



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MANAGEMENT ADVISORY

DATE: August 29, 2024

TO: Travis Adkins
President and Chief Executive Officer
U.S. African Development Foundation

FROM: Paul K. Martin *PKM*
Inspector General

SUBJECT: Nonreporting of Suspected Misuse of USADF Grant Funds and Equipment
(E- ADF-24-001-A)

This advisory communicates a management issue related to the U.S. African Development Foundation's (USADF) nonreporting of suspected misuse of grant funds and equipment to the USAID Office of Inspector General (OIG). In finalizing the advisory, we considered your comments on the draft and included them in their entirety, excluding attachments, in Appendix A.

This issue came to our attention during our ongoing inspection of USADF.¹ Specifically, we discovered USADF officials knew of suspected misuse of foundation funds and equipment purchased through foundation grants but failed to report this information to OIG as required.² Examples included a grantee who potentially routed USADF funds to a family member and another grantee who violated the terms of their agreement when they allowed a local school to use a vehicle purchased with USADF funds. The vehicle, which under the terms of the grant agreement was to be used only for agricultural purposes, subsequently was involved in a deadly collision. We referred these incidents to OIG's Office of Investigations. Compounding the failure to report these incidents, several USADF staff responsible for grant oversight that we interviewed during our ongoing inspection were unaware of OIG's role in preventing and detecting fraud, waste, abuse, and misconduct in USADF programs and operations.³

We determined that multiple factors contributed to this situation. First, while USADF ethics training materials we reviewed stated that "employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities," the training did not specifically identify USAID OIG as

¹ USAID OIG, [Project Announcement: Inspection of United States African Development Foundation](#), March 25, 2024.

² USADF Manual Section 451, "Reporting Allegations of Criminal Offenses, Misuse of Grant and Contract Funds, or Improper Conduct by Employees," May 1, 2012.

³ USAID OIG assumed oversight of USADF in November 1999 under the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Public Law 106-113.

such an authority. A January 2022 memorandum from USADF's President and CEO explained whistleblower protections and prohibited personnel practices in general terms. This memorandum stated that Federal employees may make disclosures to the Inspector General of an agency, but it did not refer to USAID OIG. Moreover, USADF did not provide any other training to its staff on OIG's authorities or the procedures for disclosing allegations of fraud, waste, abuse, and misconduct.

A lack of informational resources on USADF's website and limited direct engagement with OIG officials also contributed to the situation. USADF's website lacks a direct link to OIG's website, which is required by law to help facilitate reporting and awareness of OIG and its authorities.⁴ A May 2019 internal memorandum within the USADF Office of the General Counsel highlighted the omission of the OIG link on the USADF website and recommended its addition, but such link was not added. Furthermore, between fiscal years 2022 and 2024, USADF only received one fraud awareness briefing from OIG. We proactively provided this briefing in June 2023 to discuss our priorities and oversight responsibilities, but this engagement was limited to senior USADF officials in Washington, DC.

While USADF officials we interviewed were aware of suspected fraud and misconduct in recent years, they failed to report allegations to our office, as required. Overall, we received only five reports regarding USADF programming and operations through its hotline during the past 2 fiscal years. Serious allegations will continue to go unreported if USADF does not ensure its staff has the necessary knowledge and training to promptly identify and report potential fraud, waste, abuse, mismanagement, and sexual abuse and exploitation to OIG. Addressing these critical reporting gaps will help USADF better safeguard U.S. taxpayer dollars and achieve intended results through its grants and programs.

To address these shortcomings, we recommend that USADF:

Recommendation 1. Update its training within 30 days of USAID OIG publishing this advisory to incorporate information on USAID OIG oversight authorities and procedures for disclosing allegations of fraud, waste, abuse, or mismanagement, and develop and implement a plan to provide the updated training to all USADF staff.

Recommendation 2. Update the USADF website homepage to include a direct and prominent link to USAID OIG's website, as required by the Inspector General Act of 1978, as amended.

Recommendation 3. Develop and implement a plan within 90 days of USAID OIG publishing this advisory to schedule fraud awareness briefings with USAID OIG's Office of Investigations for all USADF staff.

⁴ The Inspector General Act of 1978, as amended, 5 U.S.C. § 420(a)(1) and (2) requires agencies to have a direct link on their website's homepage to the website of their Office of Inspector General that is obvious and easy to access.

We provided our draft advisory to USADF on July 19, 2024, and received its response on August 20, 2024, which is included as Appendix A.

We acknowledge management decisions on all three recommendations. USADF management agreed with all three recommendations. We consider Recommendation 2 closed and Recommendations 1 and 3 resolved but open pending USADF's completion of planned activities.

In response to Recommendation 1, we acknowledge that USADF has updated its ethics training materials and disseminated it to its U.S.-based staff, country program coordinators, and technical partners. We also acknowledge USADF's plans to implement a fraud risk management framework and to monitor its impact and of USAID OIG's Office of Investigations' fraud awareness briefings, once complete. We consider this recommendation resolved but open until we receive evidence that USADF has established the fraud risk management system and completed planned monitoring efforts.

In response to Recommendation 3, we acknowledge that USADF has contacted USAID OIG's Office of Investigations to schedule fraud awareness briefings. However, since the training has not taken place, we consider this recommendation resolved but open until we receive evidence the trainings have been completed no later than November 27, 2024.

Please provide evidence of final actions for Recommendations 1 and 3 to OIGAuditTracking@usaid.gov.

We prepared this advisory in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We reviewed ethics training material provided to both Washington, DC, and field-based USADF staff. We interviewed USADF staff in Washington, DC, Cote d'Ivoire, and Kenya. We reviewed the USADF website to determine the extent of available information about USAID OIG. Additionally, we reviewed USAID OIG data on the number of fraud awareness briefings provided to USADF officials and the number of hotline reports received about USADF.

We appreciate the assistance provided to our staff during our inspection fieldwork.

Appendix A. Agency Comments



Date: August 20, 2024

To: Amy Burns, Director, Inspections and Evaluations Division, USAID OIG

From: Travis Adkins, President and CEO, USADF /s/

Subject: Management Response to the Management Alert dated July 19, 2024

Update Recommendation 1: Update the training to incorporate information on USAID OIG oversight authorities and procedures for disclosing fraud, waste, abuse, or mismanagement allegations. Then develop a plan to provide updated training to all USADF staff.

The United States African Development Foundation (USADF) concurs with the following recommendation, recognizing the importance of updating the training to incorporate information on USAID OIG oversight authorities and procedures for disclosing fraud, waste, abuse, or mismanagement allegations. We are committed to developing a plan to provide updated training to all USADF staff.

Plan for Corrective Action

- I. Short-Term Action
 1. Update the Ethics Training material.

USADF updated the Ethics Training Material on August 19, 2024. Two new slides (Slides 54 and 55) were inserted. A copy is provided.

2. Disseminate the Revised Ethics Training material

USADF disseminated the updated Ethics Training Material to all Headquarters Staff, all CPCs, and all Partners on 08/20/2024. An email copy is provided.

II. Long-Term Action

Target Completion Date: January 31, 2025

1. Send Fraud Awareness Training Request Letter

Responsible Party: Office of the General Counsel

Action: Send a formal request letter to USAID OIG's Office of Investigations to schedule fraud awareness training.

Timeline: Completed on July 25, 2024

2. Develop Training Schedule

Responsible Party: Office of the General Counsel

Action: Coordinate with USAID OIG's Office of Investigations to finalize dates and times for the fraud awareness briefings.

Timeline: By August 15, 2024

3. Implement Fraud Awareness Briefings

Responsible Party: Office of General Counsel in collaboration with USAID OIG

Action: Conduct fraud awareness briefings for all USADF staff.

Timeline: By October 19, 2024

4. Establish a Fraud Risk Management Framework

Responsible Party: Finance and Administration

Action: Develop and implement a comprehensive fraud risk management framework.

This framework will include:

- Risk assessment procedures
- Preventive controls
- Detection mechanisms
- Response Protocols
- Regular monitoring and review processes

Timeline: By January 31, 2025

5. Monitor and Evaluate

Responsible Party: Finance and Administration

Action: Continuously monitor the effectiveness of the fraud risk management framework and the impact of the fraud awareness briefings. Based on feedback and evaluation results, adjust the framework as necessary.

Timeline: Ongoing, with an initial evaluation by December 31, 2025

By following this plan, USADF is fully committed to ensuring that all staff members are well-informed about USAID OIG oversight authorities and procedures for disclosing fraud, waste, abuse, or mismanagement allegations. This commitment is a vital part of our compliance strategy.

Recommendation 2: Update the USADF website homepage to include a direct and clear link to USAID OIG's website, as required by the Inspector General Act of 1978, as amended.

The United States African Development Foundation (USADF) concurs with the following recommendation: "Recommendation 2: Update the USADF website homepage to include a direct and clear link to USAID OIG's website, as required by the Inspector General Act of 1978, as amended."

ADF has already taken corrective action. The USADF website homepage has been updated to include a direct and clear link to the USAID OIG's website. Proof of this action can be viewed at the USADF Website: <https://usadf.gov/us-government>

Recommendation 3: Develop and implement a plan within 90 days of publishing this alert to schedule fraud awareness briefings with USAID OIG's Office investigations for all USADF staff.

The United States African Development Foundation (USADF) concurs with the following recommendation: "Recommendation 3: Develop and implement a plan within 90 days of publishing this alert to schedule fraud awareness briefings with USAID OIG's Office of Investigations for all USADF staff."

ADF has already taken corrective action on July 25, 2024, by sending a letter to USAID OIG's Office of Investigations requesting fraud awareness training within the next 90 days. A copy of the letter is attached.

This letter initiates the scheduling of the fraud awareness briefings. We are eager to collaborate with USAID OIG's Office of Investigations to enhance our staff's awareness and understanding of fraud prevention and reporting.