U.S. Agency for International Development

Office of Inspector General

Semiannual Report to Congress
April 1, 2019-September 30, 2019

Cover: Zainab, 18, was displaced from Anbar Province, Iraq, and now lives in Harsham camp for internally displaced persons (IDPs) in Erbil. She voted for the first time in May 2018. USAID's Iraq Election Support Program provided voter education and encouraged the participation of IDPs and minorities in the election. *Photo: Jim Huylebroek for Creative Associates International*

Our Mission

The mission of the Office of Inspector General is to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.

Our Core Values

The Office of Inspector General commits to carrying out its mission in accordance with the following values:

Integrity
We are independent, objective, and ethical in our work.

Accountability
We are responsible, dependable, and committed to continuous improvement.

Excellence
We promote quality, innovation, and creativity for high-impact products and services.

Transparency
We promote open, clear, and relevant communication to inspire confidence and trust.

Respect
We promote a fair and professional work environment to maintain the highest standards of conduct.

Second half of fiscal year 2019

By the Numbers

INVESTIGATIVE RESULTS

$117 million
in recoveries, savings, and avoided costs

16
investigations closed

6
prosecutorial referrals

28
administrative actions

12
suspensions or debarments

*dollar figures are rounded

AUDIT RESULTS

$35 million
in questioned costs

354
performance and financial audits issued

180
recommendations to improve operations and programs

$4.2 billion
in funds audited

MESSAGE FROM THE INSPECTOR GENERAL

Ann Calvaresi Barr
Inspector General

I am pleased to present the USAID Office of Inspector General (OIG) Semiannual Report to Congress for the second half of fiscal year 2019. In accordance with the Inspector General Act of 1978, as amended, this report provides the results of our work presented from April 1, 2019, to September 30, 2019, in overseeing USAID, the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Overseas Private Investment Corporation (OPIC).

During this reporting period, we audited $4.2 billion in funds and issued 354 performance and financial audit reports, with a total of 180 recommendations aimed at improving the operations and programs of the agencies we oversee. These audits identified approximately $35 million in questioned costs. In addition, our investigations resulted in nearly $117 million in recoveries, savings, and avoided costs, as well as 6 prosecutorial referrals, 7 arrests, and 28 administrative actions, including 12 suspensions or debarments. During the reporting period, we closed 16 investigations.

Our audits and investigations continued to focus on high-dollar, crosscutting, and high-risk initiatives and identified shortcomings in U.S.-funded aid and development programs and operations, including responding to global health crises, sustaining development, planning for reforms, and curbing corruption and diversions. The results of our work completed during this reporting period demonstrate how ongoing management challenges—such as those related to program planning and monitoring, host country capacity, and interagency coordination—can compromise U.S. foreign assistance investments.

This semiannual report presents our work results in four key areas:

- **Promoting Effective Oversight of the Delivery of Humanitarian and Stabilization Assistance.** The flow of billions in assistance dollars to respond to crises brought about by conflict, government instability, or natural disasters creates inherent risks that continue to present significant management challenges for USAID. During this period, our agents exposed bad actors intent on defrauding the U.S. Government and denying USAID beneficiaries of desperately needed humanitarian assistance—one who pilfered USAID-funded commodities intended for Syrian refugees and another who prepared falsified payment vouchers and contracts for ghost employees at a USAID-funded hospital. Uncovering these fraud schemes resulted in the termination of one subcontractor and the debarment of two implementer employees, as well as administrative recoveries. These investigations prompted us to initiate an audit to identify the root causes of ineligible and unsupported costs going undetected. OIG also conducted outreach to implementers working in areas of crisis and conflict, as well as to public international organizations that receive U.S. funding.

- **Encouraging Effective Planning, Monitoring, and Sustainability of U.S.-Funded Development.** To ensure U.S.-funded development is sustainable after U.S. involvement ends, USAID calls for investing in communities that have a stake in continuing activities and services, building local skills, and promoting public- or private-sector participation and financial backing. However, deficiencies in program monitoring and capacity development have put sustainability at risk. During this reporting period, we issued an advisory to help inform and advance USAID's response to the Ebola outbreak in the Democratic Republic of the Congo—the second largest Ebola outbreak on record. The advisory points to our past recommendations that remain open and put USAID at risk of repeating the performance shortfalls we identified in our 2018 audit reports, including those related to coordinating with other U.S. Government agencies, international implementers, and host governments, and adapting response efforts to changes on the ground. We also uncovered fraud and abuse in programs intended to promote local economic competiveness and construction activities. One investigation, conducted jointly with the Department of State, determined a USAID grantee disregarded award requirements and fabricated records of project expenditures—findings that prompted the Department of Justice to execute a False Claims Act settlement and recover $4.2 million, approximately $1.6 million of which will be paid in restitution to USAID.

- **Advancing Accountability in Foreign Assistance Programs Involving Coordination of Complex Interagency Priorities.** U.S. global development objectives that involve multiple agencies call for rigorous coordination—a difficult undertaking, especially on tasks such as promoting private-sector partnerships. During this reporting period, we issued an audit that looked at the use of private capital in advancing international development goals for all five agencies we oversee. The types and sources of private capital used by USAID, MCC, USADF, IAF, and OPIC, are framed by their respective missions and development objectives.

- **Identifying Vulnerabilities and Needed Controls in Agency Core Management Functions.** Achieving mission goals while protecting Federal funds depends on the integrity and reliability of its core business systems and practices. Without them, other safeguards—no matter how well they are designed and implemented—will not work effectively. During this period, we reported in an audit of USAID's award management process that USAID's monitoring plans, performance measures, oversight controls, and recordkeeping practices were insufficient to hold implementers accountable for achieving results.

We continue to work with our oversight counterparts, stakeholders, and USAID partners to strengthen accountability and integrity in U.S. foreign assistance programs and operations. The conferences, workshops, and briefings we hold or participate in—along with our joint oversight efforts—promote proactive monitoring and information sharing on crosscutting concerns, such as operating in complex humanitarian crises and detecting and reporting sexual exploitation and abuse of beneficiaries. During this reporting period, we held 78 briefings on fraud indicators and prevention strategies to more than 3,300 participants worldwide. Our agents and analysts also continued to engage with implementers on priority projects through our Proactive Outreach Program to identify any weaknesses and vulnerabilities in implementers' procurement, finance,

staffing, and other activities. In addition, we provided training to more than100 USAID and implementer staff in Jordan, Germany, Thailand, and Pakistan on cost principles to increase their awareness of and compliance with the types of costs that can be legitimately charged under USAID contracts and grants, and on applicable auditing standards.

In July, I testified before the House Appropriations Committee, Subcommittee on State, Foreign Operations, and Related Programs, where I underscored USAID's top management challenges for fiscal year 2019 and called for USAID to enforce greater accountability among its implementers. I and my senior leadership met with USAID headquarters and mission leaders, State Department and U.S. Embassy officials, and other U.S. Government representatives to discuss the results of OIG's work and ongoing operations. In other collaborative outreach efforts, I was joined by leadership from both audit and investigations to discuss our recent work related to USAID's oversight of public international organizations with key stakeholders, including the U.S. Ambassador for United Nations Management and Reform, senior officials at the U.S. Mission to the United Nations in New York, and oversight and leadership officials for five public international organizations.

We also worked with the OIGs of the Departments of Defense and State to issue our quarterly reports to Congress on overseas contingency operations in Iraq and Syria, the Philippines, and Afghanistan.

Our extensive outreach and proactive engagement continue to expand and strengthen the foreign assistance oversight safety net by encouraging reporting of fraud and corruption, and setting the stage for systemic change.

Finally, our ongoing reforms continue to align with the overarching goals stated in our 2018-2022 strategic plan—provide sound reporting and insight for improving agency programs, operations, and resources; promote processes that enhance OIG performance and maximize operational efficiency; and foster a committed OIG workforce built on shared core values. Continuous improvement efforts position our office to meet OIG's far-reaching mandate. In achieving these goals, we can assure the Administration, Congress, and the American people that we are making the most of our resources in helping to protect U.S. foreign assistance and security interests.
I am grateful for the steadfast commitment of OIG staff around the world. Their dedication and hard work have made possible the significant achievements outlined in this report and are critical to our continued success in producing high-impact work that meets the most stringent oversight standards. I remain committed to working closely with the USAID Administrator and the CEOs of MCC, USADF, IAF, and OPIC to strengthen U.S. foreign assistance investments.

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ABOUT OIG

The USAID Office of Inspector General safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight. We conduct independent audits and investigations to promote efficiency, effectiveness, and accountability and aim to prevent and detect fraud, waste, and abuse. We oversee all USAID programs and operations, as well as those of the Millennium Challenge Corporation (MCC), U.S. African Development Foundation (USADF), Inter-American Foundation (IAF), and, to a limited extent, the Overseas Private Investment Corporation (OPIC). We provide the results of our work to agency leaders, Congress, and the public. When conducting audits and investigations, we consider alignment with OIG's strategic goals and oversight priorities, stakeholder interests and needs, program funding levels, and risks associated with agency programs, including potential vulnerabilities in internal controls.

About the Agencies We Oversee

USAID

Established in 1961, USAID leads U.S. development and humanitarian efforts in over 100 countries around the world to enhance and save lives. USAID programs combat the spread of disease, address food insecurity, promote democratic reform, and support economic growth to alleviate poverty. USAID also provides assistance to countries recovering from disaster and periods of conflict. Learn more at usaid.gov.

MCC

Created in 2004 to reduce poverty and increase living standards by promoting sustainable economic growth and open markets, MCC's grant programs are focused on various sectors, including: agricultural development, education, enterprise and private sector development, governance, health, water and sanitation, irrigation, transportation, electricity, and trade and investment capacity-building. Learn more at mcc.gov.

USADF

USADF was established in 1980 to provide direct development assistance to underserved and marginalized populations in conflict and post-conflict areas in Africa. USADF grants provide seed capital and technical support to African-owned enterprises that improve lives in poor and vulnerable communities—an investment that aims to promote peace, security, and prosperous U.S. trading partners. Learn more at usadf.gov.

IAF

Created in 1969, IAF provides direct development assistance to grassroots and nongovernmental organizations in Latin America and the Caribbean. IAF grants support creative, self-help programs and activities that promote more profitable agriculture, microbusinesses, and community enterprises; expand employment opportunities through skills training; and offer access to water, basic utilities, and adequate housing. Learn more at iaf.gov.

OPIC

OPIC is a self-sustaining agency established in 1971 as the U.S. Government's finance institution for international development. Through loans, guaranties, political risk insurance, and other financial products, OPIC provides the tools U.S. businesses need to manage the risks associated with foreign direct investment, helps U.S. businesses gain a foothold in emerging global markets, and mobilizes private capital to help solve development challenges abroad. Since passage of the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, OPIC is planning to transition to the U.S. International Development Finance Corporation (USDFC) in fiscal year 2020. Learn more at opic.gov.

History, Mandates, and Authority

1980

USAID OIG Established

December 16, 1980—USAID OIG was established by Public Law 96-533, an amendment to the Foreign Assistance Act of 1961.

1981

USAID OIG Brought Under the Inspector General Act

December 29, 1981—The International Security and Development Cooperation Act of 1981 brought the USAID Inspector General under the Inspector General Act of 1978.

1999

Oversight of USADF and IAF

November 29, 1999—OIG assumed audit and investigative oversight of USADF and IAF under the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Appendix G of Public Law 106-113.

2004

Oversight of MCC

January 23, 2004—OIG assumed oversight of MCC under the Millennium Challenge Act of 2003, Division D, Title VI of Public Law 108-199.

Oversight of OPIC

During the reporting period, OIG also maintained some oversight authority over OPIC under 22 U.S. Code 2199(e), and based on a congressionally directed interagency agreement between USAID OIG and OPIC. As OPIC transitions to the USDFC, USAID OIG will continue to provide oversight capacity under its agreement with OPIC until the new agency stands up its own Office of Inspector General.

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SUMMARY TABLES: AUDIT

Office of Inspector General—Audit Activity

We audit the efficiency and effectiveness of U.S. foreign assistance programs and operations, which typically includes their internal controls and compliance with laws, regulations, and agency guidance. We conduct performance audits of programs and management systems and oversee mandated audits, such as financial statement audits required under the Chief Financial Officers Act of 1990, that are performed by contracted independent public accounting firms (IPAs). Many of our performance audits are crosscutting and assess the planning and execution of major agency and interagency initiatives around the world. These audits lead to recommendations that trigger policy and programmatic changes to help agencies better achieve their goals.

Federal regulations and agency policies require USAID to obtain appropriate and timely audits of its U.S. and foreign grantees and contractors as well as several enterprise funds. To complete these audits, USAID relies on non-Federal IPAs, the Defense Contract Audit Agency (DCAA), and Supreme Audit Institutions (SAIs) of host governments.

Typically, OIG is responsible for determining whether audits of grantees and contractors meet professional standards for reporting and other applicable laws, regulations, or requirements.[1] We fulfill this responsibility by performing desk reviews of the audit reports and issuing transmittal memos, which may include recommendations to the agency. At times, we also conduct quality control reviews of the workpapers supporting those audit reports.

During the reporting period, OIG conducted or reviewed 354 audits covering over $4.2 billion in programs with approximately $35 million in questioned costs. The following tables provide a breakdown of these amounts by category.

Questioned Costs	Funds for Better Use
Potentially unallowable costs due to various reasons such as inadequate supporting documentation or an alleged violation of a law or regulation.	Funds that could be used more efficiently if management took actions to implement and complete OIG recommendations.

[1] OIG also reviews non-Federal audits managed by MCC. MCC requires recipients to arrange for annual audits by IPAs in accordance with professional standards and MCC guidelines.

Audits and Other Audit Products: *USAID, MCC, USADF, IAF, OPIC*
April 1, 2019-September 30, 2019

Audit Category	Number of Reports	Number of Recommendations	Amount of Recommendations	Audited Amount
USAID				
Performance Audits	3	10	$0	$0
IPERA[1] Conducted by IPA	1	0	$0	$0
Desk Reviews of Foreign Based Organizations	243	114	$7,958,669	$777,427,815
Desk Reviews of Foreign Governments	9	9	$12,652,074	$102,581,445
Desk Reviews of Local Currency Trust Funds	3	0	$0	$39,380,571
Desk Reviews of U.S.-Based Contractors	56	33	$8,687,360	$2,679,166,340
Desk Reviews of U.S.-Based Grantees	30	9	$5,772,762	$334,948,031
Total	***345***	***175***	***$35,070,865***	***$3,933,504,202***
MCC				
IPERA Conducted by IPA	1	0	$0	$0
Desk Reviews of Foreign-Based Organizations	6	2	$0	$287,076,655
Total	***7***	***2***	***$0***	***$287,076,655***
USADF				
Nothing to Report				
Total	***0***	***0***	***$0***	***$0***
IAF				
Nothing to Report				
Total	***0***	***0***	***$0***	***$0***
OPIC				
Performance	1	3	$0	$0
Charge Card Program Risk Assessment Conducted by IPA	1	0	$0	$0
Total	***2***	***3***	***$0***	***$0***
Grand Total	**354**	**180**	***$35,070,865***	***$4,220,580,857***

[1] Compliance with the Improper Payments Elimination and Recovery Act of 2014 (IPERA)

Summary of Audit Reports Issued Prior to April 1, 2019 With Open and Unimplemented Recommendations and Potential Cost Savings

USAID, MCC, USADF, IAF, OPIC

As of September 30, 2019

This table is a summary of reporting requirements under Section 5(a)(C) of the Inspector General Act of 1978, as amended. A complete listing of all reports issued prior to April 1, 2019, with open and unimplemented recommendations can be found in appendix B.

Agency	Open and Unimplemented Recommendations			Monetary Recommendations With Management Decisions			Monetary Recommendations Without Management Decisions	
	Total	Recommendations With Potential Cost Savings	Potential Cost Savings	Total	Original Questioned Costs	Amount Sustained	Total	Amount
USAID	224	91	$87,027,080	91	$87,027,080	$60,344,796	0	$0
MCC	9	0	$0	0	$0	$0	0	$0
USADF	6	0	$0	0	$0	$0	0	$0
IAF	5	0	$0	0	$0	$0	0	$0
OPIC	21	0	$0	0	$0	$0	0	$0
Total	***265***	***91***	***$87,027,080***	***91***	***$87,027,080***	***$60,344,796***	***0***	***$0***

SUMMARY TABLES: INVESTIGATIONS

Office of Inspector General—Investigative Activity

Our investigative work focuses on agency programs and operations that face a high risk of organized and systemic attempts at fraud, theft, diversion, and other abuse. Our work and outreach efforts also seek to promote a culture of compliance among implementers of U.S. foreign assistance. In addition, OIG educates agency and implementer staff on fraud trends, prevention, and the need for prompt reporting of misconduct.

All OIG investigative cases are assessed for criminal, civil, or administrative enforcement remedies.

Criminal Actions
- Prosecutive referrals to Federal, State, or foreign authorities
- Arrests
- Indictments
- Sentencings
- Fines
- Restitution

Civil Actions
- Referrals
- Judgments
- Settlements

Administrative Actions
- Resignations or removals
- Recoveries
- Contract terminations
- Suspensions or debarments

Investigative activities or referrals may also lead to new rules, procedures, or systemic changes in agency programs and operations. OIG measures the total monetary impact of its investigative activities based on the resulting recoveries, savings, and cost avoidance—nearly $117 million during this reporting period. For a detailed description of each metric, see page 47.

OIG Hotlines

USAID, MCC, USADF, IAF, and OPIC employees are required to report allegations of fraud, waste, and abuse—and any other form of misconduct in agency programming—directly to OIG. Contractors and grantees implementing projects with U.S. funds must comply with similar reporting requirements. OIG operates a confidential hotline for agency and implementer staff to report allegations. Complaints may be submitted in person, via email, phone, mail, or the OIG website. During the reporting period, the OIG Hotline received 397 complaints.

Investigative Activities Including Matters Referred to Prosecutive Authorities[1]
April 1, 2019-September 30, 2019

Monetary Impact of Investigations (Recoveries, Savings, and Cost Avoidance)[1]	
Judicial Recoveries (Criminal and Civil)	$1,590,185
Administrative Recoveries	$377,026
Savings	$54,997,210
Cost Avoidance[2]	$60,000,000
Total	***$116,964,421***

Workload	
Investigations Opened	29
Investigations Closed	16
Number of Reports Issued	8

Criminal Actions	
Prosecutive Referrals — Total	6
Prosecutive Referrals — U.S. Department of Justice	6
Prosecutive Referrals — State and Local	0
Prosecutive Referrals — Overseas Authorities	0
Prosecutive Declinations	4
Arrests	7
Criminal Indictments	1
Criminal Informations	2
Convictions	1
Sentencings	0
Fines/Assessments	0
Restitutions	0
Total	***21***

Administrative Actions	
New Rules/Procedures	3
Personnel Suspensions	1
Resignations/Removals	3
Recoveries	1
Suspensions/Debarments	12
Contract Terminations	3
Award Suspension	0
Other	5
Total	***28***

Civil Actions	
Civil Referrals	1
Civil Declinations	0
Judgments	0
Settlements	1
Total	***2***

[1]Represents final agency actions during the reporting period.
[2]Cost avoidance refers to Federal funds that were obligated and subsequently set aside and made available for other uses as a result of an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based upon an OIG referral. The key factor in classifying these instances as cost avoidance is that the funds were not deobligated.

SIGNIFICANT FINDINGS AND ACTIVITIES

USAID, MCC, USADF, IAF, and OPIC

During the reporting period, OIG audit and investigative work brought about improvements and corrective action in programs focused on providing humanitarian and stabilization assistance; improving global health; building local capacity and promoting sustainability; and developing critical local infrastructure. Our work also identified vulnerabilities and needed controls in agencies' financial and information technology systems and management practices, which included recommendations for both systemic and targeted changes.

Highlights of Significant Findings and Activities

Audits

What We Found:

USAID implements nearly all of its activities through contracts (acquisition) or grants (assistance). OIG's audit on USAID's award management found that insufficient oversight of awards has resulted in USAID not fully assessing implementers' performance and holding them accountable for achieving results, calling into question whether the Agency adequately protects taxpayer funds.

Impact on Agency Programs and Operations:

USAID took prompt action on over half of our recommendations aimed at strengthening the award management process and enforcing accountability of those charged with award oversight. Read more on page 20.

Investigations

What We Found:

OIG is investigating allegations that recordkeeping by the Afghan Government is insufficient to verify the appropriate use of donor funding for the multidonor Afghanistan Reconstruction Trust Fund (ARTF). To date, the lack of sufficient records, as required under ARTF agreements, has made it difficult to verify the use of USAID funds—or ascertain whether U.S. funds were subject to fraud. USAID is a major donor to the fund, having provided more than $3.1 billion over the last 16 years. OIG is also investigating allegations of fraudulent results and project completion records related to the fund.

Impact on Agency Programs and Operations:

OIG's coordination with officials at the World Bank, which administers the fund, and the USAID Mission in Afghanistan—coupled with a preliminary OIG investigation into the alleged misuse of U.S. and other donor funding—resulted in a decision by the USAID Mission in Afghanistan to temporarily withhold $60 million from the fund. Read more on page 19.

PROMOTING EFFECTIVE OVERSIGHT OF HUMANITARIAN AND STABILIZATION ASSISTANCE

USAID implementers provide food assistance in Colombia to migrants who have fled the crisis in Venezuela. *Photo: OIG*

USAID provides lifesaving assistance when responding to crises brought on by conflict, government instability, or cataclysmic natural events. OIG has found that managing the risks inherent in crisis response has been a long-standing challenge for USAID, especially when a short-term humanitarian response evolves into a protracted presence. Heightened security risks and the large amounts of money involved in providing humanitarian assistance make monitoring in these settings essential but especially difficult.

During the reporting period OIG investigations resulted in $377,026 in administrative recoveries and one subcontractor termination in humanitarian assistance programs. OIG also conducted outreach to implementers working in areas of crisis and conflict, as well as to public international organizations that receive U.S. funding.

OIG Investigation in Jordan Leads to $377,000 Administrative Recovery

Investigation

OIG identified two instances in which employees of a USAID implementer in Jordan fabricated documents related to U.S.-funded humanitarian aid to Syria. In one instance, an individual working as a transportation manager fabricated both employee documents and beneficiary lists related to the distribution of non-food item kits. The employee also stole or diverted approximately 50 kits provided under USAID's Syria humanitarian response programs. In the second instance, another individual, working as the implementer's finance manager, prepared falsified payment vouchers and contracts for ghost employees at a USAID-funded hospital. The investigation contributed to an audit of the prime implementer of the award, which identified ineligible and unsupported costs under the award, and the Agency issued a bill of collection that included $377,026 in April 2019. USAID had also debarred the two former employees of the implementer during the previous reporting period.

Subcontractor Employee Terminated for Undisclosed Conflict of Interest, Diversion of USAID Property

Investigation

OIG found that a manager at USAID's Kandahar Food Zone, a stabilization project in Afghanistan, diverted more than $42,000 in USAID-funded property to his own company. The employee's relationships with Afghan companies that received aid created a conflict of interest regarding the issuance of contracts from the project. USAID's prime implementer terminated the subcontractor in August 2019 as a result of OIG's findings.

OIG'S OFFICES OF AUDIT AND INVESTIGATIONS COLLABORATE TO PROMOTE OVERSIGHT OF PUBLIC INTERNATIONAL ORGANIZATIONS

United Nations flag display. *Photo: Getty Images/Cylonphoto*

USAID relies on public international organizations (PIOs) to help coordinate and implement humanitarian assistance programs in complex environments where oversight proves difficult. A 2018 OIG audit report, "Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk," identified weaknesses in how USAID was overseeing these PIOs, leaving potentially large sums of U.S. foreign assistance exposed to high levels of risk. As the report noted, unique provisions of Federal law and international arrangements enable PIOs to receive Federal funds with less oversight and fewer restrictions than nongovernmental organizations or contractors. In recent years, collaboration between OIG's Offices of Audit and Investigations has helped strengthen USAID's mechanisms for managing PIO-related risks and improve the Agency's ability to oversee PIOs' use of U.S. Government funds.

Audit Recommendations Result in Systemic Changes to Agency Programs

In its report on PIO oversight, OIG made—and USAID agreed with—six recommendations for the Agency to establish comprehensive PIO policies that would codify and clarify the process for risk management of these awards and strengthen their oversight. For example, a comprehensive risk management policy would outline what authority is used to make each PIO award. We also recommended that the Offices of Foreign Disaster Assistance (OFDA) and Food for Peace (FFP) review and define their processes for making awards to PIOs that carry out work in long-term crisis environments.

During the period, USAID submitted documentation to support closeout for four of the six recommendations, taking the following significant actions:

- USAID's Executive Management Council on Risk and Internal Control voted to include the risks from the Agency's portfolio of PIO grants in its risk profile. This ensures the development of a risk response plan, which will articulate responsibility for its implementation and be regularly monitored by Agency senior leadership.
- The Agency has also revised its general policy guidance on agreements with PIOs to clarify roles, responsibilities, and processes for identifying, managing, and responding to risks associated with PIOs.

- OFDA and FFP developed and implemented their own respective "Internal Control Policy Framework for Public International Organizations" to oversee and hold PIOs accountable for proper stewardship of Government resources.
- OFDA and FFP revised and updated processes for making awards to PIOs. The two offices developed process flowcharts and training aids for their staff to communicate changes.

OIG Issues Referral to USAID Regarding Concerns of U.N. Organization Independence

On May 15, 2019, OIG sent a referral to USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) and Bureau for Management advising key stakeholders of potential vulnerabilities to U.S. Government awards issued to the International Organization for Migration (IOM). These vulnerabilities were posed by IOM OIG's severe resource constraints and independence challenges.

Specifically, USAID OIG addressed concerns that IOM OIG was unable to respond to allegations of fraud, corruption, and sexual exploitation and abuse in IOM's USAID-funded programs due to the funding-related loss of numerous investigators in spring 2019. USAID OIG indicated that IOM had provided inaccurate information to USAID about the status of an investigation related to a program in Iraq. Furthermore, the investigation was severely delayed due to resource constraints. The referral also highlighted a long-standing concern that IOM's hotline to report fraud and misconduct was handled by IOM management rather than the independent OIG. Consequently, IOM management was reviewing incoming complaints first before forwarding what they chose to OIG.

As a result of the May 2019 referral, USAID/DCHA coordinated with the Department of State's Bureau of Population Refugees and Migration—which also provides significant funding to IOM—and met with IOM senior leadership to address IOM OIG resource and independence concerns. Control of IOM's fraud and corruption hotline was transferred to its OIG effective August 1, 2019. IOM also committed to a roadmap with specific milestones to ensure that its OIG has sufficient resources to provide credible oversight to USAID-funded programs. USAID will monitor IOM's progress meeting these milestones moving forward.

Outreach to USUN and Multilateral Institutions on Oversight of Humanitarian Operations

In June 2019, the Inspector General led OIG senior leaders in meeting with the U.S. Ambassador for United Nations (U.N.) Management and Reform and senior officials from the Economic and Social Affairs Section at the U.S. Mission to the United Nations (USUN) in New York. During this engagement, the Inspector General provided an overview of recently completed audit and investigative work pointing at greater opportunities for USAID to provide effective oversight of PIOs.

In conjunction with this visit, the Inspector General and OIG senior leaders also met oversight officials and leadership for five New York-based PIOs receiving USAID funds. During this meeting, the Inspector General emphasized the importance of each organization having effective, transparent, and independent oversight mechanisms and provided an overview of OIG's recent audit of USAID's oversight of PIO awards.

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

A woman in Madagascar displays health education materials. She serves as a local health leader in her village, doing health promotion through home visits and group meetings, and teaching proper nutrition. *Photo: CRS/Heidi Yanulis Photography*

USAID's Administrator has identified the Agency's foremost goal as ending the need for foreign assistance and has committed to supporting countries as they become more self reliant. To achieve this goal, USAID must ensure that U.S.-funded development is sustainable—that it endures after U.S. involvement ends. USAID therefore calls for investing in communities that have a stake in continuing activities and services, building local skills, and promoting planning that fosters sustainability—which could include public- or private-sector participation and financial backing. MCC has similarly emphasized country-led implementation of its projects and encourages the development of country ownership. USADF and IAF through their missions also support country and community-led development to facilitate local capacity building.

Monitoring Global Health Programs and Supply Chain

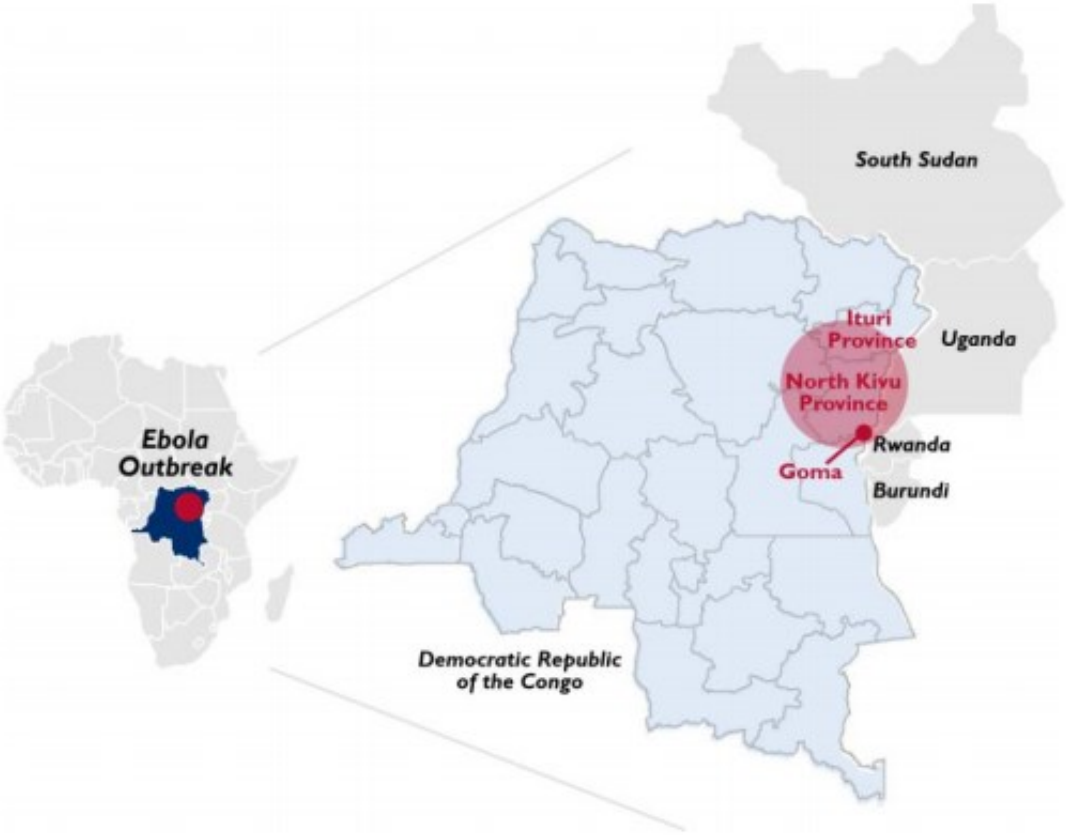
To combat HIV/AIDS, tuberculosis, and malaria and address public health emergencies, such as the current Ebola outbreak the Democratic Republic of the Congo (DRC), USAID has worked to increase overall healthcare access and quality. OIG promotes program integrity and safeguards U.S.-funded commodities to help ensure that these lifesaving treatments and services reach the intended beneficiaries. During the reporting period, OIG issued an advisory to USAID on its response to the Ebola outbreak in the DRC, and an investigation into fraud in an HIV prevention program resulted in the termination of a $105 million contract.

Advisory Notice for USAID's Response to the Ebola Virus Disease Outbreak in the Democratic Republic of the Congo

Advisory

Since the current Ebola virus disease outbreak was first announced in the DRC in August 2018, OIG has increased its monitoring of the actions USAID has taken to establish a public health emergency framework. USAID took these actions based on recommendations OIG made in two audit reports on the West Africa Ebola response, issued in January 2018: "Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response" and "Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework." While USAID has taken action on many of our recommendations, nine recommendations from these reports remain open.

Map of DRC and Countries Bordering the Area Affected by the Ebola Outbreak as of August 4, 2019



Source: USAID OIG map based on USAID and WHO documents

To help inform and advance USAID's response to the DRC outbreak—the second largest Ebola outbreak on record—OIG issued an advisory notice that highlights key recommendations related to coordination and adaptability that remain open. These open recommendations put USAID at risk of repeating the performance shortfalls we identified in our 2018 reports. The open recommendations also point to the need for better USAID coordination with other U.S. Government agencies, international implementers, and the Government of DRC as well as for improvements in USAID's capabilities to adapt response efforts to changes on the ground.

Fraud on HIV Prevention Program Leads to OIG Referral and Termination of $105 Million Contract

Investigation

OIG identified fraud affecting USAID's voluntary medical male circumcision program in southern Africa, which is a leading U.S.-funded program aimed at reducing the number of HIV infections in the region. OIG found that a contractor submitted fraudulent data, inflating the number of beneficiaries submitted to USAID for payment. As a result, USAID/Southern Africa terminated the $105 million contract and one mission employee in September 2019. Approximately $52 million was yet to be obligated for the program and thus not spent as a result of the termination.

Building Local Capacity

USAID works to build the local capacity of individuals and institutions to better ensure the sustainability of development and to support partner countries as they become more self reliant. MCC's, USADF's, and IAF's missions also focus on building capacity by investing in and partnering with the countries and communities in which they operate. Our work aims to identify obstacles to these agencies' efforts for achieving that goal, and make recommendations to overcome them. During the reporting period, OIG investigations uncovered fraud and abuse in programs intended to promote local economic competiveness and construction activities.

Subcontract Terminated After International Contractor Failed to Disclose and Mitigate Conflict of Interest

Investigation

OIG demonstrated that the owner of a subcontracted consultant company for an economic competitiveness project was also a former chief of party of the prime, U.S.-based contractor operating in Central America. OIG determined that the prime contractor violated its internal conflict of interest policy and failed to properly disclose and mitigate the conflict. The U.S.-based contractor terminated its subcontract to the consultant company in June 2019, resulting in a savings of approximately $3.1 million.

OIG Investigation Results in a $4.18 Million Civil Settlement

Investigation

A joint OIG investigation with the Department of State found that a grantee failed to maintain records for expenses, disregarded award requirements, and fabricated records of expenditures associated with the project. In July 2019, the Department of Justice formally executed a False Claims Act settlement with the organization. The Government will recover $4.18 million dollars, of which approximately $1.6 million will be paid back in restitution to USAID.

USAID Subcontractor in Gaza Debarred for Involvement in Corrupt Business Practices

Investigation

An OIG investigation revealed that a construction firm in Gaza, subcontracted by a USAID implementer to oversee USAID-funded construction projects in the region, forced its employees to pay a substantial percentage of their salaries under the project to the subcontractor's owners. OIG confirmed that, as a condition of employment, most of the subcontractor's employees in Gaza had to agree to withdraw up to 40 percent of their monthly salaries in cash and provide it to the company's owners. Based on OIG's findings, the implementer terminated the $3.5 million subcontract in November 2017. In June 2019, USAID subsequently debarred the subcontractor along with four of its owners and its accountant.

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

Women in Ghana carry materials to make shea butter. USAID works with the Global Shea Alliance to connect women in West Africa to the global marketplace. *Photo: Douglas Gritzmacher/USAID*

U.S. foreign assistance has the dual purpose of advancing U.S. national security and economic prosperity while promoting international development objectives. OIG provides oversight in these complex areas to ensure that U.S. foreign assistance dollars are used efficiently and effectively to meet foreign assistance aims and align with strategic interests.

Oversight of Interagency Efforts

Delivering foreign assistance often involves multiple U.S. Government agencies and requires cooperation and coordination, especially on complex tasks, such as fostering private-sector partnerships that advance both U.S. prosperity and global development goals. During the reporting period, OIG completed an audit that looked at the use of private capital in advancing international development goals for all five agencies we oversee.

U.S. Agencies' Use of Private Capital in Advancing International Development

Report No. 9-000-19-004-P

For 6 decades, the U.S. Government has used private capital and private-sector engagement to help foreign governments strengthen their market economies. The types and sources of private capital used by USAID, MCC, USADF, IAF, and OPIC are framed by their respective missions and development objectives. Some engage through financing, such as loan guaranties, while others primarily receive gifts, donations, and joint funding. Tracking and reporting private capital also vary across agencies, and some identified challenges validating data. Some agencies have taken steps to improve private capital mobilization through training and new policies. OIG completed this work at the direction of the U.S. House of Representatives Committee on Appropriations.[2]

[2]House Report 115-253—which accompanied H.R. 3362, State, Foreign Operations, and Related Programs Appropriations Bill, 2018—directed us to look at U.S. development agencies' efforts to leverage private capital to help achieve U.S. development objectives abroad.

Accountability in Areas of Strategic National Interest

U.S. foreign assistance programs aim to advance U.S. foreign policy by fostering democracy, good governance, and economic opportunity to counter regional and global insecurity, transnational crime, and violence and extremism. OIG continues to concentrate its oversight where the U.S. Government invests in foreign assistance to promote regional peace and security. During the reporting period, audit and investigative work focused on key stabilization and reconstruction efforts in Afghanistan.

Letter to Representatives Welch and Walberg, and the late Representative Jones, Regarding U.S. Reconstruction Efforts in Afghanistan

Congressional Request

In response to a July 2018 letter from Representatives Peter Welch and Tim Walberg, and the late Representative Walter Jones, OIG provided information on the extent of waste, fraud, and abuse associated with U.S. reconstruction efforts in Afghanistan. We wrote that OIG oversight in Afghanistan has resulted in more than $1 billion in audit and investigative returns, and prompted USAID to address waste, fraud, and abuse in several other ways. In response to the 699 recommendations issued through our reports, Agency officials have acknowledged the need to address inefficient or ineffective management and program practices, as well as failures to comply with standards or requirements. USAID actions in response to our investigative activity have also reflected the incidence of waste, fraud, and abuse in Afghanistan programs. Since 2008, 100 personnel have been removed from their jobs, 59 entities have been suspended or debarred, and 10 Agency contracts have been terminated as a result of our investigative efforts in Afghanistan. These actions not only closed avenues for bad actors to abuse U.S. funds further but also continue to deter others considering similar misconduct.

OIG's letter outlined significant monitoring and evaluation gaps, weaknesses in oversight of international implementers, diversions to terrorists, fraud in major infrastructure contracts, and abuses of higher education funding. In addition, it discusses OIG's risk-based oversight approach in Afghanistan to ensure effective use of our own resources.

USAID Had Challenges Verifying Achievements Under Afghanistan's New Development Partnership

Report No. 8-306-19-001-P

In August 2015, the U.S. and Afghan Governments signed a memorandum of understanding (MOU), with the United States committing $800 million to fund the New Development Partnership to reform Afghanistan and deliver economic security. The partnership was conceived as a set of 40 results and associated indicators spread across 3 objectives: fiscal sustainability, better governance, and reducing poverty. When entering into the MOU, USAID did not apply a key aspect of Agency guidance on monitoring, evaluating, and learning from its activities. Specifically, the mission did not use performance indicator sheets, which were not required in the MoU and could have been used to help ensure agreement on expected outcomes. We also identified several examples of paid results that lacked adequate verification. This resulted in the partnership being primarily used as a way to pass cash

from one entity (USAID) to another (Afghan Ministry of Finance). While we made no recommendations because the mission terminated the New Development Partnership MOU in July 2018, our work shows what can happen when there is a lack of agreement on how to define expected outcomes and measure achievements.

OIG Investigation Results in USAID/ Afghanistan Withholding $60 Million in Funding to the Afghanistan Reconstruction Trust Fund

Investigation

OIG received numerous allegations regarding the administration of the multidonor Afghanistan Reconstruction Trust Fund. USAID is a major donor to the fund, having provided more than $3.1 billion over the last 16 years, with approximately $1.5 billion in the last 7 years. To date, the lack of sufficient records, as required under ARTF agreements, has made it difficult to verify the use of USAID funds—or ascertain whether U.S. funds were subject to fraud. OIG's coordination with officials at the World Bank (the administrator of the fund) and USAID/Afghanistan, coupled with a preliminary OIG investigation into the alleged misuse of U.S. and other donor funding, resulted in a decision by USAID/ Afghanistan to temporarily withhold $60 million from the fund in September 2019.

OIG is also investigating allegations that recordkeeping by the Afghan government is insufficient to verify the appropriate use of donor funding as well as allegations of falsified results and project completion records.

Staffing Constraints and Strategic Uncertainty in Overseas Contingency Operations

OCO Quarterly Reporting

Through joint quarterly reporting on overseas contingency operations (OCO), OIG reported on challenges USAID faces stemming from staffing uncertainty and constraints and changes in strategic direction in Afghanistan, Iraq, and Syria. The issue is among the several challenges for USAID that have been driven by developments outside of the Agency's control.

- In Afghanistan, OIG reported that the Secretary of State directed USAID staff reductions, as outlined in a May 2019 notification to Congress, without consideration of the effects on delivery of assistance programs.
- In Iraq, OIG reported on the effect of staffing reductions under an extended ordered departure of Embassy personnel. We noticed that staffing limitations have complicated oversight of USAID's $1 billion portfolio and complicated the remote management of humanitarian programs by limiting engagement with key stakeholders.
- In Syria, we noted that changes and uncertainty regarding plans for U.S. military presence and commitment to stabilization assistance have impacted USAID plans and activities. For example, the Syria Transition Assistance Response Team (START) Forward—an interagency team of civilians—was evacuated following the President's December 2018 announcement of plans to withdraw U.S. forces from Syria, limiting its coordination of humanitarian and stabilization assistance programs.

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 ensure that the agencies we oversee have 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.

During the reporting period, OIG conducted audits and investigations related to core management functions. Audits focused on USAID's oversight of its award management and OPIC's compliance with appropriations requirements, while investigations addressed employee misconduct and contractor and grantee accountability.

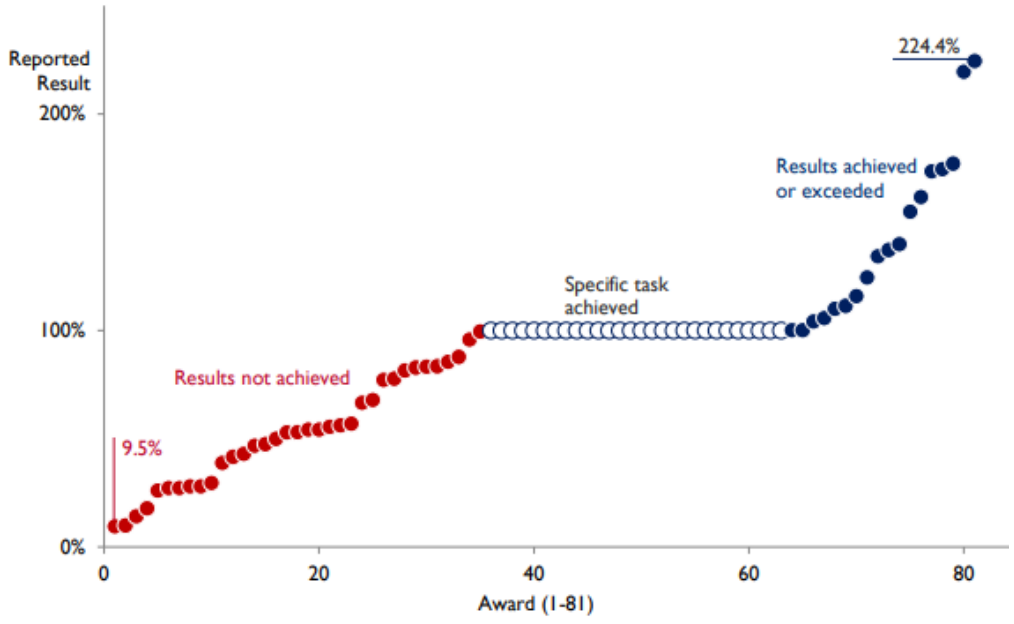
Financial Systems and Agencies' Management Practices

USAID's Award Oversight Is Insufficient To Hold Implementers Accountable for Achieving Results

Report No. 9-000-19-006-P

Over the past decade, we have made 2,700 recommendations in 365 audit reports aimed at strengthening USAID's award management to better ensure that the awards achieve intended outcomes. Addressing these recommendations has been a major challenge for USAID—one that we have included in our Top Management Challenges reports for the past 3 fiscal years.

OIG Audit of USAID's Award Management: Reported Results of Sampled Awards Varied Widely



Shown here, OIG's audit of USAID's award oversight found reported results of sampled awards varied widely, and almost half of awards did not achieve expected results.
Source: OIG analysis based on award documentation from USAID and implementers.

Almost half of awards did not achieve expected results,[3] but implementers were generally paid full award amounts. In addition, the execution of USAID's award management process lacks the rigor needed to ensure that results are achieved. USAID programs and projects are at risk of not achieving intended results until the Agency establishes monitoring plans and appropriate performance measures for awards, implements controls to ensure its employees and implementers adhere to the award management process and related requirements, addresses challenges with roles and responsibilities for award making and oversight, and significantly improves its recordkeeping practices. At the time of reporting, USAID had taken prompt action on over half of our recommendations aimed at strengthening the award management process and enforcing accountability of those charged with award oversight.

OPIC Lacks Policy and Procedures To Ensure Compliance With Annual Appropriations Requirements

Report Number 9-OPC-19-005-P

We conducted this audit in response to a House Committee on Appropriations directive that OIG report on policies, procedures, and processes that OPIC used to comply with funding conditions and reporting requirements in the Consolidated Appropriations Act, 2018.[4] While OPIC had some practices and tools in place, weaknesses in the agency's internal controls led to noncompliance with six of the seven requirements we tested. Instances of noncompliance included the absence of a required clause in project documents, late and incomplete submissions of required reports, failing to publicly post certain information on its website, and not tracking or responding to a congressional notification requirement. Some of these issues arose from a pattern of disregard for requirements OPIC officials felt were either duplicative in nature or did not, in their judgment, specifically apply to the agency's operations.

We made three recommendations to strengthen OPIC's internal controls for complying with appropriations requirements and better position OPIC and its successor agency to ensure compliance with other applicable legislative requirements.

OIG Risk Assessment of the OPIC Charge Card Program for Fiscal Years 2017 and 2018

Report No. 0-OPC-19-005-S

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), Public Law 112-194, we are required to conduct periodic risk assessments of OPIC's charge card programs. OPIC could not provide required documentation related to cardholders, active cards, and total travel and purchase expenses. This occurred because the corporation did not extract, download, or maintain copies of real time data as instructed by the charge card service provider. OPIC's access to the data expired approximately one week before we first asked for the documentation. Our Office of Investigations did not identify any

[3]This estimate, based on our OIG-developed award-score analysis, can be generalized with an 85 percent confidence interval, allowing for a 5 percent margin of error.
[4]See House Report 115-829.

instances of misuse of Government charge cards or illegal purchases made on the part of OPIC. Although the lack of required documentation is a risk, we have determined not to expend resources on initiating an audit on OPIC's charge card program at this time. OPIC will transition to the U.S. International Development Finance Corporation, and we are providing our findings to the new entity's management.

OIG Investigation Triggers Systemic Changes in USAID/Regional Development Mission in Asia

Investigation

An earlier OIG investigation into allegations of whistleblower retaliation by a USAID implementer revealed a lack of engagement and oversight by the agreement officer's representatives (AORs) in USAID's Regional Development Mission in Asia during the implementation of projects. As a result of the OIG investigation, the mission implemented additional training and guidance for its AORs in April 2019 on oversight for assistance awards. The guidance aims to increase field monitoring and in-person engagement by the AORs.

USAID and MCC Complied in Fiscal Year 2018 With the Improper Payments Elimination and Recovery Act

Report No. 0-000-19-004-C (USAID)

Report No. M-000-19-003-C (MCC)

Two independent certified public accounting firms determined that USAID and MCC complied with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) legislation designed to reduce erroneous payments by Government agencies. The reports did not include any recommendations.

Employee Accountability

Senior Government Employee Misconduct

USAID Senior Official Made Unauthorized SBU Disclosure to Foreign Government Official

Investigation

During the reporting period, an OIG investigation found that a senior USAID official released sensitive but unclassified (SBU) information to a foreign government official through WhatsApp messenger. The SBU information included attorney-client privileged information. Subsequent to the OIG investigation's confirmation of the allegation, the official received refresher training from the Office of General Counsel on the proper handling of SBU and attorney-client information.

Employee Misconduct

FSN Engineer Resigns in Lieu of Termination Following OIG Investigation of Noncompliance with Local Procurement Regulations

Investigation

In May 2019, a foreign service national (FSN) engineer in Ghana resigned in lieu of termination after OIG uncovered his failure to follow local procurement law. The employee wrote letters on mission letterhead that did not go through standard clearance processes. In Ghana, this requires a procurement entity to obtain approval from the Public Procurement Authority to engage in restricted tendering.

USAID FSN Resigns in Lieu of Termination After Involvement in Bribery Scheme

Investigation

As a result of an OIG investigation, South Sudan's Regional Security Office revoked a USAID financial analyst's security clearance for his involvement in soliciting bribes. The FSN admitted to soliciting bribes from multiple vendors and then submitted a resignation letter in August 2019.

Highest-Ranked FSN at USAID/ South Sudan Resigns Over Bribery Scheme

Investigation

South Sudan's Regional Security Office revoked the security clearance for USAID/South Sudan's highest-ranking FSN for his involvement in the solicitation of bribes. The general service specialist supervised a variety of mission operations, including procurement, property leasing, motor pool, shipping, and warehouse oversight. The FSN resigned in lieu of termination in August 2019.

Contractor and Grantee Accountability

The Non-Federal Audit (NFA) Program's Impact

To meet its oversight responsibility, OIG determines whether required audits of contractors and grantees 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. This reporting period, an IPA firm found an organization to be in noncompliance with that regulation during multiple years.

OIG's oversight activities also contribute to the NFAs' impact by addressing recommendations to the Agency—60 recommendations questioning costs of $35,070,865 this reporting period, as well as 107 recommendations to strengthen weaknesses in internal control and compliance.

NFA Program Impact on USAID Ebola and Syria Responses

In earlier reporting periods, we reviewed and processed nine contracted closeout audits of costs incurred by various USAID awardees for responding to the Ebola outbreak and the Syrian humanitarian crisis. Of the 43 recommendations previously issued for those audits, 30 were closed in this reporting period. The implementation of those recommendations will serve to correct deficiencies in internal control and compliance of the organizations carrying out USAID programs.

Former Director of Operations for USAID Implementer Debarred for Bribery Scheme

Investigation

In April 2019, USAID debarred the former director of operations of a USAID-funded program in Rwanda worth over $72 million. The debarment occurred as a result of an OIG investigation, which confirmed that the former director solicited bribes from various medical insurance providers involving the intended purchase of $410,000 of medical insurance for the implementer's employees.

USAID Contractor Pleaded Guilty to Theft of $115,000 in Federal Wages

Investigation

A former USAID contractor employee admitted to the OIG that she submitted timesheets that claimed 1,533 hours for work she never performed. From March 1, 2017, to January 31, 2018, the contractor employee was paid $115,647 for the fraudulently claimed work hours. On July 11, 2019, she pleaded guilty in the Western District of Missouri to one count of the information, charging her with a violation of 18 U.S.C. § 641. Based on OIG's referral, USAID issued a Governmentwide suspension of the individual.

Company Criminally Convicted for Concealing Foreign Bank Account

Investigation

In July 2019, as a result of a joint investigation by OIG and the Department of Justice, a company pleaded guilty to two criminal counts for failure to file a report of foreign bank and financial accounts. The joint investigation uncovered two instances in 2013 and 2014 in which the company's manager did not report the foreign accounts as required. In September 2019, OIG referred this company, its owner, and an affiliate that had received USAID funding to the Agency for consideration of suspension or debarment.

Two USAID Implementer Staff Members Debarred for Bribery and Failure to Disclose Conflicts of Interest

Investigation

In June 2019, USAID debarred an implementer's procurement specialist and motor pool coordinator who were both working on a $72 million USAID program to improve reading skills for schoolchildren in Rwanda. OIG found that the motor pool coordinator conspired to steer a contract. OIG also confirmed that a managing director for a vendor of the program arranged to bribe the procurement specialist in exchange for providing sensitive information on procurement to him and his company. OIG referred its findings to USAID, which led the Agency to debar the individuals involved and proposed debarment proceedings are pending for the implementer and one other individual involved.

OIG Referrals on Allegations of Whistleblower Reprisal

Investigation

Late last period, OIG referred the results of two investigations conducted pursuant to 41 U.S. Code § 4712 to USAID and is reporting the information this period. The statute requires OIG to investigate complaints of reprisal by a Federal contractor or grantee against employees who have disclosed wrongdoing related to the execution of a Federal award. Under the statute, the agency head reviews the findings of the investigation and determines whether the complainant was subject to reprisal based on the disclosure, and may order corrective action.

In one case, OIG conducted an investigation based on an allegation that a former employee of a USAID implementer had been fired after reporting that the implementer submitted inaccurate project performance reports to USAID and had potentially used USAID funds for an unapproved project.

During the investigation, OIG also learned that the former employee had raised the concerns with the responsible USAID mission. Despite being made aware of the potential misuse of USAID funding, USAID mission staff had not taken steps to verify the appropriate use of funding under the award. OIG referred the information to the USAID mission in March 2019. The mission responded by providing training as described on page 22.

In the second case, an employee of a grantee had alleged that he was terminated in retaliation for disclosing to his employer that it had allegedly billed USAID for ineligible expenses, resulting in the grantee overcharging USAID on the project. OIG conducted an investigation and referred the results to the Agency.

In both instances, after reviewing OIG's referrals, the Agency declined to order corrective action, citing that the evidence did not rise to the evidentiary burdens required by law.

OIG OUTREACH AND EXTERNAL ENGAGEMENT

OIG's outreach and engagement efforts give stakeholders, oversight partners, and the public timely, relevant information to make informed decisions about U.S. foreign assistance and take action. OIG cultivates dialogue, informs decision making, coordinates oversight, and promotes greater accountability across the U.S. Government and international bodies. OIG solicits stakeholder input to inform its oversight work and strengthens partnerships with oversight offices worldwide.

Engaging Stakeholders

OIG maintains ongoing and open dialogue with stakeholders on areas of heightened interest and activity and proactively shares observations based on audit and investigative work.

In a hearing before the House Appropriations Committee, Subcommittee on State, Foreign Operations, and Related Programs, the Inspector General underscored USAID's top management challenges for FY 2019 and called for USAID to enforce greater accountability among its implementers.

USAID Inspector General Calvaresi Barr testifies before the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs, July 2019. *Photo: Capture from Committee Webcast (Online).*

Also during this period, the Inspector General and OIG's executive leadership team met with USAID headquarters and mission leaders, State Department and U.S. Embassy officials, and other U.S. Government representatives to discuss the results of OIG's work and ongoing operations. These discussions covered oversight of public international organizations, OIG's audit and investigative portfolio in Africa, USAID's staffing in Afghanistan, and OIG's operating presence overseas and associated requirements. The meetings promoted awareness of OIG's ongoing oversight efforts and emphasized the need for both corrective action on OIG recommendations and continued support for an independent oversight presence around the world.

Furthermore, OIG remained engaged in ongoing discussions among congressional officials, policymakers, researchers, and high-level Government officials on improving humanitarian access in crisis and conflict settings and preventing material support to terrorist and other armed groups.

Sustaining Partnerships

OIG works with certain oversight bodies and law enforcement and prosecutorial agencies worldwide. These partnerships help OIG leverage investigative resources and share knowledge, leading to stronger oversight and significant improvements in the delivery of international

development and humanitarian assistance. During the reporting period, OIG's work to sustain critical oversight partnerships included:

- **Continuing Lead IG Coordination of Overseas Contingency Operations Oversight.** OIG worked with the OIGs for the U.S. Departments of Defense and State to oversee and report on six OCOs during the period. The OIGs' joint quarterly reports provided a full picture of U.S. Government activities in Iraq and Syria (Operation Inherent Resolve), the Philippines (Operation Pacific Eagle), and Afghanistan (Operation Freedom's Sentinel). OIG also monitored and reported on the activities of three classified OCOs in Africa and the Middle East.

- **Advancing Best Practices Under the Syria Investigations Working Group.** OIG established the group in 2015 and, in a September 2019 meeting, led discussions on investigating allegations of sexual exploitation and abuse and related oversight methods. The International Federation of Red Cross and Red Crescent Societies hosted this round of discussions, which included oversight professionals from bilateral donors and U.N. organizations, including the United Kingdom's Department for International Development, International Federation of the Red Cross, Swedish International Development Cooperation Agency, United Nations Development Programme, World Food Programme, World Bank, and the Norwegian Ministry of Foreign Affairs.

- **Strengthening International Oversight through MOUs.** USAID OIG signed MOUs with the Japan International Cooperation Agency, Japan's international aid agency, which establishes terms for cooperating and sharing information to prevent and address fraud and corruption in international development programs. It also signed an MOU with the U.S. Department of Homeland Security, Customs and Border Protection to acquire law enforcement information to support OIG's investigative work. These MOUs will strengthen oversight of foreign assistance by helping OIG obtain secure information to further support its oversight and investigative activities.

Strengthening Networks and Underscoring OIG's Oversight Role

OIG reaches out within the oversight and international development communities—with a major emphasis on USAID implementers—to foster regular coordination; share best practices; and clearly articulate OIG's responsibilities, authorities, and reporting requirements. This promotes seamless engagement with counterparts and ensures timely access and cooperation among those subject to USAID direction and OIG oversight.

Oversight Roundtable Promotes Best Practices on SEA Investigations

OIG hosted its third annual Oversight Roundtable, which emphasized preventing sexual exploitation and abuse in development and humanitarian programs. OIG previously identified major vulnerabilities in USAID's approach to addressing sexual misconduct by humanitarian workers. This year's roundtable hosted nearly 225 representatives from over 100 NGOs and USAID contractors to hear from OIG investigators, OIG counsel, and USAID officials, including representatives from the USAID Administrator's Action Alliance to Prevent Sexual Misconduct. The event facilitated discussions on actual cases of alleged misconduct and related lessons learned with a focus on preventing future incidents.

OIG Training Promotes Oversight of Agency and Implementers

Fraud Awareness and Whistleblower Protection Presentations for USAID Employees. OIG briefs Agency employees on fraud awareness, prevention, and reporting to deepen their understanding of fraud schemes and vulnerabilities affecting foreign assistance funds. As shown on the map on page 30, OIG held 78 fraud awareness briefings worldwide, reaching 3,303 individuals through all outreach events. OIG's Office of General Counsel also briefs all new USAID employees and contractors on their right to make protected whistleblower disclosures and legal protections against retaliation.

Staff from OIG's Office of Investigations conduct fraud awareness training at a USAID-funded construction site in Central America. *Photo: OIG*

Cost Principles Training. OIG also reached 106 USAID and implementer staff in Jordan, Germany, Thailand, and Pakistan through its training to increase awareness of and compliance with types of costs that can be legitimately charged under USAID contracts and grants, and applicable auditing standards.

Also during the period, OIG fostered coordinated oversight and greater awareness of fraud schemes and reporting procedures in several key ways:

Coordination with Inspector General Community

HIV/AIDS, TB, Malaria Oversight. OIG issued the Fiscal Year 2020 Inspectors General Coordinated Oversight Plan to Combat HIV/AIDS, Tuberculosis, and Malaria in August working with the OIGs for the Department of State, Department of Health and Human Services, and Peace Corps. The four OIGs coordinate oversight of foreign assistance to combat HIV/AIDS, tuberculosis, and malaria under the plan and meet regularly to discuss planned and ongoing work to make the best use of U.S. Government resources.

Promoting Agency Accountability

USAID Integrity Working Group. Over the reporting period, OIG held periodic meetings with the Integrity Working Group, which it established in 2012, in which representatives from OIG's Offices of Investigations and General Counsel meet with relevant Agency officials to discuss investigative activities involving USAID employees. The group enhances accountability and continuity of Agency employee integrity matters through regular communication with USAID's Office of General Counsel, Human Capital Division, and other offices.

Promoting Implementer Accountability

Outreach to Implementer Attorneys and Compliance Officers. OIG attorneys participated in the June International NGO Legal Counsels Forum in London, which included attorneys from 16 European Union-based NGOs receiving USAID dollars. OIG discussed mandatory reporting requirements and the need for NGOs to promptly disclose allegations of misconduct, including sexual misconduct. OIG also met with officials from the United Kingdom's Department for International Development (DFID) to discuss common approaches to handling allegations of sexual exploitation and abuse.

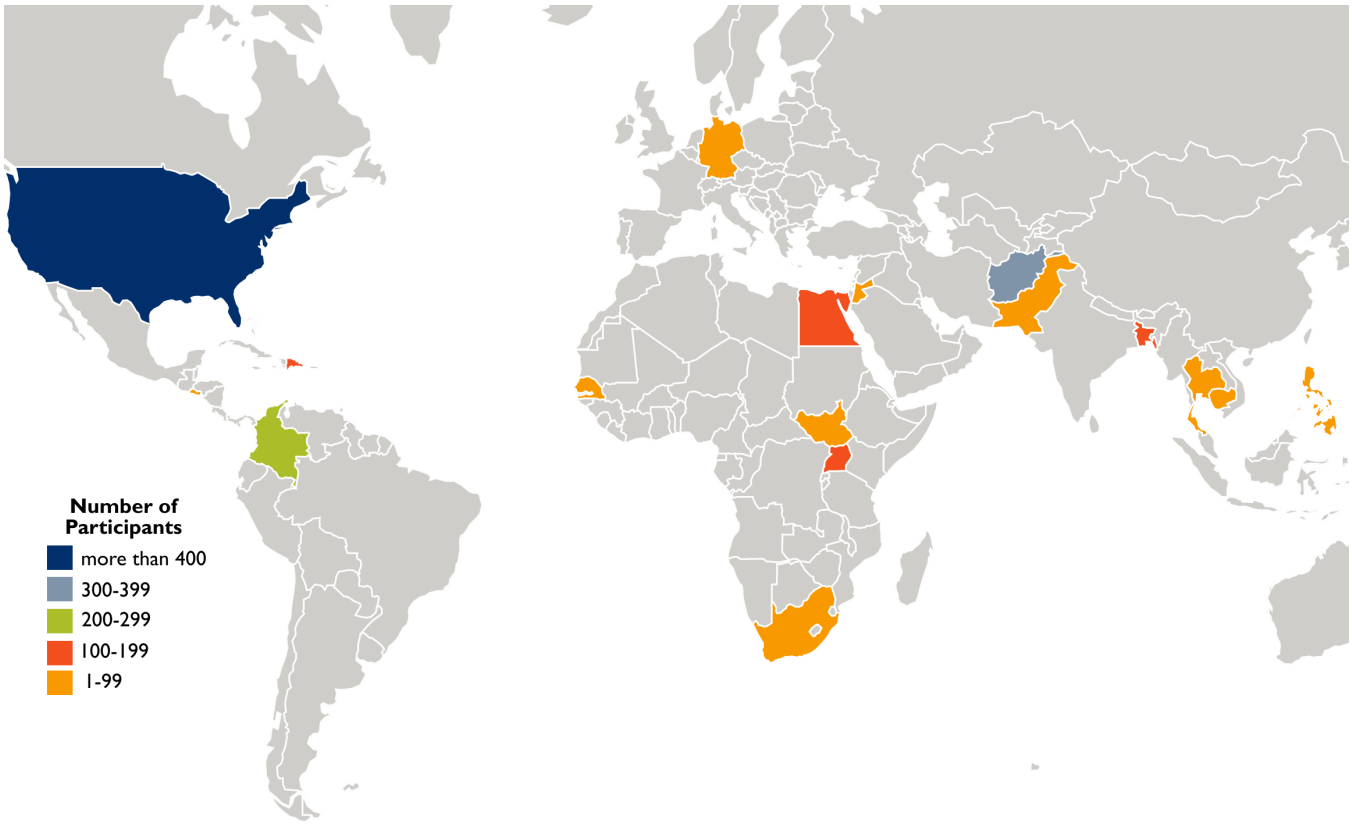
OIG's Office of General Counsel has created a new avenue of proactive outreach to lawyers and compliance officers of USAID implementers. During the period, OIG attorneys also gave presentations at an NGO legal counsels working group in Washington, DC, the American Bar Association's Grant Law Committee, and other NGO umbrella bodies, including Humentum.

Proactive Outreach Program. During the reporting period, OIG's Office of Investigations conducted three site visits in Pakistan and Cambodia. Under the program, OIG special agents and analysts work with implementer employees to develop project profiles and identify weaknesses and vulnerabilities in each organization, giving OIG and implementers both a better understanding of risk areas affecting USAID programs.

Raising Public Interest

With a commitment to transparency and accountability, OIG promotes awareness and knowledge of our mission, work and results, and use of taxpayer resources among the public. OIG's website contains previous and newly issued audit reports, advisories, press releases, testimony, and summary reports, including OIG's Lead Inspector General and semiannual reports to Congress. Additional information about OIG's mission, work, and operations can be found at https://oig.usaid.gov/.

Fraud Awareness Briefings Conducted Worldwide, April 1, 2019-September 30, 2019



During the reporting period, OIG conducted 78 fraud awareness briefings in 17 different countries, reaching a total of 3,303 participants. *Source: OIG*

Afghanistan
18 briefings
382 participants

Bangladesh
5 briefings
171 participants

Cambodia
3 briefings
76 participants

Colombia
8 briefings
287 participants

Dominican Republic
2 briefings
195 participants

Egypt
1 briefing
100 participants

El Salvador
1 briefing
12 participants

Germany
1 briefing
16 participants

Jordan
3 briefings
48 participants

Pakistan
2 briefings
31 participants

Philippines
2 briefings
86 participants

Senegal
1 briefing
26 participants

South Africa
1 briefing
15 participants

South Sudan
1 briefing
31 participants

Thailand
1 briefing
16 participants

Uganda
3 briefings
140 participants

United States
25 briefings
1,671 participants

OIG STRENGTHENS OVERSIGHT EFFORTS IN AREAS OF CONFLICT AND CRISIS

OIG engages in proactive oversight in response to crises and conflicts by identifying potential vulnerabilities based on similar humanitarian oversight work, and notifying USAID of these vulnerabilities for further action. Recent examples of proactive efforts include:

Venezuelan Crisis Oversight and Monitoring Task Force

Above: Assistant IG for Investigations inspects a warehouse for humanitarian assistance in Colombia. Below: Migrants from Venezuela receive humanitarian assistance in Colombia. *Photo: OIG*

The humanitarian crisis in Venezuela has resulted in vast migration to other parts of Latin America, ultimately leading to the engagement of USAID/OFDA. In response, OIG established its Venezuelan Crisis Oversight and Monitoring Task Force—comprising OIG's Audit, Investigations, General Counsel, and Management Divisions—to provide proactive and coordinated oversight of USAID's efforts to address the humanitarian crisis with over $264 million in funding as of September, 2019.

In an effort to identify risks to USAID funding and potential violations of law, task force members have had on-the-ground meetings with PIOs active in the region, other U.S. law enforcement agencies, USAID/Colombia mission officials, NGOs, and Venezuelan migrants receiving the humanitarian aid. The task force has also given multiple fraud awareness presentations—including a presentation by OIG's Offices of Investigations and General Counsel to an OFDA-organized consortium of implementers in Bogota—all of which educate USAID implementers on identifying fraud schemes and on required reporting of misconduct to OIG. The task force also visited USAID-funded humanitarian assistance operations near the Simón Bolívar Bridge in Cúcuta and gave a fraud awareness presentation to PIOs and NGOs operating programs near the border.

Outreach in South Sudan and Nigeria

To strengthen oversight of U.S.-funded humanitarian assistance programs in South Sudan and Nigeria, OIG issued a questionnaire for USAID implementers to help identify methods of mitigating risks across country portfolios. OIG will use the survey information to identify and address oversight vulnerabilities and fraud trends indicated in high-risk humanitarian assistance programs. It will also use this information to continue to help USAID implementers detect potential fraud and collusion by staff and vendors before critical humanitarian interventions are affected.

Outreach in Yemen

USAID's efforts to address Yemen's humanitarian crisis have grown into a protracted response. Through surveys, OIG is working to determine if the designated amount of aid—in the form of distributed food vouchers—is reaching the intended recipients. OIG is also working with the U.S. Embassy in Jordan to conduct fraud awareness workshops for NGOs providing humanitarian assistance to Yemen.

IG ACT REPORTING REQUIREMENTS

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements for the reporting period April 1, 2019-September 30, 2019. Requirements for which OIG has nothing to report are indicated in the table below.

The following reporting requirements can be found in the appendixes available on our website at https://oig.usaid.gov/our-work/semiannual-report:

Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) April 1, 2019-September 30, 2019

Appendix B: Reports Issued Prior to April 1, 2019, With Open and Unimplemented Recommendations, and their potential cost savings, as of September 30, 2019

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report	OPIC, page in report
§5(a)(1)	Significant problems, abuses, and deficiencies	Throughout this Report				
§5(a)(2)	Recommendations for corrective action with respect to significant problems, abuses, and deficiencies	Throughout this Report				
§5(a)(3)	Significant recommendations from previous semiannual reports on which corrective action has not been Completed	36-39	40	Nothing to Report	40	41-43
§5(a)(4)	Summary of matters referred to prosecutive authorities and resulting convictions	9				
§5(a)(5)	Matters reported to the head of the agency under section 6 (c)(2) (refusal of assistance)	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(6)	Listing of reports issued during the reporting period	7, Appendix A				
§5(a)(7)	Summary of significant reports	10-25				

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report	OPIC, page in report
§5(a)(8)	Statistical table: questioned costs	44	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(9)	Statistical table: recommendations that funds be put to better use	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(10)(A)	Summary of audit reports Issued before the commencement of the reporting period for which no management decision has been made	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(10)(B)	Summary of audit reports for which the agency has not returned comment within 60 days of receipt of the report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(10)(C)	Summary of audit reports for which there are outstanding unimplemented recommendations, including aggregate potential cost savings of those recommendations	Appendix B				
§5(a)(11)	Significant revisions to management decisions made during the reporting period	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(12)	Significant management decisions with which the Inspector General is in disagreement	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	45
§5(a)(13)	Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	45	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(14-15)	Peer reviews of USAID OIG	Nothing to Report				
§5(a)(16)	Peer reviews conducted by USAID OIG	Nothing to Report				

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, pg. in report	MCC, pg. in report	USADF, pg. in report	IAF, pg. in report	OPIC, pg. in report
§5(a)(17-18)	Statistical tables showing the number of investigative reports; number of persons referred to the Department of Justice (DOJ) for criminal prosecution; number of persons referred to State/ local authorities for criminal prosecution; number of indictments/criminal information as a result of OIG referral; a description of the metrics used for developing the data for such statistical tables including a description of the metrics used for developing the data for such tables	9, 48-50				
§5(a)(19)	Report on each OIG investigation involving a senior Government employee where allegations of misconduct were substantiated	22	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(20)	Instances of (agency) whistleblower retaliation	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(21)	Attempts by Agency to interfere with OIG independence including budget constraints and incidents where the Agency restricted or significantly delayed access to information	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(22)	Detailed description of situations where an inspection, evaluation, and audit was closed and not disclosed to the public; and each investigation of a senior Government employee was closed and not disclosed to the public	Nothing to Report for Audits; Investigations pg. 22	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report

Reporting Requirements, Other	Description	USAID, pg. in report	MCC, pg. in report	USADF, pg. in report	IAF, pg. in report	OPIC, pg. in report
Significant Findings From Contract Audit Reports	The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, section 845) requires inspectors general to submit information on contract audit reports, including grants and cooperative agreements, that contain significant audit findings in semiannual reports to Congress.	46	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report

Significant Recommendations Described Previously Without Final Action
USAID
as of September 30, 2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
0-000-13-001-C	Audit of USAID's Financial Statements for Fiscal Years 2012 and 2011	11/16/2012	1	11/16/2012	12/31/2019
0-000-15-001-C	Audit of USAID's Financial Statements for Fiscal Years 2014 and 2013	11/17/2014	2	11/17/2014	12/31/2019
0-000-17-001-C	Audit of USAID's Financial Statements for Fiscal Years 2016 and 2015	11/15/2016	1	11/15/2016	12/31/2019
5-000-17-001-S	Internal Control Gaps Hinder Oversight of U.S. Personal Services Contracts in Asia	3/20/2017	1	3/20/2017	10/31/2019
0-000-18-004-C	Audit of USAID's Financial Statements for Fiscal Years 2017 and 2016	11/15/2017	1	11/15/2017	12/31/2019
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	2	1/24/2018	12/31/2019
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	4	9/12/2018	10/31/2019
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	5	1/24/2018	10/31/2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	6	5/11/2018	10/31/2019
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	8	9/12/2018	11/15/2019
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	9	1/24/2018	12/31/2019
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/2018	14	1/24/2018	12/31/2019
9-000-18-002-P	Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response	1/24/2018	2	6/28/2018	11/30/2019
9-000-18-002-P	Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response	1/24/2018	4	6/28/2018	11/30/2019
8-294-18-001-P	USAID/West Bank and Gaza Improved Conflict Mitigation Program Management but Has Not Completed an Evaluation	1/26/2018	2	2/12/2018	11/30/2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
8-000-18-003-P	Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk	9/25/2018	2	9/25/2018	3/31/2020
8-000-18-003-P	Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk	9/25/2018	6	9/25/2018	12/1/2019
A-000-19-004-C	USAID Has Gaps in Conforming With the Federal Information Technology Acquisition Reform Act	11/9/2018	3	11/9/2018	9/30/2019
A-000-19-004-C	USAID Has Gaps in Conforming With the Federal Information Technology Acquisition Reform Act	11/9/2018	6	11/9/2018	10/31/2019
A-000-19-004-C	USAID Has Gaps in Conforming With the Federal Information Technology Acquisition Reform Act	11/9/2018	9	11/9/2018	3/31/2020
A-000-19-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA	11/21/2018	1	11/21/2018	12/31/2019
A-000-19-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA	11/21/2018	2	11/21/2018	12/31/2019
A-000-19-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA	11/21/2018	3	11/21/2018	12/31/2019
A-000-19-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA	11/21/2018	6	11/21/2018	12/31/2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
A-000-19-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA	11/21/2018	7	11/21/2018	12/31/2019
0-000-19-001-C	Audit of USAID's Financial Statements for Fiscal Years 2018 and 2017	12/17/2018	1	12/17/2018	12/30/2019
0-000-19-001-C	Audit of USAID's Financial Statements for Fiscal Years 2018 and 2017	12/17/2018	2	12/17/2018	10/31/2019
9-000-19-003-P	USAID Lacks Data To Inform Decisions About Construction Under Cooperative Agreements and Grants	2/11/2019	1	2/11/2019	11/30/2019
4-698-19-001-P	Power Africa Coalesced Energy Efforts but Lacked Portfolio-Wide Risk Management and Consistent Measures of Progress	3/7/2019	1	3/7/2019	10/31/2019
4-698-19-001-P	Power Africa Coalesced Energy Efforts but Lacked Portfolio-Wide Risk Management and Consistent Measures of Progress	3/7/2019	2	3/7/2019	11/30/2019

Significant Recommendations Described Previously Without Final Action
MCC
as of September 30, 2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
M-000-17-001-C	Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Fiscal Years Ending September 30, 2016, and 2015	11/15/2016	3	1/31/2017	12/31/2019
M-000-18-002-C	Audit of MCC's Fiscal Years 2017 and 2016 Financial Statements	11/15/2017	5	3/28/2018	6/30/2020
M-000-19-001-C	Audit of MCC's Fiscal Years 2018 and 2017 Financial Statements	11/15/2018	5	6/18/2019	12/31/2019
M-000-19-001-C	Audit of MCC's Fiscal Years 2018 and 2017 Financial Statements	11/15/2018	7	6/18/2019	3/31/2020
M-000-19-001-C	Audit of MCC's Fiscal Years 2018 and 2017 Financial Statements	11/15/2018	10	6/18/2019	3/31/2020

Significant Recommendations Described Previously Without Final Action
IAF
as of September 30, 2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
A-IAF-17-004-C	The Inter-American Foundation Has Implemented Many Controls in Support of FISMA, but Improvements Are Needed	11/07/2016	7	11/7/2016	12/31/2019

Significant Recommendations Described Previously Without Final Action

OPIC

as of September 30, 2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
A-OPC-17-007-C	OPIC Implemented Controls in Support of FISMA for Fiscal Year 2017, but Improvements Are Needed	9/28/2017	1	9/28/2017	12/31/2018
A-OPC-19-006-C	OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018	1/30/2019	2	1/30/2019	2/28/2019
A-OPC-19-006-C	OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018	1/30/2019	4	1/30/2019	3/30/2019
A-OPC-19-006-C	OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018	1/30/2019	7	1/30/2019	7/30/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	1	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	2	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	3	2/1/2019	2/1/2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	4	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	5	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	6	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	7	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	8	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	9	2/1/2019	2/1/2019

Report Number	Report Title	Date of Report	Rec. Number	Management Decision Date	Final Action Target Date
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	10	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	11	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	14	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	15	2/1/2019	2/1/2019
9-OPC-19-002-P	OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks	2/1/2019	16	2/1/2019	2/1/2019

Reports with Questioned and Unsupported Costs
USAID
as of September 30, 2019

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs[1]
A. For which no management decision had been made as of April 1, 2019	65	62,167,221	41,660,710
B. Reports issued April 1, 2019-September 30, 2019	51	35,070,865	25,398,512
Subtotal	***116***	***$97,238,086***	***$67,059,222***
C. Reports with a management decision made April 1, 2019-September 30, 2019	82	77,530,104	53,708,364
Value of costs disallowed by Agency officials		5,830,461	4,253,446
Value of costs allowed by Agency officials		71,699,643	49,454,918
D. For which no management decision had been made as of September 30, 2019	35	19,707,982	13,350,858

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

Management Decisions With Which the Inspector General Disagrees

OPIC

as of September 30, 2019

OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks
Report Number: 9-OPC-19-002-P

Report Issue Date: 2/1/2019

Recommendation Number: 1-16

Current Management Decision Date: 2/1/2019

Reason for Disagreement
For recommendations 1-16: Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the U.S. International Development Finance Corporation (DFC), it will delay consideration of our recommendations. We believe OPIC should consider our recommendations as it transitions to DFC—not delay consideration until the transition is well under way or completed.

Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996

USAID

as of September 30, 2019

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.

Audit of USAID's Financial Statements for FY18 & FY17
Report Number: 0-000-19-001-C

Report Issue Date: 12/17/2018

Description of Noncompliance
The noncompliance relates to USAID's accounting for reimbursable agreements, which deviated from the Statement of Federal Financial Accounting Standards No. 1, "Accounting for Selected Assets and Liabilities," and the U.S. Standard General Ledger at the transaction level. The revised target completion date is 12-31-2019.

Significant Findings From Contract Audit Reports
USAID
as of September 30, 2019

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, section 845) requires inspectors general to submit information on contract audit reports, including grants and cooperative agreements, 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 the inspector general determines to be significant.

Financial Audit of the Malakand Reconstruction and Recovery Program Assistance – Housing Cash Transfer in Pakistan Managed by the Provincial Reconstruction Rehabilitation & Settlement Authority, Government of Khyber Pakhtunkhwa, Grant 391-011, July 1, 2013, to June 30, 2014

Report Number: 5-391-19-031-R

Report Issue Date: 5/15/2019

Description of Findings:
In the management letter, the Auditor General of Pakistan (Auditor General) discussed in detail the issues it listed in the report on the fund accountability statement for the disclaimer of an audit opinion. The Auditor General noted, among others, the following issues: (1) the recipient could not provide sufficient evidence for the disbursement of funds by banks to the beneficiary accounts for the funds released by the finance department to various banks totaling $10,217,000; (2) the banks delayed disbursement of funds to the beneficiary accounts; and (3) the recipient did not conduct an internal audit. Based on the description of these issues, OIG questioned the entire disbursements of $10,217,000 as unsupported because of a disclaimer of opinion by the Auditor General. Nevertheless, the Grant Officer allowed the questioned costs after the recipient provided bank statements reflecting the disbursements and based on results of an internal financial review.

Questioned Cost: $10,217,000

Ineligible Amount: $0

Unsupported Amount: $0

Disallowed Amount: $10,217,000

DESCRIPTION OF METRICS USED IN REPORTING INVESTIGATIVE FIGURES

Investigations Opened/Closed

Opened: When a complaint meets the following conditions:

- There is identifiable evidence of a violation of a rule, law, policy, or regulation with a clear nexus to an agency OIG oversees.
- The allegation falls within a stated management priority or an investigation of it can otherwise be justified.
- OIG management is committed to expending the necessary resources to fully investigate the matter.

Closed: When all investigative activity has concluded, all legal and administrative actions have been finalized, and all case results have been recorded in OIG's case management system.

Total Number of Reports Issued

Reports of investigation are referred to one or more recipients outside of OIG.
As part of the referral process, OIG provides referral recipients with a written report of investigation containing the following:

- **Synopsis:** An abbreviated summary of the allegations that identifies the USAID (or other agency over which OIG exercises oversight responsibilities) office or program affected, describes the findings of the investigation, and states whether any judicial or administrative action was taken as a result of those findings.
- **Details of Investigation:** The steps taken and the information gathered during the course of the investigation, including the results of interviews of witnesses and subjects, sworn statements, and the results of other significant investigative activities.

Civil Referrals/Declinations

Referrals: Cases that OIG presents to the Department of Justice (DOJ) when investigative activity establishes evidence that violations of criminal statutes subject to civil penalties or violations of 31 U.S.C. 3729 (False Claims Act) may have occurred. Such matters are referred to an appropriate DOJ entity with the authority to initiate civil action.
Declinations: Decisions by the DOJ entity to which OIG has referred an investigation for consideration for civil action not to pursue said civil action.

Civil Judgments

The final decisions of a court in a civil lawsuit. Civil judgments reported by OIG are typically associated with a financial recovery.

Civil Settlements

Occurs when the plaintiff in a civil case, most often the U.S. Government, agrees to stop legal action and the right to pursue recourse in exchange for mutually agreed upon terms. Civil settlements reported by OIG are typically associated with a financial recovery.

Prosecutive Referrals/Declinations

Referrals: Matters referred by OIG to the appropriate DOJ entity responsible for initiating criminal prosecution when investigative activity establishes reasonable grounds to believe there have been violations of Federal law relating to the programs and operations of USAID.
Declinations: Instances in which the DOJ entity to which OIG has referred an investigation for consideration for criminal action declines to pursue criminal action.

Arrests
Instances in which an individual has been seized by a legal authority and taken into custody in connection with a USAID OIG investigation.

Criminal Indictments/Informations
Indictments: Instances in which a formal accusation that a person has committed a crime is made against an individual. For most investigations in which a prosecutive referral has been made to a U.S. jurisdiction, a grand jury approves the criminal indictment on determining that there is enough probable cause to move the case forward in court.
Informations: Criminal informations are used when a defendant formally charged with a crime voluntarily relinquishes the right to have a grand jury consider the evidence against him or her. A criminal information is distinct from a criminal indictment in that it allows charges to be brought directly without grand jury proceedings.

Convictions
Instances in which a criminal prosecution has concluded in a final judgment that the defendant is guilty of the crime charged.

Sentencings
Instances in which a punishment (sentence) has been meted out to a defendant after he or she has been convicted of or pleaded guilty to the crime he or she was charged with.

Fines
Monetary penalties imposed on a defendant as part of a sentencing.

Special Assessments
Monetary penalties imposed on a defendant as part of sentencing. Special assessments are applied on a per-count basis and are collected in the same manner as fines for criminal cases.

Restitutions
Instances in which a monetary penalty was imposed on a defendant as part of a sentencing. Restitutions serve as recompense for injury or loss.

New Rules/Procedures
New procedures, rules, or regulations implemented by the responsible organization to address systemic weaknesses revealed during OIG's investigation.

Personnel Suspensions
The placement of employees in a temporary nonduty and nonpay status for disciplinary reasons.

Resignations
Voluntary separation of employees from the agency. Employees who tender their resignations as the result of an OIG investigation typically do so in lieu of removal.

Removals
The involuntary separation of agency employees from the agency or the involuntary separation of implementer employees from an agency implementer or subimplementer.

Suspensions
The temporary disqualification of firms or individuals from receiving U.S. Government awards or U.S. Government-approved subawards.

Debarments
Actions taken by a debarring official to exclude an entity from participation in federal assistance or contracting programs, or activities, for a reasonable, specified period.

Contract Terminations
Instances in which a USAID contract, grant, or cooperative agreement is terminated as the result of an OIG investigation. Contract terminations are frequently accompanied by a financial recovery. This also includes instances in which individuals employed with the Agency through a personal services contract are involuntarily separated.

Award Suspensions
Instances in which all ongoing, pending, and planned activities under a specific award are suspended until a prescribed remedial or administrative action is concluded.

Judicial Recoveries
Monetary amounts recovered from firms or individuals as part of a criminal or civil sentencing or settlement.

Administrative Recoveries
USAID (or other agency over which OIG exercises oversight responsibilities) funds that were already distributed and then recovered by USAID (or other agency over which OIG exercises oversight responsibilities) after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused.

Savings
USAID (or other agency over which OIG exercises oversight responsibilities) funds that were obligated, but not yet distributed, to be spent as part of a USAID (or other agency over which OIG exercises oversight responsibilities) award that were preserved and made available for better uses after an OIG investigation revealed evidence that those funds were vulnerable to fraud or waste. Savings often accompany contract terminations or the discovery of disallowed, questioned, or unsupported costs.

Cost Avoidance
Federal funds that were obligated and subsequently set aside and made available for other uses as a result of an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based upon an OIG referral. The key operating factor in claiming these as cost avoidance is that the funds were not de-obligated.

Other
Includes a number of investigative results, the most significant of which are:

- **Personnel Counseling**: The verbal counseling of an employee by a supervisor as a response to job-related performance or ethical violations.
- **Reprimand**: An official written rebuke, censure, or disapproval of a specific action or actions by an employee.
- **Demotion**: A change of an employee's status to a lower grade or to a position with a lower rate of pay.
- **Restatement of Policy:** An instance in which the responsible organization's management reiterates existing rules and regulations to staff.
- **Audit Scheduled:** An instance in which the responsible organization schedules an audit into the organization or program that is deemed to be vulnerable to fraud, waste, or abuse by OIG's investigation.

COMMON ABBREVIATIONS

BU	funds recommended to be put to better use
CIO	chief information officer
DATA Act	Digital Accountability and Transparency Act of 2014
DCAA	Defense Contract Audit Agency
DOD	Department of Defense
DOJ	Department of Justice
DOS	Department of State
FISMA	Federal Information Security Modernization Act of 2014
FITARA	Federal Information Technology Acquisition Reform Act
GAGAS	generally accepted government auditing standards
HHS	Department of Health and Human Services
IAF	Inter-American Foundation
ISIS	Islamic State of Iraq and Syria
MCC	Millennium Challenge Corporation
NGO	nongovernmental organization
OFDA	USAID Office of U.S. Foreign Disaster Assistance
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
PMI	President's Malaria Initiative
QC	questioned costs
SAI	supreme audit institution
UN	unsupported costs
U.N.	United Nations
USADF	U.S. African Development Foundation
USAID	U.S. Agency for International Development

Office of Inspector General

U.S. Agency for International Development

1300 Pennsylvania Avenue NW

Washington, DC 20523

oig.usaid.gov