06/01/12 |
| | | | 10 | 11/09/10 | 10/30/12 |
| | | | 25 | 11/09/10 | 02/28/15 |
| 0-000-11-001-C | Audit of USAID's Financial Statements for Fiscal Years 2010 and 2009 | 11/12/10 | 1 2 | 11/12/10 11/12/10 | 04/30/12 06/30/13 |
| G-391-11-001-P | Audit of USAID/Pakistan's Livelihood Development Program in the Lower Region of the Federally Administered Tribal Area | 12/10/10 | 5 | 04/19/11 | 04/18/12 |

**The vendor has appealed to the Procurement Exec.

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------|---|------------|---------------------------------|--|--|
| 2-000-11-001-S | Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's Use of Compensatory Time | 12/17/10 | 4 | 12/17/10 | 04/30/12 |
| 7-681-11-003-P | Audit of USAID'S HIV/AIDS Activities in Cote d'Ivoire | 02/04/11 | 2 | 02/04/11 | 09/30/12 |
| 1-521-11-003-P | Audit of USAID's Efforts to Provide Shelter in Haiti | 04/19/11 | 1.1 1.2 3 5 6 7 | 07/26/11 07/26/11 07/26/11 07/26/11 07/26/11 07/26/11 | 07/26/12 07/26/12 07/26/12 07/26/12 07/26/12 07/26/12 |
| 4-621-11-007-P | Audit of USAID/ Tanzania's Ongoing Activities Under the President's Malaria Initiative | 04/29/11 | 1 | 04/29/11 | 04/29/12 |
| E-267-11-002-P | Audit of USAID/Iraq's Agribusiness Program | 05/16/11 | 3 9 | 05/16/11 05/16/11 | 04/30/12 04/30/12 |
| 5-440-11-007-P | Audit of USAID/ Vietnam's Competitiveness Initiative Phase II | 05/27/11 | 3 | 05/27/11 | 04/30/12 |
| 7-669-11-007-P | Audit of USAID/Liberia's Energy Activities | 06/06/11 | 1 2 3 4 5 6 7 | 06/06/11 06/06/11 06/06/11 06/06/11 06/06/11 06/06/11 06/06/11 | 08/30/12 08/30/12 08/30/12 08/30/12 08/30/12 08/30/12 08/30/12 |
| 1-521-11-005-P | Audit of USAID/Haiti's Education Activities | 06/06/11 | 1 2 | 06/06/11 06/06/11 | 06/06/12 06/06/12 |
| 6-263-11-007-P | Audit of USAID/Egypt's Communication for Healthy Living Program | 06/09/11 | 2 | 10/17/11 | 05/31/12 |
| 7-683-11-008-P | Audit of USAID's Food Assistance Under the Multiyear Assistance Program in Niger | 06/09/11 | 1 2 4.1 7 10 | 06/09/11 06/09/11 06/09/11 06/09/11 06/09/11 | 05/30/12 05/30/12 05/30/12 05/30/12 05/30/12 |
| F-306-11-004-S | Review of USAID/ Afghanistan's Portion of the Embassy Air Program | 06/09/11 | 1 2 | 10/10/11 06/09/11 | 04/30/12 04/30/12 |

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------|--|------------|----------------------------|--|--|
| F-306-11-003-P | Audit of USAID/ Afghanistan's Support to The Electoral Process (STEP) and Support for Increased Electoral Participation In Afghanistan (IEP) Program | 06/19/11 | 5 7 | 06/19/11 11/17/11 | 04/30/12 04/30/12 |
| G-391-11-005-P | Audit of USAID/Pakistan's Road Rehabilitation and Reconstruction Activities Under the Quick Impact Projects in South Waziristan | 06/20/11 | 5 8 9 | 06/20/11 06/20/11 06/20/11 | 05/31/12 05/31/12 05/31/12 |
| 6-294-11-008-P | Audit of Selected USAID/West Bank and Gaza's Infrastructure Needs Program I: Selected Water Task Orders | 06/30/11 | 1 2 3 4 5 | 06/30/11 06/30/11 09/18/11 06/30/11 09/18/11 | 06/29/12 06/29/12 06/29/12 06/29/12 06/29/12 |
| 4-674-11-009-P | Audit of USAID/Southern Africa's HIV/AIDS Treatment Activities | 07/20/11 | 1 2 3 4 5 6 | 07/20/11 07/20/11 07/20/11 07/20/11 07/20/11 07/20/11 | 06/30/12 07/01/12 06/30/12 08/01/12 06/30/12 06/30/12 |
| 5-388-11-008-P | Audit of USAID/Bangladesh's Integrated Protected Area Co-management Project | 07/21/11 | 2 | 07/21/11 | 07/15/12 |

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------|--|------------|----------|--------------------------|--------------------------|
| I-000-11-002-P | Audit of Selected USAID Missions' Efforts to Mitigate Environmental Impact in Their Project Portfolios | 07/21/11 | 1.1 | 07/21/11 | 06/30/12 |
| | | | 1.2 | 07/21/11 | 06/30/12 |
| | | | 1.3 | 07/21/11 | 06/30/12 |
| | | | 1.4 | 07/21/11 | 06/30/12 |
| | | | 1.5 | 07/21/11 | 06/30/12 |
| | | | 1.6 | 07/21/11 | 06/30/12 |
| | | | 2.1 | 07/21/11 | 06/30/12 |
| | | | 2.2 | 07/21/11 | 06/30/12 |
| | | | 2.3 | 07/21/11 | 06/30/12 |
| | | | 2.4 | 07/21/11 | 06/30/12 |
| | | | 2.5 | 07/21/11 | 06/30/12 |
| | | | 2.6 | 07/21/11 | 06/30/12 |
| | | | 3.1 | 07/21/11 | 06/30/12 |
| | | | 3.2 | 07/21/11 | 06/30/12 |
| | | | 3.3 | 07/21/11 | 06/30/12 |
| | | | 3.4 | 07/21/11 | 06/30/12 |
| | | | 3.5 | 07/21/11 | 06/30/12 |
| | | | 3.6 | 07/21/11 | 06/30/12 |
| 4-650-11-010-P | Audit of USAID/Sudan's Maternal and Child Health Activities | 07/28/11 | 3 | 07/28/11 | 07/28/12 |
| I-511-11-006-P | Audit of USAID/Bolivia's Integrated Food Security Program | 07/28/11 | 1 | 07/28/11 | 06/29/12 |
| | | | 2 | 03/12/12 | 06/29/12 |
| | | | 3 | 07/28/11 | 06/29/12 |
| | | | 4 | 07/28/11 | 06/29/12 |
| | | | 5 | 07/28/11 | 06/29/12 |
| | | | 6 | 07/28/11 | 06/30/12 |
| | | | 7 | 07/28/11 | 06/29/12 |
| | | | 8 | 07/28/11 | 06/28/12 |
| | | | 9 | 07/28/11 | 06/29/12 |
| | | | 10 | 07/28/11 | 06/29/12 |
| | | | 11 | 07/28/11 | 06/29/12 |
| | | | 12 | 07/28/11 | 06/29/12 |
| 5-386-11-010-P | Audit of Phase III of USAID/India's Innovations in Family Planning Services Project | 08/25/11 | 1 | 08/25/11 | 04/30/12 |
| | | | 2 | 08/25/11 | 04/30/12 |
| | | | 3 | 08/25/11 | 04/30/12 |
| | | | 4 | 08/25/11 | 04/30/12 |
| | | | 6 | 08/25/11 | 07/31/12 |
| I-514-11-008-P | Follow-up Audit of USAID/Colombia's Human Rights Program | 08/29/11 | 1 | 08/29/11 | 07/14/12 |
| F-306-11-005-S | Review of USAID/Afghanistan's Afghan Civilian Assistance Program | 08/31/11 | 2 | 08/31/11 | 05/31/12 |
| | | | 4 | 03/13/12 | 05/31/12 |
| | | | 5 | 08/31/11 | 05/31/12 |
| | | | 6 | 03/13/12 | 05/31/12 |
| | | | 7 | 02/14/12 | 05/31/12 |

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------|--|------------|----------|--------------------------|--------------------------|
| I-000-11-002-P | Audit of Selected USAID Missions' Efforts to Mitigate Environmental Impact in Their Project Portfolios | 07/21/11 | 1.1 | 07/21/11 | 06/30/12 |
| | | | 1.2 | 07/21/11 | 06/30/12 |
| | | | 1.3 | 07/21/11 | 06/30/12 |
| | | | 1.4 | 07/21/11 | 06/30/12 |
| | | | 1.5 | 07/21/11 | 06/30/12 |
| | | | 1.6 | 07/21/11 | 06/30/12 |
| | | | 2.1 | 07/21/11 | 06/30/12 |
| | | | 2.2 | 07/21/11 | 06/30/12 |
| | | | 2.3 | 07/21/11 | 06/30/12 |
| | | | 2.4 | 07/21/11 | 06/30/12 |
| | | | 2.5 | 07/21/11 | 06/30/12 |
| | | | 2.6 | 07/21/11 | 06/30/12 |
| | | | 3.1 | 07/21/11 | 06/30/12 |
| | | | 3.2 | 07/21/11 | 06/30/12 |
| | | | 3.3 | 07/21/11 | 06/30/12 |
| | | | 3.4 | 07/21/11 | 06/30/12 |
| | | | 3.5 | 07/21/11 | 06/30/12 |
| | | | 3.6 | 07/21/11 | 06/30/12 |
| I-518-11-009-P | Audit of USAID/Ecuador's Environment Program | 09/26/11 | 1 | 09/26/11 | 09/30/12 |
| | | | 2 | 09/26/11 | 09/30/12 |
| | | | 3 | 09/26/11 | 09/30/12 |
| | | | 4 | 09/26/11 | 09/30/12 |
| | | | 5 | 09/26/11 | 09/30/12 |
| | | | 6 | 09/26/11 | 05/31/12 |
| | | | 7 | 09/26/11 | 03/31/13 |
| | | | 8 | 09/26/11 | 03/31/13 |
| | | | 9 | 09/26/11 | 05/31/12 |
| 6-294-11-009-P | Audit of USAID/West Bank and Gaza's Palestinian Authority Capacity Enhancement Program | 09/28/11 | 1 | 09/28/11 | 09/28/12 |
| | | | 3 | 09/28/11 | 09/28/12 |
| | | | 4 | 09/28/11 | 09/28/12 |
| F-306-11-004-P | Audit of USAID/Afghanistan's On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Services Program | 09/29/11 | 1 | 09/29/11 | 05/31/12 |
| | | | 2 | 09/29/11 | 05/31/12 |
| | | | 3 | 09/29/11 | 05/31/12 |
| | | | 4 | 09/29/11 | 05/31/12 |
| | | | 5 | 09/29/11 | 05/31/12 |
| | | | 6 | 09/29/11 | 05/31/12 |
| | | | 7 | 09/29/11 | 05/31/12 |
| | | | 8 | 09/29/11 | 05/31/12 |
| | | | 9 | 09/29/11 | 05/31/12 |
| | | | 10 | 09/29/11 | 05/31/12 |
| | | | 11 | 09/29/11 | 05/31/12 |
| | | | 12 | 01/27/12 | 05/31/12 |
| | | | 13 | 09/29/11 | 05/31/12 |

**Incidents in Which OIG Was Refused Assistance or
Information**

USAID

October 1, 2011–March 31, 2012

Section 6(b)(2) of the Inspector General Act of 1978 requires an inspector general to report to the head of the agency whenever requested information or assistance is unreasonably refused or not provided.

During this reporting period, there were no reports regarding instances in which information or assistance was unreasonably refused or not provided.

Financial Audits
Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use
USAID

October 1, 2011–March 31, 2012

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|--|----------------|---|--------------------------|------------------|
| <i>American Recovery and Reinvestment Act of 2009 (ARRA)</i> | | | | |
| 0-000-12-001-K | 02/23/12 | Improper Payments Made Under the American Recovery and Reinvestment Act of 2009 | 100 | QC |
| <i>Programs and Operations</i> | | | | |
| 0-000-12-001-C | 11/15/11 | Audit of USAID's Financial Statements for Fiscal Years 2011 and 2010 | | |
| <i>Foreign Based Organizations</i> | | | | |
| 0-114-12-001-R | 10/03/11 | Audit of the National Bank of Georgia Under USAID Grant Agreement No. LSG-114-G-09-00001, for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-002-R | 10/06/11 | Audit of the Mentor Initiative, Under Multiple Agreements for Fiscal Year Ended September 30, 2009 | 4 4 | QC UN |
| 0-000-12-003-R | 11/01/11 | Audit of Save the Children UK, Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-004-R | 10/06/11 | Audit of the Center for Anti-Corruption Research and Initiative "Transparency International-R" Under USAID Cooperative Agreement No. 118-A-00-06-00082 for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-005-R | 10/11/11 | Audit of the Foundation for Information Policy Development, Under USAID Cooperative Agreement No. 118-A-00-04-00061, for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-006-R | 10/08/11 | Close-Out Audit of Stavropol Regional Public Charitable Organization "Faith, Hope, and Love" Under USAID Cooperative Agreement No. 118-G-00-02-00159 for the Period From September 18, 2002, Through September 23, 2011 | 3 | QC |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 0-000-12-007-R | 10/12/11 | Audit of International HIV/AIDS Alliance Under USAID Multiple Agreement for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-008-R | 10/12/11 | Audit of the New Eurasia Foundation Under Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-009-R | 10/12/11 | Audit of the Center for Fiscal Policy, Consulting Group Under USAID Cooperative Agreement No. 118-A-00-03-00084 and Agreement No. COMPASS-CPF-2010-01 | | |
| 0-118-12-010-R | 10/12/11 | Audit of Fund "Healthy Russia," Under Multiple Agreements, for the Period January 1, 2006, to December 31, 2009 | 41 34 | QC UN |
| 0-165-12-011-R | 10/14/11 | Audit of the Foundation Open Society Institute Macedonia Under USAID Grant No. 165-G-00-02-00113-00 and Cooperative Agreement No. 165-A-00-04-00101-00 for Fiscal Year Ended December 31, 2010 | | |
| 0-111-12-012-R | 10/17/11 | Close-Out Audit of Junior Achievement of Armenia NGO Under USAID Grant Agreement No. 111-G-00-06-00082 for the Period From September 1, 2006, Through September 30, 2010 | | |
| 0-118-12-013-R | 10/18/11 | Audit of the Agency for Social Information, Under USAID Cooperative Agreement No. 118-A-00-07-00059-00 for Fiscal Year Ended December 31, 2010 | | |
| 0-121-12-014-R | 10/19/11 | Audit of the All-Ukrainian Public Organization "Institute for Budgetary and Socio-Economic Research," Under USAID Agreement No. 121-A-00-08-00708-00, for the Period Ending December 31, 2010 | | |
| 0-118-12-015-R | 10/20/11 | Audit of the Centre for Social and Labor Rights Under USAID Cooperative Agreement No. 118-A-00-04-00047-00 for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-016-R | 10/20/11 | Audit of Kindernothilfe e.V. Under USAID Grant Agreement GHO-A-00-09-00012-00 for Fiscal Year Ended December 31, 2010 | | |
| 0-121-12-017-R | 10/21/11 | Audit of Charitable Organization "Commercial Law Center" Under USAID Cooperative Agreement Nos. 121-A-00-07-00708-00 and 121-A-00-08-00704 for the Fiscal Year Ended December 31, 2008 | 2 | QC |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 0-121-12-018-R | 10/24/11 | Audit of Charitable Organization "Commercial Law Center" Under USAID Cooperative Agreement Nos. 121-A-00-07-00708-00 and 121-A-00-08-00704 for the Fiscal Year Ended December 31, 2009 | 3 | QC |
| 0-000-12-019-R | 10/25/11 | Audit of The Mentor Initiative, Under Multiple Agreements for Fiscal Year Ended September 30, 2010 | | |
| 0-118-12-020-R | 11/01/11 | Audit of the Foundation for Independent Radio Broadcasting Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-021-R | 12/16/11 | Audit of the Institute for Urban Economics, Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-022-R | 11/01/11 | Audit of Kindernothilfe e.V. Under USAID Cooperative Agreement No. GHO-A-00-09-00012-00 for Fiscal Year Ended December 31, 2009 | | |
| 0-000-12-023-R | 11/16/11 | Audit of RCO "GOLOS," Under USAID Cooperative Agreement No. 118-A-00-07-00028 for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-024-R | 11/17/11 | Audit of Norwegian Refugee Council Under USAID Multiple Agreements for the Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-025-R | 11/21/11 | Audit of Action Contre La Faim Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-026-R | 12/01/11 | Audit of Foundation for Democracy "GOLOS" Under USAID Cooperative Agreement No. 118-A-00-10-00070 for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-027-R | 12/06/11 | Audit of Inter-Regional Public Foundation "Siberian Civic Initiatives Support Center" Under Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-028-R | 12/02/11 | Audit of National Foundation for the Prevention of Cruelty to Children Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-029-R | 12/09/11 | Close-Out Audit of MSPS Graduates Community for Civil Education Under USAID Cooperative Agreement No. 118-A-00-07-00047 for the Period September 24, 2007, Through September 30, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 0-000-12-030-R | 12/09/11 | Audit of Christian Aid, Under USAID Agreement Nos. GPO-A-00-05-00021-00 and 620-A-00-07-00071-00, for Fiscal Year Ended March 31, 2008 | | |
| 0-118-12-031-R | 12/16/11 | Audit Report of the Fund for Sustainable Development, Under USAID Agreement No. 118-A-00-06-00060-00, for the Year Ended December 31, 2010 | | |
| 0-000-12-032-R | 12/21/11 | Audit of Solidarites International, Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2010 | | |
| 0-121-12-033-R | 01/04/12 | Audit of the Association of Ukraine Cities and Communities Under USAID Cooperative Agreement No. 121-A-00-10-00703 for Fiscal Year Ended December 31, 2010 | | |
| 0-118-12-034-R | 01/19/12 | Audit of the Foundation "Gaidar Institute for the Economic Policy," Under USAID Cooperative Agreement No. 118-A-00-00-00130-00, for the Fiscal Year Ending December 31, 2010 | | |
| 0-000-12-035-R | 01/04/12 | Audit of EveryChild Under USAID Grant Agreement No. GPO-A-00-04-0021-00 for the Fiscal Year Ended March 31, 2011 | 4 | QC |
| 0-000-12-036-R | 01/13/12 | Audit of Retrak, Inc. Under Grant Agreement GHO-A-00-09-0006-00 for Fiscal Year Ended December 31, 2010 | 8 | QC |
| 0-000-12-037-R | 01/17/12 | Audit of Norwegian People's Aid, Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2009 | 33 33 | QC UN |
| 0-000-12-038-R | 01/23/12 | Audit of GOAL, Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2005 | 59 59 | QC UN |
| 0-000-12-039-R | 01/30/12 | Audit of Tearfund, Under USAID Multiple Agreements for Fiscal Year Ended March 31, 2010 | 25 17 | QC UN |
| 0-000-12-040-R | 01/30/12 | Audit of Tearfund, Under USAID Multiple Agreements for Fiscal Year Ended March 31, 2011 | | |
| 0-114-12-041-R | 02/10/12 | Close-Out Audit of the National Bank of Georgia Under USAID Grant Agreement No. LSG-114-G-09-00001, for the Period May 28, 2009, to September 30, 2011 | | |
| 0-000-12-043-R | 03/16/12 | Audit of GOAL, Under Multiple Agreements for Fiscal Year Ended December 31, 2006 | 954 102 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 0-000-12-044-R | 03/26/12 | Audit of the Water & Sanitation for the Urban Poor, Under USAID Cooperative Agreement No. EPP-A-00-9-00006-00 and Sub-Contract EPP-I-00-04-00019, for Fiscal Year Ended March 31, 2011 | | |
| I-521-12-001-N | 11/17/11 | Close-Out Audit of the Fund Accountability Statement Under Cooperative Agreement No. 521-A-00-07-00007-00 "Civil Society Advocacy Program," Managed by Private Agencies Collaborating Together (PACT/Haiti), for the Period From August 15, 2007, to September 30, 2009 | 854 575 | QC UN |
| I-154-12-001-R | 10/24/11 | Audit of the Fund Accountability Statement Under Cooperative Agreement No. 524-A-00-06-00005-00 for the "Families United for Their Health FamiSalud/USAID," Managed by "Federación Red NicaSalud," for the Period From April 1, 2009, to March 31, 2010 | | |
| I-504-12-002-N | 12/01/11 | Close-Out Audit of the Certified Expenditures Report, Under Contract No. 504-C-00-07-00100-00 Managed by the Community Support and Development Services, Inc. (CSDS), for the Period From July 1, 2008, to January 31, 2011 | | |
| I-526-12-002-R | 11/03/11 | Audit of Programs No. 526-A-00-01-00074-00 Close-out Audit Civil Society, No. 526-A-00-01-00100-00 Health Decentralization and Community Participation, and No. 526-A-00-07-00052-00, Improving the Paraguayan Health Information System; Managed by the Fundación Comunitaria Centro de Información y Recursos Para el Desarrollo (CIRD) for the Year Ended December 31, 2010 | | |
| I-522-12-003-R | 11/09/11 | Audit of the Fund Accountability Statement for the "Expanding Access to Family Planning for Marginalized Rural Populations" Program, Cooperative Agreement No. 522-G-00-06-00-304-00, Managed by the Asociación Hondureña de Planificación de Familia (ASHONPLAFA), for the Period From January 1 to December 31, 2010 | | |
| I-520-12-004-R | 11/29/11 | Audit of the Fund Accountability Statement of the "Entrepreneurial Competitiveness and Strengthening" Program, Cooperative Agreement No. 520-A-00-06-00103-00, Managed by the Asociación Nacional del Cafe (ANACAFE), for the Year Ending December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| I-596-12-005-R | 12/07/11 | Audit of the Fund Accountability Statement of the USAID Cooperative Agreement No. 596-A-00-06-00092-00, for the "Custom Harmonization," Managed by the Secretariat for the Central American Economical Integration (SIECA), for the Year Ended December 31, 2010 | | |
| I-596-12-006-R | 12/07/11 | Audit of the Fund Accountability Statement of USAID Resources Provided Under Strategic Agreement No. 596-A-00-06-00078-00 "Economic Freedom: Open Diversified Expanding Economies in Central America and the Dominican Republic-DR-CAFTA" Managed by Comision Centroamerica de Ambiente y Desarrollo (CCAD) for the Period From January 1, 2009, Through December 31, 2010 | | |
| I-511-12-007-R | 12/13/11 | Audit of the Fund Accountability Statement of the "Communitarian Health Project" Cooperative Agreement No. 511-A-00-05-00113-00, Managed and Implemented by the Integral Health Coordination Program (PROCOSI), for the Year Ended December 31, 2010 | 1 | QC UN |
| I-520-12-008-R | 12/13/11 | Audit of the Fund Accountability Statement of the Program to Strengthen Competitiveness of Guatemalan Business and Products, Cooperative Agreement No. 520-A-00-05-00009-00, Administered by the Asociación Guatemalteca de Exportadores (AGEXPORT), for the Year Ended December 31, 2010 | | |
| I-538-12-009-R | 12/16/11 | Audit of USAID Resources Managed by the Caribbean Community Secretariat (CARICOM) Under Regional Strategic Objectives Grant Agreement Number 538-010-01 for the Period January 1, 2010, to December 31, 2010, and Close-out Audit for Grant Agreement 538-009-01 for the Period January 1, 2010, to September 30, 2010 | 12 | QC |
| I-519-12-010-R | 12/23/11 | Audit of the Fund Accountability Statement of the Project "Strengthening Health Care and Basic Education" Cooperative Agreement No. 519-A-00-06-00033-00 Between the United States Agency for International Development (USAID), Mission in El Salvador, and Fundación Empresarial Para el Desarrollo Educativo (FEPADE), for the Year Ended December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| I-532-12-011-R | 12/23/11 | Financial Audit of USAID Resources Managed by Joint Board of Teacher Education/University of the West Indies (JBTE/UWI) for the Caribbean Centre of Excellence for Teacher Training Project Under Cooperative Agreement 532-A-00-06-00076-00 for the Period October 1, 2008, to September 30, 2009 | 368 314 | QC UN |
| I-511-12-012-R | 12/23/11 | Audit of the Cooperative Agreement No. 511-A-00-02-00295-00—Social Marketing and Cooperative Agreement No. 511-A-00-02-00261-00—Partners for Development; Managed by the Health Protection Association (PROSALUD) for the Year Ended December 31, 2010 | | |
| I-527-12-013-R | 12/23/11 | Audit of USAID Grant Agreement No. 527-0407/527-0423; Strengthened Environmental Management (STEM) Project; Managed by the "Ministerio del Ambiente-MINAM" for the Period From January 1, 2010, to December 31, 2010 | | |
| I-512-12-014-R | 12/29/11 | Audit of the Technical-Financial Cooperation Agreement No. 512-A-00-08-00005-00 of USAID Project Protecao Etno-Ambiental de Indios Isolados na Amazonia Brasileira, Managed by Centro de Trabalho Indigenista (CTI), for the Period From October 1, 2008, to December 31, 2009 | 132 132 | QC UN |
| I-511-12-015-R | 01/12/12 | Audit of the Fund Accountability Statement USAID Donation Agreement No. 511-0660, Managed by the Local Roads Project (CC.VV.) for the Strategic Objective Increasingly Sustainable Economic Diversification in Coca Crop Areas and Associated Areas for the Year Ended December 31, 2010 | 288 288 | QC UN |
| I-538-12-016-R | 01/18/12 | Close-out Audit of USAID Resources Managed by the Organization of Eastern Caribbean States (OECS), Under Grant Agreement No. 538-009-04 "Protecting the Eastern Caribbean Region's Biodiversity," for the Period From November 1, 2008, to September 30, 2010 | 242 202 | QC UN |
| I-527-12-017-R | 01/20/12 | Audit of the Strategic Objective Agreement No. 527-0423, Managed by the Comision Nacional Para el Desarrollo y Vida Sin Drogas (DEVIDA) for the Period From January 1 to December 31, 2010 | 3 | QC |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| I-512-12-018-R | 01/26/12 | Close-out Audit of the USAID Agreement No. 512-A-00-03-00026-00 Under the ALFA Consortium (Sustainable Communities and Landscapes Program), Managed by Instituto Internacional de Educação do Brasil (IEB) for the Period From October 1, 2006, to December 31, 2007 | 2,003 1,766 | QC UN |
| I-514-12-019-R | 01/31/12 | Close-out Audit of the Fund Accountability Statement, Grant Agreement No. 514-008 for the "Reduction of Illicit Crop Production in Selected Areas of Colombia," Managed by the Colombian Agency for International Cooperation (Acción Social), for the Period From August 30, 1999, to September 30, 2003 | 448 439 | QC UN |
| I-598-12-020-R | 02/02/12 | Audit of the "Building More Inclusive and Equitable Democracies in the Americas," Project RLA-A-00-09-00006-00 and the "Support of Ecuador's 2009 National Elections," Project AID-518-A-09-00002, Managed by the Inter-American Institute of Human Rights (IIHR), for the Year Ended December 31, 2010 | | |
| I-512-12-021-R | 02/06/12 | Audit of the USAID Agreement No. 512-A-09-00002-00 Brazil Clean and Renewable Energy Program, Managed by Instituto de Desenvolvimento Sustentavel e Energias Renovaveis (IDER) for the Period From October 1, 2009, to December 31, 2010 | 37 30 | QC UN |
| I-527-12-022-R | 02/07/12 | Close-out Audit of the Cooperative Agreement No. 527-A-09-00001 for the Project "Strengthen the Role of the Civil Society in the Fight Against Corruption," Managed by Consejo Nacional Para la Ética Publica (PROETICA), for the Period From February 1, 2009, to July 31, 2011 | | |
| I-518-12-023-R | 02/22/12 | Report on the Examination of the Financial Reports for Cooperative Agreement Nos. 518-A-00-07-00067-00 "Integrated Municipal Development Program (MIDP)," and 518-A-10-00005, Audit of the "Program to Combat the Trafficking in Persons in Ecuador (TIP)," Managed by the International Organization for Migration (IOM), for the Year Ended December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| I-518-12-024-R | 02/23/12 | Close-out Audit of Cooperative Agreement No. 518-A-00-08-00031-00, "Labor Insertion Service Program For Handicapped People in Ecuador," managed by the Federación Nacional de Ecuatorianos con Discapacidad Física (FENEDIF), for the Period July 1, 2008, to January 31, 2010 | | |
| I-518-12-025-R | 02/29/12 | Audit of the Cooperative Agreement No. 518-A-00-07-00056-00, "Program for the Protection of Water Resources to Keep the Biodiversity: Financial Mechanisms for the Protection of the Watersheds of Ecuador," Managed by the Fideicomiso Mercantil Fondo Ambiental Para la Protección de las Cuencas y Agua (FONAG), for the Period From October 1, 2009, to September 30, 2010 | 140 127 | QC UN |
| I-520-12-026-R | 03/06/12 | Audit of Cooperative Agreement "Quality Assurance and Small Business Development Program," Grant Agreement No. 520-A-00-06-00105-00, Managed by Fundacion de Apoyo a la Generación de Ingresos Locales – Fundacion AGIL (AGIL) for the Period Ended December 31, 2010 | 141 141 | QC UN |
| I-520-12-027-R | 03/09/12 | Audit of USAID Resources "MYAP – Multiyear Assistance Program," Under PL-480 Title II, Cooperative Agreement No. FFP-A-00-07-00010-00, Managed by the Asociación SHARE de Guatemala (SHARE), for the Period October 1, 2009, Through September 30, 2010 | 21 | QC |
| I-514-12-028-R | 03/15/12 | Audit of the Cooperative Agreement No. AID-514-A-09-00004 for the "Strengthen the Institutional Capacity and Governance of Colombia's Protected Areas for Long-Term Environmental Conservation, Community and Cultural Preservation and Improved Livelihoods" Managed by PATRIMONIO NATURAL – Fondo Para la Biodiversidad y Areas Protegidas, for the Period From July 24, 2009, to December 31, 2010 | | |
| I-527-12-029-R | 03/20/12 | Audit of the Fund Accountability Statement of Cooperative Agreement No. 527-A-00-08-00014-02 "Youth Development in Peruvian Coca Growing Areas" and Agreement No. 1055PER10.24, "Work Obra (International Youth Foundation IYF)," Managed by the Information and Education Center for the Prevention of Drug Abuse (CEDRO), for the Period From March 1, 2010, to February 28, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| I-512-12-030-R | 03/21/12 | Audit of Cooperative Agreement No. AID-512-A-09-00004-02 for the "Brazil Youth Employability Program," Managed by Instituto Empreender for the Period From October 1, 2009, to December 31, 2010 | 297 297 | QC UN |
| I-521-12-031-R | 03/21/12 | Audit of the Cooperative Agreement No. 521-A-00-10-00014-00 for the "Promoting Proactive Transparency and Accountability in Haiti," Managed by La Fondation Heritage Pour Haiti (LFHH), for the Period From May 1, 2010, to April 30, 2011 | 26 | QC |
| I-511-12-032-R | 03/21/12 | Close-out Audit of the "Family Planning and Reproductive Health Services Program," Under USAID's Cooperative Agreement No. 511-A-00-04-00298-00, Managed by Center for Research, Education and Services (CIES), for the Period From January 1 to September 30, 2011 | | |
| I-517-12-033-R | 03/23/12 | Close-out Audit of the "Invest in the Education Competitiveness Program," Agreement No. 517-G-00-07-00101-00, Managed by the American Chamber of Commerce of the Dominican Republic, Inc., (AMCHAMDR), for the Period From October 1, 2008, to September 30, 2009 | 24 | QC |
| I-511-12-034-R | 03/23/12 | Close-out Audit of the Fund Accountability Statement of the Program "Support to Arising Market of Certified Forest Products," Cooperative Agreement 511-A-00-02-00206-00 and "Integrated Development and Conservation in Bolivian Amazon Project" Subcontract No. EEP-1-00-06-00013-00-CADEFOR-01 and Grant Agreement No. IBA-001-2010; Administered by the Amazonian Forest Development Center (CADEFOR), for the Period From January 1, 2010, to March 31, 2011 | | |
| I-517-12-035-R | 03/30/12 | Audit of Fund Accountability Statement of USAID Resources, Grant Agreement No. 517-A-00-10-00100-00, Administered by the American Chamber of Commerce of the Dominican Republic, Inc., (AMCHAMDR), for the Period From October 1, 2009, to December 31, 2010 | 10 | QC |
| 4-674-12-001-D | 12/19/11 | Agency Contracted Closeout Audit of USAID Resources Managed by the Southern African Development Community Parliamentary Forum (SADC-PF) Under Strategic Objective Grant Agreement No. 690-0305 for the Two Years Ended March 31, 2011 | 133 6 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 4-617-12-001-N | 10/26/11 | Agency Contracted Audit of USAID Resources Managed by Deloitte (Uganda) Limited Under Contract No. 617-C-00-07-00004-00 for the Year Ended June 30, 2010 | 10 8 | QC UN |
| 4-936-12-001-R | 10/06/11 | Audit of USAID Resources Managed by Luapula Foundation Under Agreement No. GHH-A-00-07-00021-00 for the Year Ended September 30, 2009 | 1 | QC |
| 4-621-12-002-N | 11/03/11 | Audit of USAID Resources Managed by Kilimanjaro International Corporation Through Contract Nos. 621-I-00-08-00002-00, 621-I-00-08-00007-00, 621-C-00-09-00006-00 and 621-I-00-09-00001-00 and Close-out Audit of Contract Nos. 621-C-00-07-00001-00 and 621-C-00-08-00001-00, for the Period From November 13, 2006, to December 31, 2009 | 1,518 871 | QC UN |
| 4-621-12-002-R | 10/06/11 | Audit of USAID Resources Managed by the Ministry of Health and Social Welfare – Centre for Educational Development in Health Arusha (CEDHA) Under the Strategic Objective Grant Agreement No. 621-0011.01, Implementation Letters No. 11, 16, and 20 for the Period July 1, 2008, to June 30, 2009 | 6 | QC |
| 4-615-12-003-N | 11/14/11 | Agency Contracted Closeout Audit of USAID Resources Managed by KOKA Koimburi and Company Under Contract No. 623-C-00-08-00015-00 for the Period January 1, 2009, to April 30, 2010 | 52 27 | QC UN |
| 4-936-12-003-R | 10/07/11 | Audit of USAID Resources Managed by Luapula Foundation Under Cooperative Agreement No. GHH-A-00-07-00021-00 for the Year Ended September 30, 2008 | 49 12 | QC UN |
| 4-612-12-004-R | 10/18/11 | Audit of USAID Resources Managed by Total Land Care–Spice Promotion in Commercial Enterprises Project (SPICE) Under Cooperative Agreement No. 674-A-00-09-00051-00, for the Year Ended September 30, 2010 | | |
| 4-612-12-005-N | 01/20/12 | Close out Agency Contracted Audit of USAID Resources Managed by The Malawi Network of AIDS Service Organizations (MANASO) Under Cooperative Agreement No. 690-A-00-03-00195-00 for the Period From May 19, 2004, to May 31, 2009 | 87 86 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 4-621-12-005-R | 10/18/11 | Audit of USAID Resources Managed by Pastoral Activities and Services for People With AIDS Dar es Salaam Archdiocese (PASADA) Under Development Assistance Grant Agreement No. 621-A-00-06-00011-00 for the Year Ended December 31, 2009 | | |
| 4-674-12-006-R | 10/20/11 | Audit of USAID Resources Managed by Right to Care Under Cooperative Agreement Nos. 674-A-00-08-00007-00 and 674-A-00-09-00001-00 for the Year Ended September 30, 2010 | 2 2 | QC UN |
| 4-936-12-007-R | 10/21/11 | Audit of USAID Resources Managed by Imbuto Foundation as Sub-Grantee Under Mothers2mothers Cooperative Agreement No. GHH-A-00-07-0019-00 for the Year Ended December 31, 2009 | 18 | QC |
| 4-612-12-008-R | 10/21/11 | Audit of USAID Resources Managed by Total Land Care Kulera Biodiversity Project Under Cooperative Agreement No. 674-A-00-09-00140-00, for the Year Ended September 30, 2010 | 322 242 | QC UN |
| 4-674-12-009-R | 10/26/11 | Closeout Audit of USAID Resources Managed by Mindset Network Under Agreement No. 674-A-00-04-00071-00 for the Period January 1, 2006, to August 31, 2008 | 980 838 | QC UN |
| 4-621-12-010-R | 11/01/11 | Audit of USAID Resources Managed by the Ministry of Health and Social Welfare Primary Health Care Institute in Iringa Under Strategic Objective Grant Agreement No. 621-0011.01, Implementation Letters 19, 25, and 28 for the Year Ended June 30, 2010 | | |
| 4-617-12-011-R | 11/04/11 | Audit of USAID Resources Managed by the AIDS Support Organization Uganda Limited Under Cooperative Agreement No. AID 617-A-09-00005-00 for the Year Ended December 31, 2010 | | |
| 4-674-12-012-R | 11/07/11 | Audit of USAID Resources Managed by the Foundation for Professional Development Under Cooperative Agreement No. 674-A-00-08-0006-00 for the Year Ended December 31, 2010 | 26 1 | QC UN |
| 4-621-12-013-R | 11/14/11 | Audit of USAID Resources Managed by Pastoral Activities and Services for People with AIDS Dar es Salaam Archdiocese (PASADA) Under Grant Agreement No. 621-A-0-06-00011-00 for the Year Ended December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 4-623-12-014-R | 11/14/11 | Audit of USAID Resources Managed by the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) Under Cooperative Agreement No. 623-A-00-06-00082-00 for the Year Ended December 31, 2010 | | |
| 4-621-12-015-R | 11/14/11 | Closeout Audit of USAID Resources Managed by African Medical and Research Foundation (AMREF) Tanzania Under Cooperative Agreement No. 623-A-00-01-000055-00 for the Period March 30, 2001, to September 30, 2008 | 857 690 | QC UN |
| 4-936-12-016-R | 11/14/11 | Closeout Audit of USAID Resources Managed by Luapula Foundation Under Agreement No. GHH-A-00-07-00021-00 for the Period October 1, 2009, to February 28, 2011 | 1 1 | QC UN |
| 4-656-12-017-R | 11/15/11 | Closeout Audit of USAID Resources Managed by Confederacao das Associacoes Economicas de Mocambique (CTA Mozambique) Under Cooperative Agreement No. 656-A-00-04-00050-00 for the Period October 1, 2009, to March 31, 2010 | | |
| 4-936-12-018-R | 11/15/11 | Audit of USAID Resources Managed by Grassroots Alliance for Community Education (G.R.A.C.E) Africa Under Cooperative Agreement No. GHO-A-00-09-00004-00 for the Year Ended December 31, 2010 | | |
| 4-611-12-019-R | 11/16/11 | Audit of USAID Resources Managed by Development Aid From People to People in Zambia (DAPP) Under Cooperative Agreement No. 611-A-00-09-00001-00 (School Washe) for the Period March 11, 2009, to December 31, 2009; and Closeout Audit of USAID Resources Managed by DAPP Under Sub Agreement No. GHH-A-00-07-00019-00 (Mothers to Mothers) for the Period January 1, 2009, to November 30, 2009 | 14 7 | QC UN |
| 4-674-12-020-R | 11/16/11 | Audit of USAID Resources Managed by Wits Health Consortium (WHC) Under Cooperative Agreement No. 674-A-00-08-00005-00 for the Year Ended September 30, 2010 | 4 4 | QC UN |
| 4-674-12-021-R | 11/16/11 | Audit of USAID Resources Managed by Wits Health Consortium Under Cooperative Agreement Nos. 674-A-00-08-00009-00 and 674-A-00-08-00005-00 for the Year Ended September 30, 2009 | 57 8 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 4-617-12-022-R | 11/16/11 | Audit of USAID Resources Managed by Marie Stopes Uganda Under Cooperative Agreement No. AID 617-10-00004 for the Period May 21, 2010, to December 31, 2010 | 5 | QC |
| 4-623-12-023-R | 11/23/11 | Audit of USAID Resources Managed by International Peacebuilding Alliance (Interpeace) Under Grant Agreement No. 623-G-00-06-00063-00, and Closeout Audits of USAID Resources Managed by Interpeace Under Grant Agreement Nos. 696-G-00-08-00129-00 and 623-G-00-08-00012-00 for the Year Ended December 31, 2010 | | |
| 4-617-12-024-R | 11/28/11 | Audit of USAID Resources Managed by Reproductive Health Uganda Under Cooperative Agreement No. AID 617-A-09-00007 for the Period September 1, 2009, to December 31, 2010 | 4 4 | QC UN |
| 4-617-12-025-R | 11/28/11 | Audit of USAID Resources Managed by Inter-Religious Council of Uganda Under Cooperative Agreement No. AID-617-A-10-00002 for the Year Ended December 31, 2010 | 13 | QC |
| 4-674-12-026-R | 11/28/11 | Audit of USAID Resources Managed by ANOVA Health Institute Under Cooperative Agreement No. 674-A-00-08-00009-00 and Johns Hopkins Health and Education in South Africa Under Subaward No. JHHESA-01-09 for the Year Ended September 30, 2010 | 14 14 | QC UN |
| 4-674-12-027-R | 11/28/11 | Audit of USAID Resources Managed by African Palliative Care Association Under Award Agreement No. 674-A-00-09-00112-00 and Sub-Agreement Award Nos. H-F3-BOT-07-P-PTR-APBO, H-F3-CDI-07-P-PTR-APT, U2GPS000631-03-07 and AIDSTAR-ONE-001 and Closeout Audit of Award Agreement No. 621-A-00-07-00013-00 and Sub-Agreement Award Nos. H-F3-ZAM-06-P-PTR-APPC-00, GPO-A-00-03-00003-00, and P3125-C09-024 for the Year Ended March 31, 2011 | | |
| 4-673-12-028-R | 11/29/11 | Audit of USAID Resources Managed by Nawalife Trust Under Cooperative Agreement No. 690-A-00-07-00103-00 for the Year Ended February 28, 2010 | 3 | QC |
| 4-623-12-029-R | 11/29/11 | Audit of USAID Resources Managed by Intergovernmental Authority on Development (IGAD) Under Limited Scope Grant Agreement No. 6230009.02-3-60082 for the Year Ended December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 4-613-12-030-R | 12/02/11 | Audit of USAID Resources Managed by Counselling Services Unit Under Grant No. 613-G-00-01-00244-00 for the Year Ended December 31, 2010 | | |
| 4-623-12-031-R | 12/02/11 | Closeout Audit of USAID Resources Managed by the Association of Volunteers in International Service, Kenya, under Cooperative Agreement No. AID-623-A-10-00011 for the Period July 1, 2010, to March 31, 2011 | 1 1 | QC UN |
| 4-663-12-032-R | 12/09/11 | Audit of USAID Resources Managed by Organization for Social Services for AIDS Under Cooperative Agreement No. 663-A-00-08-00423-00 for the Year Ended December 31, 2010 | 2 2 | QC UN |
| 4-674-12-033-R | 12/09/11 | Audit of USAID Resources Managed by Link Community Development Under USAID Cooperative Agreement No. 674-A-00-09-000137-00 for the Thirteen-Month Period Ended October 31, 2010 | 576 569 | QC UN |
| 4-621-12-034-R | 12/19/11 | Audit of USAID Resources Managed by Tanzania Red Cross Society Under Agreement Nos. 621-A-00-09-00007-00, 621-G-00-09-00005-00 and 621-G-00-10-00016-00 for the Twenty-Month Period Ended December 31, 2010 | | |
| 4-621-12-035-R | 12/19/11 | Audit of USAID Resources Managed by the Ministry of Health and Social Welfare Zanzibar Malaria Control Program Under the Strategic Objective Grant Agreement No. 6210011.01, Implementation Letters 13, 22, 23, and 31 for the Period October 1, 2007, to June 30, 2010 | 44 2 | QC UN |
| 4-674-12-036-R | 12/20/11 | Audit of USAID Resources Managed by The University of the Western Cape Under Cooperative Agreement No. 674-A-00-09-00019-00 for the Two Years Ended December 31, 2010 | | |
| 4-621-12-037-R | 01/09/12 | Audit of USAID Resources Managed by Maasai Women Development Organisation (MWEDO) Under Agreement No. 621-G-00-07-00005-00 and Cooperative Agreement No. 621-A-00-08-00010-00 for the Period From January 1, 2009, Through December 31, 2010 | 1 | QC |
| 4-674-12-038-R | 01/12/12 | Closeout Audit of USAID Resources Managed by Water For All Under Cooperative Agreement No. RLA-A-00-06-00079-00 for the Period March 1, 2011, to September 21, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 4-674-12-039-R | 01/20/12 | Closeout Audit of USAID Resources Managed by Mothers 2 Mothers South Africa Under Sub Agreement No. 13033.00 John Snow Inc. (JSI-Swaziland); and Audit of USAID Resources Managed by Mothers 2 Mothers South Africa Under Cooperative Agreement No. GHH-A-00-07-00019-00 New Partners Initiative; Sub-Agreement No. P3121A0027 President's Emergency Plan for AIDS Relief; Sub Agreement No. 36521-02 John Snow Inc. (JSI-Uganda); Sub Agreement No. LMS-Southern Africa CRTA 10-1 Management Science for Health Inc.; Sub Agreement No. 93.067 – Boston University; and Sub Agreement No. UL-00-9-180-02068-0-00 The Elizabeth Glaser Pediatric Aids Foundation for the Year Ended December 31, 2010 | 186 183 | QC UN |
| 4-969-12-040-R | 01/25/12 | Closeout Audit of USAID Resources Managed by Genesis Trust Under Cooperative Agreement No. GHH-A-00-07-00014-00 for the Period From January 1, 2010, to May 31, 2011 | 52 42 | QC UN |
| 4-615-12-041-R | 01/25/12 | Audit of USAID Resources Managed by the Children of God Relief Institute Under Cooperative Agreement No. 623-A-00-09-00008-00 (Lea Toto Program) for the 22 Months Ended December 31, 2010, and Cooperative Agreement 623-A-00-09-00027-00 (Nyumbani Village Program) for the 24 Months Ended December 31, 2010 | | |
| 4-902-12-042-R | 01/26/12 | Closeout Audit of USAID Resources Managed by The University of Cape Town Under Grant Agreement No. DFD-G-00-08-00097-00 for the Period March 1, 2008, to August 31, 2011 | 49 1 | QC UN |
| 4-902-12-043-R | 02/22/12 | Audit of USAID Resources Managed by Africa Centre for Holistic Management (ACHM) Under Grant Agreement No. DFD-G-00-10-00084-00 for the Year Ended December 31, 2010 | | |
| 4-674-12-044-R | 02/22/12 | Audit of USAID Resources Managed by Hospice Palliative Care Association of South Africa Under Cooperative Agreement No. 674-A-00-10-00023-00 and Close-out Procedures in Respect of USAID Cooperative Agreement No. 674-A-00-08-00002-00 for the South Africa ASSIST Umbrella Grants Management Program: AED Grant No. 3828-00-HPCA-01 for the Year Ended March 31, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 4-621-12-045-R | 02/22/12 | Audit of USAID Resources Managed by Selian Lutheran Hospital AIDS Control Program Under Development Assistance Award No. 621-A-00-07-00001-00 for the Year Ended December 31, 2010 | | |
| 4-615-12-046-R | 02/22/12 | Audit of USAID Resources Managed by the Laikipia Wildlife Forum for the Laikipia Biodiversity Conservation Program Under Cooperative Agreement No. 623-A-00-06-00032-00 for the Fifteen Month Period Ended December 31, 2010 | 8 | QC |
| 4-936-12-047-R | 02/23/12 | Close-out Audit of USAID Resources Managed by Integrated Community Based Initiatives (ICOB) Under Cooperative Agreement No. GHO-A-00-08-00005-00 for the Period July 1, 2010, to October 3, 2011 | | |
| 4-615-12-048-R | 02/23/12 | Close-out Audit of USAID Resources Managed by KPMG Kenya Under Grant Agreement No. AID-623-G-00-10-00002 for the Period March 5, 2010, to April 4, 2011 | | |
| 4-936-12-049-R | 02/23/12 | Audit of USAID Resources Managed by Botswana Retired Nurses Society Under Cooperative Agreement No. GHO-A-00-09-00013-00 for the Year Ended March 31, 2011 | 1 | QC |
| 4-621-12-050-R | 02/27/12 | Audit of USAID Resources Managed by PharmAccess International Under Award No. 621-A-00-08-00017-00 for the Period July 1, 2008, to December 31, 2010 | 66 | QC |
| 4-936-12-051-R | 02/27/12 | Audit of USAID Resources Managed by Light and Courage Centre Trust Under Agreement No. GHH-A-00-07-00017 for the 27 Months Ended September 30, 2010 | 139 54 | QC UN |
| 4-674-12-052-R | 02/27/12 | Audit of USAID Resources Managed by University of KwaZulu-Natal Under Cooperative Agreement No. HFM-A-00-02-00065-00 and Sub-Agreement Nos. GHO-A-00-08-00006-00 (with Children's Emergency Relief International) and P3121A0028 (with Private Agencies Collaborating Together) for the Year Ended December 31, 2010 | | |
| 4-674-12-053-R | 03/23/12 | Audit of USAID Resources Managed by Right to Care Under Cooperative Agreement Nos. 674-A-00-08-00007-00 and 674-A-00-09-00001-00 for the Year Ended September 30, 2011 | 2 2 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 5-388-12-001-N | 12/09/11 | Financial Audit of the Social Marketing Sustainability Program, USAID/Bangladesh Cooperative Agreement No. 388-A-00-08-00020-00, Managed by the Social Marketing Company (SMC), for the Period From October 1, 2008, to September 30, 2010 | 832 613 | QC UN |
| 5-493-12-001-R | 10/18/11 | Closeout Audit of the Accelerating Economic Recovery in Asia (AERA) Program, Managed by the Kenan Foundation Asia (Kenan), USAID Cooperative Agreement No. 442-A-00-99-00072-00, for the Year Ended September 30, 2009 | 112 111 | QC UN |
| 5-386-12-002-R | 10/18/11 | Closeout Financial Audit of USAID/India Grant No. 386-G-00-06-00125-00 for the Workforce Development Initiative (WDI) Project and USAID/India Cooperative Agreement No. 386-A-00-06-00180-00 for the Expansion of Madrasa Education in Andhra Pradesh (Madrasa) Project, Managed by the CAP Foundation, for the Period From April 1, 2009, to September 31, 2010 | 3 | QC |
| 5-442-12-003-R | 10/24/11 | Financial Audit of the Program "Sustainable Action Against HIV and AIDS in Community" (SAHACOM), USAID Cooperative Agreement No. AID-442-A-09-00002, Managed by the Khmer HIV/AIDS NGO Alliance (KHANA), for the Period From October 1, 2009, to December 31, 2010 | 1 | QC |
| 5-440-12-004-R | 10/28/11 | Closeout Financial Audit of the Program "Scaling up the Faith-Based Response to HIV/AIDS in Vietnam," USAID Cooperative Agreement No. GHH-A-00-07-00018-00, Managed by Nordic Assistance to Vietnam (NAV), for the Period From January 1, 2010, to January 31, 2011 | 10 5 | QC UN |
| 5-492-12-005-R | 11/03/11 | Financial Audit of the Health Policy Development Program, USAID/Philippines Cooperative Agreement No. 492-A-00-06-00031, Managed by the UPecon Foundation, Inc., for the Year Ended December 31, 2010 | | |
| 5-442-12-006-R | 11/09/11 | Financial Audit of the Support to the Documentation Center of Cambodia, USAID/Cambodia Cooperative Agreement No. 486-A-00-04-00012-00, Managed by the Documentation Center of Cambodia (DC-Cam), for the Period From January 1, 2010, to December 31, 2010 | 5 5 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 5-492-12-007-R | 11/16/11 | Financial Audit of the Barangay Justice and Peace Project, USAID/Philippines Cooperative Agreement No. 492-A-00-09-00030-00, Managed by the Gerry Roxas Foundation, Inc. (GRF), for the Period From January 1, 2010, to December 31, 2010 | 15 | QC |
| 5-442-12-008-R | 12/14/11 | Financial Audit of Maternal and Child Health Program Managed by the Reproductive and Child Health Alliance (RACHA) for the Period From January 1, 2010, to December 31, 2010 | 27 27 | QC UN |
| 5-442-12-009-R | 12/14/11 | Financial Audit of the Together for Good Health (ToGoH) Project, Cooperative Agreement No. 442-A-00-08-00007-00, Managed by the Reproductive Health Association of Cambodia (RHAC), for the Year Ended December 31, 2010 | 25 | QC |
| 5-388-12-010-R | 01/30/12 | Closeout Financial Audit of Improving Local Level Governance by Strengthening Union Parishads and Creating Citizens' Awareness (ILLG) Program, Managed by Rupantar for the Period from January 1, 2010, to March 31, 2011 | 71 68 | QC UN |
| 5-486-12-011-R | 01/30/12 | Financial Audit of the Anti-Trafficking in Persons Pan-Asian Campaign, USAID/RDMA Cooperative Agreement No. 486-A-00-06-00015-00, Managed by the MTV Europe Foundation (MTV), for the Period From January 1, 2009, to December 31, 2009 | | |
| 5-486-12-012-R | 01/30/12 | Financial Audit of the Anti-Trafficking in Persons Pan-Asian Campaign, USAID/RDMA Cooperative Agreement No. 486-A-00-06-00015-00, Managed by the MTV EXIT Foundation (MTV), for the Period From January 1, 2010, to December 31, 2010 | | |
| 5-388-12-013-R | 01/31/12 | Closeout Financial Audit of the Program "Rural Empowerment Through Renewable Energy," USAID/Bangladesh Grant Agreement No. 388-G-00-05-00060-00, Managed By Grameen Shakti, for the Period From January 1, 2010, to September 30, 2010 | 417 384 | QC UN |
| 5-386-12-014-R | 02/24/12 | Closeout Financial Audit of the Financial Institutions Reform and Expansion (FIRE D-III) Project, USAID/India Cooperative Agreement No. 386-A-00-03-00175-00, Managed by the National Institute of Urban Affairs (NIUA), for the Period from April 1, 2008, to September 30, 2010 | 65 57 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 5-386-12-015-R | 02/24/12 | Financial Audit of USAID Resources Managed by Voluntary Health Services, for the Year Ended March 31, 2011 | 751 | QC UN |
| 5-386-12-016-R | 03/12/12 | Financial Audit of Community Development with Solar Energy Illumination Project, USAID/India Cooperative Agreement No. 386-A-00-09-00302-00, Managed by Humana People to People India (HPPI), for the Period From April 1, 2010, to March 31, 2011 | 338 301 | QC UN |
| 5-386-12-017-R | 03/29/12 | Financial Audit of the Enhance Karnataka Project, Cooperative Agreement No. 386-A-00-06-00144, Managed by the University of Manitoba (UOM), for the Period from April 1, 2010, to March 31, 2011 | | |
| 6-294-12-001-N | 12/22/11 | Audit of the Fund Accountability Statement of USAID Funds Managed by Water Environment & Development Organization, Sub-Grantee Under Prime Eco-Peace Friends of the Earth Middle East, Under Cooperative Agreement Number 294-A-00-09-00211-00, for the Period From November 30, 2009, to June 30, 2010 | | |
| 6-263-12-001-R | 12/22/11 | Financial Audit of the Egyptian Foundation for Enterprise Development, LEAD, Under USAID Agreement Number 263-A-00-03-00049-00, for the Period From January 1, 2009, to December 31, 2009 | | |
| 6-263-12-002-N | 12/27/11 | Financial Audit of USAID Resources Managed and Expenditures Incurred by United Group, Empowering Civil Society & the Legal Profession, Award Number 263-G-00-08-00066-00, for the Period From September 25, 2008, to September 30, 2009 | | |
| 6-294-12-003-N | 01/12/12 | Close-out Examination of Al-Mukawilon Contracting Co. Ltd.'s Compliance With Terms and Conditions of Sub-Fixed Price Contracts Number 2008 Road TO 3 and 2009 Road TO 14, Under Prime International Relief and Development, Task Orders Number 3 and 14, Under Indefinite Quantity Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From October 20, 2008, to May 28, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 6-294-12-004-N | 01/12/12 | Close-out Examination of Awad Contracting Company's Compliance With Terms and Conditions of Sub-Fixed Price Contracts Number 2008 Road TO 5, 2009 Road TO 12A and 2009 Road TO 12B, Under Prime International Relief and Development, Task Orders Number 6 and 12, Under Indefinite Quantity Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From October 20, 2008, to February 7, 2010 | | |
| 6-294-12-006-N | 01/22/12 | Close-out Examination of Osaily Trading and Contracting Company's Compliance With Terms and Conditions of Sub-Fixed Price Contracts, Under Prime International Relief and Development, Task Orders Number 7 & 18, Under Indefinite Quantity Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From October 20, 2008, to July 4, 2010 | | |
| 6-294-12-008-N | 02/02/12 | Close-out Examination of Al Imran Modern Construction Company's Compliance With Terms and Conditions of Fixed-price Sub-contract Number 24018-08-WB-SA023, Under Prime Cooperative Housing Foundation, Cooperative Agreement Number 294-A-00-05-00242-00, Local Democratic Reform, for the Period From September 23, 2008, to March 22, 2009 | | |
| 6-294-12-013-N | 02/28/12 | Close-out Examination of Al Saif General Contracting Company's Compliance With the Terms and Conditions of Sub-fixed Price Contracts Number 24024-08-WB-SA005, 24024-08-WB-SA013, 24024-09-WB-SA005, 24024-09-WB-SA009, 24024-09-WB-SA010, 24024-09-WB-SA068 and 24024-10-WB-SA008, Under Prime Cooperative Housing Foundation's Cooperative Agreement Number 294-A-00-07-00213-00, Emergency Jobs Program, for the Period From June 25, 2008, to April 21, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 6-294-12-017-N | 03/22/12 | Audit of the Fund Accountability Statement for USAID Resources Managed by Right to Play, Under USAID Cooperative Agreement Number 294-A-00-09-00212-00, Sport and Play as an Effective and Innovative Tool to Promote Peace Building, Conflict Mitigation and Reconciliation Among Palestinians in the West Bank and Gaza Strip, For the Period From September 29, 2009, to June 30, 2010 | | |
| 6-294-12-018-N | 03/22/12 | Audit of the Fund Accountability Statement of USAID Resources Managed by All for Peace Under Grant Number 294-G-00-09-00214-00, One Message to two Societies—Broadcasting Messages of Peace—Building to Enact Conflict Mediation and Reconciliation by Empowering the Civil Society Sector, for the Period From September 30, 2009, to June 30, 2010 | | |
| 6-263-12-022-N | 03/28/12 | Close-out Financial Audit of USAID/Egypt Resources Managed and Expenditures Incurred by the Egyptian NGO Support Center, New Initiative for Leadership in Egypt (Nile II Project), Grant Number 263-G-00-06-00070-00, for the Period From April 1, 2008, to March 26, 2009 | | |
| 7-620-12-001-N | 12/22/11 | Closeout Audit of USAID Resources Managed by Society for Family Health Under the "Improved Reproductive Health in Nigeria" Program (CA No. 620-A-00-05-00098-00) for the Period From June 8, 2005, to December 31, 2010 and the "Comprehensive Integrated Approach to HIV/AIDS Prevention and Care in Nigeria" Program (CA No. 620-A-00-05-00100-00) for the Period From July 8, 2005, to December 31, 2010 | 3,586 208 | QC UN |
| 7-620-12-001-R | 10/18/11 | Recipient-Contracted Audit of USAID Resources Managed by the Women Farmers Advancement Network (WOFAN) Under the Access to Safe Drinking Water, Sanitation and Hygiene Project (WASH) (CA No. 620-A-00-09-00017-00) for the Period September 14, 2009, to December 31, 2010 | | |
| 7-608-12-002-N | 03/02/12 | Agency Contracted Audit of USAID Resources Managed by the Morocco Ministry of Agriculture Under the "Surveillance Equipment Funded Under Limited Scope Morocco Locust Abatement" Program (Project Number 608-0236) for the Period From April 28, 2005, to September 30, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 7-620-12-002-R | 11/03/11 | Recipient-Contracted Audit of USAID Resources Managed by Save the Children Under the Links for Children Project (CA No. 620-A-00-09-00008-00) for the Period September 18, 2009, to December 31, 2010 | 38 | QC |
| 7-620-12-003-R | 11/10/11 | Recipient Contracted Audit of USAID Resources Managed by the Gembu Centre for HIV/AIDS Advocacy Nigeria (GECHAAN) Under Grant Agreement No. 620-A-00-08-00076-00 for the Period From January 1, 2010, to December 31, 2010 | | |
| 7-620-12-004-R | 11/15/11 | Recipient-Contracted Audit of USAID Resources, Managed by Christian Health Association of Nigeria (CHAN), Under the Nigeria Indigenous Capacity Building (NICAB), Agreement No. 620-A-00-07-00180-00 for the Period From January 1, 2010, to December 31, 2010 | 688 | QC |
| 7-620-12-005-R | 11/16/11 | Recipient-Contracted Audit of USAID Resources Managed by Hope Worldwide Nigeria Under the Assistance and Care for Children Orphaned and at Risk of HIV/AIDS Program (Grant Agreement No. 620-A-00-08-00111-00) for the Period From January 1 to December 31, 2010 | 67 67 | QC UN |
| 7-620-12-006-R | 11/17/11 | Recipient-Contracted Audit of USAID Resources Managed by Pro-Health International (PHI) Under the HIV/AIDS Reduction Program in the Niger Delta (CA No. 620-A-00-08-00132-00) for the Period From January 1, 2010, to December 31, 2010 | | |
| 7-620-12-007-R | 12/14/11 | Recipient-Contracted Audit of the USAID Resources Managed by Network on Ethics/Human Rights, Law, HIV/AIDS Prevention, Support and Care (NELA) Under the NELA Consortium AIDS Initiatives in Nigeria (CA No. 620-A-00-07-00211-00) for the Period From January 1, 2010, to December 31, 2010 | | |
| 7-620-12-008-R | 12/20/11 | Recipient-Contracted Audit of the USAID Resources Managed by BBC World Service Trust Under the USAID Media Support for Strengthening Advocacy, Good Governance, and Empowerment (CA No. 620-A-00-09-00016-00) for the Period From April 1, 2010, to March 31, 2011 | 3 3 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 7-623-12-009-R | 02/15/12 | Recipient-Contracted Audit of USAID Resources Managed by Cooperazione Internazionale Under the Psychosocial Support and Reintegration of Survivors of Sexual and Gender-Based Violence Program in Eastern Democratic Republic of Congo (CA No. 623-A-00-09-00009-00) for the Period From January 1, 2010, to December 31, 2010 | 875 744 | QC UN |
| 7-685-12-010-R | 02/24/12 | Recipient-Contracted Audit of USAID Resources Managed by the Agency for the Development of Social Marketing (CA No. 685-A-00-03-00118) for the Period From January 1, 2011, to September 30, 2011 | 1 | QC |
| 7-688-12-011-R | 03/02/12 | Recipient-Contracted Audit of the Local Currency Expenditures Made by DAF – MEALN in Mali Under the USAID Strategic Objective No. 688-0007.00 for the Period From September 1, 2004, to December 31, 2008 | 345 | QC |
| E-267-12-001-D | 11/17/11 | Independent Audit of Edinburgh Risk and Security Management Ltd.'s (ERSM), Report on Audit of Costs Incurred and Billed From July 1, 2007, to September 30, 2007, Under Sub-Award With the International Foundation for Election Systems (IFES) Through the Consortium for Elections and Political Process Strengthening Under USAID Cooperative Agreement No. 267-A-00-04-00405-00 | 161 | QC |
| F-306-12-001-N | 10/03/11 | Financial Audit of the Program "Partnership Contracts for Health Services (PCH)" USAID/Afghanistan Grant Agreement No. 306-08-IL-06-00, Managed by the Ministry of Public Health, for the Period From Program Inception July 20, 2008, Through September 22, 2010 | 1,328 5 | QC UN |
| F-306-12-003-N | 10/13/11 | Financial Audit of the Program "MoF-Salary Support Program" USAID/Afghanistan Project Implementation Number (PIL). 306-IL-10-01, Managed by the Ministry of Finance, for the Period From June 6, 2010, to September 30, 2010 | 356 355 | QC UN |
| G-391-12-001-R | 10/26/11 | Financial Audit of the Budgetary Support, USAID/Pakistan Program Assistance Agreement No. 391-AAG-012-IL -02, Managed by the Benazir Income Support Program (BISP), for the Period From September 30, 2009, to March 31, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------------------------|----------------|---|--------------------------|------------------|
| G-391-12-002-R | 11/03/11 | Financial Audit of the Budgetary Support to the Government of Pakistan, USAID/Pakistan Program Assistance Agreement No. 391-005-ES-07, Managed by Ministry of Finance, for the Year Ended June 30, 2008 | | |
| G-391-12-003-R | 01/06/12 | Financial Audit of the Program Titled "Aga Khan University's Flood Response Program," USAID/Pakistan Cooperative Agreement No. 391-G-00-10-01188-00, for the Period From August 30, 2010, to December 31, 2010; Managed by The Aga Khan University | | |
| G-391-12-004-R | 01/13/12 | Financial Audit of the Program Titled "Anti-Corruption Program Pakistan," USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and Program Titled "Anti-Fraud Hotline," USAID/Pakistan Cooperative Agreement No. 391-A-00-10-01194-00, Managed by Transparency International Pakistan, for the Year Ended June 30, 2011 | | |
| G-391-12-005-R | 02/17/12 | Financial Audit of the Program Titled "Merit and Need Based Scholarship Project," USAID/Pakistan Agreement No. 391-G-00-04-01023-00, for the Period From July 2, 2004, to June 30, 2010; Managed by Higher Education Commission | 428 8 | QC UN |
| G-391-12-006-R | 02/24/12 | Financial Audit of the Budgetary Support, USAID/Pakistan Program Assistance Agreement No. 391-012, Implementation Letter No.1, Managed by the Economic Affairs Division of the Government of Pakistan, for the Period From June 8, 2009, to June 15, 2011 | | |
| G-391-12-007-R | 03/06/12 | Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by Competitiveness Support Fund (CSF), for the Period From July 1, 2010, to June 30, 2011 | | |
| <i>Local Currency Trust Fund</i> | | | | |
| 5-492-12-003-N | 02/02/12 | Financial Audit of USAID/Philippines' Peso Trust Fund for Operating Expenses, for the Period From January 1, 2010, to December 31, 2010 | | |
| 5-497-12-004-N | 02/27/12 | Financial Audit of USAID/Indonesia's Rupiah Trust Fund for the Years Ended September 30, 2010 and 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|-------------------------------|----------------|--|--------------------------|------------------|
| G-391-12-001-N | 03/20/12 | Financial Audit of USAID/Pakistan's Rupee Trust Fund, for the Period From October 1, 2009, to September 30, 2011 | | |
| <i>U.S.-Based Contractors</i> | | | | |
| 0-000-12-001-D | 10/03/11 | American Institutes for Research (AIR), Report on Audit of Incurred Costs for Fiscal Year 2006 | | |
| 0-000-12-001-N | 10/20/11 | Report on Examination of Costs Incurred and Reported by the GSA/FEDSIM Under the USAID Inter-Agency Agreement No. IRM-P-00-06-00079 for the Period September 29, 2006, to September 30, 2010 | | |
| 0-000-12-002-D | 10/05/11 | University Research Group, Report of Compliance of Initial CAS Disclosure Statement | | |
| 0-000-12-003-D | 12/12/11 | Frontier Finance International, Inc., Report on Audit of Incurred Costs for Fiscal Years 2001 and 2002 | | |
| 0-000-12-004-D | 12/19/11 | International Business and Technical Consultants, Inc., Report on Audit of Incurred Cost of Fiscal Years 2002 and 2003 | 2 | QC |
| 0-000-12-005-D | 01/04/12 | Independent Audit of SkyLink Air & Logistic (USA), Inc. Audit of Incurred Costs for Fiscal Years Ended December 31, 2003, 2004, and 2005 | 14,850 14,850 | QC UN |
| 0-000-12-006-D | 01/13/12 | Nathan Associates, Inc. Report on Audit of Incurred Costs for Fiscal Year Ended 2004 | 1,853 | QC |
| 0-000-12-007-D | 01/26/12 | CH2M HILL International Services, Inc. Report on Audit of Final Indirect Rates and Corporate Home Office Allocations for Contractor Fiscal Year Ended December 31, 2006 | 45 37 | QC UN |
| 0-000-12-008-D | 02/08/12 | Abt Associates, Inc. Report on Audit of Incurred Costs for the Fiscal Year Ending March 31, 2006 | | |
| 0-000-12-009-D | 03/01/12 | MacFadden & Associates, Inc. Report on Incurred Costs for Fiscal Year (FY) 2002 | 125 120 | QC UN |
| 0-000-12-010-D | 03/08/12 | MacFadden & Associates, Inc. Report on Incurred Costs for Fiscal Year (FY) 2003 | 55 3 | QC UN |
| 0-000-12-011-D | 03/06/12 | MacFadden & Associates, Inc. Report on the Independent Fiscal Year (FY) 2004 Incurred Cost Audit | 91 79 | QC UN |
| 0-000-12-012-D | 03/16/12 | Creative Associates International, Inc. Report on Adequacy of Review of Disclosure Statement | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 4-613-12-004-N | 01/20/12 | Agency Contracted Audit of USAID Resources Managed by Abt Associates Inc. Under Task Order No. GPO-I-04-04-00007-00 of Partnership Program for the Period From October 1, 2007, to March 31, 2009 | 67 | QC |
| 5-492-12-001-D | 10/21/11 | Audit of Subcontract Costs of Notre Dame Foundation for Charitable Activities Inc. – Women in Enterprise Development (NDFCAI-WED) Billed to and Paid by USAID Under Its Prime Award to the Creative Associates International Inc. (CAII) to Implement Phase I of the Project Titled "Education Quality and Access for Learning and Livelihood Skills" (EQuALLS), USAID/Philippines Contract No. HNE-I-00-00038-00, for the Period From February 1, 2005, to July 15, 2006 | 190 189 | QC UN |
| 5-388-12-002-N | 12/09/11 | Financial Audit of the Statement of Program Income Earned and Used Under the Smiling Sun Franchise Program (SSFP), USAID/Bangladesh Contract No. 388-C-00-07-00110-00, Managed by the Chemonics International, Inc., for the Period From October 1, 2007, to September 30, 2010 | 388 388 | QC UN |
| 6-294-12-011-N | 02/16/12 | Close-out Audit of the Cost Representation Statement of USAID Resources Managed by Chemonics International Inc., Under Contract Number 294-C-00-00-00077-00, Civil Society and Democracy Strengthening Project, for the Period From October 1, 2005, to March 31, 2007 | 407 | QC |
| 6-294-12-012-N | 02/28/12 | Audit of the Cost Representation Statement of USAID Resources Managed by Chemonics Under Contract Number 294-C-00-08-00225-00, Flagship Project, for the Period From September 26, 2008, to June 30, 2010 | | |
| 6-294-12-015-N | 03/22/12 | Close-out Examination of APCO ArCon Compliance With Terms and Conditions of Indefinite Quantity Contract Number 294-I-00-08-00221-00, Task Order Numbers 16, 17, 19, 21, 22, 23, 24, 25, 26, 30, 35 and 36, Infrastructure Needs Program I, for the Period From July 01, 2009, to December 02, 2010 | | |
| 6-294-12-021-N | 03/28/12 | Close-out Audit of the Cost Representation Statement of USAID Resources Managed by Development Alternatives, Inc., Under Task Order Number PCE-I-12(815)-99-00009-00, The Palestinian Enterprise Revitalization Project, for the Period From October 1, 2005, to June 30, 2006 | 58 | QC |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| E-267-12-001-N | 10/06/11 | Financial Audit of USAID Resources Managed and Expenditures Locally Incurred by Cardno Emerging Market Group Under "Health Promotion Program in Iraq," USAID/Iraq Task Order No. 267-GHS-I-03-07-00016, for the Period From September 30, 2009, to October 31, 2010 | 16 2 | QC UN |
| E-267-12-002-D | 11/20/11 | Independent Audit of Development Alternatives, Inc. (DAI), Report on Costs Incurred and Billed Under USAID Contract No. 267-C-00-07-00505-00 for the Period September 28, 2007, Through September 30, 2008 | 1 | QC |
| E-267-12-002-N | 10/16/11 | Financial Audit of USAID Resources Managed and Expenditures Locally Incurred by CHF International, Under USAID Cooperative Agreement Number 267-A-00-08-00503-00, "Community Action Program," for the Period From October 1, 2008, to September 30, 2010 | | |
| E-267-12-003-D | 11/29/11 | Independent Audit of International Foundation for Election Systems (IFES) Direct Costs Incurred and Costs Billed from July 1, 2007, to June 30, 2009, Under Subawards With IFES Through the Consortium for Elections and Political Process Strengthening Under Its USAID Cooperative Agreement | | |
| E-267-12-004-D | 01/04/12 | Independent Audit of International Resources Group, Ltd. (IRG) Report on Contract Costs Incurred and Billed Under USAID Contract No. 517-C-00-04-00106-00 for the Period of October 1, 2006, Through December 31, 2007 | 879 861 | QC UN |
| F-306-12-001-D | 12/20/11 | Independent Audit of Black & Veatch Special Projects Corporation (BVSPC) Direct Costs Incurred and Billed on Contract No. 306-I-00-06-00517-00 from August 25, 2006, to September 30, 2008 | 32,198 32,198 | QC UN |
| F-306-12-002-N | 10/10/11 | Local Costs' Financial Audit of the Small and Medium Sized Enterprise Development Activity (ASMED) by Development Alternatives Inc. (DAI), Contract No. 306-C-00-07-00503-00, for the Period October 1, 2009, to September 30, 2010 | 89 | QC |
| F-306-12-004-N | 02/15/12 | Financial Audit on the Local (non-U.S.) Costs (Costs Incurred and Paid in Afghanistan) Under USAID Contract No. 306-I-00-06-00517-00 With the Joint Venture Louis Berger Group, Inc./Black & Veatch Corp. (LBGI/B&V), for the Period From October 1, 2009, to September 30, 2010 | 2,197 2,082 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------------------|----------------|---|--------------------------|------------------|
| F-306-12-005-N | 03/15/12 | Financial Audit of Costs Incurred in Afghanistan Under USAID Contract No. 306-DOT-I-01-08-00033-00 With Chemonics International, Inc., for the Period From October 1, 2009, to September 30, 2010 | | |
| <i>U.S.-Based Grantees</i> | | | | |
| 0-000-12-001-T | 11/04/11 | Medical Care Development, Inc. and Affiliate, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-002-T | 11/04/11 | World Hope International, Inc. and Affiliates, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-003-T | 11/03/11 | Nazarene Compassionate Ministries, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-004-T | 11/04/11 | Desk Review of the Medical Care Development, Inc. and Affiliates A-133 Audit Report for Fiscal Year Ended December 31, 2009 | | |
| 0-000-12-005-T | 11/08/11 | Hadassah, The Women's Zionist Organization of America, Inc. and Related Entities, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-006-T | 11/18/11 | The J.F. Kapnek Charitable Trust, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009 | | |
| 0-000-12-007-T | 01/05/12 | OMB Circular A-133 Audit Report of World Learning Inc. for Fiscal Year Ended June 30, 2010 | | |
| 0-000-12-008-T | 12/28/11 | Volunteers for Economic Growth Alliance OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009 | | |
| 0-000-12-009-T | 01/04/12 | ChildFund International, USA, OMB Circular A-133 Audit Report for Year Ended June 30, 2010 | | |
| 0-000-12-010-T | 01/13/12 | The Centre for Development and Population Activities, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-011-T | 01/20/12 | Population Services International, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2008 | 35 | QC |
| 0-000-12-012-T | 01/11/12 | Pact, Incorporated & Affiliate, OMB Circular A-133 Audit Report for the Year Ended September 30, 2010 | | |
| 0-000-12-013-T | 01/17/12 | ACDI/VOCA, OMB Circular A-133 Audit Report for the Year Ended December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 0-000-12-014-T | 01/12/12 | International Republican Institute OMB I-133 Supplementary Financial Report Year Ended September 30, 2010 | | |
| 0-000-12-015-T | 01/12/12 | OMB Circular A-133 Audit Report of the Catholic Relief Services United States Conference for Fiscal Year Ended September 30, 2010 | 42 | QC |
| 0-000-12-016-T | 02/02/12 | Save the Children Federation, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | 302 | QC |
| 0-000-12-017-T | 01/18/12 | CHF International and Related Entities OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2010 | | |
| 0-000-12-018-T | 01/19/12 | IntraHealth International, Inc. OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010 | | |
| 0-000-12-019-T | 01/23/12 | A-133 Audit Report for Grassroot Soccer, Inc. for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-020-T | 01/24/12 | International Rescue Committee, Inc. OMB Circular A-133 Audit Report for the Fiscal Year Ended September 30, 2010 | | |
| 0-000-12-021-T | 01/26/12 | National Democratic Institute for International Affairs, OMB Circular A-133 Audit Report for the Fiscal Year Ended September 30, 2010 | | |
| 0-000-12-022-T | 01/30/12 | American Near East Refugee Aid, Inc. OMB Circular A-133 Audit Report for Fiscal Year Ended May 31, 2011 | | |
| 0-000-12-023-T | 02/01/12 | JSI Research and Training Institute, Inc., OMB Circular A-133 Audit Report for the Fiscal Year Ended September 30, 2010 | | |
| 0-000-12-024-T | 02/02/12 | Program for Appropriate Technology in Health (PATH) and Subsidiaries, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-025-T | 02/02/12 | The Asia Foundation, OMB Circular A-133 Audit Report For Fiscal Year Ended September 30, 2010 | | |
| 0-000-12-026-T | 02/08/12 | OBM Circular A-133 Audit Report of the German Marshall Fund of the United States for Fiscal Year Ended May 31, 2011 | | |
| 0-000-12-027-T | 02/13/12 | The Population Council Inc., OMB Circular A-133 Audit Report for The Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-028-T | 02/08/12 | African Wildlife Foundation, OMB Circular A-133 Audit Report For Fiscal Year Ended June 30, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 0-000-12-029-T | 02/13/12 | OMB Circular A-133 Audit Report of the Pathfinder International for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-030-T | 02/17/12 | OMB Circular A-133 Audit of Winrock International Institute for Agricultural Development Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-031-T | 02/09/12 | The Nature Conservancy, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-032-T | 02/15/12 | International City/ County Management Association, OMB Circular A-133 Audit Report, Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-033-T | 02/15/12 | OMB Circular A-133 Audit Report for Medical Teams International for the Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-034-T | 02/16/12 | Project HOPE – The People-To-People Health Foundation, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-035-T | 02/16/12 | OMB Circular A-133 Audit Report of The United States Pharmacopeial Convention, Inc. for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-036-T | 02/21/12 | OMB Circular A-133 Audit Report of World Concern (A Division of CRISTA Ministries) and World Concern Development Organization for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-037-T | 02/22/12 | OMB Circular A-133 Audit Report of Internews Network for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-038-T | 02/23/12 | World Education, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-039-T | 02/22/12 | East-West Management Institute, Inc. OMB Circular A-133 Audit Report, Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-040-T | 02/27/12 | OMB Circular A-133 Audit Report Children's AIDS Fund, OMB Circular A-133 Audit Report For Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-041-T | 02/23/12 | Partnership for Supply Chain Management, OMB Circular A-133 Audit Report For Fiscal Year Ended September 30, 2010 | | |
| 0-000-12-042-R | 03/02/12 | Audit of People in Need, Under Agreement No. RLA-A-00-09-00059-00 for Fiscal Year Ended December 31, 2010 | 4 4 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 0-000-12-042-T | 02/24/12 | OMB Circular A-133 Audit Report of Viet-Nam Assistance for the Handicapped for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-043-T | 02/28/12 | OMB Circular A-133 Audit Report of Ananda Marga Universal Relief Team, Inc. for Fiscal Year Ended December 31, 2010 | | |
| 0-000-12-044-T | 03/01/12 | Pathfinder International, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010 | 887 887 | QC UN |
| 0-000-12-045-T | 03/21/12 | OMB Circular A-133 Audit Report of the National Albanian American Council for Fiscal Year Ended December 31, 2010 | 61 61 | QC UN |
| 0-000-12-046-T | 03/05/12 | World Wildlife Fund, Inc., OMB Circular A-133 Audit Report For Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-047-T | 03/06/12 | OMB Circular A-133 Audit Report of World Learning Inc. for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-048-T | 03/09/12 | OMB Circular A-133 Audit Report of the Christian Reformed World Relief Committee, Inc., for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-049-T | 03/07/12 | OMB Circular A-133 Audit Report of Rainforest Alliance, Inc. for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-050-T | 03/09/12 | Education Development Center, Inc., OMB Circular A-133 Audit Report for the Fiscal Year Ended September 30, 2011 | | |
| 0-000-12-051-T | 03/13/12 | Sesame Workshop and Subsidiaries, OMB Circular A-133 Audit Report for the Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-052-T | 03/22/12 | OMB Circular A-133 Audit Report of the Feed the Children, Inc. and Subsidiaries for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-053-T | 03/27/12 | OMB Circular A-133 Audit Report for Christian Mission Aid, for Fiscal Year Ended June 30, 2011 | | |
| 0-000-12-054-T | 03/27/12 | OMB Circular A-133 Audit Report for World Resources Institute, for Fiscal Year Ended September 30, 2011 | | |
| 0-000-12-055-T | 03/28/12 | International Relief & Development Holdings, Inc. and Affiliates, OMB Circular A-133 Audit Report For Fiscal Year Ended December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 5-492-12-002-D | 10/21/11 | Audit of Subgrant Costs of Notre Dame Foundation for Charitable Activities Inc. and Women in Enterprise Development (NDFCAI-WED) Billed to and Paid by USAID Under its Prime Award to the Education Development Center (EDC) to Implement Phase II of the Project Titled "Education Quality and Access to Learning and Livelihood Skills" (EQuALLS), USAID/Philippines Cooperative Agreement No. 492-A-00-06-00024-00, for the Period From August 1, 2006, to December 4, 2006 | 95 89 | QC UN |
| 5-492-12-003-D | 10/21/11 | Audit of Subaward Costs of Notre Dame Foundation for Charitable Activities Inc.—Women in Enterprise Development (NDFCAI-WED) Billed to and Paid by USAID Under its Prime Award to the International Youth Foundation (IYF) to Implement Phase I of the Project Titled "Education Quality and Access to Learning and Livelihood Skills" (EQuALLS), USAID/Philippines Cooperative Agreement No. 492-A-0004-00029-00 [Through Consuelo Foundation, Inc. (CFI)], for the Period From January 4, 2005, to December 11, 2006 | 125 75 | QC UN |
| 6-294-12-005-N | 01/12/12 | Close-out Audit of the Locally Incurred Costs of the Fund Accountability Statement of Relief International, Sub-Grant Numbers ARDWBG 338, ARDWBG 351, and ARDWBG 372, Under Associates in Rural Development, the Civic Engagement Program II, Contract Number DFD-I-04-05-00218-00, for the Period From January 13, 2009, to October 20, 2009 | | |
| 6-294-12-007-N | 01/22/12 | Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by American Near East Refugee Aid, Under Cooperative Agreement Number 294-A-00-04-00222-00, for the Period From October 1, 2005, to September 30, 2007 | | |
| 6-294-12-009-N | 02/16/12 | Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by Academy for Educational Development, Cooperative Agreement Number 294-A-00-08-00222-00, Expanded and Sustained Access to Financial Services, for the Period From September 30, 2008, to June 30, 2009 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 6-294-12-010-N | 02/16/12 | Audit of the Fund Accountability Statement for USAID Resources Managed by Care International, Cooperative Agreement Number 294-A-00-09-00207-00, An Eye to the Future, Building Skills and Attitudes That Underwrite and Promote Conflict Mitigation in Gaza Program, for the Period from July 1, 2009, to June 30, 2010 | | |
| 6-294-12-014-N | 02/28/12 | Close-out Audit of Locally Incurred Costs of USAID Resources, Under Sub-Grant Number AW001, Managed by Internews Network, Under Prime Private Agencies Collaborating Together, Inc.'s Cooperative Agreement Number 294-A-00-06-00208-00, Independent Media Program in West Bank and Gaza, for the Period From August 1, 2009, to September 30, 2010 | | |
| 6-294-12-016-N | 03/22/12 | Close-out Audit of Locally Incurred Costs for USAID Resources Managed by America-Mideast Educational and Training Services, Inc., Cooperative Agreement Number 294-A-00-06-00209-00, American Scholarship Fund Program, for the Period From January 1, 2008, to May 28, 2008 | | |
| 6-294-12-019-N | 03/22/12 | Audit of the Fund Accountability Statement of USAID Resources Managed by Education Development Center, Inc., Under Cooperative Agreement Number 294-A-00-05-00241-00, Palestinian Youth Empowerment Program (RUWWAD), for the Period From July 1, 2008, to June 30, 2009 | | |
| 6-294-12-020-N | 03/26/12 | Close-out Audit of Locally Incurred Costs of USAID Resources Managed by Cooperative Housing Foundation, Under Cooperative Agreement Number 294-A-00-07-00213-00, Emergency Jobs Program, for the Period From September 29, 2008, to January 31, 2011 | | |
| E-267-12-003-N | 12/05/11 | Audit of USAID Resources Managed and Expenditures Locally Incurred by Mercy Corps Under "Community Action Program III (CAP III)," USAID/Iraq Cooperative Agreement No. 267-A-00-08-00505-00, for the Period From October 1, 2008, to September 30, 2010 | | |
| E-267-12-004-N | 12/14/11 | Close-Out Financial Audit of USAID Resources Managed and Expenditures Locally Incurred by Air Serv International Under Grant Agreement Number DFD-G-00-04-00192-00 "Aviation Support," for the Period From February 28, 2009, to January 30, 2010 | 2,191 885 | QC UN |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| E-267-12-005-D | 03/01/12 | Independent Audit of Cooperative Housing Foundation, International (CHF) Direct Costs Incurred and Billed for the Period of October 1, 2007, Through December 31, 2008, Under Cooperative Agreement No. 267-A-00-06-00507-00 Community Action Program (CAP II) | 15,331 14,780 | QC UN |

Performance Audits
Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USAID

October 1, 2011–March 31, 2012

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|-------------------------------|-----------------------|--|---------------------------------|-------------------------|
| <i>Economy and Efficiency</i> | | | | |
| I-521-12-001-P | 10/13/11 | Audit of USAID/Haiti's Social Marketing Project | | |
| I-521-12-002-P | 12/30/11 | Audit of USAID/Haiti's Community Health and AIDS Mitigation Project | | |
| 4-632-12-001-P | 10/06/11 | Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Lesotho | | |
| 4-615-12-002-P | 11/10/11 | Audit of USAID/Kenya's Assistance to Orphans and Other Vulnerable Children | | |
| 4-696-12-003-P | 11/16/11 | Audit of USAID/Rwanda's Implementation of the President's Malaria Initiative | | |
| 4-645-12-004-P | 12/07/11 | Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Swaziland | | |
| 4-612-12-005-P | 01/25/12 | Audit of USAID/Malawi's Implementation of the President's Malaria Initiative | | |
| 4-654-12-006-P | 02/27/12 | Audit of USAID/Angola's Public-Private Partnerships for Development | | |
| 5-119-12-001-P | 10/28/11 | Audit of USAID/Tajikistan's Productive Agriculture Program | | |
| 5-492-12-002-P | 12/01/11 | Audit of USAID/Philippines' Growth with Equity in Mindanao (GEM-3) Program | | |
| 5-442-12-003-P | 01/31/12 | Audit of USAID/Cambodia's Program on Rights and Justice II | | |
| 5-493-12-004-P | 02/27/12 | Audit of USAID/Regional Development Mission for Asia's Sapan Program in Thailand | | |
| 6-263-12-001-P | 12/13/11 | Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances | 53 | QC UN |
| 6-278-12-002-P | 12/22/11 | Audit of USAID/Jordan's Design for Sustainability In Its Water Resources Program | | |
| 6-294-12-003-P | 01/05/12 | Audit of USAID/West Bank and Gaza's Palestinian Health Sector Reform and Development Project | | |
| 6-268-12-004-P | 01/18/12 | Audit of USAID/Lebanon's Landmines and War Victims Program | 203 | QC |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| 6-263-12-005-P | 02/09/12 | Audit of USAID/Egypt's Emergency Preparedness and Evacuation Travel Payments | 4 | QC |
| 7-660-12-001-P | 11/23/11 | Audit of USAID/Democratic Republic of Congo's HIV/AIDS | | |
| 7-608-12-002-P | 12/15/11 | Audit of USAID/Morocco's Economic Competitiveness Project | | |
| 7-636-12-003-P | 12/20/11 | Audit of USAID/Sierra Leone's Agricultural Activities | 866 72 | QC UN |
| 7-681-12-004-P | 03/06/12 | Audit of USAID'S HIV/AIDS Activities in Cote d'Ivoire | | |
| 9-000-12-001-P | 01/09/12 | Audit of USAID's Unliquidated Obligations for Selected Expired Awards at the Bureau for Global Health | | |
| 9-000-12-002-P | 03/19/12 | Audit of the Management of Grants Awarded by USAID's Office of American Schools and Hospitals Abroad | | |
| 9-000-12-003-P | 03/29/12 | Audit of Selected Activities Under USAID's Higher Education for Development Program | | |
| A-000-12-003-P | 11/15/11 | Audit of USAID's Fiscal Year 2011 Compliance With the Federal Information Security Management Act of 2002 | | |
| E-267-12-001-P | 11/15/11 | Audit of USAID/Iraq's Community Action Program Activities Implemented by International Relief and Development | 26 | QC |
| E-267-12-002-P | 03/21/12 | Audit of the Sustainability of USAID/Iraq-Funded Information Technology Systems | | |
| E-267-12-003-P | 03/22/12 | Audit of USAID/Iraq's Electoral Technical Assistance Program | | |
| F-306-12-001-P | 11/13/11 | Audit of USAID/Afghanistan's Afghanistan Stabilization Initiative for Southern Region | 6,512 | QC |
| F-306-12-002-P | 02/07/12 | Audit of USAID/Afghanistan's Skills Training for Afghan Youth Project | | |
| G-391-12-001-P | 11/03/11 | Audit of USAID/Pakistan's Firm Project | 1,359 1,359 | QC UN |
| G-391-12-002-P | 11/23/11 | Audit of USAID/Pakistan's Energy Efficiency and Capacity Program | | |
| G-391-12-003-P | 02/03/12 | Audit of USAID's Pakistan Transition Initiative Program | | |
| G-391-12-004-P | 03/19/12 | Audit of USAID/Pakistan's Pre-Service Teacher Education Program | | |

Miscellaneous Reports
Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USAID

October 1, 2011–March 31, 2012

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|--------------------------------|----------------|---|--------------------------|------------------|
| <i>Quality Control Reviews</i> | | | | |
| 4-673-12-001-Q | 10/20/11 | Quality Control Review of two Audits of Nawalife Trust Under Cooperative Agreement No. 690-A-00-07-00103-00 for the Four Months Ended February 29, 2008, and the Year Ended February 28, 2009 | I I | QC UN |
| 4-674-12-002-Q | 10/20/11 | Quality Control Review (QCR) of the Audit of Right to Care Under Cooperative Agreement Nos. 674-A-00-08-00007-00 and 674-A-00-09-00001-00, for the Year Ended September 30, 2010 | | |
| 4-615-12-003-Q | 10/25/11 | Quality Control Review of the Audit of USAID Resources Managed by Egerton University–Tegemeo Institute Under the Development Assistance Grant Agreement No. 615-007, Implementation Letter No. 14, for the Period October 1, 2008, to June 30, 2010 | | |
| 4-674-12-004-Q | 10/26/11 | Quality Control Review (QCR) of the Audit of USAID Resources Managed by Mindset Network Under Agreement No. 674-A-00-04-00071-00 for the Period From January 1, 2006, to August 31, 2008 | | |
| 4-617-12-005-Q | 11/16/11 | Quality Control Review of USAID Resources Managed by Inter-Religious Council of Uganda Under Contract Nos CRTA-06-10, 617-C-00-06-00292-00 and IRCU 060101BB for the Year Ended December 31, 2008 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| 4-621-12-006-Q | 12/02/11 | Quality Control Review (QCR) of the Audit of Deloitte Consulting Ltd – TUNAJALI Program Under HIV/AIDS Care and Treatment and Rapid Funding Envelope Contract No. 621-C-007-00002-00, the Community Care for PLWA and OVC Cooperative Agreement No. 621-A-00-07-00023-00, and Quick Start Care and Treatment and Rapid Funding Envelope for HIV/AIDS Under Strategic Objective Agreement No. 621001-01, Contract No. 623-C-00-03-00004-00 for the Year Ended December 31, 2008 | | |
| 4-621-12-007-Q | 12/09/11 | Quality Control Review of the Audit of Pastoral Activities and Services for People with AIDS Dar es Salaam Archdiocese (PASADA) Under Development Assistance Grant Agreement No. 621-A-00-06-00011-00 for the Year Ended December 31, 2009 | | |
| 4-623-12-008-Q | 12/09/11 | Quality Control Review of the Audit of USAID Resources Managed by Regional Centre for Quality Health Care Under Strategic Objective Agreement Number 623-0011.02-60088 and the Close-Out Audit of Limited Scope Grant Agreement Number 6230010.40-00002 the Year Ended June 30, 2009 | | |
| 4-621-12-009-Q | 01/06/12 | Quality Control Review (QCR) of the Audit of USAID Resources Managed by American National Red Cross Society and Subgranted to Tanzania Red Cross Society Under Grant Agreement No. GPO-A-00-04-00005-00 for Scaling-Up Together We Can: A Proven Peer Education Program and Community Mobilization Strategy for Youth HIV Prevention Project for the Period April 1, 2006, to March 31, 2009 | | |
| 6-294-12-001-Q | 02/29/12 | Quality Control Review of Talal Abu-Ghazaleh & Co. International, West Bank & Gaza, Closeout Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by Economic Cooperation Foundation, Grant Number 294-G-00-09-00206-00, Improving Conditions for Trade and Economic Development in the West Bank Project, for the Period June 22, 2009, to December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| G-391-12-001-Q | 02/17/12 | Quality Control Review of the Financial Audit conducted by the Directorate General Audit, Federal Government, Department of the Auditor General of Pakistan, of the Merit and Need Based Scholarship Project, USAID/Pakistan Agreement No. 391-G-00-04-01023-00, for the Period From July 2, 2004, to June 30, 2010, Managed by the Higher Education Commission | | |
| <i>Other</i> | | | | |
| 0-000-12-001-S | 03/16/12 | Independent Auditor's Report on USAID's Compliance With the Improper Payments Elimination and Recovery Act of 2010 | | |
| 2-000-12-001-S | 10/26/11 | Review of USAID's Compliance With Procedures for Approving Conference Expenses | 5 | BU |
| 2-000-12-002-S | 12/28/11 | Review of Audits of Foreign Organizations Expending Centrally Funded Assistance | | |
| 2-000-12-003-S | 01/06/12 | Review of Whether Selected Missions Are Making Duplicate Travel Reimbursements | | |
| 2-000-12-004-S | 03/08/12 | Proposed Solutions for Storing the Household Effects of USAID Direct-Hire Employees | | |
| 6-263-12-001-S | 12/29/11 | Review of USAID/Egypt's Contractors' Compliance With the Trafficking Victims Protection Reauthorization Act of 2008 | | |
| E-267-12-001-S | 11/30/11 | Survey of USAID/Iraq's Awards and Subawards | | |
| F-306-12-001-S | 12/26/11 | Review of Responses to Internal Audit Findings on the Local Governance and Community Development Project | 6,571 3,424 | QC UN |

Statistical Table of Reports With Questioned and Unsupported Costs USAID

October 1, 2011–March 31, 2012

| Reports | Number of Audit Reports | Questioned Costs (\$) | Unsupported Costs ¹ (\$) |
|---|----------------------------|-----------------------------|---|
| A. For which no management decision had been made as of October 1, 2011 | 57 | 48,924,686 ^{2,3} | 26,225,033 ^{2,3} |
| B. Add: Reports issued October 1, 2011–March 31, 2012 | 130 | 109,650,077 ⁴ | 83,713,333 ⁴ |
| Subtotal | 187 | 158,574,763 | 109,938,366 |
| C. Less: Reports with a management decision made October 1, 2011–March 31, 2012 | 114 ⁵ | 58,294,233 ⁶ | 32,293,256 ⁶ |
| Value of recommendations disallowed by Agency officials | | 10,024,585 | 3,451,392 |
| Value of recommendations allowed by Agency officials | | 48,269,648 | 28,841,864 |
| D. For which no management decision had been made as of March 31, 2012 | 78 | 100,280,530 ⁷ | 77,645,110 ⁷ |

¹Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

²The ending balances on September 30, 2011, for questioned costs totaling \$49,116,465 and for unsupported costs totaling \$26,228,534 were decreased by \$191,779 and \$3,501 respectively, to reflect adjustments in recommendations from prior periods.

³Amounts include \$6,630,735 in questioned costs and \$268,578 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁴Amounts include \$66,134,833 in questioned costs and \$63,287,660 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁵Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here may be counted again in the figure below it because some reports have multiple recommendations and fall into both categories.

⁶Amounts include \$7,174,016 in questioned costs and \$628,379 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁷Amounts reflect \$65,591,552 in questioned costs and \$62,927,859 in unsupported costs for audits performed for OIG by other federal audit agencies.

**Statistical Table of Reports With Recommendations
That Funds Be Put to Better Use
USAID**

October 1, 2011–March 31, 2012

| <i>Reports</i> | <i>Number of Audit Reports</i> | <i>Value (\$)</i> |
|---|------------------------------------|-----------------------|
| A. For which no management decision had been made as of October 1, 2011 | 1 | 9,440,000 |
| B. Add: Reports issued October 1, 2011–March 31, 2012 | 1 | 4,980 |
| Subtotal | 2 | 9,444,980 |
| C. Less: Reports with a management decision made October 1, 2011–March 31, 2012 | 2 | 9,444,980 |
| Value of recommendations agreed to by Agency officials | | 9,444,980 |
| Value of recommendations not agreed to by Agency officials | | |
| D. For which no management decision had been made as of March 31, 2012 | 0 | |

Reports Over 6 Months Old With No Management Decision

USAID

October 1, 2011–March 31, 2012

During this reporting period, there were no reports over 6 months old with no management decision.

**Significant Revisions of Management Decisions
USAID**

October 1, 2011–March 31, 2012

Section 5(a) (11) of the Inspector General Act requires a description and explanation of the reasons for any significant revised management decision during the reporting period.

During this reporting period, USAID did not make any significant revisions of management decisions.

**Management Decisions With Which the Inspector
General Disagrees**

USAID

October 1, 2011–March 31, 2012

Section 5 (a) (12) of the Inspector General Act of 1978, as amended, requires semiannual reports to include information concerning any significant management decisions with which the inspector general disagrees.

During this reporting period, the Inspector General agreed with all management decisions.

**Noncompliance with the Federal Financial Management
Improvement Act of 1996**

USAID

October 1, 2011–March 31, 2012

Section 5(a)(13) of the Inspector General Act requires semiannual reports to include an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act of 1996 (FFMIA), (Public Law 104-208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

USAID had no instances of noncompliance to report during this reporting period.

**Significant Findings From
Contract Audit Reports
USAID**

October 1, 2011–March 31, 2012

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, Section 845) requires inspectors general to submit information on contract³¹ audit reports that contain significant audit findings in semiannual reports to the Congress.

The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that the Inspector General determines to be significant.

On OIG’s behalf, the Defense Contract Audit Agency conducted the “Audit of Black & Veatch Special Projects Corporation (BVSPC) of Direct Costs Incurred and Billed under Contract No. 306-I-00-06-00517-00” and questioned \$32,198,382 in costs incurred and billed by Black & Veatch. The purpose of the contract was to provide USAID/Afghanistan a full range of technical assistance, physical support, and infrastructure services to rehabilitate Afghanistan in the following four infrastructure sectors: (1) energy and natural resources, (2) transport, (3) urban development/water sanitation, and (4) public buildings. The purpose of the audit was to determine the allowability of the direct costs claimed and billed on the contract. DCAA questioned \$32,039,155 in costs that were not adequately supported. In addition, DCAA questioned travel costs of \$159,227 that were greater than the lowest standard airfare and were not adequately documented or justified. OIG recommended determining the allowability of the questioned costs and recover, as appropriate, unsupported questioned costs. A management decision has not been reached.

³¹ Includes grants and cooperative agreements.

Significant Findings and Activities

Millennium Challenge Corporation

Good Governance

Review of the Millennium Challenge Corporation's Approach to Address and Deter Trafficking in Persons (Report No. M-000-12-001-S).

The U.S. Department of State's June 2011 Trafficking in Persons Report (TIP) stated that for the past 15 years, "trafficking in persons" and "human trafficking" have been used as umbrella terms for activities involved when one person obtains or holds another person in compelled service. However, people may be trafficking victims regardless of whether they were born into a state of servitude or were transported to the exploitative situation, whether they once consented to work for a trafficker, or whether they participated in a crime as a direct result of being trafficked.

OIG found that MCC had designed controls to help prevent TIP in its projects by adopting a zero-tolerance policy, putting in procurement mechanisms that included stronger TIP language, addressing TIP when selecting countries eligible for MCC funding, and including activities and actions designed to minimize the risk of TIP (principally seeking to deter potential offenders) in its compact development and implementation phases, and sharing TIP knowledge. However, MCC did not provide warning letters to several

countries whose TIP rankings did not improve or were downgraded.

A management decision and final action has been made on the one recommendation.

Economic Growth

Audit of the Millennium Challenge Corporation's Funding of Activities in Mongolia (M-000-12-001-P).

In October 2007, MCC signed a 5-year, \$285 million compact with the Government of Mongolia aimed at reducing poverty and promoting sustainable economic growth through investments in four projects. At the request of the Government of Mongolia, one of the activities, a \$188 million rail project, was later canceled and two new projects were added through an amendment to the compact in January 2010.

Two of the projects are problematic. An \$80 million project to construct a 176-kilometer road between the cities of Choir and Sainshand and to construct and rehabilitate bridges and a road near Ulaanbataar is behind schedule by at least 1 year and faces significant risks to completing and achieving its project activity goals. Only a nominal amount of work on the road project has been completed, and no work on the construction and rehabilitation of bridges

and a road near Ulaanbataar occurred during the 2011 construction season. The project has suffered delays because of difficulties with contractors and the time required for the procurement process. For example, the contractor initially hired to build the Choir-Sainshand road entered into bankruptcy and was terminated after 1 year on the job. MCA-Mongolia (MCA-M) then hired three smaller road contractors to perform a nominal amount of work in an attempt to salvage some of the construction season. However, the contractors were relatively inexperienced, and MCC expects that they will finish only about 20 percent of the work planned.

In addition, the procedures established by MCA-M did not ensure that subcontracts worth more than \$100,000 were approved. Without accurate information and the appropriate approval of subcontractors, MCC funds could be used to hire unqualified or banned subcontractors, thereby jeopardizing project completion. Further, OIG was unable to determine how many subcontracts worth more than \$100,000 had even been awarded on the road project.

According to the compact, the Property Rights Project will privatize and register approximately 75,000 land plots of low- and middle-income households with the Government of Mongolia. This activity is behind schedule and may not meet its goal because no land plots had been registered by September 2011. The project

activity will register fewer new land plots because MCC relied on unverified data during its due diligence process. MCC used data results from an information management system created by another donor. However, during project implementation, MCC found that the data were inaccurate, and as a result it had to change the design of the project to include data verification.

OIG made four recommendations. Management decisions have been made on three recommendations, and final action has been taken on one.

Other MCC Programs and Operations

Audits and Reviews

Follow-up Audit on the Millennium Challenge Corporation's Implementation of Selected Audit Recommendations.

(Report No. M-000-12-003-P). In accordance with Government Accountability Office audit standards, OIG periodically follows up on previous audit recommendations to ensure that all necessary actions have been taken. This audit of MCC's response to four specific OIG recommendations found that MCC did, in fact, take appropriate corrective action.

However, OIG found some weaknesses in MCC's management of the process for responding to audit recommendations, as evidenced by the Corporation's (1) reporting final action months before the action actually occurred, (2) not acting

upon a recommendation in a timely manner, and (3) not establishing timelines for final actions. OIG made four recommendations for MCC to improve these processes, including verifying final actions on recommendations for fiscal years 2010 and 2011 and establishing a procedure to address time-sensitive recommendations. Management decisions have been reached on all of the recommendations.

Review of the Millennium Challenge Corporation's Branding and Marking Policies and Practices (Report No. M-000-I2-002-S).

MCC requires all partners managing branding and marking of U.S. Government assistance funded by the corporation to understand the value and importance of communicating the following two key messages to the public: MCC's compacts are a partnership for poverty reduction with countries committed to improving the lives of its citizens, and MCC's compacts are grants made possible by the generosity of the people of the United States.

OIG found that MCC has branding and marking policies and practices in place for its investments in its compact countries, but improvements could be made to better communicate that its development projects are funded by the American people. OIG's review of MCA logos in El Salvador, Ghana, Mali, Mongolia, Morocco, Namibia, and Tanzania found that the MCA logos did not contain language, such as a tag line,

that acknowledges the source of the funding. Instead, the MCAs used the American flag in their logos without any accompanying language referring to the American people. In another inconsistency, MCC's branding and marking requirements were not clear on the length of time project signs should remain at project sites. Further, MCA draft communication strategies did not fully convey MCC's key messages and did not contain the same types of information and the same level of detail.

MCC was not able to provide OIG with the branding costs expended in each compact country. MCC officials indicated that branding costs are classified as general administrative costs or can be included in the cost of fixed-price contracts, largely for projects. As a result, MCC does not have the cost information needed to help oversee branding and marking overseas and to determine whether insufficient, sufficient, or excessive amounts of compact funding are being spent on branding and marking efforts in each compact country.

OIG made seven recommendations.

Management decisions have been made on six, and final action has been taken on one.

Follow-up Audit of the Millennium Challenge Corporation's Implementation of Key Components of a Privacy Program for Its Information Technology Systems (Report No. M-000-I2-002-P).

of an individual's privacy by U.S. Government agencies can carry substantial penalties. To comply with laws, regulations, and Office of Management and Budget requirements, agencies must have viable privacy programs to protect individuals' private information. A privacy program must have four key components: (1) a privacy management structure, (2) policies and procedures, including a violation response, (3) awareness and training, and (4) monitoring for compliance.

In a July 2010 report,³² OIG found that MCC had not implemented the key components of a privacy program for its information technology systems to mitigate the risk of violations.

Moreover, in some instances, MCC may have violated the privacy of individuals. In that report, OIG made 18 recommendations to correct the extensive weaknesses identified. MCC agreed with 17 of the recommendations.

In this follow-up audit, OIG found that although MCC addressed nine recommendations selected for review, MCC's actions did not fully address five others. OIG identified weaknesses with MCC's privacy policy, privacy training, and implementation of controls to protect individuals' privacy.

³²Audit of the Millennium Challenge Corporation's Implementation of Key Components of a Privacy Program for Its Information Technology Systems (Audit Report No. M-000-10-003-P, July 9, 2010).

In addition, although MCC provided a method for users to get comparable information to what was available on third-party Web sites and applications and applied appropriate MCC branding for those sites, the Corporation generally did not implement controls for the sites to mitigate the risk of violating individuals' privacy. Specifically, MCC did not collect personally identifiable information only for legitimate business needs nor meet requirements for privacy policies and notices on its Web sites.

OIG made 24 recommendations to address the findings. Management decisions were reached on all of them.

Financial Management

Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Period Ending September 30, 2011, and 2010 (Report No. M-000-12-001-C).

OIG contracted with an independent public accounting firm to audit MCC's financial statements as of September 30, 2011. The firm expressed an unqualified opinion on the financial statements but identified two issues that were considered material weaknesses and two other issues that were considered significant deficiencies.

The two material weaknesses related to weaknesses in MCC's financial reporting process

and its process for calculating and reporting accrued expenses, retentions, and advances. With regard to MCC's financial reporting process, MCC's heavy reliance on the manual compilation of financial reports, staffing limitations, and tight compilation and reporting timelines resulted in an ineffective quality assurance process. With respect to MCC's process for calculating and reporting accruals, the auditors noted significant accrual errors at all six MCAs for which testing was performed.

The two significant deficiencies related to required documentation from MCAs that was not submitted, reviewed, or approved in a timely manner (including audit reports, quarterly disbursement requests, and compact closure plans) and USAID's reconciliation of its fund balance with the Department of the Treasury.³³

OIG made 15 recommendations to address the above weaknesses, and management decisions have been made on all of them.

Contractor for MCC in Armenia is Asked for Reimbursement. An OIG investigation involving an MCC contractor in Armenia revealed that the contractor was reimbursed for a

15-ton crane, which the investigation determined cost \$34,480 less than what the contractor claimed. The contractor was asked to provide a copy of the actual invoice and proof of payment for the crane, which confirmed the inflated price. The contractor claimed that after submitting the quote, he was able to renegotiate down the price even lower. However, based on the terms and conditions of the contract, the contractor should have claimed only the actual cost. The contractor reimbursed the difference to the program.

Fund Accountability Statements

OIG reviews and issues fund accountability statement audits to account for compact funds under recipient government management. These fund accountability statement audits are conducted by independent public auditors. Under the terms of MCC compacts, funds expended by a recipient country must be audited at least annually but are usually audited twice a year. The recipient establishes an agency, usually an MCA, that produces financial statements documenting account activity. The audit of a fund accountability statement is conducted by a firm that OIG has approved.

The selected audit firm issues an opinion on whether the financial statements present fairly, in all material respects, the program revenues and costs incurred and reimbursed, in conformity with the terms of a compact agreement and

³³ USAID administers the Threshold Program for MCC. USAID's Phoenix financial management system is the accounting system of record, but many of the cash balances recorded in Phoenix do not correspond with balances reported by the U.S. Treasury.

related supplemental agreements for the period being audited.

In addition, the audit firm is required to employ generally accepted government auditing standards in performing the audits. All audit reports are reviewed, approved, and issued by OIG.

During this reporting period, OIG issued 56 recommendations for the 15 fund accountability statement audits conducted.

Benin (Report No. M-000-12-014-N). The independent audit of MCA-Benin covered incurred costs totaling approximately \$83.8 million for the period January 1 to June 30, 2011. The \$307 million compact with the Government of the Republic of Benin funds training for farmers in the production and marketing of high-value horticultural crops, expands farmer access to credit through technical assistance to financial institutions and loans, constructs and rehabilitates roads, and strengthens the institutional environment for businesses and investment by improving the judicial system to resolve claims.

The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenue and expenditures for the period audited.

Burkina Faso (Report No. M-000-12-004-N). The independent audit of MCA-Burkina Faso covered incurred costs totaling

approximately \$21.2 million in compact funds, \$1.8 million in 609g funds³⁴ and \$465,073 in compact implementation funds for the period January 1 to December 31, 2010. MCC's \$465 million compact and a \$9.4 million 609g agreement with the Government of Burkina Faso fund projects related to the governance of rural land, agriculture, roads, and schools.

Independent auditors reported that the fund accountability statement presented fairly in all material respects the program revenues and costs incurred. However, the audit identified significant deficiencies pertaining to internal controls and material weaknesses related to compliance with laws and regulations. Internal control weakness involved the management of petty cash accounts and controls over the submission of travel documents. Compliance issues concerned outstanding advances.

Cape Verde (Report No. M-000-12-005-N). The independent audit of MCA-Cape Verde covered compact expenditures totaling approximately \$26.8 million for the period from July 1, 2010, to January 17, 2011. The 5-year, \$110 million compact with the Government of the Republic of Cape Verde intends to foster economic growth through programs designed to improve agriculture productivity, increase access

³⁴ Section 609g of the Millennium Challenge Corporation Act of 2003 allows MCC to facilitate the development and implementation of the compact between the United States and the country receiving the compact.

to markets, reduce transportation costs, and develop the private sector.

Independent auditors reported that the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited. No significant items of internal control or noncompliance were identified.

Ghana –Three Audits

(Report No. M-000-I2-007-N)

Ghana is the recipient of a \$547 million compact managed by the Millennium Development Authority (MiDA). The 5-year compact is designed to increase farmers' income through programs to increase production of high value cash and food crops and to enhance exports of selected crops. MiDA signed a \$5.4 million grant agreement with Sea-Freight Pineapple Exports-Ghana (SPEG) for postharvest equipment to benefit farmers. The independent audit of resources managed by SPEG covered approximately \$2.1 million disbursed under the first phase of the grant over the period July 1 to December 31, 2010.

The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues, costs, and assets directly procured with MCC funds for the period audited. However, the auditors identified a material weakness in internal controls related to loan repayments that were not properly reflected

in the financial statements. Additionally, in the review of compliance with loan agreements, auditors found material noncompliance related to outstanding loan balances of approximately \$2 million. OIG issued two recommendations to address the findings related to updating loan repayment transactions in the financial records and establishing a system to address the recovery of past due loans from beneficiaries.

(Report No. M-000-I2-009-N)

Ghana's MiDA manager also signed a grant agreement with the Alliance for Green Resolution for Africa to improve and sustain incomes derived from agricultural activities through facilitation of low interest loans. The fund accountability statement for the \$2.5 million guarantee was audited for the period March 1 to December 31, 2010. The guarantee is set aside to provide \$25 million in bank loans.

Auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed directly by MiDA, as well as commodities and technical assistance directly procured by MCC, for the 10-month period ending December 31, 2010.

However, the auditors identified significant deficiencies involving internal controls related to the management of day-to-day operations of grants and the need to promote awareness and interest in the program. Additionally, the

auditors found material weaknesses regarding noncompliance with grant terms. Specifically, (1) documents were inadequate to justify expenditures for a special vehicle, (2) records were inadequate to ascertain whether seeds were distributed to small farmers, and (3) accounting for interest earned did not meet grant agreement provisions.

(Report No. M-000-12-011-N)

The independent audit of MiDA-Ghana covered MiDA-incurred costs in the amount of \$71,955,605 for the period from July 1 to December 31, 2010. The independent auditor reported that, except for questioned costs totaling, \$50,429, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited.

The independent auditors reported a significant deficiency in internal control involving inadequate monitoring of employee travel advances and material instances of noncompliance matters involving areas such as untimely refunds, statutory deductions, and contractors omitted from the awards publication.

Lesotho (Report No. M-000-12-001-N).

The independent audit of MCA-Lesotho covered incurred costs totaling approximately \$26.5 million for the period from July 1 to December 31, 2010. The 5-year, \$362.6 million compact with the Government of Lesotho

provides development assistance to the water, health, and private sectors.

Auditors reported that, except for ineligible questioned costs of \$102,975, the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited. The ineligible costs pertained to those that exceeded budget limits.

The auditors also identified significant deficiencies in the internal control structure involving contract award evaluation panels, price reviews, failure to document requests for budget overruns, procurement actions in excess of MCC limits, deficiencies in contract deliverables, deficient payment vouchers, and problems with payment guarantees. In addition, the auditors identified material instances of noncompliance pertaining to deficiencies related to receipts for contracts tendered, a review for excluded parties, and uncertainty over severance pay.

Mongolia (Report No. M-000-12-002-N).

The independent audit of MCA-Mongolia covered incurred costs totaling approximately \$28.8 million for the period from January 1 to December 31, 2010. The compact with the Government of Mongolia consists of projects expected to have a significant direct impact through the creation of new economic opportunities for individuals and groups to participate in economic growth. Elements of the

economic growth program include (1) property rights projects, such as the registration of land plots, (2) vocational education projects and the creation of competency standards, (3) health projects targeting issues of labor force productivity, (4) road construction and rehabilitation, and (5) energy and environmental projects seeking benefits from the development of renewable energy sources and the use of energy efficient devices.

Auditors reported that the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited, and there were no instances of noncompliance with rules, regulations, or grant terms identified. However, the auditors identified material weaknesses in the internal control structure related to the preparation of contractor performance reports and an instance where a contractor with unsatisfactory past performance received a new contract. OIG issued two recommendations to correct the identified problems, including updating the procurement operations manual used by MCA-Mongolia to comply with MCC's program procurement guidelines.

Morocco (Report No. M-000-12-003-N).

The independent audit of MCA-Morocco covered incurred costs totaling approximately \$35.5 from the compact fund for the period from July 1 to December 31, 2010.

The 5-year, \$697.5 million compact with the Government of Morocco targets investments in agriculture, small-scale fisheries, artisan crafts, small business, and financial services.

Auditors reported that, except for the ineligible questioned cost of \$2,096, the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited. There were no material instances of noncompliance with the terms of the compact.

Mozambique (Report No. M-000-12-008-N).

The independent audit of MCA-Mozambique covered incurred costs totaling approximately \$24.2 million from the compact fund for the period from January 1 to December 31, 2010.

The 5-year, \$507 million compact with the Government of Mozambique is directed to projects related to water, roads, land tenure, and agriculture. The projects target selected provinces in northern Mozambique with programs to increase income and reduce malnutrition.

Auditors reported that, except for the ineligible questioned cost of \$807,837, the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited. The questioned costs resulted from advances to employees that were not justified, questionable conversion rates

for local currency, and petty cash amounts that were not correctly recorded.

Regarding compliance, the auditors disclosed material instances of noncompliance with regulations involving incorrect payment of taxes, incorrect registration of employees in the social security system, and advances that were not liquidated.

The auditors also identified significant deficiencies in internal controls. The deficiencies included inadequate documentation for vehicle logs and time sheets.

Senegal (Report No. M-000-12-015-N).

OIG's audit of MCA-Senegal audit covered incurred costs of \$4.2 million (\$3.5 million for 609g and \$0.7 million for compact implementation funding) for the period April 1, 2009, to December 31, 2010. The \$540 million compact aims to rehabilitate major national roads, invest in irrigation and water resource management, and conduct policy reforms.

The auditors reported that, except for the ineligible questioned cost of \$45,299, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the audited period. Of the questioned ineligible costs, \$26,299 related to a payment made through an expired spending authority, and \$19,000 related to office furniture that was maintained at the supplier's location.

The independent auditors identified multiple significant deficiencies in internal controls involving weaknesses related to MCA's Senegal's computerized accounting system that does not ensure adequate data security. Additionally, in the review of compliance with spending authority, the auditors noted that MCA-Senegal did not use an approved budget but instead used an expired spending authority.

Tanzania—Two Audits

(Report No. M-000-12-010-N). The independent audit of MCA-Tanzania covered nearly \$33.4 million in compact and 609g funds from January 1 to June 30, 2010. The 5-year, \$698 million agreement with the Government of the United Republic of Tanzania is intended to stimulate economic growth through investments in the transportation, energy, and water sectors.

Auditors reported that the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited. However, the auditors identified significant deficiencies pertaining to internal controls and material weaknesses related to compliance with laws and regulations. Three internal control findings, which were recurring weaknesses identified in earlier reports, related to the timely filing of travel vouchers, discrepancies in fuel consumption, and notification of supervisors upon return from leave. Regarding compliance, auditors found that disbursements

against the 609g account were \$325,938 greater than available balances.

(Report No. M-000-12-013-N)

OIG's MCA-Tanzania audit covered incurred costs of \$83.5 million for the period July 1 to December 31, 2010. Activities are designed to improve roads, improve the provision of electric power, and increase the availability of potable water.

The auditors concluded that MCA-Tanzania's fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period audited.

However, the independent auditors identified significant deficiencies involving internal controls that resulted from a lack of review by MCA-Tanzania's management. Specifically, management failed to perform a proper review of the bank reconciliation statements. In addition, vehicle logbooks were not properly authorized and the auditors identified non-compliance with MCA-Tanzania's procurement implementation plan.

Vanuatu—Two Audits

(Report No. M-000-12-006-N). The independent audit of MCA-Vanuatu covered incurred costs totaling approximately \$820,701 for the period from January 1 to April 28, 2011.

The purpose of the 5-year, \$65.7 million compact with the Government of Vanuatu is to develop public transportation infrastructure on eight islands and provide technical assistance to the public works department.

Auditors reported that, except for questioned costs of \$36,872, the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred for the period audited. The questioned costs resulted from a material weakness in the internal control structure involving an advance payment made for services that had not been fully completed. The report did not identify any problems related to compliance with laws, regulations, or compact terms.

(Report No. M-000-12-012-N)

OIG's audit of MCA-Vanuatu covered incurred costs of \$820,701 for the period January 1 to April 28, 2011.

The auditors reported that, except for the ineligible questioned cost of \$36,872, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the audited period. The ineligible questioned cost related to advance payments made before completion of the deliverable.

The independent auditors identified a material weakness in the internal control structure

involving an advance payment for services that had not been fully completed.

Management Capabilities

Employee Misconduct

Three Employees Terminated. Three former Millennium Challenge Account–Mongolia (MCA–Mongolia) employees were terminated for accepting travel benefits from a contractor during an official trip. The employees allegedly pressured a MCA partner to pay for an all–expenses–paid trip to the implementer’s office in Denmark before approving the award of a contract. The employees also reportedly coerced the same implementer into leasing an apartment owned by an MCA employee’s husband. The employees were terminated, and the terminations were upheld by the MCA–Mongolia Board of Directors. In addition, MCC in Washington, DC, withheld more than \$22,000 in salary and severance payments from two of the three employees involved.

**Significant Recommendations Described Previously
Without Final Action
MCC**

October 1, 2011–March 31, 2012

Section 5(a)(3) of the Inspector General Act of 1978 requires semiannual reports to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------|---|------------|--------------------------------------|--|--|
| M-000-11-004-S | The Office of Inspector General's Final Report on the Review of Millennium Challenge Corporation–Funded Contracts with Government–Owned Enterprises in Mali | 05/31/11 | 1 2 | 05/12/11 05/12/11 | 05/31/12 05/31/12 |
| M-000-11-005-S | The Review of Millennium Challenge Corporation–Funded Contracts with Government–Owned Enterprises in Namibia | 05/31/11 | 1 2 3 4 5 6 7 8 | 05/23/11 05/23/11 05/23/11 05/23/11 05/23/11 05/23/11 05/23/11 05/23/11 | 05/31/12 05/31/12 05/31/12 05/31/12 05/31/12 05/31/12 05/31/12 05/31/12 |
| M-000-11-006-S | The Review of Millennium Challenge Corporation–Funded Contracts with Government–Owned Enterprises in Tanzania | 05/31/11 | 1 | 05/31/11 | 05/31/12 |
| M-000-11-007-S | The Office of Inspector General's Final Report on the Survey of the Millennium Challenge Corporation's Implementation of Selected Controls Over Personal Digital Assistants | 06/01/11 | 1 2 4 | 05/10/11 05/10/11 05/10/11 | 04/01/12 04/01/12 04/01/12 |

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------|--|------------|------------------------|--|--|
| M-000-11-001-O | The Risk Assessment of the Millennium Challenge Corporation's Information Technology Governance Over Its Information Technology Investments | 06/01/11 | 4 11 5 6 3 | 09/01/11 09/01/11 09/01/11 09/01/11 09/01/11 | 06/30/12 04/30/12 06/01/12 06/01/12 12/31/12 |
| M-000-11-002-S | Review of the Millennium Challenge Corporation's Compact with the Government of Mali | 06/03/11 | 3 | 09/21/11 | 09/21/12 |
| M-000-11-011-S | Limited Scope Review of the Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Development Authority (MiDA), Under the Compact Agreement Between the MCC and the Government of Ghana | 09/21/11 | 10 | 09/21/11 | 09/21/12 |
| M-000-11-005-P | Audit of the Millennium Challenge Corporation-Funded Programs in El Salvador | 09/30/11 | 1 2 3 4 | 09/20/11 09/20/11 09/20/11 09/20/11 | 09/20/12 09/30/12 09/20/12 09/30/12 |

**Incidents in Which OIG Was Refused
Assistance or Information**

MCC

October 1, 2011–March 31, 2012

Section 6(b)(2) of the Inspector General Act of 1978 requires an inspector general to report to the head of the agency whenever requested information or assistance is unreasonably refused or not provided.

During this reporting period, there were no reports to the MCC Board of Directors regarding instances in which information or assistance was unreasonably refused or not provided.

Financial Audits
Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use
MCC

October 1, 2011–March 31, 2012

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------------|-----------------------|--|---------------------------------|-------------------------|
| M-000-12-001-C | 11/15/11 | Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Period Ending September 30, 2011, and 2010 | | |
| M-000-12-001-N | 10/21/11 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account–Lesotho (MCA–Lesotho, Under the Compact Agreement Between the MCC and the Government of Lesotho from July 1, 2010, to December 31, 2010 | 103 | QC |
| M-000-12-002-N | 11/30/11 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account–Mongolia (MCA–Mongolia), Under the Compact Agreement Between the MCC and the Government of Mongolia from January 1, 2010, to December 31, 2010 | | |
| M-000-12-003-N | 12/15/11 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account–Morocco (MCA–Morocco) under the Compact Agreement Between MCC and the Government of Morocco for the period from July 1, 2010, to December 31, 2010 | 2 | QC |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|--|--------------------------|------------------|
| M-000-12-004-N | 1/24/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by MCA-Burkina Faso Under the COMPACT Agreement dated November 22, 2007 Between MCC and the Government of Burkina Faso from January 1, 2010, to December 31, 2010 | 7 7 | QC UN |
| M-000-12-005-N | 02/06/12 | Audit of the Millennium Challenge Corporation (MCC) Resources managed by Millennium Challenge Account-Cape Verde (MCA-Cape Verde), under the Compact Agreement between the MCC and the Government of Cape Verde from July 1, 2010, to January 17, 2011 | | |
| M-000-12-006-N | 02/10/12 | Audit of the Millennium Challenge Corporation (MCC) Resources managed by Millennium Challenge Account-Vanutu (MCA-Vanutu), under the Compact Agreement Between the MCC and the Government of Vanuatu from January 1, 2011, to April 28, 2011 | 37 | QC |
| M-000-12-007-N | 02/24/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Sea-Freight Pineapple Exporters Ghana (SPEG), a Covered Provider Under the Grant Agreement Between the Millennium Development Authority (MiDA) and SPEG from July 1, 2010, to December 31, 2010 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| M-000-12-008-N | 02/24/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by MCA Mozambique Under the Compact Agreement Between MCC and the Government of Mozambique for the Base Period and Optional Period I from January 1, 2010, to December 31, 2010 | 808 | QC |
| M-000-12-009-N | 02/24/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Alliance for Green Resolution for Africa (AGRA) A Covered Provider under the Grant Agreement between the Millennium Development Authority Audit (MiDA) and AGRA for the Period March 1, 2010, to December 31, 2010 | | |
| M-000-12-010-N | 03/08/12 | Audit of Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Tanzania (MCA-Tanzania), Under the Compact Agreement Between the MCC and the Government of United Republic of Tanzania from January 1, 2010, to June 30, 2010 | | |
| M-000-12-011-N | 03/16/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed By Millennium Development Authority (MiDA) under the Compact Agreement Between the MCC and the Government of Ghana for the Period from July 1, 2010, to December 31, 2010 | | |
| M-000-12-012-N | 03/16/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by MCA-Vanuatu Under the Compact Agreement Between MCC and the Government of Vanuatu from April 29, 2011, to August 26, 2011 | | |

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------|----------------|---|--------------------------|------------------|
| M-000-12-013-N | 03/20/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account Tanzania (MCA-Tanzania), Under the Compact Agreement Between the MCC and the Government of United Republic of Tanzania from July 1, 2010, to December 31, 2010 | | |
| M-000-12-014-N | 03/23/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Challenge Account Benin (MCA-Benin), Under the Compact Agreement Between the MCC and the Government of the Republic of Benin for the Period January 1, 2011, to June 30, 2011 | | |
| M-000-12-015-N | 03/29/12 | Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Senegal (MCA-Senegal), Under the Compact Agreement Between the MCC and the Government of Senegal from April 1, 2009, to December 31, 2010 | 45 | QC |

Performance Audits
Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use
MCC

October 1, 2011–March 31, 2012

| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
|----------------------|-----------------------|--|---------------------------------|-------------------------|
| M-000-12-001-P | 03/22/12 | Audit of the Millennium Challenge Corporation's Funding of Activities in Mongolia | | |
| M-000-12-003-P | 03/30/12 | Follow-up Audit of the Millennium Challenge Corporation's Implementation of Selected Audit Recommendations | | |

| Miscellaneous Reports Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use MCC October 1, 2011–March 31, 2012 | | | | |
|---|-----------------------|--|---------------------------------|-------------------------|
| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
| <i>Quality Control Reviews</i> | | | | |
| M-000-12-002-P | 03/30/12 | Follow-up Audit of the Millennium Challenge Corporation's Implementation of Key Components of a Privacy Program for Its Information Technology Systems | | |
| <i>Other</i> | | | | |
| M-000-12-001-S | 12/20/11 | Review of the Millennium Challenge Corporation's Approach to Address and Deter Trafficking in Persons | | |

Statistical Table of Reports With Questioned and Unsupported Costs

MCC

October 1, 2011–March 31, 2012

| Reports | Number of Audit Reports | Questioned Costs (\$) | Unsupported Costs (\$) ¹ |
|--|----------------------------------|-----------------------------|---|
| A. For which no management decision had been made as of October 1, 2011 | 12 | 7,508,398 | 7,129,037 |
| B. Add: Reports issued October 1, 2011–March 31, 2012 | 7 | 1,052,408 | 6,900 |
| Subtotal | 19 | 8,560,806 | 7,135,937 |
| C. Less: Reports with a management decision made October 1, 2011–March 31, 2012 | 12 | 7,508,398 | 7,129,037 |
| Value of recommendations disallowed by agency officials | | 0 | 0 |
| Value of recommendations allowed by agency officials | | 7,508,398 | 7,129,037 |
| D. For which no management decision had been made as of March 31, 2012 | 7 | 1,052,408 | 6,900 |
| ¹ Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act. | | | |

| Statistical Table of Reports With Recommendations That Funds Be Put to Better Use MCC October 1, 2011–March 31, 2012 | | |
|--|--|-----------------------|
| Reports | Number of Audit Reports | Value (\$) |
| A. For which no management decision had been made as of October 1, 2011 | 0 | 0 |
| B. Add: Reports issued October 1, 2011–March 31, 2012 | 0 | 0 |
| Subtotal | 0 | 0 |
| C. Less: Reports with a management decision made October 1, 2011–March 31, 2012 | 0 | 0 |
| Value of recommendations agreed to by agency officials | 0 | 0 |
| Value of recommendations not agreed to by agency officials | | |
| D. For which no management decision had been made as of March 31, 2012 | 0 | 0 |

**Reports Over 6 Months Old With
No Management Decision**

MCC

October 1, 2011–March 31, 2012

During this reporting period, there were no reports over 6 months old without a management decision.

Significant Revisions of Management Decisions**MCC**

October 1, 2011–March 31, 2012

Section 5(a)(11) of the Inspector General Act of 1978 requires semiannual reports to include a description and explanation of the reasons for any significant revised management decision made during the reporting period. During the reporting period, MCC did not make any significant revisions of previous management decisions.

**Management Decisions With Which the
Inspector General Disagrees****MCC**

October 1, 2011–March 31, 2012

Section 5(a)(12) of the Inspector General Act of 1978 requires semiannual reports to include information concerning any significant management decisions with which the inspector general disagrees.

During this reporting period, the Inspector General agreed with all significant management decisions.

Noncompliance With the Federal Financial Management Improvement Act of 1996**MCC**

October 1, 2011–March 31, 2012

Section 5(a)(13) of the Inspector General Act of 1978 requires semiannual reports to include an update on issues outstanding under a remediation plan required by FFMIA, (Public Law 104–208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

OIG had no instances of MCC noncompliance to report during the reporting period.

Significant Findings From Contract Audit Reports**MCC**

October 1, 2011–March 31, 2012

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181, Section 842) requires inspectors general to submit information on contract audit reports that contain significant audit findings in semiannual reports to Congress. The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that inspectors general determine to be significant.

During the reporting period, OIG had no significant findings from MCC contract audit reports.

Significant Findings

United States African Development Foundation

Audit of the U.S. African Development Foundation's Financial Statements for Fiscal Years 2011 and 2010 (Audit Report No. 0-ADF-12-003-C).

USADF, created in 1980, is an independent federal agency established to support African-designed and African-driven solutions that address grassroots economic and social problems in conflict and post-conflict communities. USADF provides grants of up to \$250,000 directly to indigenous African organizations that benefit underserved and marginalized groups. As of September 30, 2011, USADF had more than 400 active project grants and small grants in 23 countries, representing more than \$60 million invested in enterprises, farmer associations, cooperatives, and community groups that improve food production, increase income levels, and improve social benefits in poor communities.

OIG contracted with an independent public accounting firm to audit USADF's financial statements. During the audit, the auditor noted that USADF's financial statements were presented fairly, in all material respects, the financial position of USADF as of September 30, 2011. The auditors also noted a material weakness in USADF's internal control over financial reporting. However, the results of the tests of compliance with laws, regulations and

contracts disclosed no instances of noncompliance. Two recommendations were made.

Audit of the U.S. African Development Foundation's Fiscal Year 2011 Compliance With the Federal Information Security Management Act of 2002 (Report No. A-ADF-12-002-P).

An audit was conducted to determine whether USADF implemented selected security controls for its information systems as required by the Federal Information Security Management Act of 2002 (FISMA).³⁵

OIG concluded that USADF had generally implemented selected security controls over selected systems in support of the act but found areas where USADF could improve its program. OIG made recommendations for improvements, and management decisions were made on all of them.

³⁵ E-Government Act of 2002, P.L. 107-347, Title III.

Significant Recommendations Described Previously**Without Final Action****USADF**

October 1, 2011–March 31, 2012

| Report Number | Subject of Report | Issue Date | Rec. No. | Management Decision Date | Final Action Target Date |
|----------------------|--|-------------------|----------------------|--|--|
| 7-ADF-08-006-P | Follow-up Audit of the Awarding and Monitoring of Grants by the African Development Foundation | 06/12/08 | 16 | 06/12/08 | 12/31/12 |
| 7-ADF-08-007-P | Audit of the African Development Foundation/Ghana Project Activities | 09/17/08 | 1 7 14 17.4 | 09/17/08* 09/17/08* 09/17/08** 09/26/08 | 12/31/12 12/31/12 12/31/12 12/31/12 |

*Revised management decision 6/30/2011

**Revised management decision 5/03/2011

Incidents in Which OIG Was Refused Assistance or Information**USADF**

October 1, 2011–March 31, 2012

Section 6(b)(2) of the Inspector General Act of 1978 requires an inspector general to report to the head of the agency whenever requested information or assistance is unreasonably refused or not provided.

During this reporting period, there were no reports regarding instances in which information or assistance was unreasonably refused or not provided.

| Financial Audits Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use USADF October 1, 2011–March 31, 2012 | | | | |
|--|-----------------------|--|---------------------------------|-------------------------|
| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
| <i>Programs and Operations</i> | | | | |
| 0-ADF-12-003-C | 11/15/11 | Audit of the U.S. African Development Foundation's Financial Statements for Fiscal Years 2011 and 2010 | | |

| Performance Audits Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use USADF October 1, 2011–March 31, 2012 | | | | |
|--|-----------------------|---|---------------------------------|-------------------------|
| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
| <i>Economy and Efficiency</i> | | | | |
| A-ADF-12-002-P | 11/08/11 | Audit of the U.S. African Development Foundation's Fiscal Year 2011 Compliance With the Federal Information Security Management Act of 2002 | | |

Miscellaneous Reports

**Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better
Use**

USADF

October 1, 2011–March 31, 2012

During the reporting period, no miscellaneous reports were issued with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

**Statistical Table of Reports With Questioned and
Unsupported Costs**

USADF

October 1, 2011–March 31, 2012

During the reporting period, no reports were issued with questioned or unsupported costs.

**Reports With Recommendations That Funds
Be Put to Better Use**

USADF

October 1, 2011–March 31, 2012

During the reporting period, no reports were issued with recommendations that funds be put to better use.

**Reports Over 6 Months Old With No Management
Decision**

USADF

October 1, 2011–March 31, 2012

During the reporting period, there were no reports more than 6 months old without a management decision.

Significant Revisions of Management Decisions**USADF**

October 1, 2011–March 31, 2012

Section 5(a) (11) of the Inspector General Act requires a description and explanation of the reasons for any significant revised management decision during the reporting period.

During this reporting period, USADF did not make any significant revisions of management decisions.

Management Decisions With Which the Inspector General Disagrees**USADF**

October 1, 2011–March 31, 2012

The Inspector General Act of 1978, as amended, requires semiannual reports to include information concerning any significant management decisions with which the inspector general disagrees.

During this reporting period, the Inspector General agreed with all significant management decisions.

Noncompliance with the Federal Financial Management Improvement Act of 1996

USADF

October 1, 2011–March 31, 2012

Section 5(a)(13) of the Inspector General Act requires semiannual reports to include an update on issues outstanding under a remediation plan required by FFMIA, (Public Law 104–208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

USADF had no instances of noncompliance to report during this reporting period.

Significant Findings From Contract Audit Reports

USADF

October 1, 2011–March 31, 2012

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181, Section 845) requires inspectors general to submit information on contract³⁶ audit reports that contain significant audit findings in semiannual reports to the Congress.

The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that an inspector general determines to be significant.

USADF had no significant findings from contract audit reports.

³⁶ Includes grants and cooperative agreements.

Significant Findings

Inter-American Foundation

Audit of the Inter-American Foundation's Fiscal Year 2011 Compliance With the Federal Information Security Management Act of 2002 (Report No. A-IAF-12-001-P).

FISMA requires agencies to develop, document, and implement an agency-wide information security program to protect their information and information systems, including those provided or managed by another agency, contractor, or other source.

OIG determined that IAF had implemented many security controls over its information systems; however, one weakness was identified in IAF's information security program.

Although IAF was not encrypting data on backup tapes to be transferred offsite, it took steps to fix the problem immediately. As a result, OIG made no recommendations.

Audit of the Inter-American Foundation's Financial Statements for Fiscal Years 2011 and 2010 (Report No. 0-IAF-12-003-C).

IAF responds to innovative, participatory, and sustainable self-help development projects proposed by grassroots groups and organizations that support them in Latin America and the Caribbean. It also encourages partnerships among community organizations, businesses, and local governments directed at improving the quality of life for poor people and strengthening democratic practices. In fiscal year 2011, the Inter-American Foundation had a total budget of approximately \$27 million.

IAF contracted with an independent public accounting firm that was monitored by OIG, to audit IAF's financial statements and expressed an unqualified opinion that found no material weaknesses or significant deficiencies in IAF's internal control over financial reporting and no instances of noncompliance with selected provisions of applicable laws and regulations. No recommendations were made.

**Significant Recommendations Described Previously
Without Final Action**

IAF

October 1, 2011–March 31, 2012

During the reporting period, there were no significant recommendations described previously without final action.

**Incidents in Which OIG Was Refused Assistance or
Information**

IAF

October 1, 2011–March 31, 2012

Section 6(b)(2) of the Inspector General Act of 1978 requires an inspector general to report to the head of the agency whenever requested information or assistance is unreasonably refused or not provided.

During this reporting period, there were no reports regarding instances in which information or assistance was unreasonably refused or not provided.

| Financial Audits Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use IAF October 1, 2011–March 31, 2012 | | | | |
|--|-----------------------|--|---------------------------------|-------------------------|
| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
| <i>Programs and Operations</i> | | | | |
| 0-IAF-12-003-C | 11/14/11 | Audit of the Inter-American Foundation's Financial Statements for Fiscal Years 2011 and 2010 | | |

| Performance Audits Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use IAF October 1, 2011–March 31, 2012 | | | | |
|--|-----------------------|---|---------------------------------|-------------------------|
| Report Number | Date of Report | Report Title | Amt. of Findings (\$000) | Type of Findings |
| <i>Economy and Efficiency</i> | | | | |
| A-IAF-12-001-P | 10/21/11 | Audit of the Inter-American Foundation's Fiscal Year 2011 Compliance With the Federal Information Security Management Act of 2002 | | |

Miscellaneous Reports

**Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use**

IAF

October 1, 2011–March 31, 2012

During the reporting period, no miscellaneous reports were issued with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

**Statistical Table of Reports With Questioned and
Unsupported Costs**

IAF

October 1, 2011–March 31, 2012

During the reporting period, no reports were issued with questioned or unsupported costs.

**Reports With Recommendations That
Funds Be Put to Better Use**

IAF

October 1, 2011–March 31, 2012

During the reporting period, no reports were issued with recommendations that funds be put to better use.

**Reports Over 6 Months Old With No Management
Decision**

IAF

October 1, 2011–March 31, 2012

During the reporting period, there were no reports more than 6 months old without a management decision.

Significant Revisions of Management Decisions

IAF

October 1, 2011–March 31, 2012

Section 5(a) (11) of the Inspector General Act requires a description and explanation of the reasons for any significant revised management decisions during the reporting period.

During the reporting period, there were no significant revisions of management decisions.

Management Decisions With Which the Inspector General Disagrees

IAF

October 1, 2011–March 31, 2012

The Inspector General Act of 1978, as amended, requires semiannual reports to include information concerning any significant management decisions with which the inspector general disagrees.

During this reporting period, the Inspector General agreed with all significant management decisions.

Noncompliance with the Federal Financial Management Improvement Act of 1996**IAF****October 1, 2011–March 31, 2012**

Section 5(a)(13) of the Inspector General Act requires semiannual reports to include an update on issues outstanding under a remediation plan required by FFMIA, (Public Law 104-208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

IAF had no instances of noncompliance to report during this reporting period.

Significant Findings From Contract Audit Reports**IAF****October 1, 2011–March 31, 2012**

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, Section 845) requires inspectors general to submit information on contract³⁷ audit reports that contain significant audit findings in semiannual reports to the Congress.

The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that the Inspector General determines to be significant.

IAF had no significant findings from contract audit reports.

³⁷ Includes grants and cooperative agreements.

Abbreviations

| | |
|--------|--|
| BU | funds recommended to be put to better use |
| DCAA | Defense Contract Audit Agency |
| FAR | Federal Acquisition Regulation |
| FATA | Federally Administered Tribal Areas |
| FFMIA | Federal Financial Management Improvement Act of 1996 |
| FISMA | Federal Information Security Management Act |
| IAF | Inter-American Foundation |
| MCA | Millennium Challenge Account |
| MCC | Millennium Challenge Corporation |
| NGO | nongovernmental organization |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| PEPFAR | President's Emergency Program for AIDS Relief |
| PMI | President's Malaria Initiative |
| QC | questioned costs |
| SAI | Supreme Audit Institution |
| TIP | trafficking in persons |
| UN | unsupported costs |
| USADF | United States African Development Foundation |
| USAID | United States Agency for International Development |