



# U.S. Agency for International Development



## Office of Inspector General

Semiannual Report to Congress  
October 1, 2021-March 31, 2022

COVER: Mother getting vaccine from a USAID mobile clinic in South Africa to help protect her family.  
Photo: USAID/South Africa (September 3, 2021)

### **Our Mission**

The USAID Office of Inspector General safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight.

### **Our Core Values**

We commit to carrying out our mission according to the following TRUE values:

#### **Transparency**

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

#### **Respect**

We promote a diverse, equitable, inclusive, accessible, and professional work environment to maintain the highest standards of conduct.

#### **Unwavering Integrity**

We are determined, steadfast, and resolute in our independence and ethical standards.

#### **Excellence**

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

First half of fiscal year 2022

# By the Numbers

## INVESTIGATIVE RESULTS



**\$4.1 million**  
in savings and recoveries



**42**  
investigations closed



**11**  
prosecutorial referrals



**6**  
criminal indictments



**10**  
administrative actions, including 6 debarments



**9**  
entities referred for suspension or debarment

## AUDIT RESULTS



**\$56.1 million**  
in questioned costs and funds  
for better use



**208**  
performance audits, evaluations,  
and financial audits issued



**162**  
recommendations to  
improve programs and  
operations



**\$19.1 billion**  
in funds audited

# Report Fraud, Waste, and Abuse

USAID OIG's Hotline receives allegations of fraud, waste, and abuse affecting the programs, operations, and employees of USAID, MCC, USADF, and IAF. The allegations may include but are not limited to claims of criminal conduct, sexual exploitation and abuse, and serious noncriminal misconduct.



- ✓ Federal employees must disclose fraud, waste, abuse, and other misconduct to appropriate authorities, such as an agency OIG.
- ✓ Contractors and grantees receiving U.S. funds must report allegations of fraud and other misconduct based on mandatory disclosure requirements in Federal and agency-specific rules.
- ✓ Others, including beneficiaries of aid programs and employees of Federal contractors and grantees, may confidentially report allegations to OIG directly.

Report by **Telephone:** 1-800-230-6539 | **OIG's website:** <https://oig.usaid.gov/report-fraud>

# MESSAGE FROM THE ACTING INSPECTOR GENERAL



Thomas J. Ullom  
Acting Inspector General

I am pleased to present the USAID Office of Inspector General's Semiannual Report to Congress for the first half of fiscal year 2022. Our mission is to strengthen and safeguard U.S. foreign assistance, and this report summarizes the results and impact of our oversight of USAID, the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), and the Inter-American Foundation (IAF) from October 1, 2021, through March 31, 2022.

We work across the agencies we oversee and with our oversight partners worldwide to promote effectiveness, efficiency, and accountability, as well as deter fraud, waste, and abuse. Our 208 performance audits, evaluations, and financial audits this period covered nearly \$19.1 billion in funds, generated 162 recommendations for corrective action, and identified \$56.1 million in questioned costs. Our investigative work led to \$4.1 million in savings and recoveries this period and 6 debarments of entities from receiving Federal awards. We made 11 referrals for prosecution and referred 9 entities for suspension and debarment consideration. Our staff also presented 80 fraud awareness briefings to 6,325 individuals representing aid organizations, Federal agencies, and international organizations in 25 countries.

Our work also led to improvements in how agencies plan, award, deliver, and sustain aid and development programs and held individuals and organizations accountable for fraud, abuse, and other misconduct. We collaborated with oversight partners worldwide, sharing best practices and promoting transparency and integrity in the aid sector. We worked with agency officials, bilateral donors, and multilateral oversight partners to better detect and deter sexual exploitation and abuse (SEA), identify and mitigate risk in humanitarian responses, and improve major U.S. global health initiatives and responses to crisis and conflict. Our results this period fall across five oversight priorities:

- ***Maintaining oversight of global health programming during a pandemic.*** We made recommendations to help USAID increase the use of local partners in the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) while considering the effects of the COVID-19 pandemic. An OIG investigation led USAID to debar two development workers for the theft of health equipment in Jordan. Our COVID-19 informational brief and related reporting on overseas contingency operations (OCO) promoted transparency in agencies' pandemic responses. We also continued our participation in multiple interagency task forces and working groups to further U.S. government oversight of pandemic-related funds, including joining the Department of Justice's COVID-19 Fraud Enforcement Task Force.



- **Mitigating humanitarian and stabilization assistance risks.** We reported on humanitarian aid in Iraq, Syria, and Afghanistan under two OCOs in coordination with the OIGs for the Departments of Defense and State. We also identified challenges in USAID’s assistance to religious and ethnic minority groups using local partners in Iraq, and USAID responded to a previous audit recommendation by improving its risk mitigation framework for humanitarian aid. Meanwhile, we promoted increased fraud awareness and reporting in aid programs, including to U.N. and nongovernmental organizations (NGOs) delivering U.S.-funded aid in countries facing major challenges posed by sanctions, conflict, and humanitarian access constraints, such as Afghanistan and Ethiopia.
- **Promoting sustainability of U.S.-funded development gains.** USAID’s West Bank and Gaza mission halted construction activities after a multiyear OIG investigation revealed structural concerns at several sites. OIG audit recommendations pointed to needed improvements in USAID missions in Asia in monitoring cost-sharing contributions to enhance the sustainability of local commitments; in third-party monitoring in Bangladesh, Nepal, and Pakistan; and in directing USAID water, sanitation, and hygiene (WASH) assistance to countries with the greatest need. Also, responding to an OIG audit, MCC committed to improving its approach to developing economic rate of return estimates for foreign assistance investments.
- **Advancing accountability initiatives involving multiple U.S. agencies and international stakeholders.** We continued working to detect and deter SEA in international development and aid programs. This period, an OIG investigative referral led to the government-wide debarment of an aid official from a major international NGO who was found to have sexually exploited a minor beneficiary. We looked at USAID’s role in broader U.S. government initiatives through the agency’s framework for countering malign Kremlin influence, WASH programming, and use of local partners under PEPFAR. We found that USAID needed to improve compliance with congressional reporting requirements under the Senator Paul Simon Water for the World Act and needed to adopt improved risk mitigation within its countering malign Kremlin influence strategy. We also recommended updates to local partner funding goals under PEPFAR to account for the agency’s current progress and operating environment.
- **Identifying and addressing vulnerabilities in agency controls and core management functions.** We issued mandated audits on agencies’ financial management systems, information security programs, and compliance with reporting requirement for spending data. As a result of prior audit work, we saw improvements in USAID’s processes around handling personally identifiable information. Our work also led to the debarment of a high-ranking Foreign Service officer who had brought sex workers into an embassy housing compound overseas. We engaged agency, business, and NGO communities to promote awareness of fraud schemes and stress the importance of timely reporting of fraud, waste, and abuse. We also informed USAID of a vulnerability to its ability to capture award applicants’ prior relationship with sanctioned corrupt actors.

I am proud of what OIG has done to continuously deliver effective oversight. Our work this period underscores the key role we play in rooting out corrupt actors and identifying opportunities to make our government more effective and efficient and the world a better place. As we carry out our fiscal year 2022 plans, we will continue to address new and evolving vulnerabilities and challenges in foreign assistance—consulting with Congress, the agencies we

oversee, and our other stakeholders—to provide the most impactful oversight possible. OIG has shown remarkable resilience in recent years, and I am impressed with our staff's tireless contributions to our mission. As we mark our 42<sup>nd</sup> year, it is reassuring to see our office continue to demonstrate the commitment and resolve needed to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.

Thomas J. Ullom

Acting Inspector General

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# ABOUT USAID OIG

Under the Inspector General Act of 1978, as amended, OIG conducts independent audits, evaluations, and investigations that promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse in USAID programs and operations. We also provide oversight of the MCC, USADF, and IAF. Our work includes coordinated oversight of OCOs, which are strategically significant interagency responses to crisis or conflict, often involving humanitarian aid and stabilization activities.

We provide the results of our work to agency leaders, Congress, and the public. We align our audits, investigations, and other oversight work and reporting with our own strategic goals, U.S. foreign assistance priorities and funding levels, stakeholder requirements, and risks associated with agency programs and operations.

## Agencies We Oversee

- U.S. Agency for International Development** Established in 1961, USAID leads U.S. development and humanitarian efforts in over 100 countries around the world to enhance and save lives. USAID programs combat the spread of disease, address food insecurity, promote democratic reform, and support economic growth to alleviate poverty. USAID also provides assistance to countries recovering from disaster and periods of conflict. Learn more at [usaid.gov](https://www.usaid.gov).
- Millennium Challenge Corporation** Created in 2004 to reduce poverty and increase living standards by promoting sustainable economic growth and open markets, MCC's grant programs are focused on various sectors, including agricultural development, education, enterprise and private sector development, governance, health, water and sanitation, irrigation, transportation, electricity, and trade and investment capacity-building. Under MCC grants—known as compacts—selected countries establish a Millennium Challenge Account, which is responsible for managing projects under the compact and ensuring accountability. Learn more at [mcc.gov](https://www.mcc.gov).
- U.S. African Development Foundation** USADF was established in 1980 to provide direct development assistance to underserved and marginalized populations in conflict and post-conflict areas in Africa. USADF grants provide seed capital and technical support to African-owned enterprises that improve lives in poor and vulnerable communities—investments that aim to promote peace, security, and prosperous U.S. trading partners. Learn more at [usadf.gov](https://www.usadf.gov).
- Inter-American Foundation** Created in 1969, IAF provides direct development assistance to grassroots and NGOs in Latin America and the Caribbean. IAF grants support creative, self-help programs and activities that promote more profitable agriculture, microbusinesses, and community enterprises; expand employment opportunities through skills training; and offer access to water, basic utilities, and adequate housing. Learn more at [iaf.gov](https://www.iaf.gov).

## **USAID OIG Priority Oversight Areas**

OIG oversight covers an extensive array of programs and operations that support U.S. foreign assistance. These include many different high-risk, high-dollar activities across USAID, MCC, USADF, and IAF. Our oversight activities extend over large-scale initiatives involving assistance to host governments for humanitarian assistance, reconstruction, development, and self-reliance, as well as related public and private sector engagements.

To effectively manage our portfolio, we establish oversight priorities that guide our use of limited resources and inform our workplans, outreach, and engagement. We consider many factors, including:

- Agency programs and operations that closely tie to national security aims and foreign policy priorities or address significant new or high-profile initiatives.
- Stakeholders' needs and requests identified through outreach with agency officials, congressional committees, relevant agency board members, and others.
- The source and amount of funds going to programs, countries, regions, and program implementers, particularly those operating in high-risk, complex settings.
- Risks associated with agency programs and operations, including potential vulnerabilities in internal controls.
- Program areas and operations where we see the greatest potential for crosscutting or agency-wide impact.
- Our strategic goals and the top management challenges facing the agencies we oversee.
- Results of our prior audit, evaluation, investigative, and other reporting work as well as work conducted by other oversight bodies.

Based on these and other considerations, we have five overarching oversight priorities:

- **Maintaining Oversight of Global Health Programming During a Pandemic.** Global health programs are a core pillar of USAID's mission, helping countries respond to threats to public health and sustain positive health outcomes. USAID seeks to end preventable child and maternal deaths, create an AIDS-free generation, and protect communities from infectious diseases while building resilient and sustainable health systems in partner countries. These efforts now play out amidst the COVID-19 pandemic, which had claimed the lives of 6.1 million people as of March 31, 2022. USAID faces the challenge of balancing its COVID-19 response with other ongoing and emerging health programs—many of which have been impacted by the COVID-19 pandemic themselves. OIG continues to provide intensive oversight of global health supply chain programming, promote transparency about agency health response efforts, and audit HIV/AIDS and malaria activities, among other activities. Page 17 provides more information on our related work and impact during the reporting period.
- **Mitigating Humanitarian and Stabilization Assistance Risks.** USAID programs deliver aid and assistance in areas affected by conflict, government instability, or cataclysmic natural events. Managing risks inherent to responding to such crises remains an ongoing challenge, especially when a short-term humanitarian response evolves into a

protracted presence. Effectively monitoring humanitarian assistance and stabilization activities is inherently difficult in crisis conditions, and insufficient monitoring can jeopardize activities, as well as the safety and security of personnel working to implement them. Programs must also address the risk of sexual exploitation and abuse of beneficiaries in humanitarian aid programs and across the international development community. OIG continues to identify challenges in mitigating fraud and corruption risks and monitoring activities to ensure that lifesaving, U.S.-funded assistance reaches those that need it most and to help keep beneficiaries safe. Our work addresses such risks across the humanitarian assistance portfolio and focuses on humanitarian assistance and stabilization responses in Afghanistan, the Northern Triangle, the Middle East, and Africa. Page 22 provides more information on our related work this period.

- **Promoting Sustainability of U.S.-Funded Development Gains.** USAID identifies commitments from host governments, the private sector, and other partners as fundamental to enabling host country ownership and sustaining gains made through international development investments. Achieving this aim requires robust planning, monitoring, and evaluation, areas that continue to present a challenge to USAID. MCC also emphasizes country-led ownership and implementation and has faced similar challenges. OIG's planned and ongoing work explores the effectiveness of USAID initiatives aimed at increasing local partner participation, as well as the sustainability of USAID and MCC development programming and associated gains. Refer to page 25 for information on our related work and results during the reporting period.
- **Advancing Accountability Initiatives Involving Multiple U.S. Agencies and International Stakeholders.** U.S. foreign assistance aims to advance U.S. national security and economic prosperity while promoting international development and humanitarian objectives. Achievement of U.S. foreign assistance aims worldwide often depends on effective coordination between the agencies we oversee and other U.S. government agencies, other donor and host nations, private and public sector organizations, and multilateral institutions. To further U.S. foreign policy and national security objectives, USAID exercises its role as the U.S. government's premier development agency by navigating the priorities and functions of multiple stakeholders to achieve what may be complementary but distinct goals. OIG provides oversight of initiatives involving multiple U.S. agencies and international stakeholders to ensure that U.S. foreign assistance dollars are used in an effectively coordinated way that meets wider aims and aligns with U.S. strategic interests. Refer to page 29 for information on our related work and results during the reporting period.
- **Identifying and Addressing Vulnerabilities in Agency Controls and Core Management Functions.** USAID, MCC, USADF, and IAF manage approximately \$45 billion annually to develop, implement, and support U.S. foreign assistance programs. Each agency's ability to deliver on its mandate depends on effective processes for executing its budget and ensuring effective controls for related activities. These agencies depend on secure and effective information technology systems to manage agency operations, support employee interaction and communications worldwide, and to plan, implement, and evaluate U.S. foreign assistance programs and operations. They rely on an adequately trained workforce at the staffing levels needed to accomplish their missions and a range of

implementers that work through contracts, grants, and cooperative agreements to design and execute development programs and provide humanitarian and stabilization assistance worldwide. OIG oversight promotes reliable and effective systems for managing agency awards, finances, information systems, and human capital. Continued focus on core management functions is vital to the stewardship of U.S. government resources and the successful execution of foreign assistance programs and operations. Page 33 describes our related work and results for the reporting period.

## USAID Office of Inspector General Locations<sup>1</sup>



USAID OIG conducts oversight activities worldwide, working from 12 offices in Egypt, El Salvador, Germany, Haiti, Israel, Pakistan, Philippines, Senegal, South Africa, Thailand, Uganda, and the United States.

<sup>1</sup> The depiction and use of boundaries and geographic names on this map do not imply official endorsement or acceptance by the U.S. government.

## History, Mandates, and Authority

1980

### USAID OIG Established

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



1981

### USAID OIG Brought Under the Inspector General Act

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

1999

### Oversight of IAF and USADF

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



2004

### Oversight of MCC

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



2013

### Oversight of Overseas Contingency Operations

January 2, 2013—OIG was charged with joint, coordinated oversight of overseas contingency operations under the National Defense Authorization Act for Fiscal Year 2013, Public Law 112-239.

# AUDIT AND EVALUATION OVERVIEW AND REPORTING SUMMARY


## Office of Inspector General—Audit and Evaluation Activity

OIG audits and evaluations promote efficiency and effectiveness of U.S. foreign assistance programs and operations, assessing agencies' internal controls and compliance with applicable laws, regulations, and agency guidance. We conduct performance audits and evaluations of programs and management systems. We also oversee mandated audits, such as agency financial statement and information security audits required by law and performed by independent public accounting firms (IPAs). Our audits and evaluations typically include recommendations for policy and programmatic changes to help agencies achieve their goals.

Federal regulations and agency policies also require USAID and MCC to obtain appropriate and timely audits of U.S. and foreign grantees, as well as contractors for which we also provide oversight. To complete these audits, USAID and MCC rely on non-Federal IPAs, the Defense Contract Audit Agency, and the supreme audit institutions of host governments.<sup>2</sup> We typically perform desk reviews and quality control reviews of supporting workpapers for select audits to determine whether these audits meet professional standards for reporting and other applicable laws, regulations, or requirements. We issue transmittal memos based on our review, which may include recommendations to the agency, including the third-party auditor's identification of questioned costs and funds to be put to better use.

For MCC, we oversee non-Federal IPAs' audits of Millennium Challenge Accounts, as well as non-U.S. based contractors and grantees. We also perform desk reviews and quality control reviews of selected audits.

During the reporting period, we conducted or reviewed 208 audits and evaluations covering \$19.1 billion in programs, which identified approximately \$56.1 million in questioned costs. The following tables provide a breakdown of these amounts by category.



### AUDIT TERMS DEFINED

We use two terms to generally describe audit recommendations that can help save taxpayer dollars:

<h4>Questioned Costs</h4> <p>Potentially unallowable costs due to reasons such as inadequate supporting documentation or an alleged violation of a law, regulation, or award term.</p>	<h4>Funds for Better Use</h4> <p>Funds that could be used more efficiently if management took actions to implement and complete OIG recommendations.</p>
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<sup>2</sup> A supreme audit institution is a foreign country's principal government audit agency.



**Performance and Financial Audits, Evaluations, and Other Reports:  
USAID, MCC, USADF, and IAF**  
October 1, 2021 - March 31, 2022

U.S. Agency for International Development				
Audit Category	Number of Reports	Number of Recommendations	Amount of Recommendations (in dollars)	Amount Audited (in dollars)
<b>Performance Audits</b>				
Conducted by OIG	5	13	\$25,400,000	-
Conducted by an IPA	2	4	-	-
<b>Financial Audits</b>				
Conducted by an IPA	1	-	-	\$15,949,898,000
<b>Attestation Engagements</b>				
Conducted by OIG	1	-	-	-
<b>Evaluations</b>				
Conducted by OIG	1	-	-	-
<b>Quality Control Reviews</b>				
Conducted by OIG	3	-	-	-
<b>OIG Desk Reviews of Non-Federal Audits</b>				
Audits of U.S.-Based Contractors	41	23	\$27,103,226	\$723,010,589
Audits of U.S.-Based Grantees	7	3	\$188,299	\$630,294,395
Audits of Foreign-Based Organizations***	119	67	\$1,958,099	\$520,810,117
Audits of Foreign Government Institutions	6	7	\$1,333,607	\$19,457,677
Audits of Local Currency Trust Funds***	1	-	-	\$4,535,226
<b>Total</b>	<b>187</b>	<b>117</b>	<b>\$55,983,231</b>	<b>\$17,848,006,004</b>

Millennium Challenge Corporation				
Audit Category	Number of Reports	Number of Recommendations	Amount of Recommendations (in dollars)	Amount Audited (in dollars)
<b>Performance Audits</b>				
<i>Conducted by OIG</i>	1	6	-	-
<i>Conducted by an IPA</i>	2	9	-	-
<b>Financial Audits</b>				
<i>Conducted by an IPA</i>	1	6	-	\$762,005,000
<b>OIG Desk Reviews of Non-Federal Audits</b>				
Audits of Foreign-Based Organizations <sup>...</sup>	11	3	\$70,131	\$401,544,803
<b>Total</b>	15	24	\$70,131	\$1,163,549,803

U.S. African Development Foundation				
Audit Category	Number of Reports	Number of Recommendations	Amount of Recommendations (in dollars)	Amount Audited (in dollars)
<b>Performance Audits</b>				
<i>Conducted by an IPA</i>	2	8	-	-
<b>Financial Audits</b>				
<i>Conducted by an IPA</i>	1	-	-	\$38,714,929
<b>Total</b>	3	8	\$0	\$38,714,929

Inter-American Foundation				
Audit Category	Number of Reports	Number of Recommendations	Amount of Recommendations (in dollars)	Amount Audited (in dollars)
<b>Performance Audits</b>				
<i>Conducted by an IPA</i>	2	13	-	-
<b>Financial Audits</b>				
<i>Conducted by an IPA</i>	1	-	-	\$36,303,434
<b>Total</b>	3	13	\$0	\$36,303,434

**Summary of Audit Reports Issued Prior to October 1, 2021, With Open and Unimplemented Recommendations and Potential Cost Savings: USAID, MCC, USADF, and IAF<sup>3</sup>**  
*As of March 31, 2022*

Agency	Open and Unimplemented Recommendations			Monetary Recommendations					Adjusted Potential Cost Savings (in dollars)
				With Management Decisions			Without Management Decisions		
	Total	With Potential Cost Savings	Potential Cost Savings (in dollars)	Total	Potential Cost Savings (in dollars)	Potential Cost Savings Sustained (in dollars)	Total	Potential Cost Savings (in dollars)	
USAID	167	79	\$133,442,302	71	\$114,372,893	\$82,145,658	8	\$19,069,409	\$101,215,067
MCC	16	2	\$1,098,628	2	\$1,098,628	\$1,846	-	-	\$1,846
USADF	-	-	-	-	-	-	-	-	-
IAF	3	-	-	-	-	-	-	-	-
<b>Total</b>	<b>186</b>	<b>81</b>	<b>\$134,540,930</b>	<b>73</b>	<b>\$115,471,521</b>	<b>\$82,147,504</b>	<b>8</b>	<b>\$19,069,409</b>	<b>\$101,216,913</b>

## AUDIT TERMS DEFINED

In the table above, we present information on the status of recommendations from prior audit reports. We use several key terms to describe their status and how they can help the agencies we oversee save taxpayer dollars.

**Potential cost savings** refer to dollar amounts identified in audit recommendations based on an examination of agency expenditures and referred to agency managers as either “questioned costs” or funds to be “put to better use.” Agency managers must determine whether to allow or disallow such costs.

**Monetary recommendations** are those that identify either questioned costs, such as unsupported or ineligible costs, or funds recommended to be put to better use.

An agency decision, or **management decision**, to sustain all or a portion of the total amount of a recommendation signals the agency's intent to recoup or reprogram the funds.

Once agency managers make such a decision, we acknowledge the dollar amount the agency has agreed to recoup as the most accurate representation of dollars to be saved. These are known as **sustained costs**.

When available, we reflect **sustained costs** in the table above, adding them to those **monetary recommendations** that have yet to receive a **management decision**. This results in an adjusted figure that most accurately reflects potential savings, reflected as Adjusted potential cost savings in the above table.

<sup>3</sup> This table is a summary of reporting requirements under Section 5(a)(10)(C) of the Inspector General Act of 1978, as amended. A complete listing of all our reports issued prior to October 1, 2021, with open and unimplemented recommendations can be found in Appendix B.

# INVESTIGATIONS OVERVIEW AND REPORTING SUMMARY

## **Office of Inspector General—Investigative Activity**

OIG’s investigative work focuses on criminal misconduct compromising agency programs and operations, including allegations against agency employees and contract staff. Our investigative and legal outreach efforts serve to encourage a culture of compliance among organizations that implement U.S. foreign assistance. We focus our outreach on recipients and programs that face a high risk of corruption, theft, diversion, and other abuse. We provide information to agency employees and staff of USAID-funded organizations on fraud risks and prevention, as well as the need for timely and transparent reporting of misconduct, including allegations of SEA. We assess all allegations that we receive for potential criminal, civil, or administrative enforcement remedies.

Investigative activities and referrals may lead to new rules, procedures, or systemic changes in agency programs and operations. We measure the total monetary impact of our investigative activities based on resulting criminal and civil recoveries, savings, and funds reprogrammed from compromised programs or organizations—\$4.1 million this reporting period. For a detailed description of each metric, see page 15. The non-monetary impact of our work is also vital to deterring fraud, waste, and abuse in foreign assistance programming. This work includes investigations that prompt agency action to remove or suspend employees who engaged in gross misconduct and execute government-wide debarments of parties whose conduct has revealed their lack of present responsibility to do business with the United States. Our ongoing and new relationships across the agencies we oversee and the aid sector continue to result in increased reporting from agency staff, interagency partners, U.N. organizations, and U.S.-funded implementers across the world.

## ***Whistleblower Protection and Addressing Whistleblower Retaliation***

Ensuring individuals’ rights to report wrongdoing without fear of reprisal is essential to our mission. This includes reports that come from Federal employees or from individuals that work for a USAID-funded contractor or grantee. We prioritize assessing, responding, and investigating (when warranted) allegations of whistleblower retaliation. Whistleblower retaliation protections also apply to employees of Federal contractors, subcontractors, grantees, and subgrantees—which we underscore in fraud awareness briefings and direct communications with legal and compliance officials of contractors and grantees receiving U.S. funding.

We are committed to maintaining certification under the U.S. Office of Special Counsel’s 2302(c) program, which helps Federal agencies meet the statutory obligation to inform their workforces about the rights and remedies available to potential whistleblowers. We also provide training to our own personnel who have the same right to disclose wrongdoing as their agency counterparts.

## USAID OIG's Whistleblower Protection Coordinator

OIG's statutorily designated Whistleblower Protection Coordinator educates employees about their rights and responsibility to make protected disclosures and the protections available should they choose to come forward. Located within our Office of Investigations, the Whistleblower Protection Coordinator:

- Educates agency employees on their legal right to disclose fraud, waste, abuse, and other misconduct, free from reprisal.
- Delivers information and materials on whistleblower protections at each of USAID's biweekly New Employee Orientations. During the period, this included 13 such sessions.
- Works with our Office of General Counsel to ensure that employees of USAID-funded recipients receive information on whistleblower rights and remedies.

We also provide information about whistleblower rights and remedies on our public website on a page dedicated to [whistleblower protection](#).

**Contact USAID OIG's Whistleblower Coordinator**  
Email: [oigombud@usaid.gov](mailto:oigombud@usaid.gov) | Telephone (202) 712-1150



**Summary of Investigative Activities**  
**USAID, MCC, USADF, and IAF**  
*October 1, 2021-March 31, 2022*

<b>Investigative Workload</b>	
Investigations Opened	24
Investigations Closed	42
Investigative Reports Issued <sup>i</sup>	16

<b>Prosecutive Referrals and Actions</b>	
Persons Referred to the Department of Justice <sup>ii</sup>	11
Persons Referred to State or Local Prosecutors <sup>iii</sup>	0
Criminal Indictments / Informations <sup>iv</sup>	6
Arrests	0
Convictions / Pleas	1

<b>Administrative Referrals and Actions</b>	
Entities Referred for Present Responsibility <sup>v</sup>	9
Suspensions or Debarments <sup>vi</sup>	6
Personnel Resignation, Curtailment, Removal, Suspension, or Termination <sup>vii</sup>	3
Award or Contract Suspension or Termination <sup>viii</sup>	1
New Rule, Policy, or Procedure Based on Investigative Findings <sup>ix</sup>	2

<b>Monetary Results</b>	
Criminal Fines, Restitutions, Recoveries, Assessments, or Forfeitures	\$55,200
Civil Fines, Restitutions, Recoveries, Penalties, Damages, or Forfeitures	\$537,500
Non-Judicial Restitutions, Recoveries, Forfeitures, Revocations, Seizures, or Settlements <sup>x</sup>	\$33,748
Funds Reprogrammed, Disallowed, or Saved Based on Investigative Findings <sup>xi</sup>	\$3,500,000



## INVESTIGATIVE METRICS DEFINED

In the previous tables, we present information on our investigative work and results for the reporting period. Terms used in the tables are defined below:

<sup>i</sup> This number includes all final reports of investigation, any interim reports referred for possible action, and any fraud alert or advisory issued as a result of investigative findings.

<sup>ii</sup> This number includes all criminal and civil referrals to the Department of Justice (DOJ) for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported represents referrals for both individuals and/or legal entities.

<sup>iii</sup> This number includes all referrals to state or local prosecutorial bodies for a prosecutorial decision whether they were ultimately accepted or declined. The number reported represents referrals for both individuals and/or legal entities.

<sup>iv</sup> The number of indictments reported includes both sealed and unsealed.

<sup>v</sup> This number includes all entities and individuals referred by OIG to USAID's Office of Compliance in which said entity or individual's "present responsibility" to do business with the government is suspect based on OIG investigative findings and suspension/debarment was determined by OIG's Office of General Counsel to be a viable potential outcome of the referral.

<sup>vi</sup> Defined in 2 CFR §§180, *et seq* and 780, *et seq*.

<sup>vii</sup> This number includes terminations, resignations, and curtailments from assignments while under and/or in lieu of investigation and any adverse action based upon investigative findings to include security clearance suspension or revocation. This also includes both personal services contractors and institutional services contractors hired to directly support agencies OIG oversees. This does not include contractors or others working for third parties on agreements with the agencies we oversee.

<sup>viii</sup> Terminations include instances in which a contract, grant, or cooperative agreement was terminated in response to OIG investigative findings. Contract or grant terminations are frequently accompanied by a financial recovery. Suspensions include instances in which ongoing, pending, and planned activities under a specific award are suspended based upon investigative findings until a prescribed remedial or administrative action is concluded.

<sup>ix</sup> These include new procedures, rules, policies, agreement clauses, or regulations implemented by the responsible Federal agency to address systemic weaknesses revealed during an OIG investigation or other investigative work.

<sup>x</sup> This number includes funds that were already distributed and for which the agency formally issued a bill of collection or other recovery mechanism after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused; funds recovered as part of a settlement that did not require judicial intervention; and any funds or valued property forfeited as part of an investigation prior to judicial intervention.

<sup>xi</sup> This number includes funds that were obligated but not yet distributed, to be spent as part of an agency's 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 and funds that were not yet obligated and subsequently set aside and made available for other uses as a result of an OIG investigation.

# SIGNIFICANT FINDINGS AND ACTIVITIES

## *USAID, MCC, USADF, and IAF*

OIG's work during the reporting period extended across a wide array of foreign assistance programs and activities and covered the full sweep of OIG oversight priorities. Our work advanced accountability across global health programs while helping inform related localization efforts and promoting transparency about COVID-19 responses across all four agencies we oversee. In the context of humanitarian assistance and stabilization work, our work led to a False Claims Act settlement against a USAID-funded grantee, as well as the government-wide debarments of those whom our investigations revealed to have engaged in fraudulent acts and SEA. Our work also led to increased transparency about programs in Afghanistan, Iraq, and Syria. We highlighted opportunities for improvement in monitoring and decision-making systems that contribute to the sustainability of development efforts while strengthening the U.S. government's ability to leverage others' investments in these activities. Our work also pointed to the need to improve coordination around crosscutting, strategic initiatives like efforts to counter malign influence and increase efforts to identify the influence of corrupt actors in USAID programs. Finally, we took steps to promote the effectiveness and integrity of the core management systems supporting foreign assistance programs and operations. Across the board, OIG delivered key insights into agency operations and drove positive programmatic impacts to the development and humanitarian assistance initiatives at the root of U.S. engagement abroad.



# MAINTAINING OVERSIGHT OF GLOBAL HEALTH PROGRAMMING DURING A PANDEMIC

Global health programs are a core pillar of USAID’s mission as the agency seeks to end preventable child and maternal deaths, create an AIDS-free generation, and protect communities from infectious diseases while building resilient and sustainable health systems in partner countries. USAID has also responded to the COVID-19 pandemic through the delivery and distribution of commodities, including vaccines, while continuing programs to treat HIV/AIDS, malaria, and other infectious diseases. USAID’s global health programs—often coordinated with other U.S. government agencies such as the State Department, Centers for Disease Control and Prevention, and the Peace Corps—also help host countries build health system capacity to address existing and emergent threats to public health.



A health worker shows a vial of the Pfizer-BioTech vaccine against the Covid-19 coronavirus in Kathmandu, Nepal on November 14, 2021, after the government began a drive to vaccinate people above the age of 12 years and those with chronic health diseases. Photo: Prakash Mathema/AFP

This period, our audit on USAID’s progress in meeting PEPFAR goals for increasing local partner participation in Africa led to recommendations to enhance USAID’s efforts to responsibly increase the use of local partners in PEPFAR while considering circumstances such as the COVID-19 pandemic. Additional investigative work this period resulted in the debarment of two officials of a major international NGO for theft of equipment from a health service delivery project in Jordan. We continued to promote transparency in COVID-19 responses through an informational brief and in our reporting on OCOs.

## Impact Spotlight: Maintaining Oversight Of Global Health Programming During A Pandemic



### Audits

#### What We Found:

Our March 2021 Global Health Supply Chain audit identified critical issues related to procurement and supply chain management, but we disagreed with the agency’s planned actions for 8 of our 14 recommendations.



#### Impact on Agency Programs and Operations:

This reporting period the agency revised its plans to adequately address the remaining open recommendations, including agreeing to develop better guidance to help evaluate a bidder’s management information systems—a critical component of a Global Health supply chain—prior to making an award.

**PEPFAR in Africa:  
USAID Expanded  
the Use of Local  
Partners but Should  
Reassess Local  
Partner Capacity to  
Meet Funding Goals**  
[Report No.  
4-936-22-001-P](#)

Since 2003, PEPFAR has guided U.S. efforts worldwide to prevent HIV infection, provide support to those affected by HIV/AIDS, and help countries control the epidemic. The State Department's Office of the U.S. Global AIDS Coordinator and Health Diplomacy manages PEPFAR and, in 2018, tasked U.S. agencies with channeling 70 percent of PEPFAR funding to local partners by September 2020. Its aim was to promote long-term impact and sustainably reach epidemic control by strengthening local actors. A variety of factors, including the COVID-19 pandemic, presented challenges to reaching that goal.

We found that USAID's PEPFAR budgets were not on track to meet local partner funding goals due in part to the low baselines from which some missions started. USAID missions in Africa generally adhered to agency instruction for preparing local partner funding strategies, although most of the critical missions encountered challenges identifying and developing capable local partners. The insufficient pool of capable local partners hindered USAID's attempts to reach the 70 percent goal and contributed to missions prioritizing the achievement of PEPFAR targets in program areas, such as prevention and treatment, over efforts to reach the local partner funding goal. While some local capacity building had taken place, USAID representatives said that these efforts had been hampered by a lack of time and resources. Minimizing fraud risks was also a factor in some missions' ability to meet local partner goals within a short time.

We made two recommendations to enhance USAID's efforts to responsibly increase the use of local partners in PEPFAR while considering circumstances such as the COVID-19 pandemic. USAID agreed with both of our recommendations, which are open pending completion of planned actions.

We discuss this audit report further on page 32 under *Advancing Accountability Initiatives Involving Multiple U.S. Agencies and International Stakeholders*.

***OIG Investigation into Equipment Theft in Jordan leads to USAID Debarment of Two NGO officials***

In March 2022, USAID debarred two officials of a major USAID-funded NGO after an OIG investigation revealed that the employees stole over \$167,000 in information technology equipment intended for project beneficiaries and sold the equipment to third parties for profit under USAID’s Health Service Delivery project in Jordan.

**QUICK FACTS: SUSPENSION AND DEBARMENT**

Suspension and debarment actions are business decisions that protect USAID and the U.S. government from doing business with organizations and individuals that are not “presently responsible.” According to USAID, “presently responsible” organizations are ones that have adequate internal controls, can safeguard and responsibly manage U.S. funds, and can maintain compliance with Agency and award requirements.

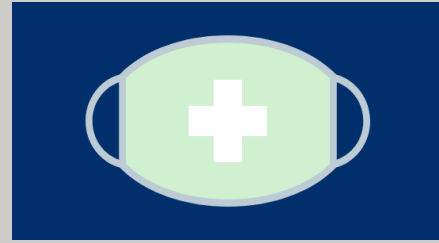
- Our Offices of Investigations and General Counsel refer organizations and individuals that have engaged in fraud or misconduct to USAID’s Compliance Division for present responsibility determinations.
- These referrals provide facts upon which USAID can assess whether an entity should be suspended or proposed for government-wide debarment.

This reporting period, our investigative work resulted in the referral of entities for present responsibility determinations. Over the same period, USAID debarred 6 entities, including a USAID Foreign Service officer and officials from USAID-funded organizations.



## COVID-19 Oversight Planning

We issued our first [COVID-19 Oversight Plan](#) in 2020. Given our priority on global health oversight and provided additional funding for COVID-19 oversight under the fiscal year 2022 appropriation, we are currently updating our COVID-19 oversight plans. During the reporting period, we engaged in consultations around these plans. These consultations will continue into the coming months before we publish a revised COVID-19 oversight plan, a step we plan later this year.



### **USAID COVID-19 Information Brief #4 [Special Report](#)**

USAID plays a key role in the U.S.'s global response to the COVID-19 pandemic and its secondary impacts. OIG's fourth COVID-19 information brief reported on USAID COVID-19 response activities from April 2021 through July 2021, including vaccine donation coordination, oxygen support, food and humanitarian assistance, and rapid assistance to countries experiencing significant spikes in COVID-19 cases.

We reported that USAID provided oxygen support to 12 of the 44 countries that requested support during the reporting period. The agency reported delayed deliveries of oxygen equipment due to global demand. The agency was also tracking a recall of 704 oxygen concentrators in India and operational issues with 57 donated ventilators in 6 countries.

We also described USAID's challenges in assisting countries with COVID-19 vaccine readiness, including vaccine supply limitations in the first half of 2021, ultra-cold chain requirements for certain vaccines, outreach to new target populations, and vaccine hesitancy. We reported on significant increases in freight costs and certain medical products that USAID faced, such as malaria rapid diagnostic tests, due to limited availability of raw materials and the competing production of COVID-19 diagnostic tests. The COVID-19 pandemic and secondary impacts impacted migration from the Northern Triangle, and we reported on coordination between the Northern Triangle Task Force and COVID-19 Task Force to address impacts of the pandemic on root causes of migration. We also discussed MCC, USADF, and IAF adaptations to the COVID-19 pandemic as well as OIG oversight plans and activities.

### *COVID-19's Impact and USAID Responses in Contingency Settings*

In [quarterly reports](#), we reported on the impact of the COVID-19 pandemic on countries and U.S. government operations associated with two OCOs—one covering conditions in Afghanistan and the other in Iraq and Syria.

- In **Afghanistan**, the liquidity crisis impacted the COVID-19 response, resulting in delayed salary payments and limited ability to purchase supplies. Without a USAID mission presence in country, we reported that procurements of medical supplies remained in overseas warehouses, unable to go through customs clearances. We noted that USAID reported difficulty in determining the accuracy, quality, and completeness of data reported by the Taliban regime's Ministry of Public Health. As of December 2021, 11 percent of the Afghan population was reportedly vaccinated.
- In **Iraq**, COVID-19 continued to limit or delay USAID activities, according to USAID. We reported that Bureau of Humanitarian Assistance award recipients including the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) responded to the pandemic through direct health service delivery and awareness campaigns, including in internally displaced person (IDP) camps. As of December 2021, 14 percent of Iraqis were fully vaccinated, as the country continued to receive deliveries of vaccine doses through COVAX and bilateral partners.
- In **Syria**, USAID reported that high rates of vaccine hesitancy, limited vaccine and test supplies, and global supply chain disruptions impeded COVID-19 programming as cases reached the highest recorded rates in October 2021. Despite these challenges, we noted that USAID issued \$54 million in new awards to support public health and protection assistance through safe spaces and gender-based violence programming, as well as to strengthen humanitarian operations and coordination. USAID also supported infrastructure projects that aid in the COVID-19 response, including establishing an oxygen bottling plant and solar powered cold storage for vaccines, and building a COVID-19 isolation ward and training center for medical staff.



## MITIGATING HUMANITARIAN AND STABILIZATION ASSISTANCE RISKS

USAID provides aid and assistance in areas affected by conflict, government instability, or cataclysmic natural events, delivering life-saving commodities and providing services to support displaced people, restore infrastructure, and prevent conflict. In fiscal year 2021, the agency spent \$6.8 billion on humanitarian and stabilization assistance. These programs often face heightened risk of fraud and corruption, greater insecurity, and increased difficulty accessing sites to deliver aid and monitor activities. Aid and assistance programs must address risks to beneficiaries, including the risk of SEA. Effective monitoring is inherently difficult in crisis conditions and insufficient monitoring risks the effectiveness of humanitarian and stabilization activities, as well as the safety and security of personnel working to implement them and beneficiaries receiving aid.



Workers carry sacks of wheat from stocks for a food distribution for 4,503 people, who fled the violence in Ethiopia's Tigray region, organized by the local NGO Relief Society of Tigray (REST) in Mekele, the capital of the Tigray region on June 22, 2021. Photo: Yasuyoshi Chiba/AFP

This period, our evaluation of aid to religious and ethnic minorities (REM) highlighted challenges USAID faced as it worked to provide more assistance to minority groups through local organizations in Iraq. Our coordinated reporting on OCOs with the OIGs for the Departments of Defense and State provided updates on country conditions and USAID activities in Iraq, Syria, and Afghanistan. This period, USAID also began implementing recommendations from previous audit work that are driving improvements in fraud risk mitigation in humanitarian assistance programs.

### *Impact Spotlight:* Mitigating Humanitarian and Stabilization Assistance Risks



#### Audits

#### What We Found:

Our audit of oversight of USAID's humanitarian response in Syria, issued in a prior reporting period, pointed to the need for enhanced management of fraud risks in the agency's humanitarian assistance programs.

#### Impact on Agency Programs and Operations:

This period, in response to our recommendation, USAID developed a framework for managing fraud risk that established an organizational structure and defined roles, responsibilities, and requirements for annual fraud risk assessments, control activities, and monitoring.

**Significant Events Surrounding USAID’s Iraq Religious and Ethnic Minority Portfolio and Award Management Challenges**  
[Report No. E-000-22-001-M](#)

The genocide and war crimes committed by the Islamic State of Iraq and Syria (ISIS) against REM in northern Iraq made getting assistance to these groups a focus of significant attention by multiple administrations, Congress, and religious minority constituencies. Our evaluation highlighted significant events and challenges surrounding the development of USAID’s portfolio of assistance efforts to aid REM in Iraq.

Prior to 2017, the U.S. government’s assistance strategy for these groups in Iraq involved channeling stabilization programming through the United Nations. Starting in October 2017, USAID revised its strategy and sought to provide more assistance to REM groups through local organizations and various implementing mechanisms. However, we found that the initial mechanism chosen to implement this strategy—a Broad Agency Announcement, selections for which were announced in June 2018—resulted in awards still going to large international organizations. USAID was able to ultimately increase the award mix in the REM portfolio and engage directly with local Iraqi organizations through a new implementing mechanism, the New Partnerships Initiative, in October 2019. We continue to monitor USAID’s efforts in this area in our quarterly reporting on the OCO, Operation Inherent Resolve.

We discuss this evaluation report further on page 31 under *Advancing Accountability Initiatives Involving Multiple U.S. Agencies and International Stakeholders*.

**Progress of Humanitarian Assistance Efforts in Contingency Settings**  
[Quarterly Reporting](#)

We reported on humanitarian conditions and USAID response efforts in Afghanistan, Iraq, and Syria in association with the OIGs for the Departments of Defense and State as part of our responsibility for reporting on the progress of OCOs in those settings.

- In **Afghanistan**, we reported on U.S. government efforts to facilitate the evacuation of approximately 124,000 individuals including U.S. Embassy staff, other U.S. citizens, Afghan nationals who supported the U.S. government, and other allied personnel as the Taliban were taking control of the capital. We described continuing USAID efforts to provide humanitarian assistance to the people of Afghanistan while complying with sanctions against the Taliban, navigating a deepening cash crisis, and increased constraints on the ability of female humanitarian staff to operate effectively. We highlighted rising food insecurity across the country, prompting USAID implementers to distribute record high levels of food assistance.
- In **Iraq**, we reported on parliamentary elections and subsequent government formation efforts as well as the transition in the U.S.-Iraq security relationship as the U.S. government withdrew our forces from any direct combat role there. We also reported on Iraqi government efforts to reduce the number of camps for IDPs while repatriating Iraqi refugees from Syria’s al-Hol camp.

- In **Syria**, we reported on the ISIS attack on Ghwaryan prison, which was holding both ISIS detainees and young boys who had been transferred from IDP camps, and the killing of ISIS' leader. We described the effects of the economic crisis and drought conditions as well as USAID's work to adjust stabilization projects in response to these conditions and reduced funding. We also reported on the U.S. government and local authorities' efforts to repatriate and reintegrate displaced persons in Syria.



# PROMOTING SUSTAINABILITY OF U.S.-FUNDED DEVELOPMENT GAINS

USAID, MCC, USADF, and IAF work to achieve lasting development gains worldwide and ensure that host countries can sustain them after U.S. support ends. Agency programs often leverage local partners, which include government, private, and nonprofit organizations in host countries. All have a stake in continuing activities and services, building local skills, and promoting planning that fosters sustainability. Their commitment promotes host country ownership and sustainability of gains made with the support of U.S. development programs.



People walk through an art installation made from plastic water bottles as part of an awareness drive on World Water Day in Malang, East Java on March 22, 2022. Photo: Aman Rochman/AFP.

This period, the results of an OIG investigation led USAID to halt construction activities in the West Bank until further notice due to structural concerns that were identified at four out of nine sites. Another investigation revealed fraudulent timekeeping practices at a USAID grant recipient that, in coordination with the Department of Justice, resulted in a False Claims Act settlement. Meanwhile, our audit work produced recommendations to increase sustainability by improving USAID accountability around cost-sharing arrangements and strengthening MCC’s upfront analysis on the expected economic effects of its planned projects. Other audit work identified opportunities to improve reporting around WASH promotion efforts that support community health and sustainability. We also pointed to opportunities to improve third-party monitoring designed to ensure that projects are on track, based on additional audit work covering select USAID missions in Asia.

## Impact Spotlight: Promoting Sustainability of U.S.-Funded Development Gains



### Audits

#### What We Found:

Some USAID missions in Asia did not fully ensure that cost-sharing contributions were verified, and missions lacked specific guidance on monitoring cost-sharing.



#### Impact on Agency Programs and Operations:

In response to our recommendations, USAID committed to improving cost-share monitoring by developing more detailed processes and procedures and a cost-share monitoring checklist, as well as a plan to provide training to its mission staff and external auditors.





### Audits

#### What We Found:

In making foreign assistance investments, MCC uses an economic rate of return estimate produced from a cost-benefit analysis. However, MCC had not completed guidance for such analysis for four of seven sectors in which it makes investments.



#### Impact on Agency Programs and Operations:

In response to our recommendations, MCC completed guidance for one sector and committed to a schedule for developing and completing the remaining three sector guidance papers, which should mitigate the risk of inconsistent approaches to developing economic rates of return analyses. MCC also completed new peer review guidance and templates.

### ***OIG Investigation Reveals Structural Concerns in West Bank Construction Project***

A multi-year OIG investigation into USAID programming in the West Bank revealed that four out of nine construction sites—two schools, a citizen service center, and a youth club—had structural concerns, including the strength of one building with “through and through” cracks that would require the complete removal of the stairwell wall. In response to a referral of our investigative findings, USAID/West Bank and Gaza halted, and did not distribute \$3.5 million to support, all construction related activities.

### ***OIG Investigation of USAID Awardee’s Timekeeping Practices Results in \$537,500 Settlement Under the False Claims Act***

An OIG investigation conducted in partnership with the U.S. Attorney’s Office for the District of Columbia resulted in a \$537,500 settlement under the False Claims Act to resolve allegations that a USAID awardee had knowingly submitted false claims to USAID in the performance of grants to provide agricultural and other aid to developing countries. Specifically, once grant funding for one assistance project was depleted, the organization’s supervisors instructed its employees to bill their time or other costs to separate and unrelated USAID grant projects that had money remaining in their accounts, even though those employees did not work on that project. The organization certified to USAID that it used the grant funds only as allowed under each project.

### ***Water, Sanitation, and Hygiene (WASH) Programming: USAID Faced Challenges Providing Assistance to Countries with Greatest Need*** [Report No. 8-000-22-001-P](#)

The WHO estimated that diseases tied to inadequate WASH accounted for approximately 3.3 percent of global deaths in 2016. The Senator Paul Simon Water for the World Act of 2014 directs USAID to designate high-priority countries based on the WASH Needs Index, which ranks countries based on factors including usage of improved water and sanitation sources and facilities, hygiene behaviors, child mortality from diarrheal disease, and rate of open defecation.

We assessed the extent to which USAID designated high-priority countries consistent with the criteria and indicators in the Paul Simon Water for the World Act, the challenges USAID faced in allocating funding to high priority countries according to the act, and the extent to

which USAID complied with the act’s congressional reporting requirements. OIG found that USAID’s interpretation of criteria and application of indicators led to countries with low WASH needs being designated as high priority countries.

The agency agreed with the one recommendation to improve USAID’s compliance with reporting requirements and plans to take corrective actions.

We discuss this report further on page 32 under *Advancing Accountability Initiatives Involving Multiple U.S. Agencies and International Stakeholders*.

**Cost Sharing:  
USAID’s Asia  
Bureau Should  
Enhance Guidance  
and Training to  
Ensure Missions  
Verify Awardees’  
Contributions**

[Report No.  
5-000-22-002-P](#)

USAID identifies commitment from host governments, the private sector, and other partners as fundamental to enabling host-country ownership and sustaining gains made through the agency’s investments in international development. Cost sharing is a key tool that supports local commitment by arranging for an award recipient to contribute resources to activities undertaken under the award. It is significant in the Asia region, where it makes up over 10 percent of the total cost of all USAID awards.

We found that not all selected missions in Asia fully ensured that cost-sharing contributions made by the recipients were verified. We identified gaps in missions’ monitoring of cost sharing in four of six selected missions. These gaps in USAID’s oversight of cost sharing were caused by insufficient agency guidance and training for staff on how to monitor to ensure compliance with Federal regulations and agency directives.

USAID’s Asia Bureau agreed with our three recommendations to determine a course of action regarding questioned cost-sharing contributions and improve missions’ monitoring of cost sharing through additional guidance and training. All three recommendations are open pending completion of planned actions.

**Improved  
Guidance and  
Processes Would  
Strengthen the Use  
of Third-Party  
Monitors in  
Bangladesh, Nepal,  
and Pakistan**

[Report No.  
5-000-22-001-P](#)

USAID faces many challenges in implementing activities, monitoring progress, collecting data, and tracking performance indicators. These include staffing limitations, multiple site visit requirements, security restrictions, and remote locations that impede missions staff travel. USAID uses monitoring in general as a critical oversight tool to help determine what effects programming has in a location and how it should adapt to changing environments. It has also long employed third-party monitoring—which involves the ongoing and systematic tracking of information relevant to its activities by a partner that is not USAID or an implementing partner directly involved in the work—as one of the mechanisms to supplement its efforts to ensure that programs contribute to measurable, sustainable results.

We found that USAID missions in Bangladesh, Nepal, and Pakistan contracted with third-party monitors for various activities and services but used them to varying extents. For example, concerns about the quality of the products and services offered by third-party monitors, as well as a lack of guidance on how to use their services, led one mission to use third-party monitors on a limited basis, risking decreased efficiency in monitoring. Also, while all three missions occasionally tracked, followed up on, and resolved findings identified by their third-party monitors, some were either not addressed in a timely manner or were missing supporting documentation due to the lack of a systematic and centralized process.

USAID agreed with our four recommendations to improve the selected missions' use of third-party monitoring contractors and the process for tracking and resolving the findings identified by them. In response, one mission has developed and begun implementing a process for tracking and resolving the findings. The other two missions had not yet completed corrective actions.

**MCC Economic Rate of Return: More Guidance Would Mitigate Risks That Could Lead to Uninformed Investment Decisions**  
[Report No. M-000-22-001-P](#)

MCC seeks to make foreign assistance investments with high rates of return and broad impact on economic growth. It uses “economic rate of return,” an estimate produced from cost-benefit analysis, to measure whether the rate of return of a project’s economic benefits exceeds its costs by MCC’s required 10 percent threshold over 20 years. MCC views economic rate of return calculations as a means of helping to ensure accountability and transparency in its investment decisions. MCC also uses peer reviews to ensure that economic rate of return calculations, which are one of the key factors to justify project selection, are objective and reliable.

We identified incomplete guidance and procedures for conducting cost-benefit analysis in several of the seven sectors in which MCC operates and for maintaining a peer review repository, limiting MCC’s ability to address risks. MCC had not developed cost-benefit analysis guidance for three sectors (agriculture, health, and education) and had not finalized guidance for one sector (energy). We also found that none of the four compacts in our audit had documentary evidence that peer reviewers were assigned or that all economic rate of return models were peer reviewed before investment decision meetings.

We made six recommendations for MCC to address identified risks to developing and reviewing economic rates of return and to improve the implementation of the peer review process. In response to three, MCC completed a cost-benefit analysis guidance for the energy sector and completed new peer review guidance and templates. MCC also intends to complete corrective actions on the remaining three recommendations, including completing cost-benefit analysis guidance for the agriculture, education, and health sectors.



# ADVANCING ACCOUNTABILITY IN FOREIGN ASSISTANCE PROGRAMS INVOLVING MULTIPLE U.S. AGENCIES AND INTERNATIONAL STAKEHOLDERS


U.S. foreign assistance aims to advance U.S. national security and economic prosperity while meeting international development goals and humanitarian needs. For USAID, MCC, USADF, and IAF, achieving international development and humanitarian objectives requires effective coordination and engagement with other U.S. government agencies, other donor and host nations, private and public sector organizations, and multilateral institutions. To achieve their missions, these agencies navigate the priorities and functions of multiple stakeholders to achieve what may be complementary but distinct goals in planning and implementing U.S. foreign assistance.



Samantha Power, Administrator of USAID, walks from a chinook helicopter to board Air Force Two to return to Washington in Palmerola, Honduras, on January 27, 2022. Photo: Erin Schaff/AFP

During this period, our continued focus on detecting and preventing SEA across the aid sector resulted in an investigative referral that led to the government-wide debarment of an official from a major international NGO who was found to have sexually exploited a minor beneficiary. We also issued audits on several USAID initiatives involving multiple U.S. government stakeholders, from its efforts to counter malign Kremlin influence, to WASH programming, to localization efforts under PEPFAR. We made recommendations in each of these audits to strengthen USAID’s engagement and support for these initiatives, improve compliance, and better address risks. We also issued an evaluation that highlighted the effects of State Department staffing limitations on USAID’s ability to manage awards under its REM portfolio in Iraq.

## Impact Spotlight: Advancing Accountability in Foreign Assistance Programs Involving Multiple U.S. Agencies and International Stakeholders

 <p><b>Investigations</b></p>	<p><b>What We Found:</b></p> <p>We reviewed, assessed, and corroborated findings from an NGO’s investigation that found an aid worker, a former employee of the NGO, sexually abused and exploited a 15-year-old beneficiary. After leaving the employ of the NGO, the employee recirculated to another USAID-funded organization.</p>	<p><b>Impact on Agency Programs and Operations:</b></p> <p>We packaged our investigative steps and the NGO’s findings in a referral to USAID’s Suspension and Debarment officials for potential action. In response to this referral, USAID issued a government-wide debarment of the aid worker, preventing his ability to recirculate across U.S.-funded programs. This result underscores USAID and OIG’s collective effort to prevent the recirculation of bad actors, believed to have engaged in SEA, across the aid sector.</p>
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**Audits**

**What We Found:**

USAID did not report complete and timely information to Congress with regard to reporting requirements under the Paul Simon Water for the World Act.



**Impact on Agency Programs and Operations:**

In response to our recommendation, USAID committed to improve the timeliness and completeness of its reporting under the act by strengthening related policy and guidance as needed, which will include reporting on planned funding for countries outside of the Top 50 of the WASH Needs Index.



**Audits**

**What We Found:**

During the design of the Countering Malign Kremlin Influence (CMKI) Development Framework, USAID missed opportunities to document the framework’s design process, do more to monitor risks, and enhance coordination with stakeholders.



**Impact on Agency Programs and Operations:**

USAID plans to address our recommendations by integrating CMKI-related risk monitoring and management into implementation of the framework as well as completing further consultations with key internal and external stakeholders, all of which will be documented.

***OIG Investigation Leads to the Government-Wide Debarment of an Aid Worker From a Major International NGO for Sexual Exploitation and Abuse of a Minor Beneficiary***

An OIG referral to USAID’s Compliance Division led to the debarment of an aid worker previously employed by a major international NGO in Madagascar, following findings that he used his position of power to sexually exploit a 15-year-old beneficiary. Our office, with cooperation from the NGO, assessed the allegations and corroborated the NGO’s investigation. The government-wide debarment followed reports that the aid worker had recirculated to another aid organization while under investigation by his previous employer.



**Countering Malign  
Kremlin Influence:  
USAID Can Do  
More to  
Strengthen Its  
CMKI  
Development  
Framework**  
[Report No.  
8-199-22-002-P](#)

USAID released its Countering Malign Kremlin Influence (CMKI) Development Framework in July 2019 to focus its efforts on countering Russian aggression, with the overall goal of increasing the resilience of partner countries against Kremlin influence. USAID programs under this strategy take place alongside broader, U.S. government activities to counter Russian influence and aggression worldwide.

We reviewed the framework’s design and its integration into country strategies and found that USAID applied risk management principles to the framework. However, USAID did not adequately document the deliberative design process, develop a process to monitor risk responses and changes, or engage all internal and external stakeholders. In reviewing how the framework informed USAID’s country strategies and programming in Europe and Eurasia, we found that selected missions integrated the objectives of the framework into their country strategies. We also identified implementation challenges in obtaining support in designing related activities, accessing needed skill sets (especially in countering disinformation, promoting cybersecurity, and promoting independent media), and addressing financial resource constraints. USAID’s Bureau for Europe and Eurasia agreed with all three of our recommendations to strengthen the CMKI Development Framework. As a result of our recommendations, USAID plans to implement corrective actions to strengthen that framework.

**Significant Events  
Surrounding  
USAID’s Iraq  
Religious and  
Ethnic Minority  
Portfolio and  
Award  
Management  
Challenges**  
[Report No.  
E-000-22-001-M](#)

As we noted on page 23 our evaluation of USAID’s REM portfolio in Iraq noted challenges in adapting related programming to align with a new strategy for assisting REM in Iraq. In addition, our evaluation highlighted difficulties in meeting expectations for increasing assistance to Iraq REM communities while being directed to reduce staff. As monitoring requirements for USAID staff responsible for the portfolio increased, staff levels were reduced. Against the backdrop of increasing attention on USAID’s Iraq REM portfolio, based on instructions from the Office of the Secretary of State, the State Department conducted two staffing reviews to reduce U.S. mission personnel in Iraq by 30 percent. Ultimately, USAID staff were reduced from 26 to 5 expatriate staff following the reviews. Remote management of programs resulted in the loss of in-person implementer and interagency meetings, and the loss of one workday per week because of the difference in operating hours between Iraq and the remote working locations. These staffing limitations impacted USAID’s ability to manage awards under its New Partnerships Initiative, delaying the process of making related awards to small local organizations, reducing opportunities for USAID staff to provide guidance to these organizations to help establish their operations, and imposing challenges for USAID in adequately monitoring the awards.

**PEPFAR in Africa: USAID Expanded the Use of Local Partners but Should Reassess Local Partner Capacity to Meet Funding Goals**  
[Report No. 4-936-22-001-P](#)

As noted on page 18, our audit on expanded use of local partners in PEPFAR programs in Africa found that USAID's PEPFAR budgets were not on track to meet the State Department's Office of the U.S. Global AIDS Coordinator and Health Diplomacy local partner funding goal. Although most missions were projected to increase funding to local partners, some missions began at very low baselines for local partner funding. Three months ahead of the deadline for reaching the 70 percent goal, USAID projected that it would allocate only 51 percent of PEPFAR funding to local partners across the 23 countries in the Local Partner Strategy.

Our audit concluded that the overall local partner funding goal set by the State Department was generally not feasible within the short time frames provided. While the importance of setting realistic performance targets has been well established, assessments to determine what was feasible within USAID were done after the overall goal was set by the State Department. Accordingly, one of our recommendations focuses on developing and implementing a plan to update mission-level local partner funding goals for PEPFAR considering USAID's current progress and the operating environment. USAID agreed with this recommendation, which is open pending completion of planned actions.

**Water, Sanitation, and Hygiene (WASH) Programming: USAID Faced Challenges Providing Assistance to Countries with Greatest Need**  
[Report No. 8-000-22-001-P](#)

As noted on page 26, our audit of USAID's WASH programming found that USAID's interpretation of criteria and application of indicators led to countries with low WASH needs being designated as high priority countries. We also found that USAID provided higher levels of funding to high priority countries with low demonstrated need and did not have authority to change this as funding allocation decisions for WASH programming is shared between USAID and the State Department, with the final authority resting with State.

While Congress also has an important role in setting WASH funding level, we found that USAID did not report complete and timely information to Congress. USAID complied with the requirement to notify congressional committees about countries designated as a high priority, but did not provide Congress with complete information on countries that received WASH funding and provided information on funding criteria 17 months late. We therefore made a recommendation to improve USAID's compliance with reporting requirements of the act. USAID agreed with this recommendation and plans to take corrective actions.



# IDENTIFYING AND ADDRESSING VULNERABILITIES IN AGENCY CONTROLS AND CORE MANAGEMENT FUNCTIONS

USAID, MCC, USADF, and IAF depend on core management functions to carry out their missions, such as systems to manage awards, finances, information technology, and human capital. These systems are vital to effective stewardship of U.S. government resources and the successful planning and execution of U.S. foreign assistance programs and operations. Altogether, they help agencies practice effective financial and information management, reinforce accountability among agency employees and implementing organizations, and maintain an efficient and secure information and communications network to support a global workforce.



USAID program staff in Angola preparing to distribute COVID-19 vaccines and making sure the vaccines stay in optimal conditions. Photo: USAID/Angola.

This period, our audit and investigative work promoted greater accountability in agency management of contractors and grantees, as well as among agency staff. We undertook and completed audits of agency financial statements and information security programs. Our work also provided assurance in the quality of external financial audits under our Non-Federal Audit (NFA) Program, in which we review the work and reports of IPAs contracted to conduct audits of agency award recipients.

## Impact Spotlight: Identifying and Addressing Vulnerabilities in Agency Controls and Core Management Functions



### Investigations

We found that a Foreign Service Officer (FSO) failed to report his continuous contact with two foreign nationals, violated the security protocols for visitors to the U.S. compound, and made false statements to our office.

### What We Found:

### Impact on Agency Programs and Operations:

As a result of our referral, USAID curtailed the FSO from their overseas assignment, suspended their security clearance, and subsequently debarred them. The FSO's debarment, based on our present responsibility referral, prevents him from working on U.S.-funded programs following his departure from USAID.





### Audits

#### What We Found:

Our audit of USAID’s privacy program, issued in a prior period, highlighted the need for USAID to develop additional controls to better ensure the protection of personally identifiable information.



#### Impact on Agency Programs and Operations:

This period, in response to one of our recommendations, USAID developed improved plans, processes, procedures, and training materials to better equip staff responsible for handling and processing personally identifiable information, including how to identify new privacy risks and develop retention schedules for personally identifiable information.

## Contractor and Grantee Management and Accountability

Agencies rely on NGOs, nonprofit groups, and private firms to deliver aid and implement development programs worldwide. These organizations typically work through contracts, grants, or cooperative agreements—collectively termed “awards”—to design, execute, and complete approved agency programming. USAID also channels development and humanitarian assistance funds through public international organizations, such as U.N. agencies, and other multilateral institutions.

This period, an investigative referral from our office led to the debarment of an aid worker after we corroborated an NGO’s investigation that found he used his position to sexually exploit a beneficiary. We also issued a fraud alert to USAID, flagging that USAID small business set-aside awards are susceptible to being awarded to pass-through or shell companies with no actual presence in the United States, contrary to the Small Business Act. We assessed and reported on USAID, MCC, USADF, and IAF’s compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) and continued to provide oversight and quality assurance of required, outside audits of agency contractors and grantees under our NFA Program.

### **OID-Identified Vulnerability in Pre-Award Certifications Prompts USAID Establishment of Intra-Agency Working Group to Address Concerns Investigative Alert**

In January 2022, we identified a vulnerability in the agency’s ability to safeguard its programming from influence by corrupt actors through the pre-award certification process. USAID’s pre-award certifications do not capture information detailing whether prospective award recipients have engaged with actors sanctioned by the U.S. government for corrupt activity and lacks a pre-award certification requirement for prospective awardees to disclose prior relationships with actors deemed by the U.S. government to have engaged in corruption in the very countries where USAID programming exists. As a result of our vulnerability memorandum, USAID organized an intra-agency working group to review the recommendations and address the concerns highlighted by our office. USAID stakeholders are to provide agency leadership with potential actions to strengthen tools and mechanisms for deterring USAID funding awards to corrupt entities.

***OIG Investigation Leads to Issuance of a Fraud Alert Concerning Small Business Pass-Through Schemes to Foreign Entities***

We received allegations from USAID/Jordan that a Jordanian company utilized an American small business to submit a bid for a small business set-aside award for which the former was ineligible. Our investigation found the American company had virtually no operating presence in the United States and claimed credit on past USAID projects for work that was actually performed by the Jordanian company. In response to an OIG referral, the USAID Office of Small and Disadvantaged Business Utilization removed the applicant from the Small Business Market Analysis and Research Tool, which is a mechanism for small businesses interested in working for USAID to post their profiles. The company is no longer listed in the database of companies that potentially match USAID acquisition and assistance requirements for small business awards. We also issued a fraud alert to USAID, flagging that USAID small business set-aside awards are susceptible to being awarded to pass-through or shell companies with no actual presence in the United States, contrary to the Small Business Act.

**Compliance Audits Under the Digital Accountability and Transparency Act of 2014**

The DATA Act expanded reporting requirements under the Federal Funding Accountability and Transparency Act of 2006 and, in part, requires Federal agencies to report financial and award data according to government-wide financial data standards. Under the DATA Act, inspectors general review a statistically valid sampling of agency spending data and report every two years on the completeness, accuracy, timeliness, and quality of the data sampled. OIGs also review agencies' implementation and use of the government-wide data standards.

We contract with independent certified public accounting firms to audit USAID, MCC, USADF, and IAF's compliance with the DATA Act. We review and issue the reports for each agency. For fiscal year 2021, auditors found that while USAID, MCC, and IAF complied with the requirements of the DATA Act, USADF did not.

## AUDIT TERMS DEFINED

Audits of agency compliance with the DATA Act assess the quality of agencies' data based on completeness, accuracy, and timeliness. These assessments result in a determination that data is of "excellent," "higher," "moderate," or "lower" quality, based on guidance issued by the Council of the Inspectors General on Integrity and Efficiency.<sup>4</sup> Auditors assign quality ratings depending where a total weighted score falls on a 100-point scale:

Range	Quality Level
95 to 100	"Excellent" Quality
85 to 94.999	"Higher" Quality
70 to 84.999	"Moderate" Quality
0 to 69.999	"Lower" Quality

**USAID Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014**

[Report No. 0-000-22-002-C](#)

The audit firm we contracted to perform the audit concluded that USAID complied with the requirements of the DATA Act and that the data reported for fourth quarter of fiscal year 2020 for publication on USAspending.gov were complete, timely, accurate, and of "higher" quality. We made two recommendations to help strengthen USAID's internal controls over its DATA Act reporting. These recommendations are open pending completion of planned actions.

**MCC Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014**

[Report No. 0-MCC-22-001-C](#)

The audit firm we contracted to perform the audit concluded that MCC complied with the requirements of the DATA Act and that the data reported for first quarter of fiscal year 2021 for publication on USAspending.gov were complete, timely, accurate, and of "excellent" quality. We made two recommendations to help strengthen MCC's internal controls over its DATA Act reporting. These recommendations are open pending completion of planned actions.

<sup>4</sup> [Council of the Inspectors General on Integrity and Efficiency Federal Audit Executive Council Inspectors General Guide to Compliance Under the DATA Act](#), December 4, 2020.

**USADF Did Not Comply in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014**  
[Report No. 0-ADF-22-003-C](#)

The audit firm we contracted to perform the audit concluded that USADF did not comply with the requirements of the DATA Act and that the data reported for first quarter of fiscal year 2021 for publication on USAspending.gov were not complete, timely, or accurate, and were of “lower” quality. We made four recommendations to help strengthen USADF’s internal controls over its DATA Act reporting. Three recommendations are closed and the other one is open pending completion of planned actions.

**IAF Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014**  
[Report No. 0-IAF-22-004-C](#)

The audit firm we contracted to perform the audit concluded that IAF complied with the requirements of the DATA Act and that the data reported for first quarter of fiscal year 2021 for publication on USAspending.gov were complete, timely, accurate, and of “higher” quality. We made four recommendations to help strengthen IAF’s internal controls over its DATA Act reporting. Two recommendations are closed and the other two are open pending completion of planned actions.

## **Non-Federal Audit Program**

We determine whether USAID-mandated audits of contractors and grantees meet professional standards for reporting and other applicable laws, regulations, and requirements. Our oversight activities also increase the impact of the NFA program by addressing recommendations to the agency—this reporting period, these reports made 34 recommendations questioning costs of \$30,653,362 and 69 recommendations to strengthen weaknesses in internal control and compliance.

Also, as required by Section 845 of the National Defense Authorization Act for Fiscal Year 2008, we report significant findings from contractor audit reports, if any, each period in an annex to our semiannual report. For the period ending March 31, 2022, we are reporting on three audit reports, which identified \$24,648,421 in questioned costs under *Contract Audit Reports with Significant Findings*, on page 55.

## **Financial Management**

USAID, MCC, USADF, and IAF manage approximately \$45 billion annually to develop, implement, and support U.S. foreign assistance programs. Their ability to meet their respective mandates, goals, and objectives depends on effective reliable processes for budget planning and execution, and maintaining effective internal controls. Under the Government Management Reform Act of 1994, as amended, and to promote accountability in agency financial management systems, we contract with IPAs to conduct annual audits of these agencies’ financial statements. In each case, independent auditors determine whether agency financial statements were presented fairly, in all material respects; evaluate agency internal control over financial reporting; and assess agency compliance with applicable laws, regulations, contracts, and grant agreements. We review their work, issue the final report, and when warranted, make recommendations to improve agency financial management practices.

This period, we issued financial statement audits for all four agencies' fiscal years 2021 and 2020. For USAID, MCC, USADF, and IAF, independent auditors issued unmodified, or "clean," opinions and concluded in all cases that agencies' statements were presented fairly, in all material respects, and in conformity with U.S. generally accepted accounting principles.<sup>5</sup>

**Audit of USAID's  
Financial  
Statements for  
Fiscal Years 2021  
and 2020**

[Report No.  
0-000-22-005-C](#)

Auditors issued an unmodified opinion and did not identify any material weaknesses or significant deficiencies in USAID's internal control over financial reporting. Auditors also found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements. While we made no recommendations, the audit firm issued a related [management letter](#) noting areas for improving internal controls that did not rise to a level of significance to be reported in the independent auditors' opinion report, such as strengthening the process for identifying and investigating potential funds control violations.

**Audit of MCC's  
Financial  
Statements for  
Fiscal Years 2021  
and 2020**

[Report No.  
0-MCC-22-006-C](#)

We contracted with two separate firms to conduct audits of MCC's financial statements, one for fiscal year 2021 and a second for fiscal year 2020. Both firms issued unmodified opinions for their respective years. For fiscal year 2021, auditors found no reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements and no material weaknesses. However, auditors reported one significant deficiency related to MCC's oversight and internal control over the Millennium Challenge Accounts' financial reporting. This was a modified repeat finding which was also reported in prior year reports. We made six recommendations to address the deficiency. Five recommendations are closed and the other is open pending completion of MCC's planned actions.

**Audit of USADF's  
Financial  
Statements for  
Fiscal Years 2021  
and 2020**

[Report No.  
0-ADF-22-007-C](#)

The audit firm we contracted to perform the audit issued an unmodified opinion and did not identify any material weaknesses or significant deficiencies in USADF's internal control over financial reporting. Auditors also found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements. We did not make any recommendations.

**Audit of the Inter-  
American  
Foundation's  
Financial  
Statements for  
Fiscal Years 2021  
and 2020**

[Report No.  
0-IAF-22-008-C](#)

The audit firm we contracted to conduct the audit issued an unmodified opinion and did not identify any material weaknesses or significant deficiencies in IAF's internal control over financial reporting. The audit firm also found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements. While we did not make any recommendations, auditors issued a related [management letter](#) that identified an ongoing management review of a potential Anti-Deficiency Act violation, which did not rise to a level of significance to be reported in the independent auditors' opinion report.

<sup>5</sup> Government Accountability Office (GAO), [Government Auditing Standards](#), April 2021.

## **Information Technology**

Agencies depend on secure and effective information technology systems to manage agency operations; support employee interaction and communications worldwide; and plan, implement, and evaluate U.S. foreign assistance programs and operations. Under the Federal Information Security Modernization Act of 2014 (FISMA), inspectors general conduct audits of agency information security programs. For fiscal year 2021, we contracted with independent certified public accounting firms to conduct audits of USAID, MCC, USADF, and IAF's information security programs in support of FISMA. Based on these audits, we reported that each agency generally implemented effective information security programs for the fiscal year. Nevertheless, we nevertheless made recommendations to strengthen their programs.

**USAID  
Implemented an  
Effective  
Information  
Security Program  
for Fiscal  
Year 2021 in  
Support of FISMA**  
[Report No.  
A-000-22-005-C](#)

The audit firm we contracted to perform the audit concluded that USAID implemented an effective information security program, which was defined as having an overall mature program based on the fiscal year 2021 inspector general FISMA reporting metrics.<sup>6</sup> However, the audit firm identified weaknesses in four of nine FISMA reporting metric domains. We made two recommendations to address these weaknesses and further strengthen USAID's information security program. One recommendation is closed, and the other is open pending completion of planned actions.

**MCC Implemented  
an Effective  
Information  
Security Program  
for Fiscal  
Year 2021 in  
Support of FISMA**  
[Report No.  
A-MCC-22-004-C](#)

The audit firm we contracted to perform the audit concluded that MCC implemented an effective information security program, which was defined as having an overall mature program based on the fiscal year 2021 inspector general FISMA reporting metrics. However, the audit firm identified weaknesses in six of nine FISMA reporting metric domains. We made seven recommendations to address these weaknesses and further strengthen MCC's information security program. These recommendations are open pending completion of planned actions.

**USADF  
Implemented an  
Effective  
Information  
Security Program  
for Fiscal  
Year 2021 in  
Support of FISMA**  
[Report No.  
A-ADF-22-001-C](#)

The audit firm we contracted to perform the audit concluded that USADF implemented an effective information security program, which was defined as having an overall mature program based on the fiscal year 2021 inspector general FISMA reporting metrics. However, the audit firm identified weaknesses in three of nine FISMA reporting metric domains. We made four recommendations to address these weaknesses and further strengthen USADF's information security program. These recommendations are open pending completion of planned actions.

<sup>6</sup> For more on these metrics, as applied to each of our FISMA audits, see the Office of Management and Budget, Department of Homeland Security, and Council of the Inspectors General on Integrity and Efficiency's "FY 2021 Inspector General Federal Information Security Modernization Act of 2014 (FISMA) Reporting Metrics," dated May 12, 2021.

**IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2021 in Support of FISMA**  
[Report No. A-IAF-22-002-C](#)

The audit firm we contracted to perform the audit concluded that IAF generally implemented an effective information security program, which was defined as having an overall mature program based on the fiscal year 2021 inspector general FISMA reporting metrics. Nevertheless, the audit firm identified weaknesses in all nine FISMA reporting metric domains. We made nine recommendations to address these weaknesses and further strengthen IAF's information security program. These recommendations are open pending completion of planned actions.



**Supporting Oversight of U.S. International Development Finance Corporation; DFC Implemented an Effective Information Security Program for Fiscal Year 2021 in Support of FISMA**  
[Report No. A-DFC-22-003-C](#)

As DFC OIG continued to build oversight capacity, we supported the office by contracting with an independent certified public accounting firm to conduct an audit of the DFC's information security program for fiscal year 2021 in support of FISMA. DFC OIG is responsible for monitoring DFC's response and closing recommendations when the agency has completed planned actions.

The audit firm concluded that DFC implemented an effective information security program, which was defined as having an overall mature program based on the fiscal year 2021 inspector general FISMA reporting metrics. Nevertheless, the audit firm identified weaknesses in four of nine FISMA reporting metric domains. We made three recommendations to address these weaknesses and further strengthen DFC's information security program. These recommendations are transferred to the DFC OIG for follow up and will be reported on in DFC OIG's semiannual report to Congress. Therefore, we are not including them in report or recommendation totals in this semiannual report.

### **Human Capital and Employee Accountability**

USAID, MCC, USADF, and IAF depend on human capital systems to effectively manage their workforces, which are comprised of Civil and Foreign Service staff, Foreign Service and Third-Country National employees, and wide range of personnel under contract or appointed under a variety of personnel authorities to help undertake, facilitate, and achieve each agency's mission.

OIG oversight promotes effectiveness within agency personnel systems and accountability among staff at all levels. We receive and assess allegations of fraud, waste, abuse, and other forms of misconduct, which may trigger an investigation that results in the referral of our findings for administrative, civil, or criminal action by agency or prosecutorial officials.



## **Senior Government Employee Misconduct**

### ***OIG Investigation Leads to Curtailment and Debarment of Foreign Service Officer for Violations of USAID Security Protocols in South Sudan***

In July 2021, OIG received a referral from the Department of State's Diplomatic Security Service, Office of Special Investigations, which alleged three individuals reported seeing an FSO USAID Foreign Service Officer, with sex workers in the U.S. Embassy Juba housing compound. We found that the FSO violated the security protocols for visitors to the compound, and then made false statements to federal agents regarding his compliance with those security requirements. Additionally, the FSO admitted to having a casual sexual relationship with non-U.S. citizens in exchange for "gifts," and did not report these foreign contacts to USAID's Office of Security, which is a requirement of anyone holding a Top Secret clearance. On July 21, 2021, we referred the matter to DOJ and it was declined. Based on an OIG referral to USAID, the agency curtailed the FSO from their assignment and suspended the individual's security clearance. This reporting period, USAID debarred the FSO for 36 months, effective March 23, 2022.



# OIG OUTREACH AND EXTERNAL ENGAGEMENT

OIG outreach and external engagements give our stakeholders, oversight partners, aid organizations, and the public timely, relevant information about the efficiency and effectiveness of U.S. foreign assistance efforts as well as related risks. We use these exchanges to cultivate dialogue, inform decision making, and coordinate oversight. In our outreach we also seek to engender support for and cooperation with our mission, and promote greater accountability across the U.S. government and the international bodies through which it works. In our outreach and external engagements, we:

- Project oversight plans and priorities
- Inform foreign assistance through our work
- Support the inspector general community
- Secure support for OIG oversight
- Coordinate oversight work for interagency impact
- Cultivate and sustain international oversight partnerships
- Reinforce awareness of fraud risks, reporting requirements, and OIG's oversight role
- Raise public interest

## Projecting Plans and Priorities

**OIG Strategic Plan.** In December 2021, we issued our new [Strategic Plan](#) for fiscal years 2022 through 2026, setting long-term aims and direction and providing related information to staff and stakeholders alike. The plan reflects our mission, core values, goals and supporting objectives, as well as how we will measure our progress as we work to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight of USAID, MCC, USADF and IAF. Under the Strategic Plan, our three goals address:

- **People:** Fostering a diverse, equitable, inclusive, and committed OIG workforce built on shared core values.
- **Process:** Promoting plans, processes, policies, and procedures that enhance OIG performance and maximize operational efficiency.
- **Work:** Providing sound reporting and insight for improving foreign assistance programs, operations and resources.

We developed our strategic plan in consultation with external stakeholders, reflecting a greater emphasis on OIG's workforce and promotion of diversity, equity, inclusion, and accessibility. The plan also sets out new core values for the organization: Transparency, Respect, Unwavering Integrity, and Excellence (TRUE).

**Annual Oversight Plan.** Our annual oversight plan provides transparency about our work and engagement plans for the fiscal year. In our [Annual Oversight Plan for Fiscal Year 2022](#), we describe ongoing and planned oversight activities relating to USAID, MCC, USADF, and IAF. To prepare this plan, we hold extensive consultations with stakeholders and consider their interests.

We weigh these alongside other factors such as national security aims and foreign policy priorities, risks associated with agency programs and operations, and the results of prior oversight work. This year, our resulting annual oversight plan presents planned and ongoing activities under five oversight priorities that are reflected in the report.

## Informing Foreign Assistance Through Our Work

**Identifying Major Management Challenges.** Every year, we issue our assessment of the major management challenges facing USAID through our [Top Management Challenges memorandum](#). This year's assessment, which we provided to the USAID Administrator in November 2021, identified four top management challenges for USAID:

**Managing risks to humanitarian assistance.** USAID recognizes the complex constraints of operating in crisis settings, including the difficulty accessing program sites to deliver and monitor assistance. However, our work continues to flag challenges in mitigating fraud and corruption risks and monitoring activities to ensure that lifesaving assistance reaches those who need it most.

**Sustaining international development gains.** USAID identifies commitment from host governments, the private sector, and other partners as fundamental to enabling host-country ownership and sustaining gains made through the agency's investments. USAID also champions planning and monitoring to advance development goals and tailor activities to the local capacity and private sector commitment. Yet, our work highlights challenges faced in enhancing planning and monitoring, broadening local capacity and private sector commitment, and preventing and detecting fraud, waste, and abuse.

**Advancing coordination with stakeholders.** To further U.S. foreign policy and national security objectives, USAID navigates the divergent priorities and functions of multiple stakeholders to achieve complementary but distinct goals. Our oversight work has found coordination to be a longstanding challenge for USAID, as the agency strives to respond quickly to changing priorities even when decisions extend beyond its immediate control and authority.

**Implementing core management functions.** USAID relies on a network of support functions for the management of agency awards, finances, information systems, and human capital. USAID continues to strengthen controls over core management functions, but our recent audits and investigations show that gaps remain.

In addition, the memorandum highlighted challenges for agency programs and operations focused on Afghanistan and the COVID-19 pandemic. We used this assessment to develop oversight priorities and translate these into specific plans for the year. This work, in turn, formed the basis for several agency and congressional engagements over the period. USAID also used our work on major management challenges to inform its framework for enterprise risk management.

**Engaging to Combat Corruption.** OIG investigations uncover corruption in the administration of assistance programs. With the fight against corruption designated as a core national security interest, senior OIG officials participate as observers on USAID's Anti-Corruption Task Force,

providing insight into opportunities for combating corruption in foreign assistance programming. In March 2022, we issued a [brief](#) to the Anti-Corruption Task Force on USAID OIG's role in safeguarding foreign assistance from corruption, which involves our global law enforcement activity, independent audit function, and relationships with oversight counterparts around the world. Through targeted fraud awareness briefings and outreach to NGO legal counsels, our investigators and attorneys reinforce to grantees, contractors, and Federal employees their ability and responsibility to report allegations of corruption and other misconduct to our office. Our information-sharing agreements and partnerships with international oversight counterparts help us to cast a wide net and leverage collective knowledge and resources to confront corruption allegations affecting programs across the aid sector.

***Engaging to Prevent and Address Sexual Exploitation and Abuse.*** Our Offices of Investigations and General Counsel continued to serve as members in the United Kingdom-led Donor Safeguarding Investigations Working Group, consisting of bilateral donors and related oversight bodies focused on investigating SEA in the international aid sector. We continue to provide insights to the group on best practices to obtain sensitive information from NGOs subject to foreign data privacy laws and lead efforts focused on preventing the recirculation of perpetrators found to have committed SEA within foreign assistance programming.

***Engaging to Inform Congress.*** We are committed to keeping Congress fully and currently informed of the results of our work and underscoring significant challenges to the effective and efficient delivery of U.S. foreign assistance. This period, we continued to advise congressional stakeholders of new oversight plans; newly issued audits, evaluations, and other reports; and OIG operational requirements for the current fiscal year. This included outreach and discussions on our annual top management challenges report for USAID and our office's oversight priorities for fiscal year 2022. We also provided views on legislative proposals with a potential impact on our work and operations.

OIG personnel also briefed congressional committee staff on our recent oversight work and issued reports, covering USAID's COVID-19 vaccine strategy, the use of local partners to support PEPFAR programs, USAID's use of third-party monitors, and responses to SEA in the aid sector. Coordinating with OIG counterparts from the Departments of Defense and State, we provided information and insights on agency programs under Operation Inherent Resolve in Iraq, Syria, and Afghanistan, and discussed related OIG oversight work.

***Engaging to Support MCC's Board.*** MCC's Board of Directors plays an important role in providing stewardship for the Corporation, providing approval for major policy and investment decisions. We regularly engage with members of MCC's Board and their plus ones on oversight plans and activities, often through its Audit Committee. This period, we held a series of engagements with MCC board members and representatives around its January 2022 Audit Committee meeting. In addition to communicating about ongoing and planned oversight and outreach efforts, we shared the results of audits on MCC's threshold program, its financial statements, compliance with information security requirements, use of charge cards, adherence to requirements for reporting on grants and contracts under the DATA Act, as well as its Millennium Challenge Accounts' compliance with financial management standards.

## Supporting the Inspector General Community

We actively engage with the wider Inspector General community through the Council of Inspectors General for Integrity and Efficiency (CIGIE) to help set the standards that apply to the community's oversight work and the challenges it confronts. Senior leaders and staff across OIG are active on CIGIE committees and in working groups. During this period:

- Our General Counsel served as the Chair of the Council of Counsels to the Inspector General, a forum to foster collaboration and coordination among OIG attorneys across government.
- Our Acting Deputy Inspector General and Acting Assistant Inspector General for Investigations serve on CIGIE's Investigations Committee, along with investigative staff who contribute to the community's ongoing work on matters related to investigative technology, policy, and training.



### COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

CIGIE is an independent entity established within the executive branch to address integrity, economy and effectiveness issues that transcend individual government agencies and aid in the establishment of a professional, well-trained and highly skilled workforce in the Offices of Inspectors General.

Learn more about CIGIE at [www.ignet.gov](http://www.ignet.gov).

- We also maintained an active role within CIGIE's Professional Development Committee. Our Acting Deputy Inspector General serves on the Mentoring Subcommittee. Our Chief of Staff serves in several committee roles, including as co-Chair of the Coaching Subcommittee, which also draws on the participation of one of our Deputy Assistant Inspectors General for Audit. Several of our staff have either supported or presented at CIGIE events over the past 6 months.
- We likewise actively engaged in CIGIE's Diversity, Equity, and Inclusion Working Group, which looks to affirm, advance, and augment the OIG community's commitment to promote a diverse, equitable, and inclusive workforce and workplace environment; produce comprehensive work; and make it accessible to the diverse public we serve. The working group is composed of more than 25 OIGs and has a focus on data collection, staffing, hiring, retention, performance, recognition, training, promotions, professional development, integration with business strategies, and stakeholder engagement.
- We continued regular engagement with the Pandemic Response Accountability Committee (PRAC) and its Law Enforcement Subcommittee, routinely contributing to the committee's efforts to advance government-wide COVID-19 response oversight work, observations, and investigations.

Our engagement with CIGIE helps set and maintain standards in other ways. During the reporting period, we completed our Audit [peer review](#) of the Department of Housing and Urban Development's (HUD) OIG which gave that office a "pass" rating, concluding its system of quality control provided reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. Nonetheless, we identified

opportunities for improvement and made 12 recommendations to strengthen HUD OIG's audit policies and procedures, each of which it agreed with. For a full account of peer review reporting related to our office, see page 60.

In October 2021, our oversight work was recognized by CIGIE at its [24<sup>th</sup> annual awards ceremony](#) as demonstrating excellence across several fields of effort. At this year's ceremony, USAID OIG staff members received recognition for four awards, including a joint inter-agency award. These awards celebrated our coordinated efforts to address COVID-19 oversight, our work to aggressively investigate and recover stolen ventilators, our audit of USAID private sector engagement efforts, and quarterly reporting and oversight planning efforts around OCOs.

## Securing Support for OIG Oversight

**Promoting Understanding of OIG Financial Requirements.** Throughout the year, we promote awareness of the financial requirements needed to support our oversight mandate through a series of engagements with key stakeholders. As we worked with the Office of Management and Budget and USAID counterparts to represent the fiscal year 2023 request for our office in the [President's Budget](#) and corresponding [Congressional Budget Justification](#), we responded to congressional requests regarding fiscal year 2022 appropriations, briefing appropriations and authorization committee staff on requirements related to wider oversight plans, oversight of COVID-19 response efforts, requirements for West Bank and Gaza oversight, and potential use of funds for representational costs. These discussions informed final fiscal year 2022 appropriations for our office that provided for \$7.5 million more in directly appropriated funds than had been included in the [President's Budget Request](#) as well as increased access to West Bank/Gaza program funds to support related OIG oversight activities.

**Adjusting Field Staff to Meet Oversight Needs.** We regularly examine our international footprint and staff composition and look to make related adaptations to evolving oversight requirements. Resulting changes to our field staff composition often require extensive consultations with USAID mission and embassy personnel as well as approvals from headquarters-based authorities at the State Department and, in some instances, congressional notification. During the reporting period, we made several modest adjustments to our field posture, effecting reductions to authorized U.S. direct hire positions in Frankfurt, Islamabad, and Kampala, while adding three additional positions in Pretoria. These moves to rightsize our footprint will have the effect of concentrating our investigative workforce into regional hubs to provide for greater partnering and development opportunities for this important component of our Foreign Service workforce.

**Advancing Resettlement of Afghan Personnel.** Last year, we maintained a country office in Afghanistan with several local Afghan personnel. As security conditions began to rapidly deteriorate over the summer of 2021, OIG leadership convened daily to assist in security and evacuation planning for our OIG Foreign Service National personnel in Kabul. Other OIG personnel volunteered to support wider evacuation efforts. For example, two OIG auditors deployed to Marine Corps Base Quantico, and one analyst deployed to Fort McCoy in Wisconsin to assist arriving Afghan refugees and their families, the latter of whom continued to provide support to this effort during the reporting period. We worked to ensure that all of our Foreign Service National personnel and their immediate family members were safely evacuated from

Afghanistan and arranged for financial and in-kind assistance to aid in their transition to a new life in the United States. By the end of the reporting period, all of our Afghan colleagues were in the United States and settling into new homes.

**Promoting Parity in Employee Standing.** Due to a technical flaw in a previous amendment to the Inspector General Act, USAID and State OIG temporary employees supporting oversight of OCOs had not been accorded the same competitive status as their Department of Defense OIG colleagues doing the same work. We worked with Congress, alongside counterparts at the State Department OIG, to advance legislation that corrected the language to ensure equity among staff across different OIGs who perform the same function. A corrective amendment to the law passed as part of the National Defense Authorization Act for Fiscal Year 2022.

## Coordinating Oversight Work for Interagency Impact

**Advancing Interagency Efforts to Counter Fraud in Pandemic Responses.** We are actively supporting investigations into fraud allegations against COVID-19 relief programs pursuant to a memorandum of understanding we entered into with the PRAC and its Fraud Task Force. The task force was established to facilitate coordinated oversight of the Federal government's COVID-19

pandemic response by bringing together 41 agents from 12 OIGs. Starting last year, four USAID OIG agents and OIG's Special Assistant U.S. Attorney began leading task force investigations on a part-time basis. This initiative allows our office to make a broader contribution to the Inspector General community by assisting with investigations that might otherwise remain unstaffed. Our Office of Investigations meets monthly with the PRAC Law Enforcement Subcommittee to share trends and best practices with the U.S. law enforcement committee focused on pandemic-related fraud. We also actively participate in the Department of Justice's COVID Fraud Enforcement Task Force (CFETF), serving on multiple CFETF subcommittees to further combat pandemic-related fraud.

In March 2022, we signed a memorandum of understanding with the PRAC to access the Small Business Administration's Paycheck Protection Program and Economic Injury Disaster Loan-Level data for OIG's oversight and law enforcement use. Our office is leading the proactive effort with the other 17 OIGs participating in conducting bulk data analysis to ensure exploitation of federal funds is not occurring by government employees.

**Joining Law Enforcement Task Forces To Further Our Reach and Impact.** We joined and continued our work with more than a half-dozen law enforcement task and strike forces to further the global reach of our finite investigative resources. For example, our Office of Investigations currently participates in the DOJ's:



### Pandemic Oversight

The Pandemic Response Accountability Committee (PRAC) was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support and coordinate independent oversight of pandemic relief spending. Its mission is to promote transparency and use data to de-tect fraud, waste, abuse, and mismanagement in pandemic relief programs and spending.

Learn more about the PRAC at [www.pandemicoversight.gov](http://www.pandemicoversight.gov)



- Joint Task Force Vulcan, aimed at disrupting, dismantling, and ultimately destroying Mara Salvatrucha, commonly known as MS-13.
- Joint Task Force Alpha, an initiative to combat human smuggling and trafficking and to fight corruption in Central America.
- Procurement Collusion Strike Force Global, an effort to tackle potential collusion in bids for billions of dollars in U.S. funds spent abroad.
- COVID-19 Fraud Enforcement Task Force to enhance efforts against COVID-19-related fraud.

**Continuing Coordination of Overseas Contingency Operations Oversight.** We work closely with the Departments of Defense and State OIGs to develop quarterly reports on ongoing OCOs in Afghanistan as well as in Iraq and Syria. We also coordinate related oversight plans, resulting in the issuance of our [Coordinated Oversight Plan for Overseas Contingency Operations](#) in November 2021.

Given the dynamic environment around Afghan oversight during the reporting period, we increased coordination with oversight counterparts on related plans. We held dedicated coordination sessions with the Government Accountability Office and Special Inspector General for Afghan Reconstruction (SIGAR). We also attend a regular Afghanistan oversight coordination session with the OIGs for the Departments of Homeland Security, State, Defense, and Health and Human Services as well as the Intelligence Community Inspector General and SIGAR.

**Supporting Development Finance Oversight Transition.** This period, we continued to support the transition of oversight responsibilities to the recently established DFC OIG. Building off previously established memorandums of understanding with the DFC OIG, we continued to provide hotline intake and investigative support, oversaw work on the DFC’s annual information security audit to meet FISMA requirements, and coordinated on the preparation of their top management challenges memorandum and semiannual report to Congress. During the reporting period, DFC OIG assumed responsibility for the intake and processing of DFC-related hotline complaints and established mechanisms for the management of future IT security audits.

## Cultivating and Sustaining International Oversight Partnerships

We work with oversight offices and law enforcement and prosecutorial agencies worldwide, building partnerships that enable us to leverage investigative resources and share knowledge. This helps us promote integrity and accountability in and around U.S. government programs, leading to stronger oversight and significant improvements in the delivery of international development and humanitarian assistance.

In 2015, we established a Syria Investigative Working Group to enhance collaboration with bilateral and multilateral oversight counterparts for investigations of foreign assistance programming in Syria. The group has since expanded its focus to all complex environments

receiving development and humanitarian funding and was renamed to the Complex Emergencies Working Group. We are committed to continuing our international engagement with these partners to identify corruption, fraud, and interference with U.S. foreign assistance in crisis settings. In support of this effort, OIG personnel helped co-host the November 2021 working group session in Brussels, Belgium, with the European Anti-Fraud Office. During the hybrid in-person and virtual event, we provided a wide range of presentations including case and legal briefs.

Also in November 2021, we entered into a memorandum of understanding with the WHO Office of Internal Oversight Services. This agreement, the 10<sup>th</sup> of its kind that we have signed with an international oversight body, outlines the scope and framework for promoting information sharing on relevant oversight activities in support of OIG investigations and audits. Joint oversight partnerships such as this help increase awareness and accountability across the international development sector as USAID, international donors, and public international organizations alike undertake similar projects and confront similar risks.



In November 2021, OIG joined partners from other bilateral donor oversight organizations at a Complex Emergencies Workgroup session to discuss topic such as “Staying Engaged During the Pandemic and Beyond,” which explored how leaders adapted to conduct oversight during the pandemic through various work methods, and how they kept people motivated and engaged in a remote working environment. Panelists, from left to right are Suzann Gallagher, then Assistant Inspector General for Investigations; Nadine Kollocek, European Anti-fraud Unit (OLAF) Acting Head of Unit Section 03; and Anthony Garnett, Inspector General for United Nations High Commissioner for Refugees (UNHCR). On screen is Fabienne Lambert, Inspector General for the World Food Programme. The panel was moderated by Sean Bottary, Assistant Special Agent-in-Charge. Photo: Damien Tymes/ USAID OIG

Other engagements with international partners during the reporting period included:

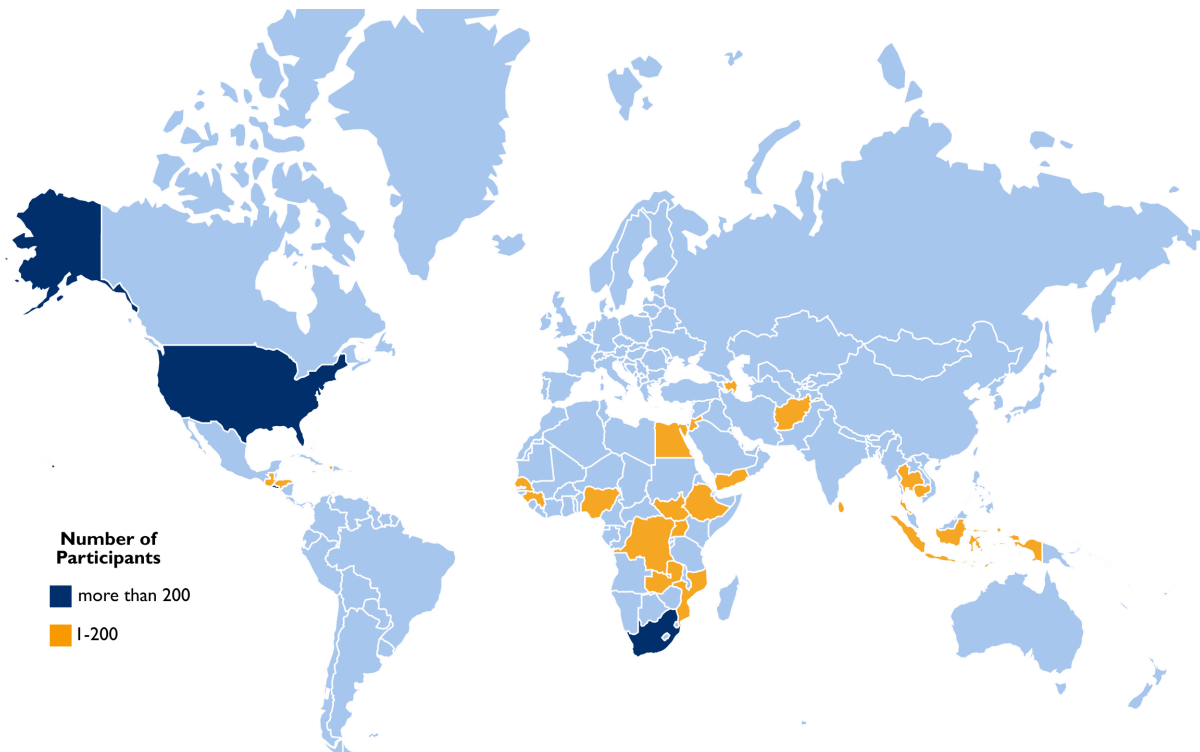
- This period, our Office of General Counsel was contacted separately by representatives of two bilateral donors seeking to enhance their oversight efforts over foreign assistance programming. We provided them with best practices and techniques for establishing comprehensive oversight and compliance programs to ensure the integrity of foreign assistance programs.
- In October 2021, our Office of Investigations, in collaboration with DOJ’s Antitrust Division’s Procurement Collusion Strikeforce, presented to over 50 virtual participants from the Polish Office of Competition and Consumer Protection regarding the use of digital forensics in detecting and deterring frauds impacting procurements.
- In February 2022, our Offices of Investigation and General Counsel were contacted by counterparts in a bilateral donor government to consult on changes they are considering to the government’s criminal code. We provided them with insights on the U.S. Code, extraterritorial jurisdiction, and interlocutors at DOJ.



## Reinforcing Awareness of Fraud Risks, Reporting Requirements, and OIG’s Oversight Role

**Promoting Fraud Awareness and Reporting Through Worldwide Briefings.** We brief agency employees and employees of USAID-funded organizations on fraud schemes affecting foreign assistance funds and the need for timely and transparent reporting. This reporting period, we conducted 80 fraud awareness briefings, mostly delivered via online platforms. These briefings reached 6,325 participants representing agency and aid organization staff. These briefings spanned 25 countries as shown on the map below. We also briefed new USAID employees and contractors on their right to make protected whistleblower disclosures and provide information on protections against retaliation through our whistleblower protection coordinator (see page 13).

### Fraud Awareness Briefings Conducted Worldwide<sup>7</sup> October 1, 2021– March 31, 2022



<sup>7</sup>The depiction and use of boundaries and geographic names on this map do not imply official endorsement or acceptance by the U.S. government.

## Fraud Awareness Briefings Locations, Sessions, and Participants

Location	Number of Briefings	Total Participants
Afghanistan	1	36
Azerbaijan	1	18
Cambodia	2	66
Democratic Republic of the Congo	1	34
Egypt	3	163
El Salvador	8	692
Ethiopia	1	157
Guatemala	3	73
Guinea	1	52
Haiti	1	49
Honduras	1	43
Indonesia	2	169
Jordan	3	160
Mozambique	1	72
Nigeria	3	171
Senegal	1	79
South Africa	5	838
South Sudan	1	31
Sri Lanka	1	28
Thailand	2	68
Uganda	3	142
United States of America	31	2,984
West Bank and Gaza	1	36
Yemen	2	92
Zambia	1	72
<b>Total</b>	<b>80</b>	<b>6,325</b>

**Leveraging Networks to Promote Knowledge of OIG and Share Best Practices.** We conduct outreach to international aid and development organizations receiving USAID funding to communicate our expectations for the prevention, detection, and timely reporting of fraud and other misconduct, including suspected cases of SEA. We share best practices for identifying and combating fraud to encourage reporting of potential misconduct within the aid sector and cooperation with our office should an investigation become necessary. We make presentations to international aid organizations and their legal counsels regarding our authorities under the law and expectations for requesting and receiving information on potential misconduct. This period, our interactions with these groups included the following:

- In November 2021, the Office of Investigations and General Counsel jointly presented at the Chemonics International Forum. This virtual briefing, attended by over a thousand individuals working in 43 countries, focused on fraud indicators and prevention strategies to deepen their understanding of schemes and vulnerabilities affecting foreign assistance funds.
- Also in November, OIG attorneys presented to the NGO Legal Counsels Forum, a consortium of NGO general counsels representing large international aid organizations receiving USAID funding. OIG emphasized the need for timely and transparent reporting of fraud and SEA, whistleblower protections for aid workers, and cooperation with OIG investigations and audits.
- Once again in November, our Office of Investigations leveraged a gathering of USAID/Regional Development Mission Asia implementing partners to describe our investigative process and work to 110 attendees. Implementers at the session included those supporting efforts to combat trafficking in persons, respond to COVID-19, support the global health supply chain, and promote humanitarian assistance efforts.
- In January 2022, OIG's Deputy Assistant IG for Investigations and Deputy General Counsel spoke at USAID's Anti-Corruption Learning and Evidence Week, administered by the agency's Anti-Corruption Task Force on which OIG serves as an observer. These OIG representatives presented on our anti-corruption efforts and emphasized to USAID staff their responsibility to disclose allegations of corruption impacting USAID's internal and external operations and the whistleblower protections that exist when they report a complaint or otherwise cooperate with OIG.
- In February 2022, our Offices of Investigations and General Counsel presented to the Small Business Association for International Companies, an organization of small businesses that promotes the utilization of small businesses at U.S. government agencies that provide foreign assistance. We addressed the 94 participants of risks specific to small business awards, including common red flags associated with businesses falsely claiming a U.S. presence. In this presentation, we also discussed its reporting requirements and processes when identifying potential fraud in small business awards and emphasized the need for strong internal controls to detect, deter, and report misconduct that could compromise USAID awards to small businesses.

- In March 2022, our Offices of Investigations and General Counsel provided anti-fraud training to a forum convened by USAID’s Bureau for Humanitarian Assistance for aid organizations receiving or aspiring for funding to support USAID’s response to the conflict in Ethiopia. OIG representatives discussed the need for effective counter-fraud programming, protection of staff who choose to disclose allegations of misconduct, and cooperation with OIG investigators.
- Also in March, our Offices of Investigations and General Counsel provided anti-fraud training at two separate forums convened by USAID’s Bureau for Humanitarian Assistance relating to Afghanistan. The first forum was for NGOs receiving or aspiring for USAID funds for work in Afghanistan. The second was for public international organizations seeking or receiving the same funding, including U.N. agencies. We discussed the need for swift reporting of misconduct compromising USAID awards, whether relating to fraud, diversion to or interference by the Taliban, bribery, or SEA. We emphasized the reputational risks to USAID programming caused by such misconduct, including the failure to timely report such allegations.

***Advancing Understanding of Audit Processes and Value.*** We promote understanding of wider audit processes and considerations and engaged in several related activities this reporting period. For example:

- In October 2021, our Latin America and Caribbean Regional Audit Office staff conducted a virtual engagement with USAID/Guatemala to highlight our mission and raise awareness to the work via two presentations. Also, our staff held discussions with management official to learn more about the mission and identify risks and challenges their programs and operations face. Thirty-seven mission staff attended the Office of Audit presentation.
- In February 2022, OIG audit personnel briefed USAID/Honduras mission staff in Tegucigalpa, teaming up with investigative colleagues who addressed fraud risks and reporting.
- In March 2022, OIG representatives briefed visiting Middle East mission directors in Frankfurt about OIG operations and ongoing and planned work.
- In March 2022, nine staff from our Asia regional office briefed new USAID FSOs around the world as well as personnel from Bangkok-based Regional Development Mission for Asia on OIG operations addressing what we do, why we do it, how it benefits them, and what they can do to help.
- Also in March, our Latin America and Caribbean Regional Audit Office staff held a virtual engagement session with the El Salvador, Guatemala, Mexico, and Nicaragua missions, providing an introduction to the OIG and audit process to more than 120 USAID staff. The office separately held a similar virtual engagement with the USAID mission in Haiti, reaching more than 50 USAID personnel.

*Cost Principles Training.* We also trained 369 USAID staff and representatives of IPAs and supreme audit institutions on costs that can be legitimately charged under USAID contracts and grants as well as applicable auditing standards. The attendees came from Benin, Botswana, Cameroon, Eswatini, Ghana, Ivory Coast, Jordan, Morocco, Namibia, Senegal, South Africa, United Kingdom, United States, Zambia, and Zimbabwe.

## **Raising Public Interest**

We are committed to transparency and accountability, and we promote public awareness and knowledge of our mission, work, results, and the use of taxpayer resources with respect to U.S. foreign assistance. Our website contains previous and newly issued audit and evaluation reports, advisories, press releases, announcements, testimony, and summary reports, including OIG's semiannual reports to Congress. Additional information about our mission, work, and operations can be found at <https://oig.usaid.gov/>.

# CONTRACT AUDIT REPORTS WITH SIGNIFICANT FINDINGS

As required by the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181), Section 845, we report on final, completed contract audit reports issued to the contracting activity containing significant audit findings<sup>8</sup> during each reporting period.

**Financial Audit of USAID Resources Managed by Children in Distress Network in South Africa Under Cooperative Agreement 72067418CA00030, April 1, 2020, to March 31, 2021**  
[Report No. 4-674-22-033-R](#)

The audit firm concluded the Schedule of Expenditures of USAID Awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified no questioned costs, no material weaknesses in internal control, and one instance of material noncompliance. The noncompliance was related to the award recipient and a sub-awardee not performing required checks to ensure that they are not engaging in transactions with, or providing resources or support to, any individual or entity that is subject to sanctions administered by the Office of Foreign Assets Control of the U.S. Department of Treasury or the United Nations.

**Financial Audit of USAID Resources Managed by THINK Tuberculosis and HIV Investigative Network (RF.) NPC in South Africa Under Multiple Awards, March 1, 2020, to February 28, 2021**  
[Report No. 4-674-22-035-R](#)

The audit firm concluded the Schedule of Expenditures of Federal Awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$2,379 in ineligible questioned costs. The audit identified no material weaknesses in internal control and one instance of material noncompliance unrelated to the questioned costs. The noncompliance was related to the award recipient not documenting that it performed required checks to ensure that it was not engaging in transactions with, or providing resources or support to, any individual or entity that is subject to sanctions administered by the Office of Foreign Assets Control of the U.S. Department of Treasury or the United Nations, nor transacting or conducting business with any individual or entity that has an active exclusion from the System of Award Management.

<sup>8</sup>“Significant Audit Findings” include unsupported, questioned, or disallowed costs in an amount in excess of \$10,000,000 or other findings that the Inspector General determines to be significant. This requirement applies specifically to recipient-contracted audits and agency-contracted audits and to audits conducted by the Defense Contract Audit Agency. The disclosure of contract audits is required by legislation; however, we extended the requirement to audits of grants and cooperative agreements as well as contracts.

**Audit of Dexis  
Interactive, Inc.'s  
(dba Dexis  
Consulting Group)  
Proposed Amounts  
on Select Unsettled  
Flexibly Priced  
Contracts for  
FYs 2018 and 2019**  
[Report No.  
3-000-22-008-D](#)

The Defense Contract Audit Agency, which conducted the audit, expressed a qualified opinion. The audit report disclosed eight instances of material noncompliance pertaining to direct contract costs, subcontractor costs, and Time and Material amounts billed. The agency questioned \$24,648,421 in direct costs, consisting of \$24,631,556 in ineligible costs and \$16,865 in unsupported amounts.



# INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

The following pages reference information throughout the report as required by the Inspector General Act of 1978, as amended, and other requirements, for the reporting period October 1, 2022, through March 31, 2022. Requirements for which OIG has nothing to report this period are also noted in the table below.

Information for the current period regarding all issued audits and open and unimplemented recommendations can be found in separate appendixes to this document:

Appendix A: List of All Audits (Performance and Financial), Evaluations, and other reports Issued October 1, 2021-March 31, 2022

Appendix B: Reports issued prior to October 1, 2021, with open and unimplemented recommendations, as of March 31, 2022

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
§5(a)(1)	Significant problems, abuses, and deficiencies	Throughout This Report			
§5(a)(2)	Recommendations for corrective action with respect to significant problems, abuses, and deficiencies	Throughout This Report			
§5(a)(3)	Significant recommendations from previous semiannual reports on which corrective action has not been completed	61	66	Nothing to Report	67
§5(a)(4)	Summary of matters referred to prosecutive authorities and resulting convictions	14			
§5(a)(5)	Matters reported to the head of the agency under section 6(c)(2) (refusal of assistance)	Nothing to Report			
§5(a)(6)	Listing of reports issued during the reporting period	8-10, Appendix A			
§5(a)(7)	Summary of significant reports	16-41			

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
§5(a)(8)	Statistical table: questioned costs	68	69	Nothing to Report	Nothing to Report
§5(a)(9)	Statistical table: recommendations that funds be put to better use	Nothing to Report	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(10)(A)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	70	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(10)(B)	Summary of audit reports for which the agency has not returned comment within 60 days of receipt of the report	Nothing to Report			
§5(a)(10)(C)	Summary of audit reports for which there are outstanding unimplemented recommendations, including aggregate potential cost savings of those recommendations	Appendix B			
§5(a)(11)	Significant revisions to management decisions made during the reporting period	Nothing to Report			
§5(a)(12)	Significant management decisions with which the Inspector General is in disagreement	Nothing to Report			
§5(a)(13)	Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	Nothing to Report			
§5(a)(14-15)	Peer reviews of USAID OIG	60			
§5(a)(16)	Peer reviews conducted by USAID OIG	60			

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
§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	14-15			
§5(a)(19)	Report on each OIG investigation involving a senior government employee where allegations of misconduct were substantiated	41			
§5(a)(20)	Instances of (agency) whistleblower retaliation	Nothing to Report			
§5(a)(21)	Attempts by Agency to interfere with OIG independence including budget constraints and incidents where the Agency restricted or significantly delayed access to information	Nothing to Report			
§5(a)(22)	Detailed description of situations where an inspection, evaluation, and audit was closed and not disclosed to the public; and each investigation of a senior government employee was closed and not disclosed to the public	Nothing to Report			

Reporting Requirements, Other	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
Significant Findings From Contract Audit Reports	The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, section 845) requires Inspectors General to submit information on contract audit reports, including grants and cooperative agreements, that contain significant audit findings in semiannual reports to Congress.	55			

## Peer Reviews

The Council of the Inspectors General on Integrity and Efficiency requires OIGs to conduct and undergo periodic external peer reviews, and the Inspector General Act of 1978 requires the results of these peer reviews to be published in this Semiannual Report to the Congress.

### Peer Reviews Conducted of OIG as of March 31, 2022

No peer reviews were conducted of USAID OIG this period.

Our last peer review was of OIG’s audit function. This peer review was performed by the Department of Treasury OIG, which issued its report on May 27, 2020. There were no recommendations. USAID OIG received an External Peer Review rating of “pass.”

Our Office of Investigations was last peer reviewed by the State Department OIG, which issued its report on June 29, 2017. Our Office of Investigations was rated as compliant with applicable standards and received one recommendation for a policy clarification that we subsequently completed.

### Peer Reviews Conducted by OIG as of March 31, 2022

This period, we conducted an external peer review of the HUD OIG’s Office of Audit, which received a rating of “pass.” Based on our review, the HUD OIG’s system of quality control in effect for the year ending March 31, 2021, had been suitably designed and complied with to provide the office with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects. In addition, we issued a Letter of Comment containing findings that were not considered to be of sufficient significance to affect our rating of “pass.” In the letter, we made 12 recommendations to strengthen HUD OIG’s audit policies and procedures.

**Significant Recommendations Described Previously Without Final Action**  
**USAID**  
**as of March 31, 2022**

Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
5-000-21-001-P	Improved Guidance, Data, and Metrics Would Help Optimize USAID's Private Sector Engagement	12/9/2020	2	12/9/2020	4/29/2022
0-000-20-006-C	Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018	11/19/2019	9	11/19/2019	1/7/2022
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	1	12/1/2021	9/1/2022
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	2	12/1/2021	9/1/2022
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	3	12/1/2021	9/1/2022
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	4	12/1/2021	9/1/2022
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	5	12/1/2021	9/1/2022
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	6	12/1/2021	9/1/2022

Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	7	12/1/2021	9/1/2022
9-000-21-005-P	Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID's Venezuela Response	4/16/2021	1	4/16/2021	4/15/2022
9-000-21-005-P	Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID's Venezuela Response	4/16/2021	2	4/16/2021	7/15/2022
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	2	5/12/2021	6/30/2023
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	3	5/12/2021	9/30/2022
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	4	5/12/2021	6/30/2023
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	5	5/12/2021	9/30/2022
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	6	5/12/2021	9/30/2022

Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	7	5/12/2021	9/30/2022
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	8	5/12/2021	6/30/2023
9-000-21-006-P	USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries	5/12/2021	9	5/12/2021	9/30/2022
9-000-21-008-P	USAID Communicated and Enforced Branding and Marking Policies but Could Further Clarify Waiver Requirements and Monitoring Responsibilities	7/23/2021	1	7/23/2021	7/23/2022
9-000-21-008-P	USAID Communicated and Enforced Branding and Marking Policies but Could Further Clarify Waiver Requirements and Monitoring Responsibilities	7/23/2021	2	7/23/2021	7/23/2022
9-000-21-008-P	USAID Communicated and Enforced Branding and Marking Policies but Could Further Clarify Waiver Requirements and Monitoring Responsibilities	7/23/2021	3	7/23/2021	7/23/2022
9-266-21-003-P	Enhanced Guidance and Practices Would Improve USAID's Transition Planning and Third-Party Monitoring in Iraq	2/19/2021	5	5/19/2021	4/29/2022
A-000-20-006-P	USAID Needs To Improve Policy and Processes To Better Protect Information Accessed on Personal Devices	6/19/2020	3	6/19/2020	7/31/2022



Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
A-000-21-001-P	USAID Needs to Improve Its Privacy Program to Better Ensure Protection of Personally Identifiable Information	8/11/2021	1	8/11/2021	7/15/2022
A-000-21-001-P	USAID Needs to Improve Its Privacy Program to Better Ensure Protection of Personally Identifiable Information	8/11/2021	3	8/11/2021	7/15/2022
A-000-21-001-U	USAID Was Not On Track To Achieve Performance and Cost Savings Goals for the Development Information Solution System	5/6/2021	1	5/6/2021	9/30/2022
A-000-21-001-U	USAID Was Not On Track To Achieve Performance and Cost Savings Goals for the Development Information Solution System.	5/6/2021	3	5/6/2021	6/30/2022
A-000-21-004-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	1/7/2021	2	1/7/2021	7/1/2022
A-000-21-004-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	1/7/2021	3	1/7/2021	6/17/2022
A-000-21-004-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	1/7/2021	6	1/7/2021	9/30/2022

Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
8-000-21-001-P	Weaknesses in Oversight of USAID's Syria Response Point to the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance	3/4/2021	4	The Office of Acquisition and Assistance (OAA) has completed their review of the International Rescue Committee's (IRC) costs that were deemed questionable by the OIG audit team; however, OAA is awaiting some additional documentation from IRC that they were unable to open in the response that IRC provided.	Desired Timetable for Management Decision: June 30, 2022

**Significant Recommendations Described Previously Without Final Action**  
**MCC**  
*as of March 31, 2022*

Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
0-MCC-20-012-C	Enhanced Controls Are Needed to Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse	6/10/2020	2	6/10/2020	9/16/2022
0-MCC-20-012-C	Enhanced Controls Are Needed to Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse	6/10/2020	3	6/10/2020	9/16/2022
0-MCC-21-002-C	Audit of MCC's Fiscal 2020 and 2019 Financial Statements	11/14/2020	2	3/10/2021	10/15/2021
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	5	3/10/2021	4/29/2022
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	7	3/10/2021	10/15/2021
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	8	3/10/2021	10/15/2021
M-000-21-001-P	MCC Should Do More to Assess the Threshold Program's Progress in Achieving Its Overall Objectives	9/2/2021	1	3/4/2022	9/15/2023
M-000-21-001-P	MCC Should Do More to Assess the Threshold Program's Progress in Achieving Its Overall Objectives	9/2/2021	2	9/1/2021	4/29/2022
M-000-21-001-P	MCC Should Do More to Assess the Threshold Program's Progress in Achieving Its Overall Objectives	9/2/2021	3	3/4/2022	12/30/2022

**Significant Recommendations Described Previously Without Final Action**  
**IAF**  
*as of March 31, 2022*

Report Number	Report Title	Date of Report	Recommendation Number	Management Decision Date	Final Action Target Date
A-IAF-17-004-C	The Inter-American Foundation Has Implemented Many Controls in Support of FISMA, but Improvements Are Needed	11/7/2016	7	11/7/2016	5/31/2022
A-IAF-20-004-C	IAF Has Generally Implemented Controls in Support of FISMA for Fiscal 2019	1/23/2020	2	1/23/2020	6/30/2021
A-IAF-21-002-C	IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	12/4/2020	2	12/4/2020	5/30/2021

**Reports with Questioned and Unsupported Costs**  
**USAID**  
**as of March 31, 2022**

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs <sup>A</sup>
A. For which no management decision had been made as of October 1, 2021	31	\$72,751,901	\$46,465,957
B. Reports issued October 1, 2021 - March 31, 2022	29	\$55,983,231	\$2,329,088
<b>Subtotal</b>	<b>60</b>	<b>\$128,735,132</b>	<b>\$48,795,045</b>
C. Reports with a management decision made October 1, 2021 - March 31, 2022	28	\$79,526,049	\$39,621,587
Value of costs disallowed by Agency officials		\$60,799,842	\$33,227,571
Value of costs allowed by Agency officials		\$18,726,207	\$6,394,016
D. For which no management decision had been made as of March 31, 2022	33	\$49,209,083	\$9,173,458

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

**Reports with Questioned and Unsupported Costs**  
**MCC**  
**as of March 31, 2022**

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs <sup>B</sup>
A. For which no management decision had been made as of October 1, 2021	0	-	-
B. Reports issued October 1, 2021 - March 31, 2022	1	\$70,131	\$70,131
<b>Subtotal</b>	<b>1</b>	<b>\$70,131</b>	<b>\$70,131</b>
C. Reports with a management decision made October 1, 2021 - March 31, 2022	1	\$70,131	\$70,131
Value of costs disallowed by Agency officials		\$57,568	\$57,568
Value of costs allowed by Agency officials		\$12,563	\$12,563
D. For which no management decision had been made as of March 31, 2022	0	-	-

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

**Audit Reports Issued Prior to October 1, 2021, with No Management Decision  
USAID  
As of March 31, 2022**

Report Number	Title	Issue Date	Recommendation Number	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-000-21-001-P	Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance	3/4/2021	4	OAA has completed their review of the International Rescue Committee's (IRC) costs that were deemed questionable by the OIG audit team; however, OAA is awaiting some additional documentation from IRC that they were unable to open in the response that IRC provided.	6/30/2022
8-306-21-021-N	Audit of the Fund Accountability Statement of Virginia Polytechnic Institute and State University, Catalyzing Afghan Agricultural Innovation Program in Afghanistan, Cooperative Agreement 306-72030618LA0000 2, May 28, 2018, to December 31, 2019	4/19/2021	1	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined



Report Number	Title	Issue Date	Recommendation Number	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-21-021-N	Audit of the Fund Accountability Statement of Virginia Polytechnic Institute and State University, Catalyzing Afghan Agricultural Innovation Program in Afghanistan, Cooperative Agreement 306-72030618LA00002 May 28, 2018, to December 31, 2019	4/19/2021	2	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-021-N	Audit of the Fund Accountability Statement of Virginia Polytechnic Institute and State University, Catalyzing Afghan Agricultural Innovation Program in Afghanistan, Cooperative Agreement 306-72030618LA00002 May 28, 2018, to December 31, 2019	4/19/2021	3	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined

Report Number	Title	Issue Date	Recommendation Number	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-21-022-N	Close-out Audit of the Fund Accountability Statement of Palladium International, LLC, Health Sector Resiliency Project in Afghanistan, Contract AID-306-C-15-00009, July 1, 2019, to September 30, 2020	4/19/2021	1	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-022-N	Close-out Audit of the Fund Accountability Statement of Palladium International, LLC, Health Sector Resiliency Project in Afghanistan, Contract AID-306-C-15-00009, July 1, 2019, to September 30, 2020	4/19/2021	2	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-024-N	Audit of Fund Accountability Statement of The Asia Foundation Under Multiple Awards in Afghanistan, 2018 -2020	4/22/2021	1	USAID did not provide a final action date for its management decision.	Undetermined
8-306-21-024-N	Audit of Fund Accountability Statement of The Asia Foundation Under Multiple Awards in Afghanistan, 2018 -2020	4/22/2021	2	USAID did not provide a final action date for its management decision.	Undetermined

Report Number	Title	Issue Date	Recommendation Number	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-21-025-N	Audit of the Fund Accountability Statement of American University of Afghanistan, Support to the American University of Afghanistan Project, Cooperative Agreement AID-306-A-13-00004, July 1, 2019, to May 31, 2020	4/26/2021	1	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-025-N	Audit of the Fund Accountability Statement of American University of Afghanistan, Support to the American University of Afghanistan Project, Cooperative Agreement AID-306-A-13-00004, July 1, 2019, to May 31, 2020	4/26/2021	2	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-025-N	Audit of the Fund Accountability Statement of American University of Afghanistan, Support to the American University of Afghanistan Project, Cooperative Agreement AID-306-A-13-00004, July 1, 2019, to May 31, 2020	4/26/2021	3	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel, resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined

Report Number	Title	Issue Date	Recommendation Number	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-21-028-N	Fund Accountability Statement Audit of Creative Associates International, Inc. Under Afghan Children Read Program in Afghanistan, Task Order AID-306-TO-16-00003, October 1, 2018, to September 30, 2019	5/10/2021	1	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-033-N	Audit of the Fund Accountability Statement of FHI 360 Under Multiple Awards in Afghanistan, October 1, 2019, to September 30, 2020	6/2/2021	1	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined
8-306-21-033-N	Audit of the Fund Accountability Statement of FHI 360 Under Multiple Awards in Afghanistan, October 1, 2019, to September 30, 2020	6/2/2021	2	Difficult circumstances encountered due to the closing of USAID/ Afghanistan and the evacuation of personnel resulted in USAID requesting an extension to address these recommendations. The request was received and approved by OIG on 02/11/2022.	Undetermined

Report Number	Title	Issue Date	Recommendation Number	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-306-21-034-N	Closeout Audit of the Fund Accountability Statement of International Finance Corporation, Afghanistan Investment Climate Reform Program, Award AID-EGEE-G-15-00001 IFC TF072383, March 27, 2015, to March 26, 2020	6/9/2021	I	We had not yet acknowledged the management decision as of the end of the SARC period. Our final decision is pending additional information to be received from USAID.	Undetermined

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