

**Office of Inspector General**  
U.S. Agency for International Development

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**AUDIT AND INVESTIGATIVE  
OVERSIGHT PLAN  
FOR FISCAL YEAR 2020**



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## MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Office of Inspector General's (OIG) audit and investigative plan for fiscal year 2020. This plan highlights the audit and investigative priorities for our oversight of the foreign assistance agencies we monitor: the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), and the Inter-American Foundation (IAF).<sup>1</sup>

Our planning prioritizes our oversight work based on risk, high-dollar investments, and crosscutting initiatives. We identify limitations and weaknesses that affect the agencies we oversee, including vetting and promoting coordination among implementers; measuring, monitoring, and evaluating performance; and strengthening financial and information technology management.

We also coordinate with other U.S. agencies that oversee foreign assistance, including the OIGs for the Department of State, Peace Corps, and the Department of Health and Human Services on an annual audit plan for HIV/AIDS, tuberculosis, and malaria; and with the OIGs for the Departments of State and Defense on overseas contingency operations. In addition, we coordinate closely with the Special Inspector General for Afghanistan Reconstruction (SIGAR) on oversight efforts in Afghanistan.

Even as we are thorough in planning, we maintain the flexibility to respond to emerging Federal Government priorities; the results of audits and investigations; and tips submitted to our fraud, waste, and abuse hotline. We will continue to assess the impact of our work and consult with Congress, the agencies we oversee, and our other stakeholders as we identify new and evolving vulnerabilities and challenges.

My staff and I are committed to conducting our critical work on behalf of the American people to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.

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<sup>1</sup> With the passage of the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, OPIC has transitioned to the U.S. International Development Finance Corporation (DFC). USAID OIG will coordinate oversight with DFC until its own OIG is established.  
Office of Inspector General, U.S. Agency for International Development

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## INTRODUCTION

Our audits and investigations cover a broad range of high-risk, high-dollar programs and projects. They address large-scale programs and initiatives that provide assistance to host governments for reconstruction, development, and self-reliance, as well as innovative approaches to engage the public sector. Our audits look at the efficiency and effectiveness of agency programs and operations, and can isolate the underlying causes of fraud, waste, and abuse in foreign aid and development programs and make sound recommendations for eliminating these vulnerabilities, as well as improving efficiency and effectiveness.

Some of our work is mandated by statute or based on specific requests from congressional committees and members; other work is performed at our discretion. In keeping with our oversight mandates, we help ensure accurate and transparent financial reporting, the security of information technology assets, and the proper use of travel and purchase cards. We verify that agencies are complying with accountability requirements and upholding the principles that guide all Federal agencies.

When identifying and prioritizing our discretionary audits and investigations, we consider many factors, including the following:

- OIG's strategic goals and the top management challenges facing the agencies we oversee
- USAID operations that closely tie to national security and foreign policy aims
- Stakeholders' needs and requests, identified through outreach with agency officials, congressional committees, relevant board members, and others
- The source and amount of funds going to programs, countries, regions, and implementers, particularly those operating in high-risk, complex settings
- Risks associated with agency programs and operations, including potential vulnerabilities in internal controls
- Results of prior audit and investigative work

We also identify and analyze program areas and operations where we could have a significant impact. Once an audit is initiated, objectives may change based on what we learn from early research and where we can focus finite resources to provide the most meaningful and timely work for agency officials and other stakeholders.

This document describes our ongoing and planned audits and investigations, which aim to help the entities we oversee effectively plan, monitor, and achieve sustainability of U.S.-funded development programs; advance accountability in programs, especially those that require complex interagency coordination; and maintain controls in agency core management functions. The audits and investigations reported here are organized similar to our Semiannual Report to Congress and our Top Management Challenges report. This framework allows for optimum comparisons of our work and the results it yields.

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## **PROMOTING EFFECTIVE OVERSIGHT OF THE DELIVERY OF HUMANITARIAN AND STABILIZATION ASSISTANCE**

USAID's work and OIG's oversight is often conducted in environments characterized by conflict, government instability, or cataclysmic natural events. Managing the risks inherent to responding to crises remains an ongoing challenge, especially when a short-term humanitarian response evolves into a protracted presence. Our past work exposed USAID's vulnerabilities and weaknesses in planning and monitoring in these environments, demonstrating the need for improved risk assessment and identification, and rigorous planning to counter complex corruption schemes and mitigate the threat of funds diverted to terrorists. In areas where heightened security risks and large investments in assistance make monitoring essential but especially difficult, OIG dedicates audit and investigative resources to help ensure that U.S.-funded goods and services reach intended beneficiaries.

### ***Audit of USAID's Oversight of Selected Implementers Delivering Humanitarian Assistance in Response to the Syria Crisis***

This audit evaluates USAID's oversight of the International Rescue Committee's delivery of humanitarian assistance in Syria. OIG's assessment focuses on USAID's actions to address certain problems previously identified by OIG investigators.

### ***Audit of USAID Activities in Iraq***

OIG is analyzing USAID's strategy for providing assistance to Iraq, a more than \$1 billion portfolio of programs. In particular, this audit examines USAID's transition strategy for humanitarian assistance, and its use of third-party monitors.

### ***Audit of USAID's Response to the Lake Chad Basin Complex Emergency***

OIG is examining USAID's response to the humanitarian crisis in this high-risk region, which includes areas of Nigeria, Cameroon, Chad, and Niger. In particular, OIG is examining the Agency's oversight of its humanitarian assistance activities, monitoring of noncompetitive procurements by implementers, and efforts to prevent diversion of aid from intended beneficiaries.

### ***Audit of USAID's Counter Trafficking in Persons (C-TIP) Programming***

Since 2001 USAID has funded nearly \$250 million in C-TIP programs in over 68 countries—some of which are listed on the Department of State's Watch Lists in its annual Trafficking in Persons Report. Because these programs are often mixed with other activities, their results can be difficult to measure. The audit may assess USAID's efforts to design, monitor, and measure the impact of C-TIP programs; or its efforts to target activities in Watch List countries.

### ***Investigative Outreach in South Sudan and Nigeria***

OIG surveyed USAID implementers to identify risks across country portfolios. OIG will use the survey results to identify and address oversight vulnerabilities and fraud trends in high-risk humanitarian assistance programs. OIG will also use this information to

continue helping USAID implementers detect fraud and collusion by staff and vendors before critical humanitarian interventions are affected.

### ***Fraud Awareness Outreach to Those Responding to the Venezuelan Humanitarian Crisis***

USAID has responded to the humanitarian crisis in Venezuela that has led to the vast migration of Venezuelans to other parts of Latin America. To provide proactive and coordinated oversight of USAID's response efforts, OIG established a Venezuelan Crisis Oversight and Monitoring Working Group, comprised of OIG's Audit, Investigations, General Counsel, and Management Divisions. OIG will expand its engagement in the region in the coming year, including holding a fraud awareness workshop in Colombia for relevant stakeholders.

### ***Audit of USAID's Response to the Venezuela Regional Crisis***

OIG is examining USAID's challenges in responding to the outpouring of migrants from Venezuela to neighboring countries and supporting and aiding Venezuelan migrants, including its management of fraud risks.

### ***Investigative Outreach in Yemen***

USAID's efforts to address Yemen's humanitarian crisis have grown into a protracted crisis response. OIG is working with nongovernmental organizations' oversight units to determine if food vouchers are reaching the intended recipients. OIG continues to monitor conditions in country and plans to conduct fraud awareness workshops for nongovernmental organizations working in the country. A working group has been established across divisions within OIG to coordinate oversight and engagement with respect to Yemen.

### ***Increased Awareness of Fraud Among Implementers in the Horn of Africa***

USAID has provided significant humanitarian assistance to Somalia, Ethiopia, and Kenya. This assistance helped meet the emergency food, nutrition, health, water, and sanitation needs of internally displaced people, refugees, and other vulnerable communities. OIG will increase its investigative outreach by providing fraud awareness briefings and maintaining contact with USAID and implementers in the region.

### ***Protecting Beneficiaries from Exploitation and Abuse***

No misconduct is more egregious than sexual exploitation and abuse (SEA) of the very beneficiaries USAID aims to assist. As a result of OIG outreach efforts and work that resulted in enhanced reporting requirements implemented by USAID, OIG has received an increase in reports of alleged sexual exploitation and abuse. OIG will continue to work to ensure that implementers are disclosing and responding to SEA allegations in a timely manner, while reserving its right to investigate SEA allegations directly. OIG also has a liaison to the Agency's Action Alliance to Prevent Sexual Misconduct who keeps us informed of USAID's ongoing SEA policy considerations and communicates OIG's independent response to these considerations.

### ***Audit of USAID's Initiative Against Sexual Exploitation and Abuse***

OIG is auditing the Agency's efforts to prevent and respond to allegations of sexual exploitation and abuse.

### ***Deterrence of Diversion to Terrorist Organizations***

Humanitarian crises caused by armed conflict often run the risk of armed groups or designated terrorist organizations seeking to divert aid from those for whom it was intended. OIG has successfully addressed allegations of false beneficiaries and diverted aid to these groups in Syria, resulting in significant changes to USAID programs. OIG will continue to focus its investigative and outreach efforts to effectively deter, detect, and neutralize efforts to provide or conceal material support to designated terrorist organizations and armed groups in Syria while also using lessons learned from the region to investigate similar problems elsewhere.

### ***Audit of USAID's Vetting System Practices***

For over a decade, USAID has vetted programs in specific countries to help ensure that implementer personnel are not affiliated with terrorist organizations. Vetting requires collecting sensitive information from entities and individuals, which may conflict with data privacy laws of other countries. Our work has highlighted deficiencies in USAID's ability to thwart the diversion of funds from critical humanitarian needs to entities deemed to be a risk to national security. The audit will provide Congress and Agency management with information on the adequacy of USAID's vetting systems and practices to prevent inadvertent funding of terrorists.

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## **ENCOURAGING EFFECTIVE PLANNING, MONITORING, AND SUSTAINABILITY OF U.S.- FUNDED DEVELOPMENT**

USAID strives to end the need for foreign assistance and support partner countries on their journeys to self-reliance. To achieve its goal, USAID must ensure that U.S.-funded development is sustainable after U.S. involvement ends. USAID therefore calls for investing in communities that have a stake in continuing activities and services, building the skills of local stakeholders, and promoting planning for sustainability, which could include public- or private-sector participation and financial backing. While USAID has improved program planning, monitoring, and evaluation, our work points to ongoing challenges. MCC has also emphasized country-led implementation of its projects and encourages the development of country ownership. We will continue to assess the implementation and sustainability of development programs, including those focused on global health programs and supply chain, developing local infrastructure, and building local capacity.

## **Global Health Programs and Supply Chain**

### ***Audit of Local Partner Participation Initiatives in the President's Emergency Plan for AIDS Relief (PEPFAR) Programs in Africa***

The Office of the Global AIDS Coordinator and Health Diplomacy (OGAC) has established a goal of 70 percent local partner participation in PEPFAR programs by 2020. Included in the definition of local partner participation is government-to-government assistance, which is especially risky in Africa, given the levels of political corruption in countries with the greatest prevalence of HIV. The audit will assess USAID's strategies and plans for increasing PEPFAR funding to local partners by 2020 and the extent to which the Agency has addressed the associated risks.

### ***Audit of Data Quality in Selected USAID/Southern Africa PEPFAR Programs***

High-quality data—those that are valid, precise, timely, and reliable—are essential to informing USAID decisions on implementer awards. Prior OIG PEPFAR audits found that data quality has been a challenge. Given OGAC's strong emphasis on meeting targets amid stagnant or declining budgets, implementers may try to falsify data to obtain favorable ratings and follow-on awards, or to collect U.S. Government funds by inflating numbers of beneficiaries served. Our audit will assess the quality of data reported in selected PEPFAR programs.

### ***Audit of USAID's Resilience in the Sahel Enhanced (RISE) Activities***

Since 2012 USAID has invested about \$330 million in RISE activities, which are managed by the Sahel Regional Office in Dakar, Senegal; the Bureau for Food Security, including the Office of Food for Peace, and field offices in Burkina Faso and Niger. Through RISE, USAID aims to build resilience against shocks caused by either environmental factors or violent extremism in order to alleviate extreme poverty and hunger. The audit will assess the extent to which USAID designed and monitored the implementation of RISE I to align with its resilience policy goals and examine the incorporation of lessons learned from RISE I into the design of RISE II. The audit would complement ongoing work on the Lake Chad Basin complex emergency and continue OIG performance audit work in West Africa.

### ***Audits of USAID's Procurement and Management of Its Global Health Supply Chain***

OIG received a request from the Senate Foreign Relations Committee to initiate work on the supply chain of USAID-funded health commodities. In response, we initiated two audits. One audit assesses USAID's design and award of a \$9.5 billion contract to Chemonics in January 2016—USAID's largest contract awarded to date—and its management of the contract, particularly as it relates to Chemonics' delivery of commodities to selected host countries. The other audit examines how USAID assessed risks for in-country supply chains and the extent to which four selected African missions undertook activities that aligned with good practices for addressing the root causes of in-country supply chain weaknesses.

## **Developing Local Infrastructure**

### ***Investigations of Fraud and Corruption Involving MCC Infrastructure Projects***

OIG maintains a dedicated team of investigative agents and analysts for MCC oversight. This team continues to provide oversight of MCC's investment in infrastructure by prioritizing the investigation of allegations of fraud, waste, and abuse in MCC infrastructure projects.

### ***Audit of MCC Procedures for Economic Rate of Return Analyses***

MCC analyzes its programs to determine their sustainability and capacity to generate adequate benefits to justify investments. Our audit will assess MCC's procedures, and its application of those procedures, for measuring the economic rate of return of potential investments and the degree to which those results inform MCC decision making.

### ***Combating Fraud and Corruption in Afghan Energy Infrastructure Projects***

OIG will continue to focus on emerging power transmission projects in Afghanistan, which have long constituted a significant amount of total USAID infrastructure development funding. Fraud and corruption persist at all levels of procurement and implementation for these projects. Our work in this area has become even more important since USAID decided to limit funding to the Afghanistan Government for a state-owned power infrastructure company.

## **Building Local Capacity**

### ***Audit of MCC's Threshold Program***

MCC threshold programs are smaller, short-term (2-3 years) programs designed to help candidate countries become eligible for MCC compacts. This audit will examine the extent to which MCC has assessed the progress of each country program against the threshold program's goals and objectives, and assess MCC's provision of performance information to MCC leadership and the Board of Directors for consideration when selecting partner countries for compacts.

### ***Audit of USAID/Pakistan's Education Portfolio***

OIG is assessing USAID/Pakistan's strategy to align its education projects with U.S. development objectives in Pakistan and its management of education projects to ensure timely and impactful results.

### ***Audit of USAID's Journey to Self-Reliance Initiative***

Since 2017 the USAID Administrator has repeatedly highlighted host-country self-reliance in programs, with the intent to one day end the need for foreign assistance. USAID has developed indicators to measure a country's capacity and commitment to achieve self-reliance, and created a related policy framework. This audit will assess the extent to which self-reliance metrics are incorporated into the Agency's development programming, and the challenges USAID faces in implementing development activities as envisioned under the framework.

### ***Audit of USAID's Private Sector Engagement***

In response to a request from the House Appropriations Committee, OIG is evaluating USAID's engagement of the private sector to achieve development goals, the metrics and other tools USAID uses to evaluate the performance of its partnerships with private sector entities, and key stakeholders' perceptions of the major advantages and disadvantages of those partnerships.

### ***Audit of USAID's Use of Alternative Monitoring Platforms in Asia***

USAID missions may rely on third-party monitors to conduct activities where mission staff cannot—for example, in parts of Pakistan. Given the substantial role of third parties in monitoring activities, and the financial and reputational risks to the Agency if those activities do not achieve intended goals, OIG will audit the Agency's processes for mitigating those risks.

### ***Audit of USAID/Afghanistan's Risk Management Process***

USAID/Afghanistan faces significant reductions in staffing and project funding. This audit assesses the mission's process for identifying and mitigating risks in the face of these reductions that could threaten the success of its development programs in Afghanistan, one of the largest recipients of U.S. foreign aid.

### ***Audit of USAID's Multi-tiered Monitoring Strategy in Afghanistan***

A previous OIG audit found that USAID needed to improve its monitoring system for Afghanistan. This audit follows up on that work by assessing USAID's monitoring implementation and compliance, validation of performance data quality, and establishment of performance indicator targets.

### ***Audit of USAID's Programs Countering Malign Kremlin Influence***

The National Security Strategy for the United States includes a focus on responding to growing political, economic, and military competition that the U.S. Government faces from other powers abroad. In response to competition from Russia abroad, USAID has developed a strategy for countering malign Kremlin influence that places an emphasis on democracy and rule of law, and media, energy, and economic independence. We plan to conduct an audit of USAID's efforts to counter malign influence in these areas.

### ***Continued Monitoring and Oversight of Afghan Reconstruction Trust Fund***

OIG's coordination with the World Bank and USAID/Afghanistan, along with a preliminary OIG investigation into the alleged misuse of U.S. and other donor funding, prompted USAID to temporarily withhold \$60 million from the Afghanistan Reconstruction Trust Fund, administered by the World Bank. We will continue to monitor the Afghan Government's recordkeeping to verify the appropriate use of the trust fund, to which USAID has contributed over \$3.1 billion over the last 16 years.

### ***Fraud Involving an Education Project in Afghanistan***

Recent investigations uncovered systemic, long-term failures by American University of Afghanistan (AUAF) staff and board members to oversee and fully account for more than \$132 million in U.S. Government investments since 2005 that support AUAF liberal arts education programs. In 2018, OIG and SIGAR referred AUAF to USAID for a

present responsibility determination. USAID executed an Administrative Agreement with AUAF, in which the latter is required to implement numerous reforms to ensure the integrity of taxpayer funds and compliance with award terms. A breach of the Administrative Agreement would be a cause for suspension or debarment. OIG and SIGAR continue to monitor AUAF's compliance with the agreement and investigate continued allegations of misconduct.

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## **ADVANCING ACCOUNTABILITY IN FOREIGN ASSISTANCE PROGRAMS INVOLVING COORDINATION OF COMPLEX INTERAGENCY PRIORITIES**

U.S. foreign assistance aims to advance U.S. national security and economic prosperity while promoting global development objectives. Delivering this assistance involves multiple U.S. government agencies, which presents coordination challenges, particularly as it relates to reconciling agency priorities and short- and long-term U.S. government objectives. OIG continues to provide oversight in these complex and dynamic interagency efforts, seek accountability in areas of national strategic interests, and promote proactive outreach to ensure U.S. foreign assistance dollars are used efficiently and effectively to meet foreign assistance aims.

### **Oversight of Interagency Efforts**

#### ***Audit of USAID's Compliance With the Paul Simon Water for the World Act of 2014***

The Paul Simon Water for the World Act of 2014 envisioned that the U.S. Government would be a global leader in providing sustainable access to clean water and sanitation for the world's most vulnerable populations. Our audit assesses USAID's compliance with the requirements and intent of the Act in the Agency's selection of high-priority countries.

#### ***Continued Oversight Engagement During the Standup of the U.S. Development Finance Corporation (DFC)***

As OPIC merges with components of USAID to form DFC, OIG will continue to meet with and advise DFC leadership, the DFC Board and Audit Committee, and congressional stakeholders on DFC's standup. When the DFC Inspector General is in place, USAID OIG will work to transition open audit recommendations and highlight critical oversight challenges to prepare the new DFC Inspector General to conduct his or her work in an effective and timely way. OIG issued a letter to the DFC Chief Executive Officer regarding key considerations on the transition and standup of the new agency in October 2019.<sup>2</sup>

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<sup>2</sup> <https://oig.usaid.gov/node/2766>

## **Accountability in Areas of Strategic National Interest**

### ***Work to Neutralize Fraud and Corruption in Critical Priority Countries***

OIG established two teams dedicated to deterring, detecting, and neutralizing fraud and corruption in high-priority USAID programs and their humanitarian operations—one focused on programs in South Sudan, Afghanistan, Pakistan, Iraq, and Yemen, and one focused exclusively on Iraq and Syria. The two teams have uncovered vulnerabilities in USAID's access to and use of national security information that other U.S. Government agencies produce. OIG continues to inform USAID of such weaknesses and encourage the Agency to reconsider its approach to engaging with and monitoring the work of U.S. Intelligence Community agencies that hold or could collect information of value for protecting USAID resources from diversion.

### ***Quarterly Reporting on Overseas Contingency Operations***

USAID OIG works closely with the Inspectors General of the Departments of Defense and State to plan, coordinate, and report on oversight of overseas contingency operations. The three Inspectors General issue quarterly reports to Congress on oversight of overseas contingency operations in Iraq and Syria for Operation Inherent Resolve, in the Philippines for Operation Pacific Eagle, in Afghanistan for Operation Freedom's Sentinel, and in other countries associated with three classified overseas contingency operations in Africa and the Middle East.

### ***OIG Presence in West Bank and Gaza***

OIG's Tel Aviv, Israel, office remains of high importance as it transitions to a regional platform to investigate emerging issues in Yemen, Syria, and other countries in the region. OIG focuses on deterring and detecting fraud and halting the diversion of USAID funds to support designated terrorist organizations.

### ***Audit of USAID's Crime and Violence Prevention Activities in Central America***

Reducing illegal immigration from Central American countries to the United States is a national security interest and one of the primary missions of the U.S. Government. Through its Strategy for Engagement in Central America (CEN Strategy), the U.S. Government has placed an emphasis on preventing illegal immigration and combating transnational criminal organizations by securing U.S. borders and protecting U.S. citizens and addressing the security, governance, and economic drivers of illegal immigration. Crime and violence prevention activities are the flagship of the security programming that USAID implements in El Salvador and across Central America. This audit examines USAID's crime and violence prevention activities in El Salvador to advance the security goals of the CEN Strategy.

### ***Audit of USAID's Response to the Indo-Pacific Strategy***

In November 2017 the U.S. Government introduced its Indo-Pacific Strategy, designed to strengthen security, economies, and governance in that region. USAID has reported taking steps to implement programming in support of this strategy. The audit would look at the Agency's progress and challenges in adapting to the priorities of the Indo-Pacific strategy, and the impact on USAID's goals and programming.

## **Coordinating with Partners to Promote Proactive Oversight**

### ***Active Engagement in the Council of the Inspectors General on Integrity and Efficiency (CIGIE)***

As a member of CIGIE, USAID OIG participates on several CIGIE committees and work groups. The USAID Inspector General recently served as Vice Chair for the Audit Committee and is a current Audit Committee member; a Deputy Assistant Inspector General for Audit serves as CIGIE's liaison to the Council of Chief Financial Officers; and OIG's General Counsel serves as the Vice-Chair of the Council of Counsels to the Inspector General, a working group of government-wide OIG attorneys. OIG also provides its audits and semiannual reports to [Oversight.gov](https://www.oversight.gov), CIGIE's online repository of reports from all OIGs.

### ***Coordinated Oversight Planning With Other OIGs***

USAID OIG works closely with other Federal OIGs to coordinate oversight planning as required by Congress, including participating in the development of a joint Coordinated Oversight Plan for Overseas Contingency Operations with the Departments of Defense and State OIGs. USAID OIG also develops coordinated oversight plans for PEPFAR with the OIGs for the Department of State, Department of Health and Human Services, and Peace Corps. In addition, USAID OIG coordinates with SIGAR regarding oversight efforts in Afghanistan.

### ***Advancing Best Practices Under the Syria Investigations Working Group***

We established the Syria Investigations Working Group in 2015 to enhance collaborative efforts in conducting global investigations with our bilateral and multilateral oversight counterparts. The work group consists of donors, such as the United Kingdom's Department for International Development, and U.N. organizations, such as the World Food Programme, and addresses key international issues and investigative matters. OIG is committed to continuing its international engagement with these partners, including work to enhance approaches to detect, deter, and investigate allegations of SEA and other systemic fraud.

### ***Strengthening International Oversight Through Memorandums of Understanding (MOU)***

OIG has MOUs with the oversight units of several of our partner organizations, including the World Food Programme, the U.N. High Commissioner for Refugees, the Japan International Cooperation Agency, and Global Fund OIG. The MOUs typically establish terms for cooperating and sharing information to prevent and address fraud and corruption in international development programs. USAID also signed an MOU with Customs and Border Protection in the U.S. Department of Homeland Security to acquire law enforcement information to support our investigative work. These MOUs will strengthen oversight of foreign assistance by helping us obtain secure information to further support our oversight and investigative activities. OIG is currently engaged with other donors and public international organizations (PIOs) to formalize relationships and allow for transfer of information.

### ***Work With Bilateral Donors***

OIG participates in a group of bilateral donors from 12 countries, including the United States, working to improve the transparency and accountability of multilateral organizations and taking on other issues of mutual interest.

### ***Outreach to the U.S. Mission to the United Nations (USUN) and Multilateral Institutions on Oversight of Humanitarian Operations***

As a result of OIG's audit of USAID's oversight of PIOs, the Inspector General has engaged key USUN stakeholders in New York, Rome, and Geneva on greater opportunities for USAID and the U.S. Government to provide effective oversight of these organizations. OIG will continue its strategic outreach and engagement to emphasize the importance of effective, transparent, and independent oversight of PIO awards.

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## **IDENTIFYING VULNERABILITIES AND NEEDED CONTROLS IN AGENCY CORE MANAGEMENT FUNCTIONS**

Effective and reliable financial and information systems are vital to the stewardship of U.S. Government resources. Our audit and investigative work aims to address risks that could impede an agency's ability to address uncertain security settings, ensure adequate controls over computer systems, meet governmentwide requirements for transparency in financial reporting and accountability for appropriated funds, and effectively use limited financial and human resources. Our work focuses on the ability of entities' systems to manage financial resources, information technology resources, and human capital.

### **Financial Systems and Agencies' Management Practices**

#### ***Audit of USAID's Award Terminations***

OIG is assessing USAID's procedures guiding acquisition award terminations and determining if selected acquisition awards were terminated in line with established regulation.

#### ***Audit of USAID's Branding and Marking Requirements***

In May 2019 a bill was introduced in the House of Representatives authorizing the USAID Administrator to specify how Agency programs are identified overseas. Should the bill become law, OIG will be required to conduct an audit of the Agency's branding and marking requirements by implementers funded by USAID.

#### ***Investigations Proactive Outreach Program***

OIG investigators continue to pursue proactive outreach to implementers of high-priority USAID programs. OIG special agents and analysts help implementer employees identify systemic weaknesses and vulnerabilities in each organization's internal controls

and procurement, finance, staffing, and other processes. These engagements allow investigators to build relationships with implementer staff and advise them about actions they can take to combat fraud.

### ***Audit of Agencies' Financial Statements***

The Government Management and Reform Act, Office of Management and Budget (OMB) Bulletin 15-02 Sec 7, and the Accountability of Tax Dollars Act of 2002 require OIG to perform independent audits of the annual financial statements for the agencies under its jurisdiction. OIG must render an opinion on whether the financial statements are presented fairly in all material aspects; report on internal control; and report on compliance with laws, regulations, contracts, and grant agreements pertaining to the statements. OIG will conduct this audit for USAID, USADF, IAF, and MCC.

### ***Review of Audit Reports of USAID and MCC Implementers***

Federal regulations and agency policies require USAID and MCC to obtain appropriate and timely audits of its U.S. and foreign implementers. To complete these audits, USAID and MCC rely on independent accounting firms, the Defense Contract Audit Agency, and Supreme Audit Institutions of host governments. To meet its oversight responsibility, OIG determines whether these audits meet professional standards for reporting and other applicable laws, regulations, and requirements. One such regulation, for example, addresses compliance by recipients with antiterrorism award provisions in certain areas, such as West Bank and Gaza. After OIG's review of the reports, we make recommendations to the respective Agency to address the major concerns raised by these external auditors, including unsupported or unallowable costs identified, as well as internal control and compliance weaknesses or vulnerabilities. The program issues approximately 500 audit reports annually, with audited amounts of about \$10 billion per year.

### ***Audit of Digital Accountability and Transparency Act Compliance***

The Digital Accountability and Transparency Act of 2014 requires OIG to review implementation of the act's requirements by the agencies it oversees. OIG will conduct the required audit for USAID and MCC, looking at the completeness, timeliness, quality, and accuracy of the first quarter financial and award data they submitted to the Department of the Treasury for publication on USASpending.gov, and at their implementation and use of governmentwide financial data standards.

### ***Monitoring and Reporting on the Improper Payments Elimination and Recovery Act***

The Improper Payments Elimination and Recovery Act of 2010, as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012, requires OIG to annually determine if agencies under its jurisdiction are complying with the act, and to submit a report each fiscal year to the head of each agency, the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Reform, and the Comptroller General. OIG will submit a report for USAID, USADF, IAF, and MCC.

### ***Assessment of Agency Management of Purchase and Travel Cards***

The Government Charge Card Abuse Prevention Act of 2012 requires OIG to conduct a risk assessment of agency purchase cards, travel cards, fleet cards, and convenience checks. It also requires OIG to submit a status report on purchase and travel card audit recommendations to the Director of OMB 120 days after the end of each fiscal year. OIG will conduct this assessment for USAID, USADF, IAF, and MCC<sup>3</sup>.

### ***Federal Government Charge Card Program Reviews***

The Charge Card Abuse Prevention Act also requires inspectors general to conduct periodic audits or reviews of travel programs of agencies with more than \$10 million in travel card spending. Among the agencies OIG oversees, this requirement applies only to USAID. OIG is contracting for this work.

### ***Audit of MCC's Use of Premium Travel***

MCC staff members travel internationally on a regular basis and are covered by the Federal Travel Regulations. International travel presents risks of waste and abuse—such as staff members changing schedules at the last minute, using improper justification, or manipulating itineraries to get premium travel—all of which increase MCC's travel costs. OIG research showed that use of premium travel by MCC staff members has doubled since fiscal year 2014. Our audit will examine MCC's use of and justifications for premium travel, and may assess MCC's alignment with federal requirements and good practices adopted by other agencies.

### ***Adherence to the Grants Oversight and New Efficiency Act***

The Grants Oversight and New Efficiency (GONE) Act of 2016 requires OIG to report to Congress on the number of grants managed by the agencies under its jurisdiction, challenges leading to delays in grant closeout, and reasons that the 30 oldest Federal grants have not been closed out. For any agency with more than \$500 million in annual grant funding, OIG will conduct a risk assessment to determine whether an audit of the agency's grant closeout process is warranted. To comply with the GONE Act, OIG is conducting risk assessments for USAID and MCC.

### ***Review of the Accounting and Authentication of the Fiscal Year 2016 Drug Control Funds and Related Performance Report***

The Office of National Drug Control Policy Circular, "Accounting of Drug Control and Performance Summary," January 18, 2013 (21 U.S.C. 1704), requires USAID to submit a report to the Office of National Drug Control Policy. We will review the information USAID submits and provide an attestation report for USAID to include in its submission.

### ***Audit of USAID's Use of the Public Financial Management Risk Assessment Framework (PFMRAF) Process***

USAID developed processes and controls such as PFMRAF to mitigate the programmatic and fiduciary risks related to providing direct assistance to partner

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<sup>3</sup> USAID OIG will coordinate with DFC until its own OIG is established regarding this assessment.

governments. The PFMRAF process includes a country-level examination of the partner government's public financial management environment, governance, and public accountability, and an examination of the systems of targeted partner institutions. This audit could assess the PFMRAF processes and controls USAID uses to identify, assess, and manage risks before awarding funds to partner governments, as well as any post-award followup or oversight USAID conducts.

## **Information Technology Systems and Management**

### ***Audit of USAID's Controls Over Mobile Devices and Personally Owned Devices***

OIG is conducting an audit of selected controls to prevent the loss of information when USAID staff members use their personal devices to log directly into G Suite, which provides cloud-based email and shared documents, calendars, and chats. The loss, theft, or misplacement of these personal devices puts sensitive Agency information at risk of unauthorized access if the device does not have the appropriate security controls enabled. Following up on weaknesses in USAID's mobile devices program that we identified and reported, this audit assesses USAID's implementation of key internal controls to protect information available in G Suite when accessed through USAID staff members' personal devices.

### ***Audit of Compliance With the Federal Information Security and Modernization Act***

The Federal Information Security Management Act of 2002, amended by the Federal Information Security Modernization Act of 2014, requires OIG to annually evaluate the information security programs of the agencies it oversees. OIG will conduct an audit for USAID, USADF, IAF, and MCC<sup>4</sup>.

### ***Audit of USAID's Acquisition of the Development Information Solution (DIS)***

DIS is being developed to enable USAID to streamline business processes across headquarters and overseas missions, integrate operational and programmatic data, and generate advanced reports for decision making. USAID estimates DIS will cost \$56 million. Five years after the initial investment in 2014, DIS is only partially completed. The audit, which is being conducted by an independent public accounting firm, is evaluating whether USAID is on track to achieve the performance goals of DIS.

### ***Audit of USAID's Privacy Program***

This audit could assess the effectiveness of USAID's controls over its privacy program, including the protection of personally identifiable information and other provisions of the Privacy Act of 1974, as amended.

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<sup>4</sup> USAID OIG will coordinate with DFC until its own OIG is established regarding this audit.

## **Human Capital Systems and Management**

### ***Audit of USAID's Use of Workforce Information***

Workforce planning is key to identifying critical skill gaps and solutions for addressing them in a manner that will allow the Agency to meet current and future needs. OIG is assessing USAID's workforce planning process against federal requirements.

### ***Employee Integrity***

OIG investigative work has led to the resignations and terminations of Foreign Service Nationals and the revocation of Foreign Service Nationals' security clearances due to deficiencies in USAID's early detection of violations of employee integrity, including in critical priority countries. Additional investigations involving misconduct allegations against USAID employees are ongoing. USAID and OIG continue to monitor and strengthen oversight of these concerns through interagency working groups and fraud awareness conferences. OIG established the USAID Integrity Working Group (IWG) to facilitate action and cooperation between USAID offices on lapses in employee integrity. Composed of five member offices—OIG and USAID's Offices of Human Capital and Talent Management, General Counsel, Security, and Chief Information Security Officer—IWG aims to enhance accountability and continuity in the handling of employee case referrals.

### ***Expanding Fraud Reporting Hotlines***

OIG continues its efforts to increase the efficiency of its hotline operations by conducting a broad assessment to identify opportunities to improve the timeliness, relevancy, and impact of its hotline services. In particular, OIG has structured its staff to evaluate incoming allegations and complaints, conduct preliminary investigative analysis, and refer significant matters to appropriate stakeholders.