

OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

Jordan Cash Transfer Program: USAID Generally Followed the Grant Agreement and Agency Policy With Some Due Diligence Exceptions

Audit Report 8-278-23-001-P
November 17, 2022



Middle East and Eastern Europe Regional Office



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

DATE: November 17, 2022

TO: USAID/Jordan, Mission Director, Sherry F. Carlin

FROM: USAID/OIG Middle East and Eastern Europe Regional Office, Audit Director,
David Thomanek /s/

SUBJECT: Jordan Cash Transfer Program: USAID Generally Followed the Grant Agreement
and Agency Policy With Some Due Diligence Exceptions

This memorandum transmits our final audit report. Our audit objective was to determine the extent to which USAID managed the Jordan cash transfer program in accordance with the grant agreement and Agency policy. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix C.

The report contains two recommendations to improve USAID/Jordan's execution of due diligence requirements and to memorialize its approach to complying with policy requirements. After reviewing information that you provided in response to the draft report, we consider both recommendations resolved but open pending completion of planned activities.

For recommendations 1 and 2, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance you and your staff provided to us during this audit.

Contents

Introduction	1
Summary	1
Background	2
USAID Followed the Grant Agreement and Agency Policy in Managing the Jordan Cash Transfer Program With Two Exceptions.....	5
USAID/Jordan Generally Met Due Diligence Requirements but Did Not Update Jordan’s Institutional Risk Assessment and Document Its Deviation from Agency Policy.....	6
USAID/Jordan Managed Selected Conditions Precedents Per the Grant Agreement	8
USAID/Jordan Managed the FY 2021 Cash Disbursements in Accordance With Grant Agreement and Implementation Letters.....	9
Conclusion	10
Recommendations	10
OIG Response to Agency Comments	10
Appendix A. Scope and Methodology.....	12
Appendix B. Sample of Conditions Precedents	14
Appendix C. Agency Comments.....	15
Appendix D. Major Contributors to This Report.....	17

Introduction

USAID provided \$845.1 million in Economic Support Funds (ESF) under the cash transfer program to the Government of Jordan (GoJ) in 2021. Programs funded through the ESF account are implemented in countries of strategic significance to the United States.¹

As of April 2022, the cash transfer to Jordan was the largest amount of budget support² given to any U.S. foreign aid recipient worldwide, according to the Congressional Research Service.³ Through its cash transfer grant agreement (henceforth agreement), USAID/Jordan (the mission) operationalized the congressional earmark for general budget support to Jordan. The current agreement covers fiscal years (FY) 2021 to 2025.⁴ This audit focuses on FY 2021 funding.

Given the high dollar amounts involved, we conducted this audit to determine the extent to which USAID managed the Jordan cash transfer program in accordance with the grant agreement and Agency policy. To answer the audit objective, we determined the extent to which USAID/Jordan (1) carried out its due diligence responsibilities prior to obligating the cash transfer agreement in accordance with Automated Directives System (ADS) requirements, (2) managed the conditions precedents prior to the disbursement of funds in accordance with the agreement, and (3) managed the disbursements of ESF funds to the GoJ in accordance with the agreement and implementation letters.⁵

To address the audit objective, we assessed USAID/Jordan's execution of due diligence requirements for direct government-to-government (G2G) assistance, verified underlying evidence for a judgmentally selected sample of 10 out of 20 conditions precedents to confirm they were met prior to disbursement, and reviewed supporting documentation for the disbursed amounts in FY 2021. We also reviewed the documented cash transfer process and confirmed the process with mission officials from the program, legal, and financial management offices. We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology.

Summary

USAID followed the grant agreement and Agency policy in managing the Jordan cash transfer program with two exceptions. USAID/Jordan managed the Jordan cash transfer program in accordance with the grant agreement and Agency policy. We found two areas in need of improvement: (1) updating the risk assessment for the Central Bank of Jordan

¹ Congressional Research Service, "Foreign Assistance: An Introduction to U.S. Programs and Policy," updated January 10, 2022.

² Budget support (commonly known as cash transfer assistance) is a type of resource transfer under the ESF account that is intended to promote the political and economic stability of U.S. allies.

³ Congressional Research Service, "Jordan: Background and U.S. Relations," updated April 14, 2022.

⁴ USAID/Jordan signed a 5-year cash transfer agreement with the GoJ totaling approximately \$4.2 billion for fiscal years 2021 to 2025.

⁵ Implementation letters issued by USAID provide additional information to assist the GoJ in the implementation of the cash transfer grant agreement.

and Jordan's Ministry of Planning and International Cooperation; and (2) documenting the mission's deviation from Agency guidance on approving the cash transfer program.

USAID/Jordan managed selected conditions precedents per the grant agreement.

USAID/Jordan verified the GoJ met select condition precedents that aligned with USAID's development objectives and the Country Development Cooperation Strategy.

USAID/Jordan managed the cash disbursements in accordance with grant agreement and implementation letters.

The overall amount of \$845.1 million for the 2021 cash transfer per the grant agreement was transferred to the GoJ in accordance with the cash transfer grant agreement and implementation letters. Furthermore, the 2021 cash transfer supported (a) debt payments and (b) general budget support in accordance with the cash transfer grant agreement and the amounts transferred did not exceed the GoJ's public expenditures or amount of debt owed by the GoJ.

Recommendations: We made two recommendations to strengthen USAID/Jordan's execution of due diligence requirements and to memorialize its approach to complying with policy requirements. USAID agreed with our recommendations.

Background

Jordan is a key U.S. partner in the Middle East and cooperates with the U.S. on several international and regional issues. Jordan plays an important role in facilitating dialogue with the Palestinians and remains at peace with Israel. Additionally, given the ongoing instability in neighboring Syria and Iraq, Jordan remains a vital U.S. partner and strategic player. U.S. officials frequently express their support for Jordan and no other country in the world receives as much direct U.S. economic budgetary aid on an annual basis as Jordan. The assistance aims to ease budgetary shortfalls the GoJ faces from the influx of Syrian refugees and high global commodity prices, and to assist Jordan's recovery from the COVID-19 crisis. Figure I shows Jordan's geographic proximity to Syria, Iraq, Israel, and Egypt.

Figure I. Map of Jordan and Its Neighbors



Area: 89,342 sq. km. (34,495 sq. mi., slightly smaller than Indiana)
Population: Approximately 11 million (2022); Amman (capital): 2.2 million (2022)
Estimated Syrian Refugee Population in Jordan: 1.3 million (2021)

Source: Congressional Research Service map, “Jordan: Background and U.S. Relations,” updated April 14, 2022. The estimated Syrian Refugee Population in Jordan data is based on Jordan’s Ministry of Water and Irrigation information reported in February 2021. The depiction and use of boundaries and geographic names used on this map do not imply official endorsement or acceptance by the U.S. government.

In February 2018, the U.S. government and GoJ signed a memorandum of understanding on U.S. foreign assistance to Jordan to promote areas of interest such as long-term economic growth, regional stability, and to advance social and political reforms. In FY 2021, Congress mandated that the U.S. government provide a minimum of \$1.65 billion to Jordan, including at least \$845.1 million for budget support (cash transfer). The annual cash transfer helps the GoJ decrease its budgetary shortfalls by (a) assisting with the GoJ’s debt payments made during the agreement period for non-military and non-security debt owed to the U.S. government or other debt covered by U.S. government guarantees, and (b) supporting the GoJ’s general budget that finances development sectors across Jordanian ministries. Jordanian ministries expend their

annual budget, so cash transfer funds effectively serve as a reimbursement to the Jordanian Treasury's general fund.

Of the \$845.1 million cash transfer for 2021, \$798.1 million was for general budget support and \$47 million was for qualifying debt service payments. The agreement and Agency policy required the mission to exercise due diligence prior to the obligation and disbursement of these funds.

The Cash Transfer Process: Due Diligence and Conditions Precedents

Prior to obligating funds through the agreement, USAID/Jordan is responsible for assessing the public financial management capabilities of the GoJ and assessing the government's ability to comply with the agreement terms.⁶

The GoJ must meet a set of conditions prior to disbursement of the cash transfer, referred to as conditions precedents (CPs). The CPs typically take the form of policy reforms and are designed to align with both Jordan's development priorities and U.S. government goals and objectives for Jordan.⁷ CPs cover a range of areas including supporting refugees, human rights, and strengthening the health and judicial systems. For example, prior to 2012, the judicial branch in Jordan was dependent on the executive branch. Since then, the mission put forth various CPs to spur the creation of a more efficient and accountable judiciary. CPs to promote judicial reforms included the adoption of a transparent, merit-based appointment process for judges and the establishment of new administrative units within the judiciary to allow for independent decision making. CPs are jointly established by USAID/Jordan, U.S. Embassy Amman, and GoJ's Ministry of Planning and International Cooperation (MOPIC) and written into the terms of the agreement.

In a typical disbursement cycle, USAID/Jordan, in cooperation with the U.S. Embassy Amman, develop CPs at the end of the calendar year preceding the year of the cash transfer. Once CPs are drafted, USAID/Jordan invites MOPIC and other GoJ ministries to comment on CPs developed by USAID and propose any additions. Mission officials stated that some CPs build on successes from previous years, while others might be stand-alone goals. Once the CPs are developed, the parties agree on the specific documentation the GoJ must provide to prove each CP is met.

The GoJ implements the CPs during the year and submits proof each CP has been met before disbursement. Once the GoJ implements the CPs and submits the agreed upon documentation, USAID/Jordan conducts a legal review to ensure the intent of the CPs have been met prior to disbursing the funds.

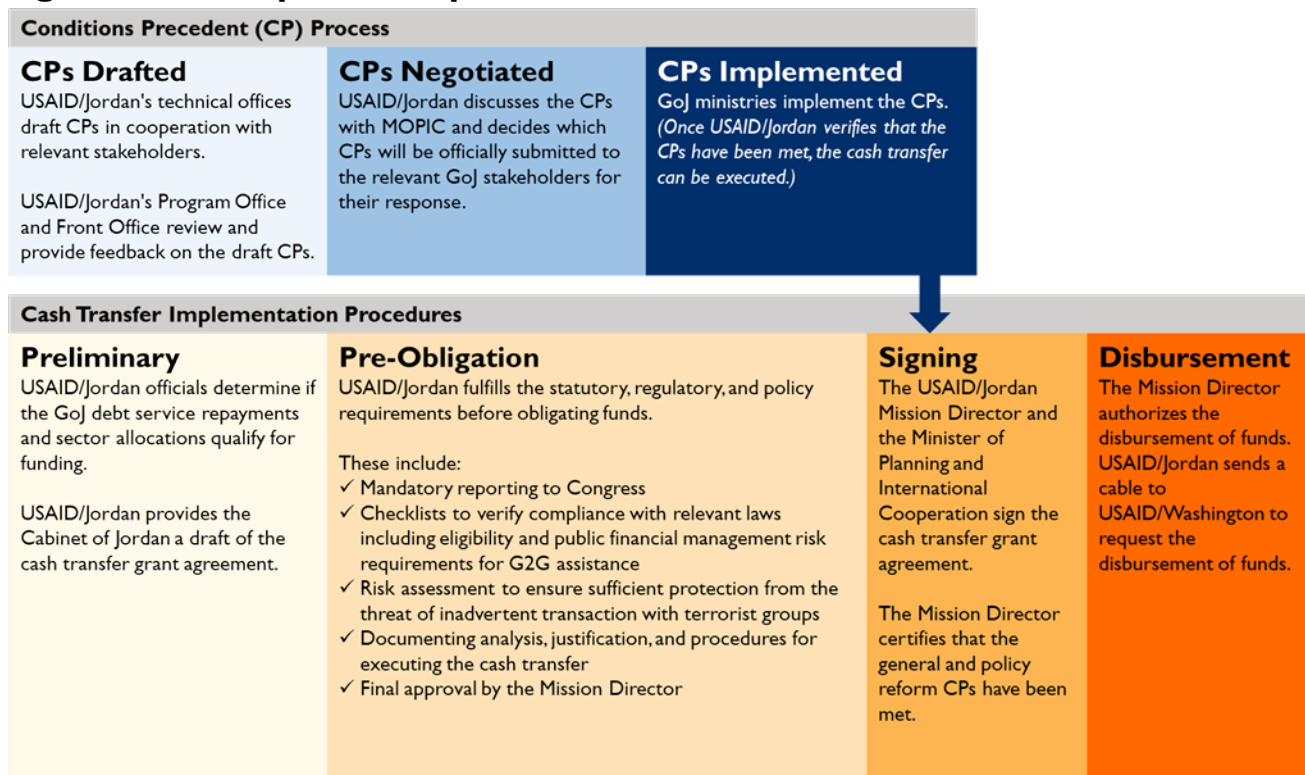
Once the Mission Director authorizes disbursement of funds, USAID/Jordan staff are responsible for transferring the funds consistent with the terms of the implementation letters. The implementation letters memorialize implementing details under the agreement and contain

⁶ ADS 220 outlines the due diligence requirements for G2G assistance and ADS 350 contains policy governing grants to foreign governments.

⁷ CPs can also be benchmarks or other actions that are mutually agreed to by the GoJ and USAID that the GoJ must meet prior to disbursement of the cash transfer.

details of the destination bank and confirmation procedures. Figure 2 below outlines the CP and cash transfer processes.

Figure 2. Prerequisite Steps for the Cash Transfer



Source: OIG generated based on analysis of USAID Information.

USAID Followed the Grant Agreement and Agency Policy in Managing the Jordan Cash Transfer Program With Two Exceptions

USAID generally managed the Jordan cash transfer program in accordance with the grant agreement and Agency policy. We found two areas in need of improvement—updating the risk assessment for the Central Bank of Jordan (CBJ) and MOPIC and documenting its deviation from Agency guidance on approving the cash transfer program. Otherwise, USAID/Jordan met the due diligence requirements and verified that the GoJ met selected CPs before disbursement of funds. USAID/Jordan also managed the disbursement of the FY 2021 cash transfer in accordance with the grant agreement and implementation letters.

USAID/Jordan Generally Met Due Diligence Requirements but Did Not Update Jordan's Institutional Risk Assessment and Document Its Deviation from Agency Policy

USAID/Jordan generally met due diligence requirements outlined in ADS 220 for G2G assistance and ADS 350, which governs grants to foreign governments. USAID/Jordan met the minimum requirements to program G2G funds in accordance with ADS 220. Specifically, USAID/Jordan reviewed the results of the assessment performed by the State Department and USAID that concluded the GoJ was eligible for G2G assistance under section 7031(a) of the annual Department of State, Foreign Operations, and Related Programs Appropriations Act (SFOAA).⁸ Additionally, as required, USAID/Jordan verified that the GoJ was not subject to restrictions under the Trafficking Victims Protection Act.⁹

USAID/Jordan also met ADS 220 requirements to assess public financial management, governance, or public accountability systems of the partner country (country risk assessment). Specifically, USAID/Jordan conducted and released the country risk assessment in 2018. The mission's country risk assessment was completed consistent with ADS requirements and provided a record of consultations held and key data obtained during fieldwork. Furthermore, the assessment was conducted within the acceptable timeframe because less than six years had elapsed since the previous country risk assessment.

USAID/Jordan documented its analysis of the GoJ's ability to comply with the grant agreement terms in accordance with ADS 350. The mission's analysis was documented in the Program Assistance Approval Document (PAAD), an internal document approving program assistance, for the FY 2021 cash transfer and the analysis addressed the four required areas: the program's purpose, audit provisions, prior history, and the political context.

Use of Outdated Institutional Risk Assessment

USAID/Jordan, however, did not have an up-to-date assessment of the relevant institutional technical capacity of the entity that will implement the activity, hereafter referred to as the institutional risk assessment.¹⁰ The 2013 institutional risk assessment examined the systems, policies, and staff capacity of the relevant ministries and sub-ministries responsible for receiving the cash transfer.

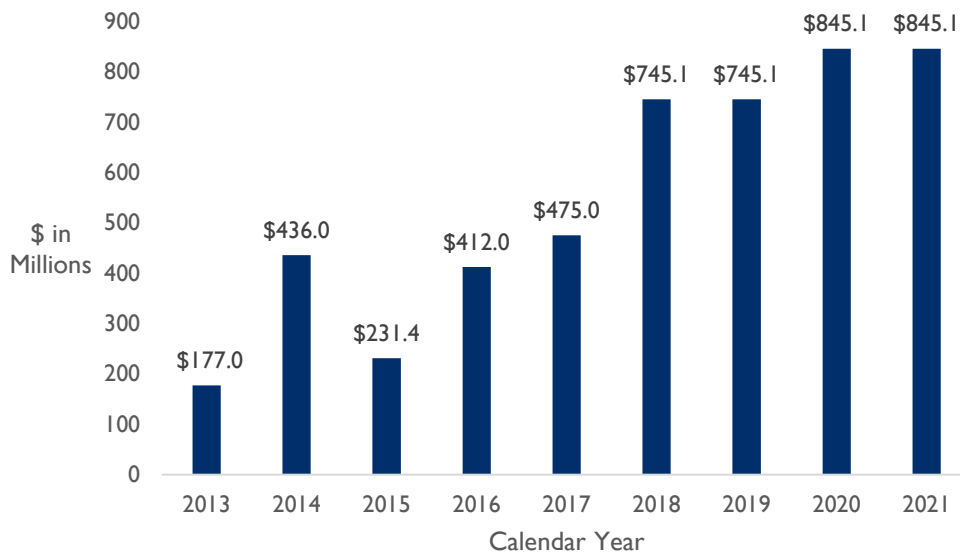
⁸ Section 7031(a) of SFOAA requires that a recipient government meet accountability criteria to be eligible to receive G2G assistance. The review assesses if the recipient government is: (1) taking steps to disclose its national budget publicly on an annual basis; (2) taking steps to protect the rights of civil society, including freedoms of expression, association, and assembly; and (3) following the principles of the legal prohibition on taxation of U.S. foreign assistance.

⁹ The Trafficking Victims Protection Act of 2000 places U.S. Government restrictions on non-humanitarian, non-trade related assistance for countries that are neither fully complying with the minimum standards for the elimination of trafficking nor making significant efforts to do so.

¹⁰ ADS 220 outlines the fiduciary risk management and due diligence procedures for G2G assistance to include an assessment of the relevant institutional capacity of the entity that will implement the project or activity. While the Jordan cash transfer program does not entail project assistance or activity implementation, risk management and due diligence procedures also apply to cash transfer programs using partner government systems. GoJ entities are involved in transferring funds to the GoJ Treasury as shown in Figure 4 of the report.

The assessment was completed in accordance with ADS 220 policies and procedures. However, USAID/Jordan did not update its institutional risk assessment to coincide with the life of the program and the increase in funding for the cash transfer program in FY 2021 in accordance with ADS 220. As shown in Figure 3, USAID disbursed \$177 million when the last institutional risk assessment was completed in 2013. The funding has since increased to \$845.1 million annually.

Figure 3. Cash Transfers to Jordan Quadrupled Between 2013 and 2021



Source: Data obtained from the USAID Phoenix Viewer portal, accessed June 2022.

The mission controller stated the mission did not update its institutional risk assessment because it approached the assessment from not only a compliance standpoint, but as a practical matter through ongoing work and regular monitoring. The mission concurred that a periodic, holistic look of the public financial management system is required but based on the results of the country risk assessment in 2018 and close interaction with GoJ partners, the mission did not encounter any event that would have necessitated an immediate update. Nonetheless, the mission controller noted plans to assemble a team to conduct the institutional risk assessment update in 2023 as a matter of routine oversight. Given the increase in funding, the lack of an updated institutional risk assessment precludes a current and complete view of the GoJ's public financial management systems and identification of potential vulnerabilities of MOPIC and the CBJ.

Deviation from Agency Policy

Inconsistent with ADS 220, the mission documented its due diligence through the PAAD instead of the Approval for Use of Partner Government Systems (AUPGS). The principal components of the AUPGS relevant to program assistance were documented in the PAAD.

Mission officials explained that this approach was taken because the cash transfer in Jordan is program assistance, not an activity or project assistance.¹¹ They believed that the PAAD, rather than the AUPGS, was the appropriate document to approve the program and document that due diligence was completed. However, the mission did not document its deviation from the ADS 220 requirement.

Because the deviation from ADS 220 was not documented and maintained as required by Federal internal control standards,¹² USAID/Jordan lacks a memorialized record of the mission's approach to complying with ADS 220 requirements or a documentary record to inform subsequent decisions about the scope and level of effort required to meet due diligence requirements for the cash transfer grant agreement.

Notably, ADS 220 was revised in January 2021.¹³ The requirements from the prior version of ADS 220 are now integrated into the 7-step G2G Risk Management Process and the revised 2021 version of ADS 220 provides missions flexibility to calibrate the scope and level of effort for each step of the risk management process. According to USAID's G2G Information Desk, if a mission decides to omit or deviate from a section of the risk management process, the decision should be documented and justified.¹⁴

USAID/Jordan Managed Selected Conditions Precedents Per the Grant Agreement

USAID/Jordan developed CPs that aligned with USAID's development objectives and verified that the GoJ met CPs prior to the disbursement of the cash transfer.¹⁵ Specifically, USAID/Jordan obtained and reviewed documentation from the GoJ demonstrating that it met the CP requirements before the agreed-upon target dates.

For example, one of the selected CPs states that the Ministry of Finance will take steps to strengthen Jordan's procurement mechanism with a goal of improving public sector delivery and creating an enabling environment for private sector-led growth. Accordingly, the supporting documents to demonstrate actions taken included: (1) a letter from the Ministry of Digital Economy and Entrepreneurship confirming the launch of the Jordanian E-Procurement System (JONEPS), and a copy of the 2019 governing Electronic Procurement Regulations; (2) documents with basic bidding information and instructions for government proposals related to procuring advisory services, public works, and supplies; and (3) a letter from the Ministry of Finance's Procurement Department to MOPIC that committed to adopting relevant policies to

¹¹ Program assistance and project assistance are two types of G2G agreements. Program assistance refers to generalized resource transfers to partner governments based on meeting defined benchmarks that are not based on cost. In contrast, project assistance refers to G2G agreements based on a design with the partner government that finances specified results based on cost.

¹² GAO's Standards for Internal Control in the Federal Government establishes that documentation is a necessary part of an effective internal control system and is required for the effective design, implementation, and operating effectiveness of an entity's internal control system.

¹³ Since planning for the 2021 cash transfer was already underway when the revised version of ADS 220 was released, OIG tested USAID/Jordan's due diligence efforts against both versions of ADS 220.

¹⁴ USAID's G2G Information Desk is maintained by the Office of the Chief Financial Officer's Risk Management Team and is a cross functional information desk on all policy questions relating to G2G assistance.

¹⁵ Appendix B lists the sample of 10 out of 20 CPs audited.

ensure small and medium-sized enterprises participation and to prepare forms of the new standard procurement documents along with manuals and timetables for applications submitted through JONEPS.

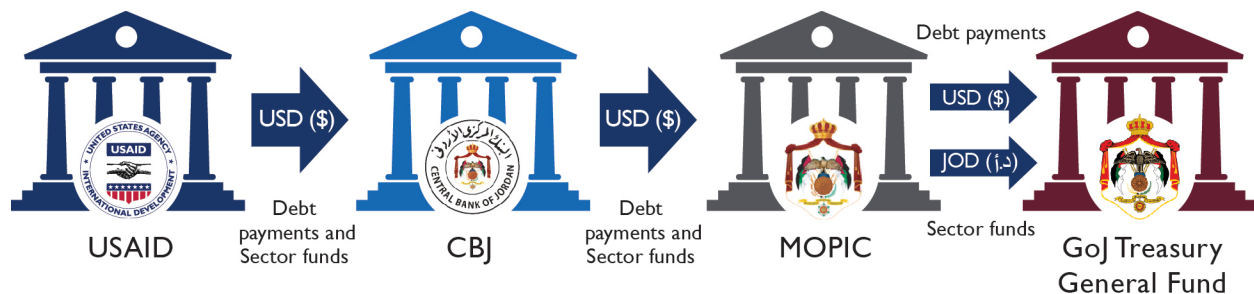
Additionally, the 10 CPs aligned with USAID/Jordan’s Country Development Cooperation Strategy (CDCS) and were in accordance with annex I of the grant agreement, which explains that “cash transfers are conditioned benchmarks that the GoJ agrees to meet prior to disbursement. These benchmarks, typically in the form of required policy reforms and are consistent with the country’s own national agenda and USAID’s development objectives.” For example, the CP focused on GoJ’s procurement system above aligned with USAID/Jordan’s development objective I: Inclusive Private Sector-Led Growth.

USAID/Jordan Managed the FY 2021 Cash Disbursements in Accordance With Grant Agreement and Implementation Letters

USAID/Jordan managed the disbursements of ESF funds to the GoJ in accordance with the agreement and implementation letters. Bank statements verified that the entire amount, \$845.1 million, was transferred to the GoJ in accordance with the cash transfer grant agreement and implementation letters. The amounts transferred to the GoJ matched the amounts stipulated in the implementation letters and the overall amount for the 2021 cash transfer per the grant agreement.

After USAID authorized the cash transfer disbursement, the U.S. Department of Treasury transferred funds from USAID’s account to the CBJ account at Wells Fargo in New York City. The CBJ then transferred the entire disbursement (debt payment and sector allocation funds) to MOPIC’s U.S. dollar (USD) account held at the CBJ in Amman, Jordan. From MOPIC’s USD account at the CBJ, (1) debt payment funds (USD) flowed directly to the GoJ Treasury general fund and (2) sector allocations were exchanged into local Jordan Dinar (JOD) and deposited into MOPIC’s JOD Account at the CBJ, and then flowed to the GoJ Treasury general fund. Figure 4 below shows how the 2021 cash transfer funds flowed from USAID to the GoJ’s Treasury general fund.

Figure 4. Disbursement Flow for Cash Transfer



Source: OIG-generated based on analysis of USAID Information.

USAID/Jordan verified that the 2021 cash transfer supported (a) debt payments and (b) general budget support through the sector allocations in accordance with section 6.1 of the cash transfer grant agreement that outlines the uses of the cash transfer. USAID/Jordan reviewed

sector allocations for general budget support and debt service applied to the 2021 cash transfer to ensure allocations did not exceed the GoJ's public expenditures or amount of debt owed by the GoJ. Furthermore, the Ministry of Finance provided information to USAID on debt payments and loan guarantees and costs involved. This informed USAID/Jordan's analysis on debt service payments for the 2021 cash transfer in accordance with section 6.3 of the grant agreement that explicitly says the grantee will provide USAID with information to facilitate withdrawals for debt payment or general budget support.

Ultimately, the \$845.1 million cash transfer was disbursed to the GoJ in two tranches. Tranche 1 was disbursed in July 2021 and totaled \$600 million: \$553 million in general budget support/sector allocations and \$47 million in debt payments. Tranche 2 was disbursed in December 2021 and totaled \$245.1 million in general budget support/sector allocations. The disbursed amounts aligned with the planned use of funds for the 2021 cash transfer in accordance with applicable agreement provisions in section 6.1 on the use of the cash transfer and section 8.3 on USAID's issuance of implementation letters.

Conclusion

USAID/Jordan generally managed the cash transfer program in accordance with the agreement and Agency policy in carrying out Congress' directive to provide \$845.1 million for general budget support to the Government of Jordan. Nonetheless, there are areas of the program that could be further strengthened. Specifically, without full compliance with due diligence requirements, USAID/Jordan will continue to have an outdated and incomplete view of the public financial management capacity of Jordanian institutions that receive cash transfer funds. For FY 2022 and beyond, the updated ADS 220 policy provides increased flexibility for missions to calibrate the scope and level of effort for each step of the risk management process for G2G assistance; therefore, documenting deviations will remain important for USAID/Jordan to memorialize its approach to managing the cash transfer program for future years.

Recommendations

We recommend that USAID/Jordan take the following actions:

1. Update the institutional risk assessment for the Central Bank of Jordan and the Ministry of Planning and International Cooperation through which cash transfer funds flow.
2. Document the justification for any deviations from the 7-step risk management process for the cash transfer program in the grant agreement file.

OIG Response to Agency Comments

We provided our draft report to USAID on September 15, 2022. On October 24, 2022, we received the Agency's response, which is included as Appendix C of this report.

The report included two recommendations. We acknowledge management decisions on the recommendations and consider them resolved but open pending the completion of planned activities.

Appendix A. Scope and Methodology

We conducted our work from February through September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit objective was to determine the extent to which USAID managed the Jordan cash transfer program in accordance with the grant agreement and Agency policy. In planning and performing the audit, we gained an understanding and assessed internal controls that were significant to the audit objectives. Specifically, we designed and conducted procedures related to all five components of internal control as defined by the U.S. Government Accountability Office (GAO).¹⁶ These include the Control Environment, Control Activities, Risk Assessment, Information and Communication, and Monitoring.

We relied on documentary evidence along with testimonial evidence from USAID/Jordan officials from the program, legal, and financial management offices to support our findings, results, and conclusions. We did not rely on computer-processed Agency data to answer the audit objective; however, we verified that previous year cash transfer disbursements were made in Phoenix, the Agency general ledger, to support Figure 3. USAID OIG reviews related internal controls as part of the mandated audits of the Agency's consolidated fiscal year-end financial statements. Therefore, we determined the data from Phoenix was sufficiently reliable for the purposes of this report.

To answer the audit objective, the audit team focused on the following researchable questions:

1. To what extent did USAID/Jordan carry out its due diligence responsibilities prior to obligating the cash transfer agreement in accordance with USAID's ADS requirements?
2. To what extent did USAID/Jordan manage CPs prior to the disbursement of funds in accordance with the agreement?
3. To what extent did USAID/Jordan manage the disbursements of ESF funds to the Government of Jordan in accordance with the agreement and implementation letters?

We reviewed USAID policy applicable to the 2021 cash transfer to define due diligence and eligibility requirements to address the first researchable question. Specifically, we reviewed ADS 350 related to grants to foreign governments and the 2014 and 2021 versions of ADS 220 on G2G assistance. Since ADS 220 was revised during the audited period, we used requirements from both versions of the ADS by applying the most appropriate version of the policy to our compliance testing of due diligence requirements. For example, the mission's G2G risk assessments were tested against the 2014 version of ADS 220 given their date of completion, whereas we tested the mission's compliance of eligibility for G2G assistance against the revised 2021 requirements. We also consulted with USAID's G2G Information Desk, maintained in the

¹⁶ U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

Office of the Chief Financial Officer, to confirm the applicability of ADS 220 to USAID/Jordan's cash transfer grant agreement.

For the second researchable question, we conducted detailed testing of a judgmentally selected sample of CPs for the 2021 cash transfer. The audit team judgmentally selected 10 out of 20 CPs based on the following factors: proportion of CPs to funding in each tranche (disbursement); the level of complexity of each CP; the amount of evidence required to meet the CP; and the variety of Jordanian ministries implementing the CPs. We analyzed the sample of CPs against USAID/Jordan's CDCS for alignment with development objectives. We also reviewed supporting documents to verify the evidence provided by GoJ that led USAID/Jordan to conclude that the CPs were met prior to disbursement. An OIG auditor who is a native Arabic speaker examined documentation by reviewing original letters and documents in Arabic to ensure they were properly dated, signed, and stamped and that documents translated into English by USAID/Jordan's contractor were accurate. Our analysis cannot be used to make inferences about other CPs. However, we determined that our method for selecting these CPs was appropriate for our audit objectives and that the selection would generate valid, reliable evidence to support our findings and conclusions.

For the third researchable question, we reviewed the allocation of funds for the 2021 cash transfer and whether it was supported by the underlying analysis of eligible debt payments and estimated GoJ of public expenditures. Tranche 1 was disbursed in July 2021 and totaled \$600 million: \$553 million in general budget support/sector allocations and \$47 million in debt payments. Tranche 2 was disbursed in December 2021 and totaled \$245.1 million in general budget support/sector allocations. We also compared the allocations in the implementation letters for the 2021 cash transfer with the planned use of funds to confirm alignment. Additionally, we reviewed bank statements to confirm that the GoJ received the cash transfer amount stipulated in the agreement and implementation letters.

Finally, we reviewed the documented cash transfer process and confirmed timeframes for key steps in the process and the flow of funds with mission officials from the program, legal, and financial management offices. We used this information to map out the process to support Figure 4.

Appendix B. Sample of Conditions Precedents

The table below lists the sample of 10 out of 20 conditions precedents that we audited. USAID/Jordan was required to verify that the Government of Jordan met these conditions, among others, prior to the disbursement of each tranche of the 2021 cash transfer.

Sampled Item	Tranche	Condition Precedent
1	1	Strengthening Jordan's Government Procurement Mechanism.
2	1	Issuing National Health and Safety Codes for Foreign Migrant Worker Dormitories.
3	1	Strengthening the E-Wallet Program.
4	1	Regulating the Work of the Public Private Partnership Unit to Ensure Good Governance and Transparency.
5	1	Fiscal Transparency and Reporting.
6	1	Improve Coordination by Providing Sectoral Funding Levels of all International Actors Active in Jordan.
7	1	Water Entities Commit Resources to Sustaining Non-Revenue Water Results.
8	2	Replacing Export Subsidies with Alternate Incentive and Support Programs.
9	2	Implementation of the Vaccine Procurement Modernization Plan.
10	2	Addressing Human Trafficking.

Source: OIG sample selection based on universe of CPs listed in USAID/Jordan's Program Assistance Approval Document for the FY 2021 Cash Transfer, July 1, 2021.

Appendix C. Agency Comments



USAID | JORDAN
FROM THE AMERICAN PEOPLE

MEMORANDUM

To: David Thomanek, Audit Director, OIG Middle East, and Eastern Europe Regional Office

From: Emily Kronic, Acting Mission Director, USAID/Jordan /s/

Through: Oleksandra Price, Controller, USAID/Jordan

Date: October 23, 2022

Subject: Draft audit report of USAID/Jordan's management of the Jordan Cash Transfer Program. (Draft Audit Report Number 8-278-22-00X-P) dated September 15, 2022

Thank you for the opportunity to provide comments on the draft report of the audit of USAID/Jordan's management of the Jordan Cash Transfer Program. USAID/Jordan appreciates the intensive effort of the audit team and the constructive recommendations. Below please find comments, a corrective action plan, and target completion dates as suggested by the mission.

Recommendation 1. "We recommend that USAID/Jordan update the institutional risk assessment for the Central Bank of Jordan and the Ministry of Planning and International Cooperation through which cash transfer funds flow."

USAID/Jordan concurs with this recommendation.

Plan for Corrective Action

The mission will carry out an institutional risk assessment update, which will include the Central Bank of Jordan and the Ministry of Planning and International Cooperation by the end of Fiscal Year 2023 (September 30, 2023).

Target Completion Date:

September 30, 2023

Recommendation 2. “We recommend that USAID/Jordan document the justification for any deviations from the 7-step risk management process for the cash transfer program in the grant agreement file.

USAID/Jordan concurs with this recommendation.

Plan for Corrective Action

The mission will document the compliance of its Cash Transfer Program with the current ADS 220 requirements and will describe deviations, if any, in the Budget Support Approval Document for the upcoming FY2022 Cash Transfer. The Cash Transfer with FY2022 funds is expected to be executed no later than December 31, 2022.

Target Completion Date:

December 31, 2022

Appendix D. Major Contributors to This Report

Members of the audit team include:

- David Thomanek, Audit Director
- Ryan Werner, Assistant Director
- Rameeth Hundle, Lead Program Analyst
- Meray Adel, Auditor
- Karla Robinson, Auditor
- Rishi Udeshi, Program Analyst

The audit team would also like to acknowledge contributions from Angelo Arpaia, Lincoln Dada, Saifuddin Kalolwala, Wangui Kiundi, and Alicia Pegues.



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