



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**



## **OFFICE OF INSPECTOR GENERAL**

**Semiannual Report to Congress  
October 1, 2018 — March 31, 2019**

COVER:  
A young woman in Uganda farms at her home with her daughter.  
Photo by Kate Consavage/USAID.

## **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.

First half of fiscal year 2019

# By the Numbers

## INVESTIGATIVE RESULTS

 **\$90.2 million**  
in recoveries, savings, and avoided costs

 **20**  
investigations closed

 **16**  
prosecutorial referrals

 **28**  
administrative actions

 **6**  
suspensions or debarments

## AUDIT RESULTS

 **\$68.9 million**  
in questioned costs

 **239**  
performance and financial  
audits issued

 **345**  
recommendations to  
improve operations and  
programs

 **\$16.5 billion**  
in funds audited

# MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the U.S. Agency for International Development Office of Inspector General (USAID OIG) Semiannual Report to Congress for the first half of fiscal year 2019. In accordance with the Inspector General Act of 1978, as amended, this report provides the results of our work completed from October 1, 2018, to March 31, 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 \$16.5 billion in funds and issued 239 performance and financial audit reports, with a total of 345 recommendations aimed at improving the operations and programs of the agencies we oversee. These audits identified approximately \$68.9 million in questioned costs. In addition, our investigations resulted in over \$90.2 million in recoveries, savings, and avoided costs, as well as 16 prosecutorial referrals and 28 administrative actions, including 6 suspensions or debarments. During the reporting period, we closed 20 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 in humanitarian assistance. The results of our work completed during this reporting period demonstrate how longstanding management challenges—such as those related to program planning and monitoring, host country capacity, and interagency coordination—can compromise U.S. foreign assistance investments. Our recommendations have triggered foundational changes in USAID policies and programs.

This semiannual report presents our work results in four areas that align with our fiscal year 2019 Top Management Challenges report<sup>1</sup>:

- **Promoting Effective Oversight of the Delivery of Humanitarian and Stabilization Assistance.** Managing the risks inherent in responding to crises brought about by conflict, government instability, or cataclysmic natural events has been a longstanding challenge for USAID—especially when short-term humanitarian responses evolve into a protracted presence. Our agents exposed fraud schemes where USAID-funded food commodities in northwest Syria were diverted to terrorists. During this semiannual period, we reported that

<sup>1</sup>[Fiscal Year 2019 Statement on Top Management Challenges for USAID and MCC](#)



Ann Calvaresi Barr  
Inspector General

USAID implemented major changes in its delivery and oversight, which allowed the Agency to resume almost \$88 million in suspended food programs in the region. Similarly, USAID's Office of Food for Peace implemented systemic changes to better ensure the quality of food assistance in South Sudan in response to our investigations that revealed beneficiaries were receiving substandard food commodities.

- **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. For example, during this reporting period we issued an advisory update on USAID's Global Health Supply Chain-Procurement and Supply Management Project, which outlined persistent weaknesses that exposed the project to criminal abuse. In response, USAID advised that it hired a risk management consultant to conduct an assessment and develop a risk mitigation plan. We will continue to work with USAID and implementers to strengthen oversight and security of life-saving commodities. We also uncovered fraud in USAID contracts related to capacity building. One investigation led to a request from USAID/Afghanistan for in-depth training on ethics and fraud detection to better prevent such occurrences.
- **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. This was the case with U.S. objectives to expand access to electric power in sub-Saharan Africa—a USAID-led effort involving multiple U.S. Government agencies, including four of the five we oversee. Despite the inherent complexities, USAID has led the initiative without a portfolio-wide risk management program and a stable methodology for measuring results. These and other controls are critical to advancing accountability in U.S. foreign assistance programs as well as ensuring U.S. national security and economic prosperity interests are met.
- **Identifying Vulnerabilities and Needed Controls in Agency Core Management Functions.** We continued to assess the core financial and information management functions of the agencies we oversee. Specifically, we audited financial statements for USAID, MCC, USADF, and IAF, as well as their compliance with Federal regulations for information security and technology acquisition to determine their ability to provide adequate controls, meet Governmentwide requirements for transparency and accountability, and effectively use limited financial and human resources. Each of the agencies we oversee generally met the requirements of the 2014 Federal Information Security Modernization Act. Our audit and investigative work also continued to promote accountability among U.S.- and foreign-based contractors and grantees.

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. 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. 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. During this reporting period, we held 110 briefings on fraud indicators and prevention strategies to over 3,700 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. OIG provided training on cost principles and related subjects to roughly 300 USAID employees, implementers, and other stakeholders in South Africa and Pakistan. Because USAID’s contracts and grants incorporate cost principles that define the types of costs that can legitimately be charged to its programs, OIG conducts training to increase awareness of and compliance with these principles and auditing standards.

I and my senior leadership met with U.S. Government employees, bilateral donors, and the international development community, including officials and representatives from Japan, South Korea, the European Union, Pakistan, and Afghanistan. At USAID’s annual conference of mission directors in Washington, DC, I briefed attendees on USAID’s top management challenges. At the most recent Syria Investigations Working Group meeting, representatives from our Offices of Investigations and General Counsel shared best investigative practices with oversight professionals from numerous bilateral donors and U.N. organizations.

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

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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# SUMMARY TABLES

## Audits and Other Audit Products: USAID, MCC, USADF, IAF, OPIC

October 1, 2018-March 31, 2019

Audit Category	Type of Report	Number of Reports	Amount of Recommendations	Audited Amount
<b>USAID</b>				
Programs and Operations	GMRA <sup>1</sup>	1	\$0	\$13,019,818,000
Economy and Efficiency	Performance	4	\$0	\$0
FISMA <sup>2</sup> conducted by Independent Public Accountant <sup>3</sup> (IPA)	FISMA performed by IPA	1	\$0	\$0
FITARA <sup>4</sup> conducted by IPA	FITARA conducted by IPA	1	\$0	\$0
Quality Control Reviews	Quality Control Review	2	\$0	\$0
Foreign Based Organizations	Agency-Contracted Audit (ACA) Desk Review	10	\$4,094,573	\$49,228,714
	Recipient-Contracted Audit (RCA) Desk Review	143	\$3,166,535	\$519,669,019
	Other	13	\$3,503,144	\$0
Foreign Governments	ACA Desk Review	1	\$0	\$1,293,075
	RCA Desk Review <sup>5</sup>	9	\$19,986,248	\$38,028,681
U.S. Based Contractors	ACA Desk Review	5	\$0	\$29,132,061
	RCA Desk Review	2	\$0	\$13,824,243
	Incurred Cost Audit Desk Review (IPA Firm)	11	\$36,190,800	\$1,778,153,115
	Defense Contract Audit Agency (DCAA) <sup>6</sup>	2	\$0	\$16,273,180
	Other	1	\$0	\$0
U.S. Based Grantees	ACA Desk Review	6	\$1,790,401	\$48,961,369
	RCA Desk Review	11	\$0	\$29,909,271
	A-133 <sup>7</sup> Desk Review	4	\$152,335	\$37,225,954
<b>Total</b>		<b>227</b>	<b>\$68,884,036</b>	<b>\$15,581,516,682</b>

Audit Category	Type of Report	Number of Reports	Amount of Recommendations	Audited Amount
<b>MCC</b>				
Programs and Operations	GMRA	2	\$0	\$755,485,000
Charge Card Program Risk Assessment Conducted by IPA	Charge Card Program Risk Assessment conducted by IPA	1	\$0	\$4,586,703
FISMA conducted by IPA	FISMA performed by IPA	1	\$0	\$0
Quality Control Reviews	Quality Control Review	1	\$0	\$0
Foreign Based Organizations	ACA Desk Review	1	\$0	\$95,488,994
<b>Total</b>		<b>6</b>	<b>\$0</b>	<b>\$855,560,697</b>
<b>USADF</b>				
Programs and Operations	GMRA	1	\$0	\$32,942,557
FISMA conducted by IPA	FISMA performed by IPA	1	\$0	\$0
<b>Total</b>		<b>2</b>	<b>\$0</b>	<b>\$32,942,557</b>
<b>IAF</b>				
Programs and Operations	GMRA	1	\$0	\$40,644,750
FISMA conducted by IPA	FISMA performed by IPA	1	\$0	\$0
<b>Total</b>		<b>2</b>	<b>\$0</b>	<b>\$40,644,750</b>
<b>OPIC</b>				
Programs and Operations	Performance	1	\$0	\$0
FISMA conducted by IPA	FISMA performed by IPA	1	\$0	\$0
<b>Total</b>		<b>2</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>		<b>239</b>	<b>\$68,884,036</b>	<b>\$16,510,664,686</b>

<sup>1</sup> Government Management Reform Act (GMRA).

<sup>2</sup> Federal Information Security Modernization Act of 2002 (FISMA).

<sup>3</sup> In some instances, USAID contracts with independent public accounting firms to perform audits.

<sup>4</sup> Federal Information Technology Acquisition Reform Act of 2014 (FITARA)

<sup>5</sup> Supreme audit institutions are the principal government audit agencies in the recipient countries and are often the only organizations with a legal mandate to audit the accounts and operations of their governments.

<sup>6</sup> In some instances, USAID contracts with the Defense Contract Audit Agency (DCAA) to perform audits.

<sup>7</sup> A-133 – Single Audit, performed by an independent public accountant.

# SUMMARY TABLES

## Audits With Open and Unimplemented Recommendations: USAID, MCC, USADF, IAF, OPIC

### Summary of Audit Reports Issued Prior to October 1, 2018 With Open and Unimplemented Recommendations and Potential Cost Savings As of March 31, 2019

Agency	Open and Unimplemented Recommendations			Monetary Recommendations With Management Decisions			Monetary Recommendations Without Management Decisions		Adjusted Potential Cost of Savings <sup>1</sup> (\$)
	Total	With Potential Cost Savings	Potential Cost Savings (\$)	Total	Original Questioned Costs (\$)	Amount Sustained (\$)	Total	Amount (\$)	
USAID	259	101	124,638,457	100	123,309,971	78,292,534	1	1,329,286	79,621,640
MCC	8	1	5,854	1	5,854	5,854	0	0	5,854
USADF	0	0	0	0	0	0	0	0	0
IAF	1	0	0	0	0	0	0	0	0
OPIC	1	0	0	0	0	0	0	0	0
<b>Total</b>	<b>269</b>	<b>102</b>	<b>\$124,644,311</b>	<b>101</b>	<b>\$124,644,311</b>	<b>\$78,298,208</b>	<b>1</b>	<b>\$1,329,286</b>	<b>\$79,627,494</b>

<sup>1</sup>The figures in this column reflect an adjusted amount based on agency management decisions for monetary recommendations as of the end of the reporting period. Monetary recommendations are those that identify either questioned (i.e., unsupported or ineligible) costs or funds recommended to be put to better use. An agency management decision to sustain all or a portion of the total amount signals the agency's intent to recoup or reprogram the funds.

Once agency managers make such a decision, OIG acknowledges the dollar amount the agency has agreed to sustain as the most accurate representation of dollars to be saved, since it is this amount that the agency will attempt to recoup. When they are available, we use these sustained costs, adding them to those monetary recommendations that have yet to receive a management decision, to arrive at an adjusted figure that most accurately reflects potential savings.

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 October 1, 2018, with open and unimplemented recommendations can be found in Appendix B.

**Questioned Costs:** Potentially unallowable costs due to various reasons such as inadequate supporting documentation or an alleged violation of a provision of a law or regulation.

**Funds for Better Use:** Funds that could be used more efficiently if management took actions to implement and complete OIG recommendations.

# SUMMARY TABLES

## Investigative Activities<sup>1</sup> Including Matters Referred to Prosecutive Authorities October 1, 2018 - March 31, 2019

<b>Workload</b>	
Investigations Opened	30
Investigations Closed	20
<b>Total Number of Reports Issued</b>	<b>13</b>

<b>Civil Actions</b>	
Civil Referrals	0
Civil Declinations	0
Judgements	0
Settlements	0
<b>Total</b>	<b>0</b>

<b>Criminal Actions</b>	
Prosecutive Referrals — Total	16
<i>Prosecutive Referrals — U.S. Department of Justice</i>	7
<i>Prosecutive Referrals — State and Local</i>	0
<i>Prosecutive Referrals — Overseas Authorities</i>	9
Prosecutive Declinations	2
Arrests	12
Criminal Indictments	3
Criminal Informations	0
Convictions	3
Sentencings	3
Fines/Assessments	0
Restitutions	0
<b>Total</b>	<b>39</b>

<b>Administrative Actions</b>	
New Rules/Procedures	7
Personnel Suspensions	0
Resignations/Removals	5
Recoveries	1
Suspensions/Debarments	6
Contract Terminations	6
Award Suspension	0
Other	3
<b>Total</b>	<b>28</b>

<b>Monetary Impact (Recoveries, Savings, and Cost Avoidance)</b>	
Judicial Recoveries (Criminal and Civil)	\$0
Administrative Recoveries	\$39,664
Savings	\$2,237,274
Cost Avoidance <sup>2</sup>	\$87,939,726
<b>Total</b>	<b>\$90,216,664</b>

<sup>1</sup> A detailed description of each investigative metric can be found on page 74.

<sup>2</sup> 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, OPIC

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 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 Overseas Private Investment Corporation (OPIC), and provide the results of our work to agency leaders, Congress, and the public. For additional information on our authorities and the agencies we oversee, see page 41.

During the reporting period, OIG audit and investigative work covered 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 systems and management practices and information technology systems and management.

### HIGHLIGHTS OF SIGNIFICANT FINDINGS AND ACTIVITIES

OIG's audit of OPIC's investments in Chile's solar energy market found that the \$900 million in investments have increased the country's capacity to generate renewable energy, but weaknesses in OPIC's internal controls diminished its ability to assess risks and achievements that could affect current and future projects.

In November 2018, USAID resumed humanitarian assistance activities in northwest Syria. USAID had previously suspended \$87.9 million in programming to the region when OIG uncovered diversions of USAID-funded food assistance to terrorists. As a result of OIG's referral on the matter, USAID implemented several major changes in its assistance programs in the region.



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



A child in Yemen eats from a ready-to-use therapeutic food bag. Photo by UNICEF.

USAID provides vital, 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 longstanding 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 prompted changes in humanitarian assistance in South Sudan and Syria. Our findings that substandard food commodities were being provided to beneficiaries in South Sudan led USAID's Office of Food for Peace to implement multiple systemic changes to better ensure the quality of food assistance. USAID programs in Syria also implemented several major changes as a result of OIG investigative work, allowing the resumption of nearly \$88 million in humanitarian assistance programs in northwest Syria.

## USAID

### ***USAID Strengthens Quality Assurance Measures in Food Assistance as a Result of an Ongoing Investigation***

In October 2018, in response to an ongoing OIG investigation, USAID's Office of Food for Peace took steps to improve the quality of its ready-to-use therapeutic foods (RUTFs) distributed to South Sudanese beneficiaries. In July 2018, OIG investigators visited Juba, South Sudan, and learned from a USAID-funded monitoring team that it had encountered numerous empty, yet sealed RUTF sachets. OIG discovered that the RUTF manufacturer sent USAID beneficiaries sachets that were partly filled, severely leaking, empty, or non-existent, violating USAID's contract specifications. OIG's investigation also revealed that the manufacturer had a history of sending defective products to South Sudanese beneficiaries. Among the actions Food for Peace took in response to the OIG investigation and to address the manufacturer's systemic product defects was contracting with an external inspection company to begin assessing cargo shipments for defects.

### ***USAID Resumes \$87.9 Million of Program Funds in Northwest Syria After Implementing Systemic Changes and Obtaining an OFAC License***

As described in our last semiannual report, USAID had temporarily suspended approximately \$87.9 million in programming after OIG identified diversions of USAID-funded food assistance in northwest Syria to terrorists. Based on information from several investigations, OIG issued a referral, which prompted USAID to implement several major changes to its assistance programs in the region. These included implementing postaward vetting for awards in northwest Syria, and increasing the focus of third-party monitoring on high risk areas. In November 2018, USAID received a license from the U.S. Treasury Department's Office of Foreign Asset Control (OFAC) for humanitarian



### **Investigations in Iraq and Syria**

During this reporting period, OIG received 72 complaints associated with activities in Iraq, Syria, and the surrounding areas, for a total of 312 since January 2015. OIG used the data from these complaints to inform fraud prevention training efforts. OIG performed extensive outreach to implementing partners engaged in the cross-border program, conducted site visits, and provided 9 fraud awareness briefings to 347 participants during this reporting period, including to implementers, USAID employees, and public international organizations (PIOs) in Amman, Jordan; Washington, DC; and Erbil, Iraq.

assistance activities in northwest Syria. The license requires reporting to OFAC on any future diversions should they occur. With the OFAC license in place, USAID resumed \$87.9 million in humanitarian assistance programs in northwest Syria.



### **OIG Office of Investigations Shares Lessons Learned with Humanitarian Assistance Community**

In March 2019, the Assistant Inspector General for Investigations participated in meetings with senior officials from USAID's Office of Food for Peace, the United States Mission to the U.N. Agencies in Rome, and the U.N. World Food Programme (WFP) on oversight and fraud reporting related to USAID-funded activities. USAID and OIG continue to support the expansion of WFP OIG's investigative capacity, which better informs USAID OIG activities in Yemen and Somalia and improves USAID's ability to monitor its financial investments. This close working relationship led WFP to invite USAID OIG to provide tailored fraud awareness training to WFP staff responsible for programming in Somalia. USAID OIG will continue to build on this relationship to support WFP OIG in order to improve oversight of USAID-funded programs.

USAID OIG continues to conduct outreach with PIOs to identify opportunities to work together and to highlight potential areas for improved oversight, such as sharing lessons learned from recent audits and investigations—for example, USAID OIG's audit report, "[Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance at Risk](#)." As part of this effort, OIG senior staff met with senior officials of the U.N. Office for the Coordination of Humanitarian Affairs (OCHA) in December 2018 and March 2019 to discuss oversight issues of mutual interest, including fraud reporting procedures associated with Country Based Pool Funds operated by OCHA. Similarly, in January 2019, OIG provided fraud awareness training to a gathering of employees of OCHA in Gaziantep, Turkey. The training focused on common fraud schemes USAID OIG has identified that impact the delivery of crossborder humanitarian assistance into Syria, as well as information on how to prevent and detect diversions to armed groups including designated terrorist organizations. Training such as this helps to prevent or provide early detection of the misuse of USAID-supported humanitarian assistance.

OIG continues to coordinate closely with other U.S. Government and international donor oversight offices to share information and best practices for overseeing foreign assistance. To learn more about additional external outreach efforts, see page 34.



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



A woman in Madagascar demonstrates the use of mosquito nets. Photo by Randy Arra, GHSC-PSM.

A repeatedly stated goal of USAID is to end the need for foreign assistance and support partner countries on their journeys to self-reliance. To achieve this goal, USAID and other foreign assistance agencies need to 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 for sustainability, which could include public- or private-sector participation and financial backing. MCC has also emphasized country-led implementation of its projects and encourages the development of country ownership.

### **MONITORING GLOBAL HEALTH PROGRAMS AND SUPPLY CHAIN**

With decades of experience implementing programs to combat HIV/AIDS, tuberculosis, and malaria and address public health emergencies such as Ebola and Zika outbreaks, USAID has worked to increase overall healthcare access and quality. OIG promotes program integrity and safeguards U.S.-funded commodities to help ensure these lifesaving treatments and services reach the intended beneficiaries. During the reporting period, OIG issued an advisory update to USAID on the Global Health Supply Chain-Procurement and Supply Management Project, which OIG said had vulnerabilities that exposed the Agency to criminal abuse. Other OIG investigative efforts identified fraud and abuse and led to terminations and savings in global health programs. OIG also uncovered theft and diversion of antimalarial commodities funded by the President's Malaria Initiative in the Democratic Republic of Congo and in Senegal, leading to arrests in both countries.

## USAID

### ***OIG Audit Recommendations Trigger Reforms in How USAID Responds to Public Health Emergencies***

During this reporting period, USAID and its Office of U.S. Foreign Disaster Assistance (OFDA) have taken significant steps to improve their procedures in response to recommendations in two previously issued OIG audit reports on USAID's response to the 2014 Ebola outbreak in West Africa.

In "[Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response](#)," we recommended that OFDA implement a strategy to institutionalize lessons learned from previous emergency responses and after-action reviews. In March 2019, OFDA provided documentation to close the recommendation—a compilation of the top 10 lessons learned from emergency responses since 2013 in areas such as staffing, managing risk, managing interagency relationships, and planning. OFDA also archived (by topic) monitoring and evaluation assessments and after-action reports from 1991 to 2017 in an effort to make them more accessible and relevant for staff.

In "[Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework](#)," we recommended that the Agency develop a communication and coordination strategy for how it would work with external actors. USAID agreed and provided the National Security Council "Playbook for Early Response to High-Consequence Emerging Infectious Disease Threats and Biological Incidents," which includes strategies for engaging with the international community and coordination systems.

Having provided the playbook, the Agency requested closure of the recommendation in April 2018, but OIG thought more work was needed. Specifically, we asked how USAID would disseminate instructions to staff. In response, USAID (1) developed and documented three response scenarios for outbreaks of varying degrees, (2) established an email address to make these documents accessible to Agency staff, and (3) disseminated the information via agency notices and emails to program officers, health officers, and mission disaster coordinators. USAID plans to update the information annually, and in the last update in October 2018, added a fourth response scenario. This recommendation is closed.

We also recommended that the Agency create and maintain an inventory of nongovernmental organizations and local actors involved in response, development, and other humanitarian activities. In response, USAID documented the procedures for creating an inventory and emailed them

to all program offices. In March 2019, USAID provided evidence of using the inventory in responding to the recent Ebola outbreak in the Democratic Republic of the Congo. The inventory helped identify actors that could assist at-risk regions there and in the neighboring countries of Uganda, Rwanda, Burundi, and South Sudan. This recommendation is closed.

***OIG Updates  
Advisory on Global  
Health Supply  
Chain-Procurement  
and Supply  
Management  
Project***

***Investigative  
Advisory***

OIG has continued to engage with USAID's Bureau for Global Health to improve oversight of the \$9.5 billion Global Health Supply Chain-Procurement and Supply Management Project through a series of advisory memorandums based on OIG investigative work. In response to an update submitted in August 2018 by the Bureau for Global Health, OIG issued a memorandum in October to highlight remaining systemic weaknesses. The topics raised included the ongoing lack of a risk management adviser, the need to procure a third-party monitor and financial audit company, and longer-term efforts to improve the tracking of commodities. USAID advised that it had hired a risk management consultant to conduct an assessment and develop a risk mitigation implementation plan. OIG will continue to work with USAID and project implementers to strengthen the oversight and security of lifesaving commodities they are delivering.

***Ugandan  
Implementer  
Terminates 11  
Subawardees After  
OIG Exposes an  
Extortion Scheme  
Resulting in Over  
\$950,000 in Savings  
Investigation***

An ongoing OIG investigation in Uganda found that employees of a local organization implementing a \$20 million health project were extorting money from subawardees of the project. In earlier reporting periods, OIG's investigation led to the arrest of eight implementer staff, including the implementer's lead on the project, the chief of party. In early 2019, the implementer terminated 11 subawardees, resulting in a savings of \$672,250. Furthermore, a separate USAID implementer that used one of the same subawardees terminated its subaward, resulting in an additional savings of \$279,699.

***Undercover OIG  
Investigation  
Leads to the Arrest  
and Indictment  
of 2 Democratic  
Republic of Congo  
Nationals  
Investigation***

A multiyear undercover OIG investigation in the Democratic Republic of Congo collected evidence of the diversion and theft of antimalarial medications funded by the President's Malaria Initiative (PMI). During their investigation, OIG special agents made numerous black-market purchases of diverted or stolen PMI-funded medications, including almost 2,100 dispenser boxes—enough for nearly 63,000 people. As a result of the investigation, in March 2019, the U.S. Department of Justice unsealed an indictment charging two Democratic Republic of Congo nationals with conspiracy and theft of Government property. The charge carries a potential maximum sentence

of 15 years. Following OIG's referral to USAID, the two individuals were suspended from conducting business with the U.S. Government.

***Investigation of Theft and Resale of USAID-Funded Mosquito Nets Leads to 5 Arrests in Senegal***

***Investigation***

OIG confirmed an allegation that long-lasting insecticidal nets funded by the President's Malaria Initiative and distributed by USAID were illicitly being sold in bulk quantities. In November 2018, OIG investigators traveled to Senegal to begin controlled purchases of the nets in coordination with local police. As of March 2019, Senegalese authorities acting on information provided by OIG had arrested and charged five individuals. Three of them have been convicted for possession and resale of stolen nets. In response to OIG's investigation, USAID, its technical assistance contractor, and the Senegal National Malaria Control Program enhanced inventory controls for the 2 million nets delivered to Senegal in 2019. This investigation is ongoing.

***OIG's Discovery of Fraud Prompts Resignation of PEPFAR Senior Adviser in Eswatini***

***Investigation***

On October 15, 2018, a USAID senior medical adviser and activity manager in the Voluntary Medical Male Circumcision Program in Eswatini resigned after OIG found he had misused his official position to direct USAID program funds to a subawardee with whom he had a personal relationship. In November 2018, the primary program implementer cancelled the \$300,000 subaward and withheld \$15,000 in payment as a result of OIG's ongoing investigation.

## DEVELOPING LOCAL INFRASTRUCTURE

Because power, roads, and other public services can be transformative, USAID, MCC, and OPIC have made infrastructure a priority for developing countries. OIG's work aims to assess the design, monitoring, and sustainability of infrastructure projects and detect and deter fraud and corruption. During the reporting period, OIG completed an audit of OPIC's investments in Chile's energy portfolio. While OPIC is expected to transition into the U.S. International Development Finance Corporation by October 2019, OIG's audit identified weaknesses in internal controls that, if left unaddressed, could hinder the new agency. Another audit found Haiti's sustainable electricity project had not achieved its goals, and the power plant at the center of the project was not yet self-sustaining as intended. And an audit of USAID's construction activities found that USAID lacked data to inform its decisions.

### USAID

#### ***USAID Lacks Data To Inform Decisions About Construction Under Cooperative Agreements and Grants***

***Report No.  
9-000-19-003-P***



Water flows through the Nanyuki River gauging station in Nanyuki, Kenya. Photo by OIG.

USAID's overseas missions use construction activities under cooperative agreements and grants—activities that according to USAID amounted to \$1.4 billion between 2011 and 2013—as a tool to advance country-specific goals. Consequently, mission officials do not track data on individual construction activities under cooperative agreements and grants. By not systematically collecting data on the type of construction, where it took place, the amount spent, the source of engineering design, or performance, Agency decision makers miss opportunities to learn what works best and use that information to effectively deploy technical expertise, including staff engineers. Further, the Agency cannot adequately address risks. The Agency agreed to draw on current systems to make comprehensive construction data readily available to mission and bureau decision makers and is proactively implementing broader actions to further improve construction data and oversight.

***Misjudged  
Demand, Stalled  
Reforms, and  
Deficient Oversight  
Impeded USAID/  
Haiti's Sustainable  
Electricity Goals***  
***Report No.  
9-521-19-001-P***

In May 2013, USAID/Haiti launched the Pilot Project for Sustainable Electricity Distribution to modernize and expand a power plant it had built in the north of the country and position it to last without U.S. Government support. By providing reliable, sustainable electricity, the project was intended to help raise living standards, encourage business development and productivity, and provide a model for reforms across the country. Yet USAID/Haiti has not achieved its goals for electricity modernization or expansion in northern Haiti. By January 2017, the Pilot Project for Sustainable Electricity Distribution was generating reliable electricity and supplying it to the Caracol Industrial Park and about 8,000 Haitian households. However, the utility was not self-sustaining because low electricity demand from industrial customers disrupted USAID's plans to expand the power plant's generating capacity; the Haitian Government's energy sector reforms—in particular, price increases—stalled; and understaffing at the mission led it to focus on ensuring reliable electricity for the industrial park instead of on customer services in communities or day-to-day project oversight. The mission has attempted course corrections, notably revising its long-term strategy to transfer responsibility for the power plant to a private sector entity rather than the Haitian Government. Still, after investing more than \$30 million and extending the project contract multiple times, the mission remains responsible for the utility's sustainable operation until it can find a private sector operator to take over or can otherwise conclude the project.

USAID/Haiti agreed with our recommendations to move the project to the next stage and help address project oversight deficiencies, including a shortage of staff with appropriate experience.

***OIG Investigation  
Finds Procurement  
Fraud by  
USAID-Funded  
Jordanian NGO,  
Leading USAID to  
Issue \$36,000 Bill of  
Collection***  
***Investigation***

An OIG investigation found that a Jordanian nongovernmental organization (NGO) committed procurement fraud under a USAID-funded water conservation and biodiversity project. The investigation confirmed that the NGO charged USAID approximately \$76,000 for only \$41,000 worth of furniture. In response to OIG's findings, USAID/Jordan issued a bill for collection for \$35,968 in January 2019.

## OPIC

### ***OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks***

**Report No.**  
**[9-OPC-19-002-P](#)**

Historically, Chile has relied heavily on imported energy, subjecting the country's energy sector to the volatility of international market prices and supply restrictions. To address these challenges, Chile's government passed various laws, including the 2008 Non-Conventional Renewable Energy Law, and developed long-term state policies focused on developing

a renewable energy market in the country. U.S. businesses entered or expanded their share of the market with backing from OPIC, which holds approximately \$900 million in U.S. guarantee investments that support the construction and operation of six renewable energy projects in Chile. Our audit of OPIC's Chile energy sector portfolio found that OPIC's major investment in U.S. companies has helped Chile further its renewable energy goals. However, management gaps identified in the Chile energy portfolio revealed that OPIC lacked the business practices necessary to ensure it upholds its statutory requirements and captures sufficient data to track progress in carrying out its mission, advancing U.S. foreign policy, and capturing the development impact of its projects. In addition, weak processes and internal controls—including unverified borrower self-

assessments, outdated policies and procedures, and poor records management—hindered the ability of OPIC staff to ensure its projects comply with environmental and social laws, adequately manage and monitor OPIC-backed projects, and identify risky clients. We made 16 recommendations to improve OPIC's strategic approach to advancing its mission and U.S. foreign policy and to strengthen its internal control system.

### **OPIC Transition to the U.S. International Development Finance Corporation**

As OPIC works to develop policies and procedures consistent with the BUILD Act, our recommendations should inform these deliberations as OPIC transitions into the new corporation—especially in light of the expanded authorities and portfolio ceiling the new corporation will have.



The Luz del Norte solar power plant is operated by First Solar and located outside of Copiapó in Chile's Atacama Region. Photo by OIG.

## BUILDING LOCAL CAPACITY

USAID works to build the local capacity of individuals and institutions to better ensure the sustainability of development and advance partner countries' journey to self-reliance. Our work aims to identify obstacles to USAID's efforts for achieving that goal. For example, an audit of USAID's local solutions initiative found that not all operating units were consistently applying risk mitigation procedures for working with local implementing partners.

OIG investigations during the reporting period also uncovered fraud in USAID contracts related to capacity building. One investigation led to a request from USAID/Afghanistan for in-depth training on ethics and fraud detection to better prevent such occurrences.

### USAID

***Despite Optimism About Engaging Local Organizations, USAID Had Challenges Determining Impact and Mitigating Risks***

***Report No. 5-000-19-001-P***

In 2010, USAID adopted the local solutions initiative, which focused on strengthening local capacity, enhancing and promoting country ownership, and increasing sustainability of outcomes. While USAID officials in operating units worldwide were optimistic about the positive impact of local solutions efforts, the Agency lacked a means to determine whether local solutions had achieved progress. Measures of success, and key terms and concepts, were not clearly defined or uniformly understood by Agency personnel at all levels in headquarters and the field. In addition, while USAID developed risk mitigation procedures for the selection of local implementing partners, not all operating units applied these tools consistently. As a result, some may have missed the opportunity to adequately or fully evaluate and mitigate risk factors for working with local implementing partners. Although the local solutions initiative officially ended in 2017, the principles of local ownership and sustainability underlie core Agency practices. To better engage with local organizations, USAID agreed to improve its monitoring of operating units' compliance with Agency policy to conduct full risk assessments and mitigate identified risks for local partners.

***OIG Investigation Leads USAID To Withhold More than \$7 Million From Contractor in Afghanistan That Falsified Invoices Investigation***

In January 2019, OIG provided USAID evidence that a subcontractor likely falsified more than 812 invoices totaling approximately \$900,000. The invoices were for capacity-building services to the Afghan national power utility. As a result of one previous written referral and numerous briefings to mission staff, USAID/Afghanistan increased its focus on vouchers from the subcontractor and determined it would withhold \$7 million in payments from the company. USAID/Afghanistan also asked OIG to lead workshops for technical, financial, and procurement staff to improve their ability to detect fraudulent vouchers. The mission also plans to implement special ethics trainings for staff working on Afghanistan infrastructure projects. OIG held its first workshop in mid-March 2019 for USAID/Afghanistan staff and planned to conduct another half-day workshop in April 2019 for implementers.

***USAID Terminates Award in Haiti Following OIG Investigation of Noncompetitive Procurements Investigation***

An OIG investigation in Haiti confirmed that a USAID-funded grantee conducted noncompetitive procurements, including renting office space from a relative of the grantee's managing partner. Furthermore, the grantee and another USAID-funded contractor double billed USAID for activities that the two conducted jointly. On January 22, 2019, USAID/Haiti terminated the award, leading to an estimated cost savings of approximately \$350,000 as the funds were prevented from flowing to the contractor engaged in this activity.

***OIG Interim Referral Leads to Forensic Audit and New Procedures at USAID-Funded Implementer Investigation***

An OIG investigation of a security support contractor in South Sudan identified contract violations and vulnerabilities, that may have affected project operations and billing to USAID. The investigation revealed that the contractor sold security and other informational content from USAID-funded reports to other clients, in violation of its contract with USAID, and overbilled USAID thousands of dollars per month in labor costs for two employees. USAID/South Sudan is planning a forensic audit to evaluate potential losses and will implement additional internal controls for the follow-on contract.



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



USAID Inspector General with the DoD Principal Deputy Inspector General, State Inspector General, camp managers, and U.N. and NGO staff at Baharka camp for Internally Displaced Persons (IDPs) in Erbil, Iraq. Photo by DOD OIG.

U.S. foreign assistance has the dual purpose of advancing U.S. national security and economic prosperity while promoting global 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 rigorous coordination, especially on complex tasks such as fostering private-sector partnerships that advance both U.S. prosperity and global development goals. OIG's audit of the Power Africa initiative—which included USAID, MCC, USADF, and OPIC—found that although it capitalized on U.S. Government efforts to increase electricity access in the region, it lacked a portfolio-wide risk management program and reported results based on shifting methodologies.

**Power Africa  
Coalesced Energy  
Efforts but Lacked  
Portfolio-Wide  
Risk Management  
and Consistent  
Measures of  
Progress**

**Report No.  
4-698-19-001-P**

The short supply of electricity is one of Africa's greatest development challenges. Approximately 600 million sub-Saharan Africans (70 percent) lack access to electricity. The U.S. Government announced the Power Africa Initiative in June 2013 and then expanded it in August 2014 to add 30,000 megawatts of cleaner, more efficient electricity-generating capacity and expand access by 60 million new households and businesses. Led by USAID, Power Africa brought together diverse U.S. agencies to collaborate and share expertise on existing and new efforts in the energy sector while capitalizing on agencies' comparative advantages and minimizing duplication. However, by expanding rapidly—extending to all of sub-Saharan Africa and tripling its goals—it increased its exposure to various risks, and the USAID Coordinator's Office has not fully implemented a portfolio-wide program to manage the risks. Further, it reported results that overstated its impact because they were based on (1) megawatts foreseen when deals were made instead of power actually generated, along with projects envisioned but never built, (2) continually changing methodologies, and (3) inadequately verified information. To achieve its ambitious goals and demonstrate its impact, Power Africa must put more emphasis on reporting megawatts that have become operational with its assistance, and continue its efforts to improve monitoring, evaluation, and data quality. The Coordinator's Office agreed to improve data quality and report actual megawatts of generating capacity and number of connections, but has yet to fully implement our recommendation on mitigating portfolio-wide risk.



**The Power Africa Initiative** incorporates the efforts of 12 U.S. Government agencies:

- Export-Import Bank
- MCC
- OPIC
- USAID
- USADF
- Army Corps of Engineers
- Department of Agriculture
- Department of Commerce
- Department of Energy
- Department of State
- Department of Treasury
- Trade and Development Agency

OIG's audit of the initiative analyzed activities implemented by USAID, MCC, OPIC, and USADF. The audit found that Power Africa helped synchronize U.S. government agencies' efforts to advance energy projects.

## 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, OIG's Office of Investigations, in a joint effort with the Special Inspector General for Afghanistan Reconstruction (SIGAR), identified widespread mismanagement in the American University of Afghanistan (AUAF) and prompted USAID to require significant changes from AUAF to improve its internal controls. OIG also continued to coordinate with the Departments of Defense and State as the USAID and State IGs and the Department of Defense's Principal Deputy Inspector General traveled to Iraq and Afghanistan to inform oversight planning and reporting on overseas contingency operations.

### ***Joint OIG-SIGAR Investigation Leads USAID To Impose Stringent New Controls on American University of Afghanistan (AUAF) Investigation***

The U.S. Government's investments in AUAF, which have exceeded \$100 million over more than a decade, have been at the core of support for higher education in Afghanistan. However, in July 2018 a joint investigative referral from OIG and SIGAR raised serious doubts that AUAF possessed the control and accountability systems necessary to be entrusted with U.S. taxpayer money. The referral documented AUAF's failure to comply with accounting, timekeeping, and recordkeeping standards, as well as issues surrounding key personnel, conflicts of interest, and the governance of its board. In the referral, we requested that USAID assess AUAF's present responsibility and whether AUAF should be entrusted with continued receipt of U.S. Government funds. In response to the referral, USAID's Suspending and Debarment Official executed a comprehensive administrative agreement with AUAF, wherein the university accepted and acknowledged the need to make improvements in the areas identified by our offices. This agreement includes a requirement for an independent consultant to monitor and report on all of AUAF's accountability efforts; imposes significant new obligations on AUAF's Audit, Compliance, & Risk Management Committee to ensure compliance with the terms and conditions of AUAF's assistance agreements; and mandates frequent reporting to USAID on the status of corrective actions taken. A material breach of the terms of this administrative agreement shall constitute a cause for immediate suspension or debarment of AUAF. Also in response to issues highlighted in the referral, USAID added supplemental award conditions, including requiring a USAID official to serve as a voting member of AUAF's board for the duration of USAID funding, mandating full cooperation with a USAID-designated financial overseer, and ensuring that AUAF demonstrates progress toward obtaining U.S. academic accreditation and incorporating in the United States.

***Joint OIG-FBI Investigation Into USAID Subcontractor Results in Termination of \$1.4 Million Contract Investigation***

An ongoing joint investigation by OIG and the Federal Bureau of Investigation (FBI) found that a USAID subcontractor failed to report foreign contacts as required of individuals with access to national security information. The joint investigation resulted in termination of the \$1.4 million subcontract in January 2019 and prevented approximately \$970,325 of U.S. taxpayer dollars from going to the subcontractor.

***Syria Reporting Informs Policy Discussion***

As required by section 8L of the Inspector General Act, the Offices of Inspectors General for the Department of Defense, Department of State, and USAID work together to develop and execute a joint strategic plan for comprehensive oversight of contingency operations. We also report quarterly to Congress on operations' progress and corresponding oversight activities.

The recent joint quarterly report on Operation Inherent Resolve, the overseas contingency operation in Iraq and Syria, drew significant media and executive branch attention, informing the public debate around a key policy decision. The report, prepared in coordination with the OIGs for the Departments of Defense and State, followed a December 2018 administration announcement that it would withdraw all U.S. forces from Syria. The report noted that, while U.S. and partner forces had made progress in retaking territory from ISIS, the group remained a potent force of battle-hardened, well-disciplined fighters that could resurge in Syria within 6 to 12 months without sustained counterterrorism pressure.

Following publication of the report in February 2019, several major media outlets, including ABC, CBS, Fox, and NBC, highlighted these report statements. This quarterly reporting has been a focus of cabinet level discussions and may have prompted a shift in plans. Later in February, the administration announced plans to retain 200 soldiers in Syria. By late March, this figure had grown to 400.

***Joint IG Visit to Afghanistan and Iraq Drives Oversight Plans and Reporting***

In February, the Inspectors General of USAID and the Department of State and the Principal Deputy Inspector General of the Department of Defense travelled to Afghanistan and Iraq as part of their oversight of overseas contingency operations in the region. The USAID Inspector General used knowledge she gained on the joint visit to inform oversight work, promote coordination, and improve reporting. Immediately following her trip, she briefed OIG staff on her observations—gleaned from meetings with senior military commanders, Ambassadors, USAID mission directors, the



The USAID Inspector General with the U.S. Major General responsible for engagement with the Afghan Ministry of Defense while on a joint IG trip to Afghanistan and Iraq. Photo by DOD OIG.

U.N. Humanitarian Assistance Coordinator in Iraq, U.N. representatives in Iraq, and the NATO senior civilian representative in Afghanistan—emphasizing the challenges of providing oversight in high-risk environments and the impact of USAID OIG’s work. Her takeaways informed ongoing oversight work and highlighted areas for future work, such as alignment of interagency efforts.

The USAID/Afghanistan Mission Director asked the USAID Inspector General to address all mission staff. Her talk gave USAID personnel an understanding of OIG’s role, ties between our report on USAID’s top management challenges and their work, and their important role in combating fraud, waste, and abuse.

The USAID Inspector General also took the opportunity while in Afghanistan to lead a fraud awareness session with USAID implementers. She clarified the risks confronting them and underscored their responsibility to report fraud, waste, and abuse.

The February 2019 trip was the third to ensure a common understanding of conditions on the ground, awareness of each agency’s activities, and coordinated oversight by the OIGs. The USAID Inspector General used this time to strategize how to retool our reporting to better reflect significant emerging issues.



# 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 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. We audited financial statements for USAID, MCC, USADF, and IAF, as well as their compliance with Federal regulations for information security and technology acquisition. OIG’s investigations uncovered fraud, embezzlement, and bribery related to the abuse of Government funds by various contractors and program staff.



**Financial Statement Audits**  
OIG issued **four** financial statement audits during the reporting period covering USAID, MCC, USADF, and IAF.

These audits covered nearly **\$13.9 billion** in funds and made **12 recommendations**.

## FINANCIAL SYSTEMS AND AGENCIES’ MANAGEMENT PRACTICES

### *Financial Statement Audits*

#### USAID

***Audit of USAID’s Financial Statements for Fiscal Years 2018 and 2017***

***Report No. 0-000-19-001-C***

We audited USAID’s financial statements for fiscal years 2018 and 2017 and issued an unmodified opinion.

With respect to internal control, we identified one deficiency that we consider a material weakness and three deficiencies that we consider significant deficiencies. The material weakness pertains to USAID’s process for reconciling its Fund Balance With Treasury account with the Department of the Treasury. The significant deficiencies pertain to USAID’s processes for (1) reconciling intragovernmental transactions, (2) maintaining adequate records of property, plant, and equipment, and (3) complying with Federal standards in accounting for reimbursable agreements.

Regarding compliance, we found no instances of substantial noncompliance with Federal financial management system requirements, but one instance of noncompliance with Federal standards in accounting and the U.S. Standard General Ledger at the transaction level.

USAID management accepted and was taking corrective action on our two internal control recommendations.

## **MCC**

### ***Audit of MCC's Fiscal Years 2018 and 2017 Financial Statements***

***Report No.  
[M-000-19-001-C](#)***

We contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct an audit of MCC's financial statements for fiscal years 2018 and 2017. The audit firm concluded these financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit firm found no instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements. The auditors reported three significant deficiencies in internal control related to grant accrual estimates and validation, Millennium Challenge Accounts' financial reporting, and Millennium Challenge Accounts' compliance (all were modified repeat findings). MCC agreed with the audit firm's 10 recommendations to address these deficiencies.

## **USADF**

### ***Audit of the U.S. African Development Foundation's Fiscal Years 2018 and 2017 Financial Statements***

***Report No.  
[0-ADF-19-002-C](#)***

The Bureau of Fiscal Services, Department of the Treasury, contracted with the independent certified public accounting firm of Brown and Company CPAs and Management Consultants PLLC to conduct an audit of USADF's financial statements for fiscal years 2018 and 2017. We provided oversight of the audit. Brown concluded that USADF's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit firm did not identify any material weaknesses or significant deficiencies in USADF's internal control over financial reporting. In addition, Brown found no instances of noncompliance with applicable provisions of laws, regulations, contracts, and grant agreements. The audit firm made no recommendations.

## IAF

### ***Audit of the Inter-American Foundation's Fiscal Year 2018 and 2017 Financial Statements***

***Report No. 0-IAF-19-001-C***

The Bureau of Fiscal Services, Department of the Treasury, contracted with the independent certified public accounting firm of Brown and Company CPAs and Management Consultants PLLC to conduct an audit of IAF's financial statements for fiscal years 2018 and 2017. We provided oversight of the audit. Brown concluded that IAF's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit firm did not identify any material weaknesses or significant deficiencies in IAF's internal control over financial reporting. In addition, Brown found no instances of noncompliance with applicable provisions of laws, regulations, contracts, and grant agreements. The audit firm made no recommendations.

## ***Other Audits of Financial Systems***

### MCC

#### ***Fund Accountability Statements***

OIG reviews fund accountability statement audits of MCC compact funds under recipient government management. These audits are conducted by independent audit firms. Under the terms of MCC compacts, funds expended by a recipient country must be audited at least annually. The recipient country establishes an accountable entity, usually a Millennium Challenge Account, which produces financial statements.

The selected audit firm issues an opinion on whether the fund accountability statements for MCC-funded programs present fairly, in all material respects, program revenues and costs incurred and reimbursed, in conformity with the terms of the compact agreement and related supplemental agreements for the period being audited.

OIG reviews the audits to see that they were conducted in conformance with generally accepted government auditing standards. OIG then transmits the audit reports to MCC. During this reporting period, OIG transmitted two fund accountability statement audit reports, which made one recommendation.

***MCC Charge Card Programs Posed a Low Risk of Improper Purchases and Payments in Fiscal Year 2017***

***Report No. M-000-19-002-C***

We contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP to conduct a risk assessment of MCC charge card programs for fiscal year 2017. The audit firm assessed the risks of illegal, improper, and erroneous purchases and payments by analyzing and testing MCC's internal controls over its charge card programs. Charge card disbursements during the fiscal year totaled \$4,586,703. The audit firm concluded that MCC's charge card programs posed a low risk of illegal, improper, or erroneous purchases and payments in fiscal year 2017. The report does not include any recommendations.

***Contractor and Grantee Accountability - Audits***

***Overall Audit Activity***

USAID is required by the Federal Acquisition Regulation and Title 2, Part 200, of the Code of Federal Regulations (2 CFR Part 200) to obtain appropriate and timely audits of its contractors, grantees, and enterprise funds. OIG provides oversight of these audits, ensuring they are conducted in accordance with appropriate quality standards.

***Audits of U.S.-Based Contractors***

U.S.-based, for-profit entities carry out many USAID-funded activities. Traditionally, the Defense Contract Audit Agency (DCAA) has conducted audits, reviews, and surveys of awards to these entities. However, in fiscal year 2013, USAID diversified and began to use independent public accounting firms to conduct them. Since that time, these firms have conducted most of the incurred-cost audits and accounting system reviews of U.S.-based, for-profit entities.

During this reporting period, OIG reviewed and transmitted to USAID two DCAA reports pertaining to U.S.-based contractors covering approximately \$16.3 million in costs with no questioned costs. OIG also reviewed 11 incurred-cost audit reports, which covered nearly \$1.8 billion and questioned nearly \$36.2 million.

**Audits of  
U.S.-Based  
Grantees and  
Enterprise Funds**

U.S.-based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by 2 CFR Part 200, non-Federal auditors perform annual financial audits of USAID grantees that spend more than \$750,000 in U.S. Federal funds annually. The auditors are required to identify the following:

- Material weaknesses involving major programs
- Material noncompliance with laws and regulations
- Suspected fraud affecting Federal awards
- The status of prior audit findings

In some instances, USAID contracts with DCAA to perform special financial audits and with independent public accounting firms to perform financial audits of U.S.-based grantees. OIG provides oversight for the non-Federal auditors performing these audits to determine whether they have prepared audit reports in accordance with generally accepted government auditing standards.

During the reporting period, OIG reviewed four audit reports covered by 2 CFR Part 200 with audited amounts of approximately \$37.2 million. We identified over \$152,000 in questioned costs. In addition, we reviewed and issued other financial audits of USAID-based grantees covering \$78.9 million in funds with \$1.8 million in questioned costs.

**Audits of  
Foreign-Based  
Organizations,  
Foreign  
Governments, and  
Local Currency  
Trust Funds**

Title 2, Part 200, of the Code of Federal Regulations does not apply to foreign-based contractors and grantees. But given the high-risk environment USAID operates in, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions in grants, cooperative agreements, and contracts.

Financial audits of foreign-based contractors and grantees are normally commissioned by the awardees and conducted by independent audit firms or foreign governments' supreme audit institutions. These audits usually satisfy USAID's requirements. However, USAID may initiate and procure an audit directly to provide additional coverage or address specific concerns.

OIG reviews audit reports to determine whether the report meets the reporting requirements of generally accepted government auditing standards (GAGAS) and/or 2 CFR Part 200 as well as applicable USAID guidance. OIG also performs quality assurance reviews of selected independent audit firms to determine whether these non-Federal auditors

conducted their audits in accordance with applicable standards, which include GAGAS.

This reporting period, OIG reviewed 166 audits of foreign-based organizations, covering \$569 million in expenditures and resulting in \$10.8 million in questioned costs. During this reporting period, OIG issued two quality control reviews of firms conducting audits of foreign-based organizations to determine the sufficiency of the work performed and appropriateness of conclusions reached in the report; make certain that any material errors, deficiencies, or irregularities detected were properly reported; and determine if the non-Federal auditors complied with professional standards and applicable guidelines.

OIG reviewed 10 audits of funds granted to foreign governments, covering over \$39 million in expenditures and questioning about \$20 million. Of the 10 audits, 9 were conducted by supreme audit institutions, covering approximately \$38 million and questioning nearly \$20 million.

## ***Contractor and Grantee Accountability - Investigations***

### **USAID**

#### ***Former Bank Employee Arrested for Embezzlement From USAID Program in Malawi Investigation***

An ongoing OIG investigation uncovered embezzlement from a USAID-funded program by an implementer's accounting staff in Malawi. The investigation identified four accounting personnel who submitted duplicate and fraudulent invoices totaling over \$60,000 and transferred the embezzled funds to a former bank employee's account. Based on information received from OIG, Malawian police arrested the former bank employee and the four accounting personnel in November 2018.

#### ***Engineering Consultant Arrested in Uganda for Involvement in Bribery Scheme Investigation***

OIG conducted an investigation involving a USAID/Uganda implementer's engineering consultant, who allegedly accepted bribes in exchange for certifying construction work by subawardees. The investigation confirmed that both the consultant and subawardees had submitted false documents to obtain project funding. As a result of the investigation, Ugandan police arrested the consultant in November 2018 for his role in this scheme.

***USAID Debars  
Former Financial  
Manager for  
U.S.-Funded Health  
Program  
Investigation***

In December 2018, USAID debarred the former finance manager of a USAID-funded program in Latin America for the embezzlement of \$140,000. The program funds were intended to provide wheelchairs and physical therapy to people with disabilities. The debarment culminated an OIG investigation which confirmed that, from November 2013 through at least August 2016, the former finance manager forged checks into his own name and cashed them for personal use. He had previously pled guilty to theft concerning programs receiving U.S. Federal funds and was sentenced in April 2018 to 6 months' imprisonment, 6 months' home detention, and full restitution of \$140,329.

***Chief of Party  
in Pakistan  
Terminated for  
Involvement in  
Bribery and Fraud  
Schemes and  
Conflict of Interest  
Investigation***

An OIG investigation resulted in the termination of an NGO's chief of party (COP) in Pakistan. The investigation found that the COP had engaged in numerous bribery and fraud schemes as well as conflicts of interest. For example, without disclosing his interests, the COP approved a grant that he had written while working for the recipient organization. He also awarded a USAID-funded grant to an NGO that gave him an all-expenses-paid trip to the Philippines, approved a grant to his previous employer where his brother was also employed, and directed his current organization to hire one of his relatives. In January 2019, the NGO notified OIG of the COP's termination.

***OIG Investigation in  
Afghanistan Results  
in Termination of  
Two Implementer  
Employees for  
Submitting  
Fraudulent Invoices  
Investigation***

In June 2018, OIG received an allegation that two employees of a USAID-funded subimplementer submitted inflated invoices for lodging. The subjects worked on a USAID-funded project designed to improve the quality of legal services, professional training, and legal education for Afghan citizens. The OIG investigation confirmed that the employees submitted falsified invoices that inflated their lodging expenses. As a result of the ongoing OIG investigation, the NGO employing the two terminated them in January 2019.

## INFORMATION TECHNOLOGY SYSTEMS AND MANAGEMENT

### USAID

#### ***USAID Has Gaps in Conforming With the Federal Information Technology Acquisition Reform Act***

**Report No.**  
**[A-000-19-004-C](#)**

The 2014 Federal Information Technology Acquisition Reform Act (FITARA) holds Federal agencies' chief information officers accountable for mitigating risk in, economizing on, and better managing IT investments. OIG contracted with an independent certified public accounting firm to perform an audit of USAID's implementation of FITARA. The firm concluded USAID had met only 7 of 23 baseline requirements and had not established a comprehensive framework to implement the act. The Agency did not indicate in its implementation plan what it would do to address the main areas of weakness: the CIO did not have the required reporting arrangement or authority; the Agency did not adopt the all-encompassing FITARA definitions for IT and IT resources, which would allow such assets to be considered in key decisions; and it lacked controls to enforce competency requirements for IT staff. To address these weaknesses and improve USAID's conformance with FITARA, OIG made nine recommendations; three are closed, five are open pending further action, and one—to demonstrate an inventory validation process that traces IT investments to IT systems and FISMA-reportable systems—is unresolved. USAID reports taking additional actions to strengthen its compliance with FITARA, and has notified Congress of its plan for the CIO to report directly to the Administrator.

#### ***Audits of Compliance With Federal Information Security Modernization Act***

The Federal Information Security Modernization Act of 2014 (FISMA) requires agencies to develop, document, and implement an information security program to protect their information and information systems, including those provided or managed by another agency, contractor, or source. FISMA also requires agencies to have an annual assessment of their information systems.

### USAID

#### ***USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA***

**Report No.**  
**[A-000-19-005-C](#)**

We contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct an audit of USAID's compliance with FISMA during FY 2018. The audit firm concluded that USAID generally complied with FISMA requirements by implementing 120 of 135 selected security controls for selected information systems. However, USAID did not implement 15 controls. To address the weaknesses identified in the report, OIG made nine recommendations. After reviewing the accounting firm's evaluation of USAID's management comments, we consider all the recommendations resolved but open pending completion and verification.

## MCC

***MCC Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA***

**Report No.**  
**[A-MCC-19-001-C](#)**

We contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct an audit of MCC's compliance with FISMA during fiscal year 2018. The audit firm concluded that MCC generally complied with FISMA requirements by implementing 66 of 74 selected security controls for selected information systems. However, MCC did not implement eight controls. To address the weaknesses identified in the report, OIG made five recommendations. After reviewing the accounting firm's evaluation of MCC's management comments, we consider all five recommendations resolved but open pending completion of planned activities.

## USADF

***USADF Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018***

**Report No.**  
**[A-ADF-19-002-C](#)**

We contracted with the independent certified public accounting firm Brown and Company CPAs and Management Consultants PLLC to conduct an audit of USADF's compliance with FISMA during fiscal year 2018. The audit firm concluded that USADF generally complied with FISMA requirements by implementing 46 of 59 selected security controls for selected information systems. However, the 13 controls USADF did not implement expose it to risks and constitute weaknesses. To address them, OIG made three recommendations, which were resolved but open pending completion of planned activities.

## IAF

***IAF Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018***

**Report No.**  
**[A-IAF-19-003-C](#)**

We contracted with the independent certified public accounting firm Brown and Company CPAs and Management Consultants PLLC to conduct an audit of IAF's compliance with FISMA during FY 2018. The audit firm concluded that IAF generally complied with FISMA requirements by implementing 63 of 72 selected security controls for selected information systems. However, IAF did not implement nine controls that safeguard the confidentiality, integrity, and availability of its information and information systems. To address the weaknesses identified, OIG made four recommendations. The audit firm evaluated IAF's responses to the recommendations. We reviewed that evaluation and consider all four recommendations resolved but open pending completion of planned activities.

## OPIC

***OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018***  
***Report No. [A-OPC-19-006-C](#)***

We contracted with the independent certified public accounting firm Brown and Company CPAs and Management Consultants PLLC to conduct an audit of OPIC's compliance with FISMA during FY 2018. The audit firm concluded that OPIC generally complied with FISMA requirements by implementing 65 of 72 selected security controls for selected information systems. However, OPIC did not implement seven controls that safeguard the confidentiality, integrity, and availability of its information and information systems. To address the weaknesses identified, OIG made seven recommendations. The audit firm evaluated OPIC's responses to the recommendations. We reviewed that evaluation and consider one recommendation closed and the others resolved but open pending completion of planned activities.

# OIG OUTREACH AND EXTERNAL ENGAGEMENT

## WORKING WITH PARTNERS TO PROMOTE ACCOUNTABILITY, PROACTIVE OVERSIGHT, AND IMPROVED INFORMATION SHARING



The USAID Inspector General and Assistant Inspector General for Investigations met with the Senior Vice President and staff of the Japan International Cooperation Agency (JICA) to discuss oversight challenges in international development and improve cooperation. Photo by OIG.

OIG participates in task forces, coordinated oversight efforts, and information sharing initiatives both within the U.S. Government and with international oversight counterparts. This includes proactively standing up work groups with other Government oversight entities working in Syria; developing coordinated oversight plans with other OIGs on overseas contingency operations (OCO) and HIV/AIDS programs; and contributing to efforts of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

During the reporting period the Inspector General and OIG senior leadership met with U.S. Government employees, and representatives from bilateral donors and the international development community. For example, in October, the Inspector General and senior staff met with officials from the Japan International Cooperation Agency to discuss areas of mutual interest related to the oversight of development and humanitarian programs worldwide. In November, the Inspector General and OIG representatives attended the Conference of International Investigators in South Korea. During the conference, which included investigators from 45 international organizations,

OIG presented a session on working in nonpermissive environments. The Inspector General also held a bilateral meeting with the head of the European Commission's Anti-Fraud Office and signed a memorandum of understanding with the Inspector General for the Office of the U.N. High Commission for Refugees.

While on travel to OIG overseas offices, the Inspector General also spoke with various Embassy and mission staff on OIG's work and priorities. In Pakistan, she spoke at the Embassy's Federal Women's Program about cultivating executive presence. In Afghanistan, she addressed all mission staff in Kabul and spoke at a fraud awareness event for almost 100 implementers. And in Washington, DC, she spoke at USAID's annual mission directors conference on the 2018 Top Management Challenges report.

**Coordination  
of Overseas  
Contingency  
Operation  
Oversight**

In an effort to provide transparent, objective information to Congress and the public on overseas contingency operations, USAID OIG works closely with the OIGs of the Department of Defense and Department of State to oversee and report on OCOs. These joint reports provide a full picture of what the U.S. Government is doing in conflict zones around the world.

During the reporting period, the OIGs issued quarterly reports to Congress on OCOs in Iraq and Syria for Operation Inherent Resolve, in the Philippines for Operation Pacific Eagle, and in Afghanistan for Operation Freedom's Sentinel. The OIGs also report on the activities of three classified OCOs in Africa and the Middle East.



USAID OIG contributes to reporting on oversight of overseas contingency operations with the DOD and State OIGs.

***OIG Continues  
Collaboration  
With International  
Oversight Agencies***

Since 2012, OIG has boosted its commitment to collaborating with other oversight agencies for both bilateral donors and multilateral organizations, to share information and address crosscutting issues in investigations and audits. OIG has entered into memorandums of understanding with international investigative agencies such as the European Union’s Anti-Fraud Office and the World Food Programme OIG. Through memorandums of understanding, conferences, workshops, meetings, and joint oversight efforts, OIG has strengthened its relationships and created an open atmosphere for sharing ideas on oversight challenges, such as operating in complex humanitarian crises and detecting and reporting sexual exploitation and abuse.



Representatives from OIG’s Offices of Investigations and General Counsel presented at the November 2018 Syria Investigations Working Group meeting in Brussels. Photo by OIG.

***OIG Presents at the  
Syria Investigations  
Working Group***

In November 2018, the European Anti-Fraud Office hosted the Syria Investigations Working Group in Brussels, Belgium. Representatives from OIG’s Offices of Investigations and General Counsel shared best practices for investigating foreign assistance programs with oversight professionals from numerous 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.

**Working in  
Partnership With  
Bilateral Donors**

Abuse of funding through fraud and corruption has become a central issue in financing for bilateral donors. OIG participates as a working-level group representative with counterparts from 12 countries including Germany and the United Kingdom to enhance transparency and accountability of multilateral organizations and limit the abuse of donor funds. Whenever feasible, these bilateral organizations align prevention and mitigation strategies across donors, partners, and active coordinated response efforts to international conflicts and crises.

**OIG Continues  
Proactive  
Engagement  
and Outreach  
With USAID  
Implementers**

In December 2018, continuing OIG's commitment to engage with USAID implementers, the Inspector General, Assistant Inspector General for Investigations, and other OIG staff presented at the International Development Ethics Professionals Working Group, made up of ethics and compliance authorities, and at the Society for International Development, a global forum dedicated to sustainable economic, social, and political development. In these assemblies, the OIG shared best practices for interactions between implementers' ethics and compliance departments, OIG, and USAID, while also discussing the role that OIG plays in detecting and responding to instances of sexual exploitation and abuse.

In October, OIG's Office of General Counsel represented OIG at the United Kingdom's Department for International Development (DFID) "Safeguarding Summit" in London. The conference gathered 500 advocates from donor communities and NGOs to discuss joint initiatives on addressing and combating sexual exploitation and abuse in the NGO sector, which OIG has identified as a top management challenge for USAID. OIG's Office of General Counsel also consulted on a report commissioned by the Dutch Ministry of Foreign Affairs to test the viability of an international ombudsman to assess whether there is a need for such a mechanism and, if so, how it might function and fit with existing governance mechanisms in the sector.

In March, OIG's Office of General Counsel presented to attorneys from the Implementer Lawyers Group, made up of attorneys from various NGOs. The presentation focused on OIG's oversight of foreign assistance programs and expectations for reporting to and engagement with OIG representatives.

***International Contract Corruption Task Force***

OIG participates in the International Contract Corruption Task Force, which regularly shares information and conducts joint investigations into fraud schemes affecting programs and multiple member agencies. The task force includes the following entities:

- USAID OIG
- Department of State OIG
- Special Inspector General for Afghanistan Reconstruction
- Federal Bureau of Investigation
- U.S. Army Criminal Investigation Division
- Air Force Office of Special Investigations
- Naval Criminal Investigative Service

***Coordinated Plan for HIV/AIDS, Tuberculosis, and Malaria***

OIG collaborates with its counterparts at the Department of State, Department of Health and Human Services, and Peace Corps to coordinate oversight of foreign assistance to combat HIV/AIDS, tuberculosis, and malaria. The OIGs meet regularly to discuss planned and ongoing work to make the best use of U.S. Government resources.

***Work With the Office of Government Ethics (OGE) on Curriculum Development***

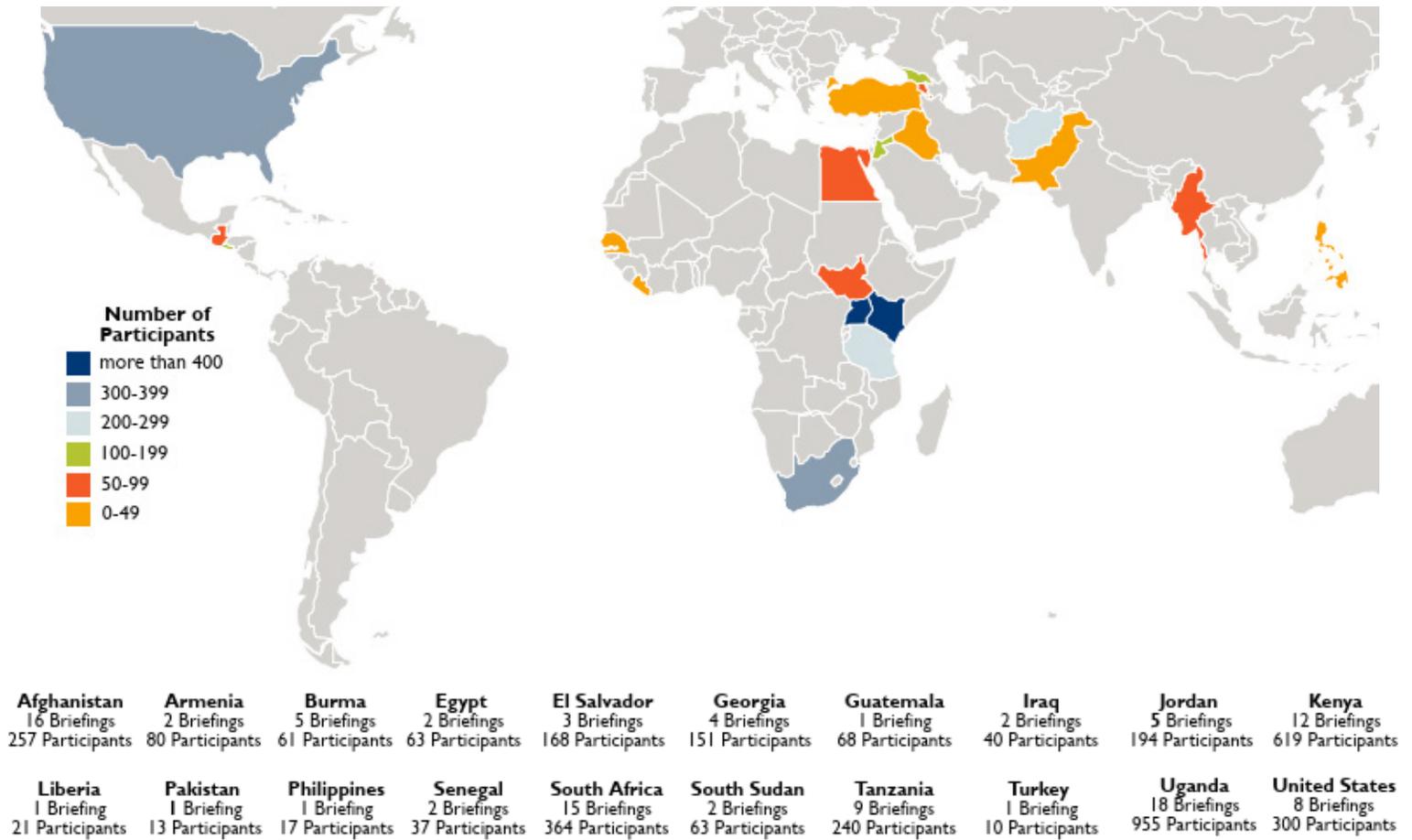
OIG participates on the OGE's curriculum development team, which involves multiple U.S. Government agencies developing ethics guidance and training for law enforcement officers.

***OIG Supports the Council of the Inspectors General on Integrity and Efficiency (CIGIE)***

OIG contributes to several CIGIE committees and working groups. During this reporting period, the USAID Inspector General served as Vice Chair of CIGIE's Audit Committee and presented at CIGIE's annual leadership forum. She also participated in CIGIE's first-ever Women in Leadership Forum, an event focused on the development of leadership through the unique perspective of female Inspectors General throughout the CIGIE community. OIG also provides audits and semiannual reports to Oversight.gov, the council's online repository of reports by all OIGs, and contributed to CIGIE's annual Progress Report to the President.

# PROMOTING ACCOUNTABILITY AND FRAUD AWARENESS

## Fraud Awareness Briefings Conducted Worldwide, October 1, 2018– March 31, 2019



OIG conducts fraud awareness briefings worldwide. During the reporting period, OIG held briefings in 20 countries.

### ***OIG Promotes Fraud Awareness Through Worldwide Briefings***

During the reporting period, OIG conducted 110 fraud awareness briefings worldwide, reaching 3,721 individuals through all outreach events. OIG works proactively by providing fraud awareness briefings, literature, and advice on fraud prevention to employees of foreign assistance implementers. OIG aims to educate stakeholders and implementers on these topics and deepen their understanding of fraud schemes and vulnerabilities affecting foreign assistance funds. The trainings also reinforce the legal rights of NGO employees to disclose fraud to OIG without fear of retaliation.

### ***OIG Investigations Team Visits Syria***

In late November and early December of 2018, a team from USAID OIG's Office of Investigations traveled to Syria to conduct fraud awareness training, oversight of USAID programs, and limited investigative activity.

**Office of  
Investigation's  
Proactive Outreach  
Program Conducts  
Site Visits of USAID  
Programs**

OIG conducted 10 program site visits during this reporting period. Under its Proactive Outreach Program, launched in April 2017, OIG special agents and analysts partner with implementer employees to develop project profiles and identify weaknesses and vulnerabilities in each organization. The program gives investigators and key implementer staff broader understanding of key USAID programs and establishes points of contact, while providing implementers instant feedback through discussions of risk areas.

In connection with the outreach program, OIG issues advisory memos to USAID, as appropriate, identifying ways to detect and monitor for fraud.

**OIG Engages with  
USAID To Promote  
Employee Integrity**

Over the reporting period, OIG held monthly meetings with the Integrity Working Group, during which representatives from OIG's Offices of Investigations and General Counsel receive updates from Agency offices on referred investigations. Consisting of five member offices—OIG, the Office of Human Capital and Talent Management, the Office of the General Counsel, the Office of Security, and the Office of the Chief Information Security Officer—the working group serves as an interoffice communication and collaboration mechanism that enhances accountability and continuity on employee integrity matters.

OIG established the Integrity Working Group in May 2012 in order to facilitate action and cooperation on employee integrity issues. Additionally, the working group discusses plans for resolving employee integrity cases.

**OIG Provides Cost  
Principles Training  
to Nearly 300  
Participants**

During this reporting period, OIG provided training on cost principles and related subjects in Pretoria, South Africa, and Islamabad, Pakistan, for 298 people, including USAID employees and implementing partner staff. Because USAID's contracts and grants incorporate cost principles that define the types of costs that can legitimately be charged to USAID programs, OIG conducts overseas training to increase awareness of and compliance with these principles and auditing standards. This training provides a general overview of U.S. Government cost principles; explains concepts such as reasonableness, allocability, and allowability; and explores specific cost principles, such as those relating to travel expenses or entertainment costs.

# ABOUT OIG

## HISTORY, MANDATES, AND AUTHORITY

The USAID Office of Inspector General safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight. OIG conducts and supervises audits and investigations across five U.S. foreign assistance agencies. We initiate oversight work at our discretion, in response to statutory mandates and other directives, and on occasion at stakeholders' request. When identifying and prioritizing appropriate audit and investigative activity, we consider stakeholder interests and needs, alignment with strategic goals, program funding, and risks associated with the agencies' programs, including potential vulnerabilities in internal controls.

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

- December 29, 1981— the International Security and Development Cooperation Act of 1981 brings the USAID Inspector General under the Inspector General Act of 1978.
- November 29, 1999—OIG assumed audit and investigative oversight of USADF and IAF in 1999 under the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Appendix G of Public Law 106-113.
- January 23, 2004—OIG assumed oversight of MCC in 2004 under the Millennium Challenge Act of 2003, Division D, Title VI of Public Law 108-199.

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.

### *About the Agencies We Oversee*

#### USAID



Established through the Foreign Assistance Act of 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. The Agency also provides assistance to countries recovering from disaster and periods of conflict. USAID's development and foreign assistance activities help to expand stable, free societies; create markets and trade partners for the United States; and promote good will abroad.

## MCC



MCC is an independent U.S. foreign assistance agency created in 2004 to reduce poverty and increase living standards by promoting sustainable economic growth and open markets. MCC-funded projects include building infrastructure, reforming institutions, and promoting access to healthcare and education, and may complement other U.S. and international development programs.

MCC grants are awarded to selected countries that commit to good governance, economic freedom, and investing in their citizens. MCC awards two primary types of grants: (1) large 5-year grants, or compacts and (2) smaller grants for threshold programs, awarded to countries that come close to passing MCC eligibility criteria and are committed to improving their policy performance.

## USADF



Congress established USADF in 1980 as an independent U.S. Government agency that provides direct development assistance to underserved and marginalized populations in conflict and post conflict areas in Africa. USADF supports African-owned enterprises that improve lives in poor and vulnerable communities—an investment that aims to promote peace and security and prosperous U.S. trading partners.

USADF grants provide seed capital and technical support to burgeoning agriculture, off-grid energy, and youth-led enterprises in Africa. USADF emphasizes participatory development and engages local community groups and initiatives in project design and implementation. USADF measures grant success in terms of jobs, increased incomes levels, and improved social conditions.

## IAF



Congress created IAF in 1969 as an independent U.S. Government agency that 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.

IAF helps ensure the participation of indigenous peoples, African descendants, and persons with disabilities and other marginalized groups

in social and political processes. By encouraging partnerships among community organizations, businesses, and local governments, IAF aims to strengthen democratic practices while improving quality of life.

## OPIC



OPIC is a self-sustaining agency established in 1971 as the U.S. Government's finance institution for foreign 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. OPIC's financial products are intended to help spur revenues, jobs, and growth—both at home and abroad—and advance U.S. foreign policy.

Criteria for OPIC-supported projects include environmental and social sustainability; respect for human rights, including workers' rights; no adverse impact on the U.S. economy; and positive host-country development effects.

## AREAS OF OIG RESPONSIBILITY

### Audit

We conduct audits of U.S. foreign assistance programs' effectiveness, internal controls, and compliance with laws, regulations, and agency guidance. Audit activities include performance audits and reviews of programs and management systems, financial statement audits required under the Chief Financial Officers Act of 1990, and audits related to the financial accountability of grantees and contractors. Crosscutting audits assess the planning and execution of major agency and interagency initiatives around the world.

### Investigations

Our investigative work focuses on programs and operations that face high risks from fraud and other abuse while also promoting integrity among organizations delivering U.S. foreign assistance. OIG educates USAID staff and implementers on fraud prevention and reporting.

## OIG HOTLINES

Employees of USAID, MCC, USADF, IAF, and OPIC are required to report allegations of fraud, waste, and abuse—and any other form of misconduct—directly to OIG. Contractors and grantees implementing projects with U.S. funds face similar reporting requirements. OIG operates a dedicated 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 477 complaints.

OIG also receives allegations of fraud, waste, and abuse in Pakistan through a country-specific hotline, which is implemented locally by Transparency International, an international NGO that focuses on anticorruption.

### *“Make a Difference” Malaria Hotline*

OIG also operates a hotline dedicated to reporting fraud, waste, and abuse affecting U.S.-funded antimalarial programs, especially around the theft and resale of antimalarial commodities. Under OIG’s “Make a Difference” hotline campaign, local communities in African countries can help protect the integrity of overseas antimalarial programs by reporting allegations of fraud, waste, and abuse to the hotline. OIG has conducted hotline campaigns in Benin, Malawi, and Nigeria to obtain actionable information about the theft and resale of antimalarial drugs with a focus on commodities in select countries funded by the President’s Malaria Initiative (PMI). As a result of the Malawi hotline, an OIG investigation was opened and, as of March 2019, had resulted in 16 arrests and 15 reported convictions.

OIG also continues to monitor a hotline campaign in Guinea and work with an implementing partner to develop communication materials such as billboards, posters, and radio announcements about the hotline. These materials were distributed throughout the part of the country where USAID partners implement PMI activities.

The hotline provides a mechanism for community members to safely report information on distributors or sellers of illicit commodities. OIG offers rewards for relevant and actionable information. Significant impacts, such as the arrest or conviction of individuals participating in antimalarial pharmaceutical crime or systemic changes that result from information obtained through the hotline, may result in additional reward payments.

## **PEER REVIEWS**

OIG regularly undergoes quality assurance reviews by other federal offices of inspector general. These peer reviews assess the quality of OIG's internal controls and management systems for ensuring that its audit and investigative functions operate as effectively and efficiently as possible, and comply with community standards and leading practices. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) amended the Inspector General Act to require Federal inspectors general to report on results of peer reviews in their semiannual reports.

### **Audit**

The Department of Agriculture OIG issued USAID OIG's Office of Audit's last peer review on June 29, 2016. OIG has nothing further to report this reporting period.

### **Investigations**

The Department of State OIG completed a quality assessment review of the USAID OIG Office of Investigations on May 12, 2017. OIG has nothing further to report this reporting period.

# 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 October 1, 2018- March 31, 2019.

The following reporting requirements can be found in the Appendixes:

- Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued October 1, 2018-March 31, 2019
- Appendix B: Reports issued prior to October 1, 2018, with open and unimplemented recommendations, as of March 31, 2019

## USAID

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

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During this reporting period, there were no reports of instances in which OIG was unreasonably refused assistance or information.

### Interference With OIG Independence

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During this reporting period, OIG did not encounter any attempts to interfere with its independence, to include restrictions of OIG's congressional communications or budgetary constraints designed to limit OIG's capabilities. OIG did not encounter resistance or objections to oversight activities, nor did it face restricted or significantly delayed access to information.

### Senior Government Employee Misconduct

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Section 5(a)(19) of the Inspector General Act of 1978, as amended, requires a report on each investigation conducted by OIG involving a senior Government employee<sup>2</sup> where allegations of misconduct were substantiated.

*OIG has nothing to report for this reporting period.*

<sup>2</sup>Section 5(f)(7) of the Inspector General Act of 1978, as amended, defines a senior government employee as "an officer or employee in the executive branch (including a special Government employee as defined in section 202 of title 18, United States Code) who occupies a position classified at or above GS-15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS-15 of the General Schedule; and any commissioned officer in the Armed Forces in pay grades O-6 and above."

## Instances of Whistleblower Retaliation

Section 5(a)(20) of the Inspector General Act of 1978, as amended, requires a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation.

*OIG has nothing to report for this reporting period.*

### Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision — USAID as of March 31, 2019

Report Number	Report Title	Date of Report	Rec. No.	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-18-059-R	Fund Accountability Statement Closeout Audit of the Ministry of Agriculture, Irrigation and Livestock in Afghanistan, Under Agricultural Development Fund, Implementation Letter 306-IL-10-OAG-16, July 18, 2010, to June 30, 2015	9/23/18	I	<p>A Management Decision was received from USAID/Afghanistan OFM on 3/26/2019, but it was not acknowledged for any of the three recommendations of this audit due to discrepancies in questioned cost amounts. OIG notified Management on 4/1/2019 and asked them to clarify the discrepancies.</p> <p>The date issued, award dates, and all information in our three recommendations were verified as correct.</p>	TBD

**Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision — USAID**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No.	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-18-059-R	Fund Accountability Statement Closeout Audit of the Ministry of Agriculture, Irrigation and Livestock in Afghanistan, Under Agricultural Development Fund, Implementation Letter 306-IL-10-OAG-16, July 18, 2010, to June 30, 2015	9/23/18	2	<p>A Management Decision was received from USAID/ Afghanistan OFM on 3/26/2019, but it was not acknowledged for any of the three recommendations of this audit due to discrepancies in questioned cost amounts. OIG notified Management on 4/1/2019 and asked them to clarify the discrepancies.</p> <p>The date issued, award dates, and all information in our three recommendations were verified as correct.</p>	TBD

**Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision — USAID**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No.	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-18-059-R	Fund Accountability Statement Closeout Audit of the Ministry of Agriculture, Irrigation and Livestock in Afghanistan, Under Agricultural Development Fund, Implementation Letter 306-IL-10-OAG-16, July 18, 2010, to June 30, 2015	9/23/18	3	<p>A Management Decision was received from USAID/Afghanistan OFM on 3/26/2019, but it was not acknowledged for any of the three recommendations of this audit due to discrepancies in questioned cost amounts. OIG notified Management on 4/1/2019 and asked them to clarify the discrepancies.</p> <p>The date issued, award dates, and all information in our three recommendations were verified as correct.</p>	TBD
I-517-18-032-R	Financial Audit of the Fundacion Rural Economic Development Dominicana Under Multiple Awards in Dominican Republic, 2016-2017	9/25/18	1	<p>A Management Decision was received from USAID/Dominican Republic on 1/28/2019, but it was not acknowledged because it did not include all of the required elements. Specifically, the outstanding amount to be collected from the recipient was not included and the allowable or unallowable amounts were not specified.</p>	4/2/2019

## Significant Recommendations Described Previously Without Final Action — USAID

as of March 31, 2019

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
0-000-13-001-C	Audit of USAID's Financial Statements for Fiscal Years 2012 and 2011	11/16/12	1	11/16/12	4/30/19
0-000-15-001-C	Audit of USAID's Financial Statements for Fiscal Years 2014 and 2013	11/17/14	2	11/17/14	4/30/19
8-000-16-003-P	Working in Politically Sensitive Countries With Limited Resources Stymied Monitoring and Evaluation Efforts in Selected Middle East Missions	9/30/16	18	2/24/2017	3/30/19
0-000-17-001-C	Audit of USAID's Financial Statements for Fiscal Years 2016 and 2015	11/15/16	1	11/15/16	4/30/19
5-000-17-001-S	Internal Control Gaps Hinder Oversight of U.S. Personal Services Contracts in Asia	3/20/17	1	3/20/17	3/30/19
0-000-18-004-C	Audit of USAID's Financial Statements for Fiscal Years 2017 and 2016	11/15/17	1	11/15/17	4/30/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	2	1/24/18	12/31/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	4	9/12/18	10/31/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	5	1/24/18	4/30/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	6	5/11/18	4/30/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	7	8/14/18	4/30/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	8	9/12/18	4/30/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	9	1/24/18	12/31/19
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	14	1/24/18	4/30/19

**Significant Recommendations Described Previously Without Final Action —  
USAID**

*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
9-000-18-002-P	Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response	1/24/18	2	6/28/18	11/30/19
9-000-18-002-P	Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response	1/24/18	4	6/28/18	11/30/19
9-000-18-002-P	Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response	1/24/18	6	1/24/18	5/31/19
8-294-18-001-P	USAID/West Bank and Gaza Improved Conflict Mitigation Program Management but Has Not Completed an Evaluation	1/26/18	2	2/12/18	6/30/19
8-000-18-003-P	Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk	9/25/18	2	9/25/18	3/31/20
8-000-18-003-P	Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk	9/25/18	6	9/25/18	4/30/19
5-391-18-003-P	Sustainability of Improvements Under USAID/Pakistan's Satpara Development Project Is at Risk	9/26/18	1	9/26/18	9/26/19

## Reports With Questioned and Unsupported Costs—USAID

October 1, 2018-March 31, 2019

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs <sup>1</sup> (\$)
A. For which no management decision had been made as of October 1, 2018	45	81,666,864	26,488,337
B. Add: Reports issued October 1, 2018 - March 31, 2019	85	68,884,036	42,158,313
<b>Subtotal</b>	<b>130</b>	<b>150,550,900</b>	<b>68,646,650</b>
C. Less: Reports with a management decision made October 1, 2018-March 31, 2019	65	88,282,288	26,978,252
Value of costs disallowed by Agency officials		4,940,043	2,951,356
Value of costs allowed by Agency officials		83,342,245	24,026,896
D. For which no management decision had been made as of March 31, 2019	65	62,268,612	41,668,398

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

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

OIG has nothing to report for this reporting period.

## Audit Reports Issued for Which Agency Comments Were Not Received Within 60 Days<sup>3</sup>

OIG has nothing to report for this reporting period.

## Management Decisions With Which the Inspector General Disagrees

OIG has nothing to report for this reporting period.

## Significant Revisions of Management Decisions

OIG has nothing to report for this reporting period.

<sup>3</sup>OIG did receive comments from USAID after the 60 day period as a result of the December 2018-January 2019 lapse in appropriations. OIG did not count this time against the agency's required response date.

## Significant Findings From Contract Audit Reports

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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. During the reporting period, OIG had no significant findings of this kind from contract audit reports for USAID.

## Noncompliance With the Federal Financial Management Improvement Act of 1996

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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 Fiscal Years 2018 and 2017 (Report No. 0-000-19-001-C)***

***December 17, 2019***

We noted noncompliance in 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.

As planned, USAID activated the Project Cost Accounting System (PCAS), a subsystem of its financial accounting system. According to USAID’s management, which is responsible for the noncompliance, PCAS allows USAID to track elements of reimbursable agreements to recognize revenue and receivables. However, as reported in the Independent Auditor’s Internal Control Report, the system did not process agreements which were entered into before October 1, 2017.

Regarding USAID’s remediation plan for this noncompliance, USAID management accepted and was taking corrective action on our internal control recommendation.

## **Audits Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **Closed Investigations Involving Senior Government Employees Not Previously Disclosed**

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Section 5(a)(22)(B), of the Inspector General Act, as amended, requires detailed descriptions of the particular circumstances of each investigation conducted by OIG involving a senior Government employee that is closed and was not disclosed to the public.

*OIG has nothing to report for this reporting period.*

## **MCC**

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

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During this reporting period, there were no reports of instances in which OIG was unreasonably refused assistance or information.

### **Interference With OIG Independence**

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During this reporting period, OIG did not encounter any attempts to interfere with its independence, to include restrictions of OIG's congressional communications or budgetary constraints designed to limit OIG's capabilities. OIG did not encounter resistance or objections to oversight activities, nor did it face restricted or significantly delayed access to information.

### **Senior Government Employee Misconduct**

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*OIG has nothing to report for this reporting period.*

### **Instances of Whistleblower Retaliation**

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*OIG has nothing to report for this reporting period.*

**Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision — MCC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No.	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
M-636-18-027-N	Financial Audit of MCC Resources Managed by Millennium Challenge Coordinating Unit Sierra Leone Under the Threshold Program Agreement, April 1, 2016, to March 31, 2017	9/20/18	1	MCC submitted an extension to submit a Management Decision.	TBD
M-636-18-027-N	Financial Audit of MCC Resources Managed by Millennium Challenge Coordinating Unit Sierra Leone Under the Threshold Program Agreement, April 1, 2016, to March 31, 2017	9/20/18	2	MCC submitted an extension to submit a Management Decision.	TBD

**Significant Recommendations Described Previously Without Final Action — MCC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No.	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	11/15/16	3	1/31/17	6/30/19
M-000-18-002-C	Audit of MCC's Fiscal Years 2017 and 2016 Financial Statements	11/15/17	4	3/28/18	6/30/19
M-000-18-002-C	Audit of MCC's Fiscal Years 2017 and 2016 Financial Statements	11/15/17	5	3/28/18	9/30/19
M-000-18-002-C	Audit of MCC's Fiscal Years 2017 and 2016 Financial Statements	11/15/17	6	3/28/18	12/31/19
M-000-18-002-C	Audit of MCC's Fiscal Years 2017 and 2016 Financial Statements	11/15/17	8	3/28/18	4/1/19

## Reports With Questioned and Unsupported Costs—MCC

October 1, 2018-March 31, 2019

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs <sup>1</sup> (\$)
A. For which no management decision had been made as of October 1, 2018	10	741,513	51,440
B. Add: Reports issued October 1, 2018 - March 31, 2019	0	0	0
<b>Subtotal</b>	<b>10</b>	<b>741,513</b>	<b>51,440</b>
C. Less: Reports with a management decision made October 1, 2018-March 31, 2019	10	741,513	51,440
Value of costs disallowed by Agency officials		147,813	5,719
Value of costs allowed by Agency officials		593,700	45,721
D. For which no management decision had been made as of March 31, 2019	0	0	0

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

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

OIG has nothing to report for this reporting period.

## Audit Reports Issued for Which Agency Comments Were Not Received Within 60 Days

OIG has nothing to report for this reporting period.

## Management Decisions With Which the Inspector General Disagrees

OIG has nothing to report for this reporting period.

## Significant Revisions of Management Decisions

OIG has nothing to report for this reporting period.

## Significant Findings From Contract Audit Reports

OIG has nothing to report for this reporting period.

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

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*OIG has nothing to report for this reporting period.*

## **Audits Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **Closed Investigations Involving Senior Government Employees Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **USADF**

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

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During this reporting period, there were no reports of instances in which OIG was unreasonably refused assistance or information.

### **Interference With OIG Independence**

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During this reporting period, OIG did not encounter any attempts to interfere with its independence, to include restrictions of OIG's congressional communications or budgetary constraints designed to limit OIG's capabilities. OIG did not encounter resistance or objections to oversight activities, nor did it face restricted or significantly delayed access to information.

### **Senior Government Employee Misconduct**

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*OIG has nothing to report for this reporting period.*

### **Instances of Whistleblower Retaliation**

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*OIG has nothing to report for this reporting period.*

## **Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision As of March 31, 2019**

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*OIG has nothing to report for this reporting period.*

## **Significant Recommendations Described Previously Without Final Action As of March 31, 2019**

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*OIG has nothing to report for this reporting period.*

## **Reports With Questioned and Unsupported Costs**

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*OIG has nothing to report for this reporting period.*

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

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*OIG has nothing to report for this reporting period.*

## **Audit Reports Issued for Which Agency Comments Were Not Received Within 60 Days**

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*OIG has nothing to report for this reporting period.*

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

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*OIG has nothing to report for this reporting period.*

## **Significant Revisions of Management Decisions**

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*OIG has nothing to report for this reporting period.*

## **Significant Findings From Contract Audit Reports**

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*OIG has nothing to report for this reporting period.*

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

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*OIG has nothing to report for this reporting period.*

## **Audits Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **Closed Investigations Involving Senior Government Employees Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **IAF**

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

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During this reporting period, there were no reports of instances in which OIG was unreasonably refused assistance or information.

### **Interference With OIG Independence**

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During this reporting period, OIG did not encounter any attempts to interfere with its independence, to include restrictions of OIG's congressional communications or budgetary constraints designed to limit OIG's capabilities. OIG did not encounter resistance or objections to oversight activities, nor did it face restricted or significantly delayed access to information.

### **Senior Government Employee Misconduct**

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*OIG has nothing to report for this reporting period.*

### **Instances of Whistleblower Retaliation**

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*OIG has nothing to report for this reporting period.*

**Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision As of March 31, 2019**

OIG has nothing to report for this reporting period.

**Significant Recommendations Described Previously Without Final Action — IAF as of March 31, 2019**

Report Number	Report Title	Date of Report	Rec. No.	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	11/7/16	7	11/7/16	12/31/19

**Reports With Questioned and Unsupported Costs**

OIG has nothing to report for this reporting period.

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

OIG has nothing to report for this reporting period.

**Audit Reports Issued for Which Agency Comments Were Not Received Within 60 Days**

OIG has nothing to report for this reporting period.

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

OIG has nothing to report for this reporting period.

**Significant Revisions of Management Decisions**

OIG has nothing to report for this reporting period.

**Significant Findings From Contract Audit Reports**

OIG has nothing to report for this reporting period.

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

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*OIG has nothing to report for this reporting period.*

## **Audits Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **Closed Investigations Involving Senior Government Employees Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **OPIC**

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

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During this reporting period, there were no reports of instances in which OIG was unreasonably refused assistance or information.

### **Interference With OIG Independence**

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During this reporting period, OIG did not encounter any attempts to interfere with its independence, to include restrictions of OIG's congressional communications or budgetary constraints designed to limit OIG's capabilities. OIG did not encounter resistance or objections to oversight activities, nor did it face restricted or significantly delayed access to information.

### **Senior Government Employee Misconduct**

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*OIG has nothing to report for this reporting period.*

### **Instances of Whistleblower Retaliation**

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*OIG has nothing to report for this reporting period.*

## Audit Reports Issued Prior to October 1, 2018, With Recommendations With No Management Decision As of March 31, 2019

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OIG has nothing to report for this reporting period.

### Significant Recommendations Described Previously Without Final Action — OPIC as of March 31, 2019

Report Number	Report Title	Date of Report	Rec. No.	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	9/28/17	1	9/28/17	12/31/18

## Reports With Questioned and Unsupported Costs

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OIG has nothing to report for this reporting period.

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

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OIG has nothing to report for this reporting period.

## Audit Reports Issued for Which Agency Comments Were Not Received Within 60 Days

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OIG has nothing to report for this reporting period.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	1	2/1/19	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.
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	2/1/19	2	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	3	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	4	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	5	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	6	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	7	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	8	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	9	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	10	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	11	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	12	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	13	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	14	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

**Management Decisions With Which the Inspector General Disagrees — OPIC**  
*as of March 31, 2019*

Report Number	Report Title	Date of Report	Rec. No	Management Decision Date	Reason for Disagreement
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	2/1/19	15	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.
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	2/1/19	16	2/1/19	Management decision reached upon report issuance: OPIC stated that because its functions will be transferred to the 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.

## **Significant Revisions of Management Decisions**

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*OIG has nothing to report for this reporting period.*

## **Significant Findings From Contract Audit Reports**

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*OIG has nothing to report for this reporting period.*

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

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*OIG has nothing to report for this reporting period.*

## **Audits Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

## **Closed Investigations Involving Senior Government Employees Not Previously Disclosed**

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*OIG has nothing to report for this reporting period.*

# IG ACT REPORTING REQUIREMENTS LOCATION IN REPORT

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, pg. in SARC	MCC, pg. in SARC	USADF, pg. in SARC	IAF, pg. in SARC	OPIC, pg. in SARC
§5(a)(1)	Significant Problems, Abuses, and Deficiencies	Throughout this report				
§5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuse, and Deficiencies	Throughout this report				
§5(a)(3)	Significant Recommendations from Previous Semiannual Reports on which Corrective Action has not been Completed	50	55	58	60	62
§5(a)(4)	Summary of Matters Referred to Prosecutive Authorities and Resulting Convictions	5				
§5(a)(5)	Matters Reported to the Head of the Agency under section 6(c)(2) (refusal of assistance)	N/A	N/A	N/A	N/A	N/A
§5(a)(6)	Listing of Reports Issued During the Reporting Period	Appendix A				
§5(a)(7)	Summary of Significant Reports	6-33				
§5(a)(8)	Statistical Table: Questioned Costs	52	56	58	60	62
§5(a)(9)	Statistical Table: Recommendations that Funds be Put to Better Use	52	56	58	60	62
§5(a)(10)(A)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for which No Management Decision Has Been Made	47	55	58	60	62
§5(a)(10)(B)	Summary of Audit Reports for which the Agency has not Returned Comment within 60 Days of Receipt of the Report	52	56	58	60	62
§5(a)(10)(C)	Summary of Audit Reports for which there are Outstanding Unimplemented Recommendations, Including Aggregate Potential Cost Savings of those Recommendations	4, Appendix B				
§5(a)(11)	Significant Revisions to Management Decisions Made During the Reporting Period	52	56	58	60	71
§5(a)(12)	Significant Management Decisions with which the Inspector General is in Disagreement	52	56	58	60	63

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, pg. in SARC	MCC, pg. in SARC	USADF, pg. in SARC	IAF, pg. in SARC	OPIC, pg. in SARC
§5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	53	57	58	61	71
§5(a)(14-15)	Peer Reviews of USAID OIG	45				
§5(a)(16)	Peer Reviews Conducted by USAID OIG	Nothing to report this period				
§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	5, 74				
§5(a)(19)	Report on each OIG investigation involving a senior Government employee where allegations of misconduct were substantiated	46	54	57	59	61
§5(a)(20)	Any instance of whistleblower retaliation	46	54	57	59	61
§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	46	54	57	59	61
§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	54	57	59	61	71

# DESCRIPTION OF METRICS USED IN REPORTING INVESTIGATIVE FIGURES

Investigative Results	Definition
Investigations Opened/Closed	<p>Opened—When a complaint meets the following conditions:</p> <ul style="list-style-type: none"> <li>• There is identifiable evidence of a violation of a rule, law, policy, or regulation with a clear nexus to an agency OIG oversees.</li> <li>• The allegation falls within a stated management priority or an investigation of it can otherwise be justified.</li> <li>• OIG management is committed to expending the necessary resources to fully investigate the matter.</li> </ul> <p>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.</p>
Total Number of Reports Issued	<p>Reports of investigation are referred to one or more recipients outside of OIG.</p> <p>As part of the referral process, OIG provides referral recipients with a written report of investigation containing the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Civil Referrals/Declinations	<p>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.</p> <p>Declinations—Decisions by the DOJ entity to which OIG has referred an investigation for consideration for civil action not to pursue said civil action.</p>
Civil Judgments	<p>The final decisions of a court in a civil lawsuit. Civil judgments reported by OIG are typically associated with a financial recovery.</p>
Civil Settlements	<p>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.</p>

Investigative Results	Definition
Prosecutive Referrals/Declinations	<p>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.</p> <p>Declinations—Instances in which the DOJ entity to which OIG has referred an investigation for consideration for criminal action declines to pursue criminal action.</p>
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	<p>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.</p> <p>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.</p>
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 a contractor from Government contracting and Government-approved subcontracting for a reasonable, specified period.

Investigative Results	Definition
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	<p data-bbox="597 1247 1377 1304">Includes a number of investigative results, the most significant of which are:</p> <ul data-bbox="597 1325 1398 1770" style="list-style-type: none"> <li data-bbox="597 1325 1338 1409">• Personnel Counseling—The verbal counseling of an employee by a supervisor as a response to job-related performance or ethical violations.</li> <li data-bbox="597 1430 1365 1493">• Reprimand—An official written rebuke, censure, or disapproval of a specific action or actions by an employee.</li> <li data-bbox="597 1514 1393 1577">• Demotion—A change of an employee’s status to a lower grade or to a position with a lower rate of pay.</li> <li data-bbox="597 1598 1398 1661">• Restatement of Policy—An instance in which the responsible organization’s management reiterates existing rules and regulations to staff.</li> <li data-bbox="597 1682 1398 1770">• 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.</li> </ul>



# COMMON ABBREVIATIONS

BU	funds recommended to be put to better use
CDC	Centers for Disease Control and Prevention
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
FY	fiscal year
GAGAS	generally accepted government auditing standards
HHS	Department of Health and Human Services
HIV/AIDS	human immunodeficiency virus, acquired immunodeficiency syndrome
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
UNDP	United Nations Development Programme

# APPENDIX A

## List of Audits: USAID, MCC, USADF, IAF, OPIC

Appendix A contains a list of all audit reports and audit products issued during the reporting period, including associated questioned costs, unsupported costs, and value of recommendations that funds be put to better use for USAID, MCC, USADF, IAF, and OPIC.

Please refer to our website, <https://oig.usaid.gov>, for the full supplemental appendix A.

# APPENDIX B

## Reports With Open and Unimplemented Recommendations: *USAID, MCC, USADF, IAF, OPIC*

Appendix B contains a list of all audits reports issued prior to October 1, 2018, with open and unimplemented recommendations and potential cost savings, as of March 31, 2019, for:

**USAID**

**MCC**

**USADF**

**IAF**

**OPIC**

Please refer to our website, <https://oig.usaid.gov>, for the full supplemental appendix B.

**Office of Inspector General**  
**U.S. Agency for International Development**  
**1300 Pennsylvania Avenue NW**  
**Washington, DC 20523**  
**[oig.usaid.gov](http://oig.usaid.gov)**