# U.S. Agency for International Development

## Office of Inspector General

**Semiannual Report to Congress**
**April 1, 2020-September 30, 2020**

COVER (Clockwise from the top): A woman carries a sack of WFP food at a WFP food distribution where new health and safety measures have been rolled out to curb the spread of COVID-19 in the country. Madziwa Secondary School, Shamva district, Zimbabwe. *Photo by Claire Nevill, WFP*

USAID entrance at the Ronald Reagan Building in Washington, DC. *Photo by USAID OIG*

Ventilators going to the Republic of Peru. *Photo by Magali Ugarte*

## Our Mission

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

## Our Core Values

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

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

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

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

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

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

Second half of fiscal year 2020

# By the Numbers

## INVESTIGATIVE RESULTS

**$29.3 million**
in recoveries, savings, and avoided costs

**53**
investigations closed

**8**
prosecutorial referrals

**38**
administrative actions

**9**
present responsibility referrals

**1**
suspensions or debarments

## AUDIT RESULTS

**$40.4 million**
in questioned costs

**297**
performance and financial audits issued

**175**
recommendations to improve operations and programs

**$10.8 billion**
in funds audited

# MESSAGE FROM THE INSPECTOR GENERAL

Ann Calvaresi Barr
*Inspector General*

I am pleased to present the USAID OIG Semiannual Report to Congress for the second half of fiscal year 2020. In accordance with the Inspector General Act of 1978, as amended, this report provides the results of our work from April 1, 2020, through September 30, 2020, in overseeing USAID, the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), and the Inter-American Foundation (IAF).[1]

During this reporting period, we audited over $10.8 billion in funds and issued 297 performance and financial audit reports, with a total of 175 recommendations aimed at improving the operations and programs of the agencies we oversee. These audits identified $40.4 million in questioned costs and $300,000 in funds put to better use. In addition, our investigations resulted in over $29 million in recoveries, savings, and avoided costs, as well as 8 prosecutive referrals, 9 referrals for present responsibility determinations, and 38 administrative actions. During the reporting period, we closed 53 investigations.

Our oversight work—which focuses on high-dollar, crosscutting, and high-risk foreign assistance initiatives—expanded greatly when Congress provided USAID and the State Department more than $2 billion in two supplemental appropriations to respond to the COVID-19 pandemic. Anticipating the added complexity and impact that COVID-19 would have on USAID programs and operations, we issued an advisory that posed key questions for the Agency to consider as it planned and executed a COVID-19-specific response while adapting to constraints imposed by the pandemic.

Our work completed during this reporting period continued to identify shortcomings in U.S. foreign assistance programs and operations that demonstrate how ongoing management challenges—such as those related to program planning and monitoring, host country capacity, and interagency coordination—can make U.S. foreign assistance investments vulnerable to corruption and diversions. This semiannual report presents our work results in four key areas:

- **Promoting Effective Oversight of Humanitarian and Stabilization Assistance**. The flow of billions of dollars to respond to crises brought about by conflict, government instability, or cataclysmic natural events creates prime opportunities for criminals to defraud the U.S. Government and divert U.S.-funded goods—especially when short-term humanitarian

[1] USAID OIG formerly provided oversight of the Overseas Private Investment Corporation, which merged with components of USAID to become the U.S. International Development Finance Corporation (DFC). DFC established an Office of Inspector General; however, USAID OIG continues to provide some assistance as the DFC Office of Inspector General becomes fully operational.

responses evolve into a protracted presence. The ongoing challenges in managing these risks have been exacerbated by COVID-19. During this period, our agents and attorneys worked with other Federal, state, and local law enforcement to track down and recover USAID-funded ventilators worth approximately $3 million that had been stolen en route to El Salvador. The joint investigation led to the arrest of two individuals and prompted the contractor responsible for delivering the ventilators to improve its security controls over equipment in transit.

- **Encouraging Effective Planning, Monitoring, and Sustainability of U.S.-Funded Development**. To ensure that U.S.-funded development is sustainable after U.S. involvement ends, USAID calls for investing in communities that have a stake in continuing activities and services, building local skills, and promoting public- or private-sector participation and financial backing. MCC, USADF, and IAF similarly emphasize sustainability through country-led development. However, deficiencies in program monitoring and capacity development continue to put sustainability at risk. Entrusting countries to sustain the global health supply chain continues to be a major concern, as evidenced by the corruption we uncovered in the supply of health commodities to prevent and treat HIV, malaria, and tuberculosis in East Africa. A lack of internal controls has created systemic weaknesses in security, warehousing, and distribution. While several missions have taken some steps to identify country-level supply chain risks and root causes, USAID's siloed risk identification limits its ability to identify and address broader risk patterns, coordinate efforts to mitigate identified risks, and facilitate countries' transition to self-reliance.

- **Advancing Accountability in Foreign Assistance Programs Involving Coordination of Complex Interagency Priorities**. Our work continues to demonstrate the need for strong controls to advance accountability in foreign assistance programs that involve multiple Federal agencies and to better ensure that international development objectives and U.S. national security and economic interests are met. Interagency coordination is particularly vital in settings where high national security stakes overlap with significant U.S. effort and investment. Our quarterly reports with the Departments of Defense and State OIGs point to the coordination challenges USAID faces in Iraq, Syria, Afghanistan, the Philippines, East Africa, and North and West Africa. In these areas, protracted conflicts, access constraints, and strategic uncertainty put billions of dollars of foreign assistance at risk. The pandemic has further destabilized overseas contingency operations settings and exacerbated the already daunting obstacles in providing beneficiaries the services they need, including medical isolation and treatment, water supply and sanitation, and security.

- **Identifying Vulnerabilities and Needed Controls in Agency Core Management Functions**. Achieving mission goals while protecting Federal funds depends on the integrity and reliability of the Agency's core business systems and practices. Without them, other safeguards—no matter how well designed and implemented—will not work effectively. During this period, we reported risks associated with agency charge card programs and improper payments, MCC travel policies, and USAID plans for returning its workforce to Federal buildings. Our investigations into fraud, theft, collusion, and other misconduct by employees, contractors, and grantees of the agencies we oversee led to corrective or compensatory actions, reinforcing accountability among those entrusted with managing taxpayer funds to design, plan, and implement U.S. foreign assistance programs.

Our extensive outreach and proactive engagement with our counterparts, stakeholders, and USAID partners continue to expand and strengthen the safety net for foreign assistance oversight by encouraging the timely and transparent reporting of fraud and other misconduct, enhancing accountability and integrity in U.S. foreign assistance programs and operations, and setting the stage for systemic change. The briefings, workshops, and conferences we hold or participate in—along with our coordinated oversight efforts—promote proactive monitoring and information sharing on crosscutting concerns, such as operating in complex humanitarian crises and detecting and reporting sexual exploitation and abuse of beneficiaries. We also emphasize the legal protections available for individuals who report allegations of fraud, waste, or abuse.

During this reporting period, we held 31 briefings on fraud indicators and prevention strategies for almost 2,500 individuals in 11 countries. We also met with congressional staff and representatives from the Office of Management and Budget to discuss our work to inform and oversee USAID's COVID-19 response.

I and my senior leadership team continued to meet with USAID mission directors, senior U.S. Government employees, bilateral donors, and other experts and advisers in the international development and oversight communities. These efforts help increase risk awareness and accountability across the international development spectrum. Of note, OIG and the World Bank's Integrity Vice Presidency signed an agreement to share information and coordinate efforts to prevent, detect, and substantiate fraud and corruption in programming funded by the World Bank and USAID.

Finally, our continuous improvement efforts position our office to meet OIG's far-reaching mandate and provide timely reporting and insight for improving agency programs, operations, and resources. These efforts include using our built-in flexibilities to rapidly launch and carry out our multipronged COVID-19 oversight strategy to issue advisory notices, undertake audits and investigations, and provide targeted fraud awareness briefings as needed. As an official member of the COVID-19 Anti-Fraud Task Force under the U.S. Attorney's Office for the District of Columbia, we will also assist in the prosecution of any identified fraud cases resulting from USAID's response.

I am grateful for the unwavering dedication of our staff around the world, especially during this challenging time. Their willingness to overcome significant barriers is critical to our continued success in producing high-impact work that meets the most stringent oversight standards and assures the Administration, Congress, and the American people that we are making the most of our resources in helping to protect U.S. foreign assistance and national security interests across the globe. I remain committed to working closely with the USAID Acting Administrator and the CEOs of MCC, USADF, and IAF to strengthen U.S. foreign assistance investments.

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# ABOUT OIG

The USAID Office of Inspector General (OIG) safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight. Under the Inspector General Act of 1978 (IG Act), we conduct independent audits and investigations to promote efficiency, effectiveness, and accountability and aim to prevent and detect fraud, waste, and abuse. We oversee all USAID programs and operations, as well as those of the Millennium Challenge Corporation (MCC), U.S. African Development Foundation (USADF), and Inter-American Foundation (IAF). We also support the U.S. International Development Finance Corporation (DFC) OIG as the office becomes fully operational. Our oversight covers overseas contingency operations, which are strategically significant interagency operations often involving humanitarian aid, as well as agency responses to the COVID-19 pandemic.

We provide the results of our work to agency leaders, Congress, and the public. When conducting audits and investigations, we consider alignment with OIG's strategic goals and oversight priorities, stakeholder needs and interests, program funding levels, and risks associated with agency programs and operations, including potential vulnerabilities in internal controls.

### *About the Agencies We Oversee*

**USAID**

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

**MCC**

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

**USADF**

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

**IAF**

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

**DFC**

The DFC is the U.S. Government's development finance institution, providing equity and debt financing, political risk insurance, and technical support to achieve development outcomes overseas and realize positive returns to the U.S. taxpayer. Established under the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, DFC incorporated the Overseas Private Investment Corporation and components of USAID, as well as new positions and programs established under the BUILD Act, including its own inspector general. USAID OIG provides technical guidance and support to the new IG; we plan to transition DFC-related oversight work, including open audit recommendations, to the DFC OIG as the office becomes fully operational. Learn more at dfc.gov.

## *Oversight of Overseas Contingency Operations*

Since 2013, USAID OIG has collaborated with the OIGs for the Departments of Defense, State, and Health and Human Services under the IG Act to provide coordinated oversight and reporting for seven officially designated overseas contingency operations, which typically involve USAID-supported humanitarian and stabilization programs.[2] While five such operations were ongoing at the beginning of the reporting period, by the end of the period three no longer met the IG Act's special provisions for coordinated oversight of overseas contingency operations. The three operations to "sunset" were: Operation Pacific Eagle-Philippines; East Africa Counterterrorism Operation; and North and West Africa Counterterrorism Operation. Two operations, Operation Inherent Resolve (Iraq and Syria) and Operation Freedom's Sentinel (Afghanistan) remain subject to the OIGs' coordinated oversight and reporting requirements. For these two operations, the Department of Defense OIG continues to serve as Lead Inspector General while USAID OIG undertakes audits and investigations, tracks policy and program activities, and contributes to joint planning and quarterly reporting.

[2] This coordinated oversight framework, organized under a "Lead Inspector General," is established in Section 8L of the Inspector General Act of 1978, as amended (5 U.S.C. App.).

## *COVID-19 Pandemic Response and Oversight*

As the U.S. Government responds to the COVID-19 pandemic, USAID has provided aid and assistance to countries around the world while attempting to maintain operations amid restrictions to limit the spread of the outbreak. USAID's COVID-19 Task Force, established in March 2020 in coordination with the Department of State, took steps to mitigate the pandemic's impact on USAID operations and oversaw the plans for using approximately $2 billion in appropriated and redirected funds to address the pandemic worldwide. By June 2020, USAID had committed to assist more than 120 countries respond to COVID-19 through a range of global health and humanitarian aid and assistance programs. USAID also developed plans to address second-order effects of the pandemic, including potential setbacks in education; economic growth and trade; and democracy, human rights, and governance worldwide. USAID deactivated its COVID-19 Task Force in September 2020 and transitioned functions to Agency bureaus, independent offices, and a new COVID-19 Readiness Unit, which will coordinate safety, security, and continuity of operations.

OIG has prioritized the oversight of Agency responses to COVID-19, and has taken steps to maintain its own operations and protect our personnel during the pandemic, as discussed on page 13.

## USAID Office of Inspector General Offices

USAID OIG conducts audit and investigative activities in roughly 100 countries around the world. To support these activities, OIG has offices in 13 locations: Afghanistan, Egypt, El Salvador, Germany, Haiti, Israel, Pakistan, Philippines, Senegal, South Africa, Thailand, Uganda, and the United States.

## 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.

### Oversight of DFC

Under the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, OPIC and components of USAID merged to create the U.S. International Development Finance Corporation on January 1, 2020. OIG previously provided oversight to OPIC in a limited capacity, the results of which are included in this report. USAID OIG is working with the new DFC Inspector General to support oversight of DFC as it becomes fully operational.

# SUMMARY TABLES: AUDIT

## Office of Inspector General—Audit Activity

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

Federal regulations and agency policies also require USAID to obtain appropriate and timely audits of its U.S. and foreign grantees and contractors as well as several enterprise funds, for which we also provide oversight.[3] To complete these audits, USAID relies on non-Federal independent public accounting firms, the Defense Contract Audit Agency, and supreme audit institutions of host governments.[4] We typically perform desk reviews and, for select audits, quality control reviews of supporting workpapers, to determine whether these audits meet legal, regulatory, and professional requirements and standards. We issue transmittal memos based on our review, which may include recommendations for corrective action.

During the reporting period, we conducted or reviewed 297 audits covering over $10.8 billion in programs with $40.4 million in questioned costs as well as $0.3 million in funds put to better use. The following tables provide a breakdown of these amounts by category.

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

[3] We also review non-Federal audits managed by MCC. MCC requires recipients to arrange for annual audits by independent public accounting firms in accordance with professional standards and MCC guidelines.

[4] A supreme audit institution is a foreign country's principal government audit agency.

## Audits and Other Audit Products: *USAID, MCC, USADF, IAF*
## *April 1, 2020-September 30, 2020*

| Type of Report | Audit Category | Number of Reports | Number of Recommendations | Amount of Recommendations | Audited Amount |
|---|---|---|---|---|---|
| ***USAID*** | | | | | |
| A-133 Desk Review [A] | U.S. Based Grantees | 10 | 2 | $270,096 | $1,405,209,009 |
| ACA Desk Review | Foreign Based Organizations | 15 | 12 | $3,596,449 | $78,356,843 |
| | U.S. Based Contractors | 12 | 8 | $1,412,055 | $158,473,572 |
| | U.S. Based Grantees | 10 | 13 | $590,062 | $120,748,734 |
| | Local Currency Trust Fund | 1 | 0 | $0 | $1,915,650 |
| Charge Card Program Risk Assessment conducted by | Charge Card Program Risk Assessment conducted by IPA | 1 | 0 | $0 | $0 |
| DCAA[B] | U.S. Based Contractors | 11 | 7 | $2,752,170 | $232,194,962 |
| Improper Payments Elimination and Recovery Act of 2010, as amended | IPERA conducted by IPA | 1 | 0 | $0 | $0 |
| Incurred Cost Audit Desk Review (PA Firm) | U.S. Based Contractors | 53 | 16 | $22,762,521 | $7,441,328,706 |
| Other | Foreign Based Organizations | 4 | 0 | $0 | $4,372,403 |
| | U.S. Based Contractors | 1 | 0 | $0 | $0 |
| | U.S. Based Grantees | 1 | 0 | $0 | $0 |
| Performance | Economy and Efficiency | 3 | 11 | $0 | $0 |
| RCA Desk Review | Foreign Based Organizations | 146 | 89 | $5,482,237 | $1,027,956,543 |
| | Foreign Government | 13 | 9 | $3,860,228 | $63,945,711 |
| | U.S. Based Contractors | 1 | 0 | $0 | $560,698 |
| | U.S. Based Grantees | 2 | 0 | $0 | $11,113,386 |
| | ***Total*** | **285** | **167** | **$40,725,818** | **$10,546,176,217** |
| ***MCC*** | | | | | |
| ACA Desk Review | Foreign Based Organizations | 7 | 0 | $0 | $283,366,747 |
| CFO Related Audit | CFO Related | 1 | 4 | $0 | $0 |
| Charge Card Program Risk Assessment conducted by | Charge Card Program Risk Assessment conducted by IPA | 1 | 4 | $0 | $0 |
| Improper Payments Elimination and Recovery Act of 2010, as amended | IPERA conducted by IPA | 1 | 0 | $0 | $0 |
| | ***Total*** | **10** | **8** | **$0** | **$283,366,747** |
| ***USADF*** | | | | | |
| Charge Card Program Risk Assessment conducted by | Charge Card Program Risk Assessment conducted by IPA | 1 | 0 | $0 | $0 |
| | ***Total*** | **1** | **0** | **$0** | **$0** |
| ***IAF*** | | | | | |
| Charge Card Program Risk Assessment conducted by | Charge Card Program Risk Assessment conducted by IPA | 1 | 0 | $0 | $0 |
| | ***Total*** | **1** | **0** | **$0** | **$0** |
| | **Grand Total** | **297** | **175** | **$40,725,818** | **$10,829,542,964** |

[A] A-133 – Single Audit, performed by an independent public accountant.
[B] In some instances, USAID contracts with DCAA and independent public accounting firms to perform audits.

**Summary of Audit Reports Issued Prior to April 1, 2020 With Open and Unimplemented Recommendations and Potential Cost Savings**
***USAID, MCC, USADF, IAF, DFC***
***As of September 30, 2020***

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 reports issued prior to October 1, 2020, with open and unimplemented recommendations can be found in appendix B.

| **Agency** | **Open and Unimplemented Recommendations** | | | **Monetary Recommendations With Management Decisions** | | | **Monetary Recommendations Without Management Decisions** | |
|---|---|---|---|---|---|---|---|---|
| | Total | Recommendations With Potential Cost Savings | Potential Cost Savings | Total | Original Questioned Costs | Amount Sustained | Total | Amount |
| USAID | 213 | 101 | $270,878,614 | 101 | $92,578,614 | $57,070,927 | 0 | $0 |
| MCC | 9 | 0 | $0 | 0 | $0 | $0 | 0 | $0 |
| USADF | 0 | 0 | $0 | 0 | $0 | $0 | 0 | $0 |
| IAF | 2 | 0 | $0 | 0 | $0 | $0 | 0 | $0 |
| DFC/ | 12 | 0 | $0 | 0 | $0 | $0 | 0 | $0 |
| ***Total*** | **236** | **101** | **$270,878,614** | **101** | **$92,578,614** | **$57,070,927** | **0** | **$0** |

# SUMMARY TABLES: INVESTIGATIONS

## Office of Inspector General—Investigative Activity

OIG investigative work focuses on agency programs and operations that face a high risk of organized and systemic attempts at fraud, theft, diversion, and other abuse. Through our work and outreach efforts, we also seek to promote a culture of compliance among U.S. foreign assistance implementers. We educate agency and implementer staff on fraud trends, prevention, and the need for timely and transparent reporting of misconduct. All OIG investigative cases are assessed for potential criminal, civil, or administrative enforcement remedies.

| Criminal Actions and Referrals | Civil Actions and Referrals | Administrative Actions and Referrals |
|---|---|---|
| • Prosecutive Referrals to Federal, State, or Foreign Authorities<br>• Arrests<br>• Indictments<br>• Sentencings<br>• Fines<br>• Restitution<br>• Convictions | • Referrals<br>• Judgments<br>• Settlements | • Resignations or Removals<br>• Recoveries<br>• Award Terminations<br>• Suspensions or Debarments<br>• Present Responsibility Determination Referrals |

Investigative activities or 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 recoveries, savings, and cost avoidance—nearly $30 million during the reporting period. For a detailed description of each metric, see page 56.

***OIG Hotlines***

Federal employees are required to disclose waste, fraud, abuse, and corruption to appropriate authorities, such as an agency OIG. Additionally, contractors and grantees implementing projects with U.S. funds must comply with mandatory disclosure requirements, pursuant to Federal and agency-specific rules, in reporting allegations of fraud and misconduct. Employees of Federal contractors and grantees, if they wish to do so, may also report allegations to the OIG directly. To facilitate such reporting, we operate a confidential hotline for agency and implementer staff to report allegations. Such reports may be submitted through email, our public website, telephone, mail, or in person. Hotline information can be found at oig.usaid.gov/report-fraud.

During the reporting period, our hotline received 1,206 complaints and mandatory disclosures, which we vetted and assigned for appropriate action.

### *OIG Whistleblower Protection*

Ensuring individuals' rights to report wrongdoing without fear of reprisal is essential to OIG's mission. We therefore prioritize assessing and responding to allegations of whistleblower retaliation by agency management or foreign assistance implementers. We review these complaints in a timely and thorough manner, in accordance with applicable law.

OIG's Whistleblower Protection Coordinator, housed within our Office of General Counsel, fulfills statutory requirements and reflects our commitment to whistleblower protection. We present material on whistleblower protections at each of USAID's biweekly New Employee Orientations and brief employees of USAID grantees and contractors, including information on their legal right to disclose fraud within their organizations without reprisal by their employers. We also provide information about whistleblower rights and remedies on our public website.

OIG is 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 employees under whistleblower protection requirements. In accordance with this program, we also actively promote awareness of whistleblower rights and protections among our staff.

## Investigative Activities Including Matters Referred to Prosecutive Authorities: USAID, MCC, USADF, IAF[C]

***April 1, 2020-September 30, 2020***

| Monetary Impact of Investigations (Recoveries, Savings, and Cost Avoidance)[D] | |
|---|---|
| Judicial Recoveries (Criminal and Civil) | $115,747.00 |
| Administrative Recoveries | $12,841,851.00 |
| Savings | $16,378,579.00 |
| Cost Avoidance | $0.00 |
| ***Total*** | **$29,336,177.00** |

| Workload | |
|---|---|
| Investigations Opened | 44 |
| Investigations Closed | 53 |
| Number of Reports Issued | 31 |

| Criminal Actions | |
|---|---|
| Prosecutive Referrals — Total | 8 |
| *Prosecutive Referrals — U.S. Department of Justice* | 7 |
| *Prosecutive Referrals — State and Local* | 0 |
| *Prosecutive Referrals — Overseas Authorities* | 1 |
| Prosecutive Declinations | 2 |
| Arrests | 2 |
| Criminal Indictments | 0 |
| Criminal Informations | 0 |
| Convictions | 0 |
| Sentencings | 1 |
| Fines/Assessments | 1 |
| Restitutions | 1 |
| ***Total*** | **23** |

| Administrative Actions | |
|---|---|
| Entities Referred for Present Responsibility Determination | 9 |
| New Rules/Procedures | 7 |
| Personnel Suspensions | 0 |
| Resignations/Removals | 5 |
| Recoveries | 4 |
| Suspensions/Debarments | 1 |
| Contract Terminations | 0 |
| Award Suspension | 0 |
| Other | 12 |
| ***Total*** | **38** |

| Civil Actions | |
|---|---|
| Civil Referrals | 0 |
| Civil Declinations | 0 |
| Judgments | 0 |
| Settlements | 0 |
| ***Total*** | **0** |

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

# OIG OVERSIGHT OF USAID'S COVID-19 RESPONSE

While OIG continued to operate remotely from its 12 overseas offices and Washington, DC, headquarters during the reporting period, we maintained operational and oversight activities and developed and executed specific plans for COVID-19 oversight. In particular, OIG took the following steps:

- Established a COVID-19 Task Team to coordinate and prioritize oversight work, develop an oversight plan and potential audits, and promote OIG-wide collaboration and information sharing.
- Conducted external engagements to facilitate information sharing and reporting to stakeholders, including agency leaders, Congress, and the implementer community.
- Coordinated with the Pandemic Response Accountability Committee on COVID-19 oversight, along with other OIGs and law enforcement partners as necessary.[5]
- Participated, with observer status, in USAID's COVID-19 Task Force to track agency operational and programming decisions, and, when appropriate, align our own operations with broader agency guidance to protect the safety and welfare of our personnel.

We also issued advisory and informational reports, reported on the specific impacts of COVID-19 on overseas contingency operations, and undertook investigative action to fight fraud and theft in global health and coronavirus relief programs. Near the end of the reporting period, we held an entrance conference to begin our Audit of USAID's COVID-19 Ventilators and also began our Audit of USAID Missions' Capacity to Monitor During COVID-19.

## USAID OIG Approach to COVID-19 Oversight

We undertook a multi-pronged approach toward oversight of Agency actions in response to COVID-19. We developed a comprehensive understanding of USAID's operation, programs, and activities during the pandemic, adjusting our own operations and oversight portfolio accordingly. We reviewed our past audit and investigative work to develop resources to assist USAID and stakeholders respond to the pandemic and issued an advisory with key questions to inform USAID's COVID-19 response, a report on top pandemic challenges for USAID, and a fraud risk fact sheet specific to COVID-19 programming. These documents are designed to equip USAID and other stakeholders with key information based on OIG's prior oversight to guide their response to COVID-19.

We gathered and reported key information on USAID's response to COVID-19, promoting awareness of the pandemic's impacts on both host countries and agency operations through our quarterly reports on overseas contingency operations and our COVID-19 information brief.

[5] Established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), the committee's mission is to promote public transparency in the U.S. Government's coronavirus spending and response; prevent and detect fraud, waste, abuse, and mismanagement of that spending; and mitigate major risks that cut across programs and agencies. The committee operates under the Council of Inspectors General for Integrity and Efficiency.

We adapted ongoing performance audits when appropriate to further address agencies' COVID-19 response, initiated new audits on emerging priorities linked to COVID-19 programs and activities, and executed investigative action—including the recovery of stolen ventilators—to protect USAID-funded commodities and programs from fraud, waste, and abuse. Toward the end of the reporting period, OIG was finalizing its COVID-19 oversight plan, which will be released in early FY 2021.

As of September 30, in addition to completed oversight work, ongoing OIG activities include work to prepare another COVID-19 information brief covering the period through November 30, 2020, two new performance audits with an exclusive focus on COVID-19 response efforts, three others that include COVID-19 coverage, and investigative activities in connection with several cases including one that has resulted in the recovery of over $3 million in stolen ventilators and two related arrests.

Beyond our audit and investigative work, other key activities focused on responding to COVID-19 during the period were the following:

**Monitoring Agency Operational Decisions and Actions During the Pandemic**

With observer status on USAID's COVID-19 Task Force, we maintained awareness of the agency's decisions and actions regarding the management of its workforce and Federal office space, both in Washington, DC, and abroad, where USAID personnel and offices fall under State Department authority. OIG also tracked broader executive branch guidance to help guide determinations around the health, safety, and well-being of its own personnel and general operating status. OIG's participation facilitated timely and comprehensive awareness of U.S. policy and programmatic decisions and activities in response to COVID-19, informing our oversight strategy.

**Department of Justice Metropolitan Area COVID-19 Anti-Fraud Task Force**

We joined the taskforce upon its formation and launch in April under the U.S. Attorney for the District of Columbia. An attorney within our Office of General Counsel serves as a Special Assistant U.S. Attorney to prosecute USAID-related cases, and serves as formal liaison to this task force. As a coalition of local and federal law enforcement agencies, including OIGs, the task force focuses on detecting, interfering with, and deterring fraud, price-gouging, hoarding schemes, and other wrongdoing aimed at capitalizing on the public health emergency. During the period, OIG joined Task Force meetings to coordinate oversight efforts and received nine allegations of fraud or other misconduct related to USAID's COVID-19 response, some of which are under review by OIG's Special Assistant U.S. Attorney for potential prosecution.

**Tracking and Reporting Impacts of COVID-19 on Agency Operations and Programs**

We issued an information brief detailing USAID's programming and funding committed to COVID-19 worldwide as of August 31, 2020. We also reported on the extent of COVID-19 infections in countries covered under ongoing overseas contingency operations, related agency programs to prevent or curb the spread of COVID-19, and the operational impacts of COVID-19 on U.S. Government personnel and operating ability. This included reports on the impact of COVID-19 in Iraq and Syria, Afghanistan, the Philippines, and East and Northwest Africa, including the extent of outbreaks in each country and USAID operational and programmatic responses. See page 18 for more on our information brief and page 26 to read about our overseas contingency operations reporting.

**External and Stakeholder Engagement Regarding COVID-19**

The Inspector General led members of OIG's COVID-19 Task Team in discussions with representatives of USAID implementers, policy experts, and others about oversight of programs and activities focused on COVID-19. We also held and participated in other significant COVID-19-focused engagements, including a webinar on PEPFAR and COVID-19 hosted by our Africa Regional Office and a Global Health Forum. We continued to share the results of our work with Agency leaders, Congress, USAID implementers, and the public, by providing briefings and information to promote awareness, transparency, and accountability. See page 38 for more details on our outreach external engagements.

Detailed information about individual reports, advisories, investigations, and other work and results related to COVID-19 is available throughout the following section.

# SIGNIFICANT FINDINGS AND ACTIVITIES

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

OIG initiated, conducted, and completed audit, investigative, and other oversight activities throughout the reporting period, despite challenges and restrictions due to COVID-19 and alongside new initiatives in response to the pandemic. Our work this period, along with audits and investigations completed in prior periods, led to corrective actions and improvements in agency programs focused on global health; building local capacity and promoting sustainability; and shoring up agency financial, information technology, and management systems.

## Highlights of Significant Findings and Activities

### Audits

**What We Found:**

USAID's Global Health Supply Chain Program delivers medicines and other healthcare commodities to help save lives around the world. Our audit of this program found that selected activities at the USAID overseas missions we reviewed mostly aligned with good practices for addressing the root causes of supply chain weaknesses. However, although USAID identified country-level risks, it lacked a centralized risk assessment process. In addition, USAID's efforts to reduce program challenges and risks in the near-term may delay countries' transition to self-reliance.

**Impact on Agency Programs and Operations:**

By implementing our two recommendations for this audit, the Agency should be able to strengthen its management of supply chain risks worldwide and to increase the capability of host governments to manage health commodity supply chains with reduced donor support.

### Investigations

**What We Found:**

192 USAID-funded ventilators, worth $3.3 million, were stolen in South Florida while en route to El Salvador to assist that country's response to COVID-19. A joint investigation, launched by OIG and conducted with other federal, state, and local law enforcement agencies, led to the recovery of 191 of the ventilators and the arrest of two individuals.

**Impact on Agency Programs and Operations:**

The recovered ventilators reached El Salvador in working condition, increasing the country's capacity for treating serious cases of COVID-19. USAID averted a $3.3 million loss and the responsible implementer, which currently manages the Agency's Global Health Supply Chain Project, improved its security measures to provide greater assurance that medical commodities reach intended beneficiaries.

# PROMOTING EFFECTIVE OVERSIGHT OF HUMANITARIAN AND STABILIZATION ASSISTANCE

USAID provides lifesaving assistance when responding to crises brought on by conflict, government instability, or cataclysmic natural events. This includes emergency relief and assistance in response to the COVID-19 pandemic. OIG has reported that managing the risks inherent in a crisis response has been a long-standing challenge for USAID, especially when a short-term humanitarian response evolves into a protracted presence. Heightened security risks and the large amounts of money involved in providing humanitarian assistance make monitoring in these settings essential but especially difficult.

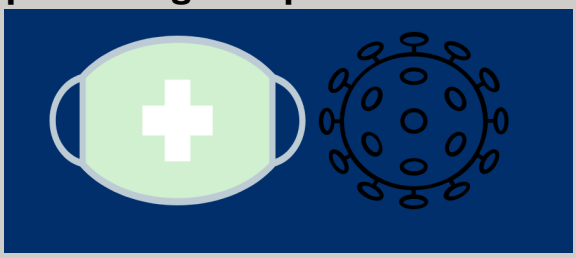
USAID delivers 100 ventilators to India. *Photo by Gaurav Dhawan, U.S. Embassy, India*

During the reporting period, we issued an advisory notice on key questions facing USAID's COVID-19 response, followed by a report on USAID's top pandemic challenges and the first in a series of COVID-19 information briefs on USAID's aid and assistance to help countries respond to the pandemic. Our investigative work led to efforts to block the use or diversion of U.S. Government funds to terrorist and other sanctioned entities. We also continued to work with USAID to ensure effective reporting and analysis of fraud, waste, and abuse in U.S.-funded programs implemented by public international organizations (PIO).

***Key Questions to Inform USAID's COVID-19 Response***
*Advisory*

Building on past observations and lessons learned, we issued an advisory notice that posed key questions for USAID to consider while planning and executing its response to the COVID-19 pandemic. These fell under four broad areas that aligned with the top management challenges we reported in FY 2020 for USAID and are (1) managing risks to humanitarian assistance amid a public health emergency of international concern; (2) maintaining responsibilities for planning, monitoring, and sustaining U.S.-funded development; (3) maximizing stakeholder coordination for a global COVID-19 response; and (4) addressing vulnerabilities and implementing needed controls in Agency core management functions. USAID's COVID-19 Task Force leadership acknowledged the advisory as a valuable guide for their work to address and respond to the pandemic.

## USAID Pandemic Top Challenges Report



In June, the Pandemic Response Accountability Committee sought to provide insight into the top management challenges facing Federal agencies that received funding to respond to the COVID-19 pandemic. The committee requested and received information from 37 OIGs, including USAID OIG. Based on information developed in our advisory, "Key Questions to Inform USAID's COVID-19 Response," we summarized USAID's four top challenges related to COVID-19 for inclusion in the Committee's report.

### *Challenges USAID Faces in Responding to the COVID-19 Pandemic*

- **Managing Risks to Humanitarian Assistance Amid a Public Health Emergency of International Concern**, including difficulty assessing and responding to conditions and addressing fraud and diversion risks as a result of the pandemic.
- **Maintaining Responsibilities for Planning, Monitoring, and Sustaining U.S.-Funded Development**, such as the pandemic's disruptive impact on USAID's strategy and planning; implementation, monitoring, and evaluation of Agency activities; and increased risks to USAID's global health supply chain.
- **Maximizing Stakeholder Coordination for a Global COVID-19 Response**, for example, through interagency coordination where roles and responsibilities are clearly established, and through engagement with other international donors, public international organizations, and the private sector.
- **Addressing Vulnerabilities and Implementing Needed Controls in Agency Core Management Functions**, given the additional strain placed on USAID's core management functions as a result of the pandemic, especially with respect to its institutional capacity and grant and contract management.

***Information Brief: USAID COVID-19 Activity Update (January – August 2020)***

In the first in a series of COVID-19 information briefs we reported that, since the World Health Organization declared the COVID-19 outbreak in December 2019, the number of cases reported worldwide was 25.5 million with 850,535 fatalities as of August 31, 2020.[6] Congress appropriated approximately $1.3 billion in supplemental funding for USAID programming and operations, including $250 million in Economic Support Fund co-managed with the Department of State and $1 million for USAID OIG oversight. USAID also reported the redirection of nearly

[6] According to data compiled by the Johns Hopkins University Center for Systems Science and Engineering.

$424.4 million in funding from pre-existing development programs for COVID-19 preparedness, response, and mitigation. We further reported that, as of August 31, 2020, USAID had disbursed approximately $141.5 million (10 percent of appropriated funds) of the $1.23 billion (85 percent of appropriate funds) that it had obligated. The U.S. Government also committed $250 million to deliver 8,722 ventilators to 44 countries and the North Atlantic Treaty Organization, according to USAID. As of August 31, 2020, USAID had delivered 5,253 ventilators to 29 countries.

The information brief also described USAID's coordination with the Department of State, the Centers for Disease Control and Prevention, and other interagency partners to prioritize countries and allocate COVID-19 funding based on factors such as reported needs, caseload, community transmission, country capacity, strength of health system, and the potential impact of U.S. Government support on containing or mitigating COVID-19 in the country. We further reported that, by June 24, 2020, USAID had made commitments to assist 120 countries in COVID-19 response and preparedness efforts. The impact of the outbreak has also impacted USAID international operations, with the Department of State approving a global authorized departure on March 14, 2020 for individuals at higher risk. This resulted in a reduction of 39 percent of U.S. direct hire and third-country nationals personal services contractors from their posts, as of August 7, 2020.[7] The pandemic has significantly affected USAID missions' ability to monitor activities and implementers have also reduced or ceased operations in many cases.

[7] While our information brief reported that USAID employees and personal services contractors were expected to return to post when their respective posts reach Phase 3 under the Department of State Diplomacy Strong Framework, subsequent guidance from the Department of State indicated that the global authorized departure will end in December, regardless of which phase each post has entered.

***OIG Investigation Confirmed Syrian Fuel Supplier's Ties to Designated Terrorist Organization***
*Investigation*

OIG confirmed a relationship between Hay'at Tahrir al-Sham (HTS), a designated terrorist organization, and a fuel supplier in Northwest Syria. Fuel is essential to the implementation of humanitarian programs in Northwest Syria. In response to an OIG referral on the matter, USAID's Bureau for Humanitarian Assistance committed to monitor the extent to which USAID-funded implementers purchase fuel through the entity connected with HTS, in compliance with the terms of a license previously issued by the Department of Treasury Office of Foreign Assets Control (OFAC).

***OFAC Issues Cautionary Letter to USAID Implementer after OIG Investigation Reveals Violations of Iranian Sanctions Regulations***
*Investigation*

OIG discovered that a USAID awardee included Iranian-sourced goods in its non-food item kits provided to Iraqi beneficiaries. The investigation revealed that the implementer's vendor agreements lacked necessary language to prevent the use of prohibited Iranian sourced goods in the implementation of USAID awards. Following OIG's investigation, USAID indicated that the specific implementer updated its vendor agreement to prohibit future use of Iranian-sourced goods. Additionally, the investigation revealed a separate implementer responsible for third party monitoring (TPM) had committed an apparent sanctions violation by directly purchasing Iranian made goods. As a result, the implementer disclosed this violation to OFAC, which issued a cautionary letter to the implementer, identifying the conduct as a violation of Iranian sanctions regulations.

***Proactive Investigation Leads MCC to Revise its Bidding Documents to Require Disclosure of Past Relationships with Sanctioned Entities***
*Investigation*

OIG conducted a proactive inquiry into certifications made by recipients of MCC funding and their compliance with U.S. laws related to material support to terrorism. In April 2019, OIG submitted a referral to MCC identifying vulnerabilities in its standard bidding documentation process. This included a limited ability to assess whether recipients of MCC funding had current or historical relationships to designated terrorist organizations. Following its policy review in June 2020, MCC implemented substantive revisions to its standard bidding documentation, which now requires recipients to certify that their organization has not provided material support to designated terrorist organizations and other sanctioned entities in the 10 years prior to applying for an award.

### *OIG Promotes Risk Awareness Through PIO Reporting of Serious Criminal Misconduct*

In November 2019, USAID created a mandatory standard award provision for PIOs to report credible allegations of prohibited conduct under USAID-funded activities to OIG—a step resulting from a related OIG audit recommendation from 2018. The high-risk, nonpermissive settings in which PIOs often work make such disclosures critical for effective oversight and risk analysis.

OIG assesses these disclosures, obtains additional information from the PIO, and transmits the disclosure to USAID's Bureau for Policy, Planning, and Learning; often with supplementary investigative information. The bureau determines whether a PIO is capable of safeguarding USAID resources, and whether future agreements should include special provisions to mitigate any identified risks. In this reporting period, OIG collaborated with the bureau to establish a process for transmitting timely PIO disclosures of misconduct. To date, OIG has received and reported on five disclosures from PIOs containing allegations of theft and diversion within USAID-funded programming.

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

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

During the period, OIG audit and investigative work related to USAID's global health supply chain led the Agency to commit to improving risk management, better support host country capacity, and institute additional procedures to prevent fraud. Our work helped recover stolen ventilators intended for delivery overseas in response to COVID-19. We also made recommendations to improve USAID's education portfolio in Pakistan and our investigative work helped USAID efforts to recoup funds lost to fraud and mismanagement.

## Global Health Programs and Supply Chain

To combat HIV/AIDS, tuberculosis, and malaria and address public health emergencies, including the COVID-19 pandemic, USAID has worked to increase overall healthcare access and quality. OIG promotes program integrity and safeguards U.S.-funded commodities to help ensure that these lifesaving treatments and services reach the intended beneficiaries. Our audit of USAID's global health supply chain identified the need for more rigorous risk assessment and actions to enhance local capacity. Our investigative work also led to the recovery of stolen ventilators intended to help El Salvador respond to COVID-19.

***USAID's Global Health Supply Chain Would Benefit From More Rigorous Risk Management and Actions to Enhance Local Capacity***

USAID's Global Health Supply Chain Program delivers medicines and other healthcare commodities to help save lives around the world. In countries that do not have the systems in place to appropriately safeguard and deliver the commodities needed, effective management of the in-country components of this program is critical. USAID missions we reviewed took some steps to identify country-level supply chain risks, using country-specific tools and various external assessments to identify weaknesses.

*Report No. 4-936-20-002-P*

However, USAID's risk identification efforts related to its supply chain investments were siloed by country without a coordinated or systematic effort to look across missions for broader risk patterns, limiting the Agency's ability to proactively address them. Selected activities at the missions we reviewed mostly aligned with good practices we identified from industry standards for addressing the four root causes of supply chain weaknesses. However, in three of the four missions we visited, USAID undertook risk mitigation measures—such as completing work on behalf of government officials or using parallel supply chains—that can delay countries' transition to self-reliance.

We made, and the Agency agreed with, two recommendations to the Bureau for Global Health to strengthen USAID's management of supply chain risks worldwide and to increase the capability of host governments to manage health commodity supply chains with reduced donor support in the missions we reviewed.

***OIG Agents Recover $3 Million Worth of Stolen Ventilators Destined for El Salvador to Combat COVID-19***
*Investigation*

In August 2020, OIG received information that a trailer containing USAID-funded ventilators and accessories, worth over $3 million was stolen in South Florida en route to El Salvador to assist that country's response to the COVID-19 pandemic. In a rapid response, OIG launched a joint operation with other Federal, state, and local law enforcement agencies and recovered 191 of the 192 stolen ventilators, and arrested 2 individuals. As a result, the ventilators were successfully delivered to the intended beneficiaries in El Salvador. The contractor, responsible for implementing USAID's global health supply chain efforts and delivering the ventilators, instituted significant steps to improve the future security of equipment in transit.

Stolen ventilators recovered in South Florida en route to El Salvador. *Photo by USAID OIG*

***OIG Investigations Prompt USAID to Protect USAID-funded Global Health Commodities***
*Investigation*

Two ongoing OIG investigations into fraud affecting a USAID global health award in East Africa uncovered systemic weaknesses and vulnerabilities related to the security, warehousing, and distribution of HIV, malaria, family planning, and other medical commodities. Preliminary investigative findings revealed systemic weaknesses, corruption, and a lack of internal controls within a USAID-funded entity responsible for purchasing and distributing life-saving health commodities. In response, USAID's Kenya mission implemented numerous administrative actions in August 2020, such as heightened payment requirements, documentation reviews, and risk mitigation systems.

## Building Local Capacity

USAID works to build the local capacity of individuals and institutions to better ensure the sustainability of development and to support partner countries as they become more self-reliant. MCC, USADF, and IAF also focus on building capacity by investing in and partnering with the countries and communities in which they operate. OIG aims to identify obstacles to these agencies' efforts for achieving that goal and make recommendations to overcome them.

During the reporting period, OIG reported on risks to accountability in USAID's Pakistan education program and made recommendations to improving its oversight of the program going forward. USAID also issued bills of collection for over $9 million in response to our investigative findings.

***USAID's Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results***
*Report No. 5-391-20-001-P*

USAID's education program in Pakistan aligned with the broader U.S. strategy for promoting a healthier and better educated population to encourage stability in the region, combat terrorism, and support a secure, economically vibrant, and stable democracy. However, the mission did not fully use several key mechanisms that USAID policy calls for to oversee its education program. Specifically, we identified weaknesses in how USAID conducted site visits, used and followed through on the results of program reports, and measured program performance. Staffing gaps contributed to delays and further hindered USAID's oversight of the four education projects we reviewed. In addition, the mission did not identify potential unallowable costs during its review of the independent cost estimate for school construction under one project we reviewed.

We made, and the Agency agreed with, five recommendations aimed at improving USAID's oversight of its Pakistan education program going forward.

***OIG Investigation Reveals Implementer Failed To Obtain License, Resulting in Bill of Collection for $55,400***
*Investigation*

In July 2018, USAID disallowed $335,700 in expenditures after OIG discovered that the USAID implementer falsified reports and failed to deliver 183 shelters to beneficiaries devastated by a typhoon in the Philippines. OIG also found that the implementer failed to obtain a franchise license from the local government to establish public transportation system for the affected beneficiaries, as called for under the USAID award. In September 2020, USAID issued a bill of collection for $55,400 to cover the cost of 12 vehicles for the transportation system the implementer could not use without the required franchise license.

***USAID Issues $4.4 Million Bill of Collection After OIG Investigation Uncovers Systemic Mismanagement of USAID Project Funds***
*Investigation*

OIG uncovered systemic mismanagement, inadequate internal controls, and insufficient financial accounting by a U.S.-based university affecting a USAID/Peru-funded development project in Honduras. USAID funds were improperly deposited into the personal accounts of the university's project coordinator and university staff did not submit financial accounting for project funds. As a result of our investigation, USAID/Peru issued a $4.4 million bill of collection to the university in July 2020.

***USAID Issues $4.9 Million Bill of Collection After OIG Investigation Identifies Fraudulent Activity of Ugandan Implementer***
*Investigation*

In April 2020, USAID's mission in Uganda issued a bill of collection for $4.9 million after a multi-year OIG investigation found that a Ugandan implementer failed to report fraudulent activity. As reported in a previous period, USAID terminated the implementer's cooperative agreement based on an OIG referral. The USAID award was a social marketing health project to promote products and services for reproductive health, HIV, malaria, and maternal and child health. Our investigation also revealed that the implementer's staff solicited bribes from field staff to conceal the reporting of nonexistent activities.

***USAID Proposes Debarment of Zimbabwean NGO in Diversion of USAID Funds Case***
*Investigation*

In August 2020, USAID proposed debarment for a Zimbabwean organization, and its executive director after OIG discovered it had misused USAID-funded fuel coupons.

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

U.S. foreign assistance has the dual purpose of advancing U.S. national security and economic prosperity while promoting international development objectives. OIG provides oversight in these complex areas to ensure that U.S. foreign assistance dollars are used efficiently and effectively to meet foreign assistance aims and align with strategic interests. During the period OIG continued to contribute to reporting by the Departments of Defense and State and USAID inspectors general on five overseas contingency operations, emphasizing the impact of COVID-19 on each operation's related country or region, foreign assistance program, and U.S. Government operations.

## Oversight of Interagency Efforts

Delivering foreign assistance often involves multiple U.S. Government agencies and requires cooperation and coordination, especially on complex tasks, such as fostering private-sector partnerships that advance both U.S. prosperity and global development goals.

### Reporting of Overseas Contingency Operations

Throughout the period, we coordinated with the inspectors general for the Department of Defense and State under the Lead Inspector General Framework to report on how the COVID-19 pandemic has impacted countries and U.S. government operations under five ongoing overseas contingency operations in Iraq, Syria, Afghanistan, the Philippines, East Africa, and North and West Africa.

- **In Iraq**, COVID-19 caseloads rose exponentially from community transmission due to limited public compliance with containment measures and uneven enforcement of COVID-19 prevention measures. Movement and operating restrictions imposed by the Iraqi government as a result of COVID-19 have hindered the delivery of humanitarian assistance and the protection of vulnerable populations from gender-based violence, contributed to rising food prices, and reduced employment opportunities, especially among IDPs. In response, the U.S. Government reported providing $47 million to support COVID-19 preparedness and response efforts.

- **In Syria**, as of mid-September, the Syrian government confirmed over 3,800 cases of COVID -19 in areas held by the Assad regime, including 175 resultant deaths. USAID implementers support COVID-19 mitigation and response efforts throughout Syria, including humanitarian aid programs covering health and water, sanitation, and hygiene. In northern Syria, USAID implementers supported health facilities with COVID-19 isolation and treatment services; enhanced water supply and sanitation infrastructure at sites for internally displaced persons (IDP); increased water trucking to IDP sites for additional handwashing; and provided essential medical equipment to health facilities.

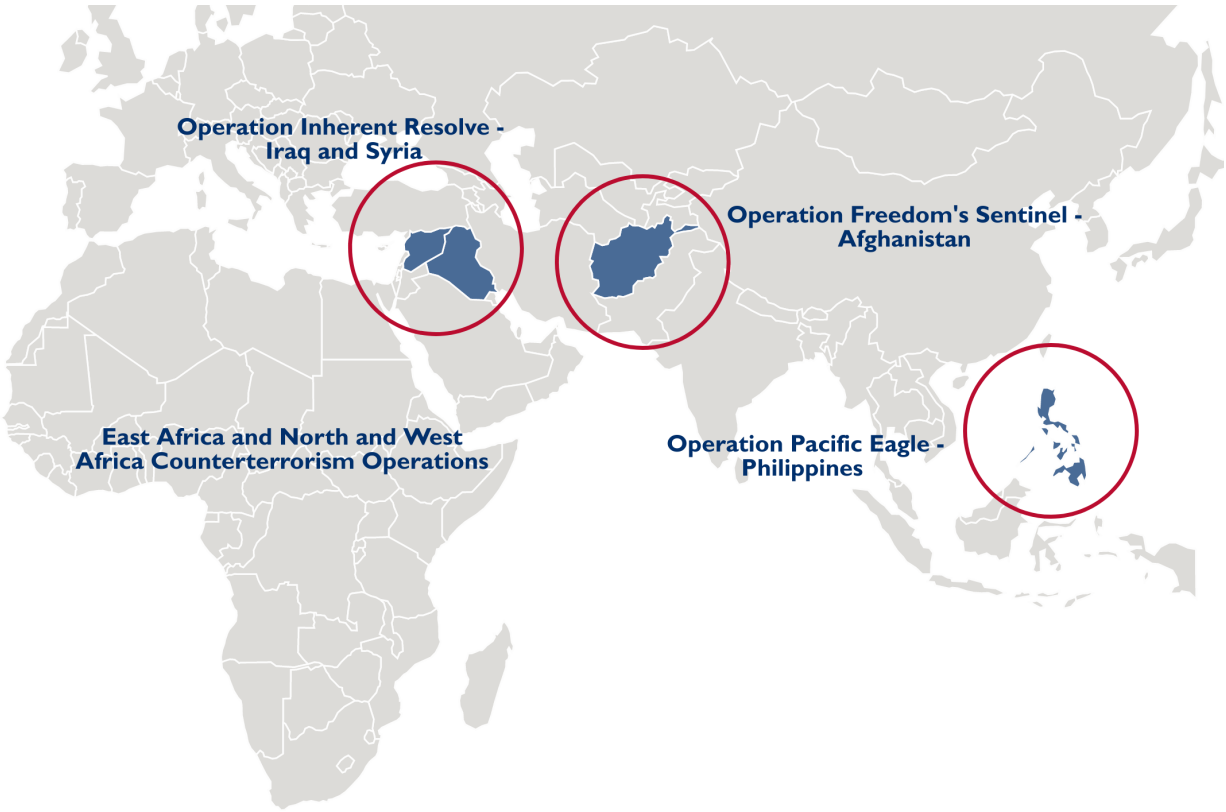
- **In Afghanistan**, as of July 1, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) reported that 31,836 people had tested positive for COVID-19 and 774 people had died due to the outbreak. However, cases and deaths are likely under-reported due to limited public health resources and testing capacity. USAID reported that its funding enabled the World Health Organization (WHO) to stand up and support the COVID-19 surveillance network and increase lab capacity with the goal of reaching an average of 2,000 tests per day by the end of June. However, in the last week of June, an average of only 952 tests per day had been reached, according to OCHA, down from an average of 1,377 per day in mid-June. According to OCHA, hospitals reported a lack of personal protective equipment, testing kits, and medical supplies. Also the limited number of trained hospital staff was further reduced as some staff became infected, and due to budget limitations.

- **In the Philippines**, WHO reported that as of June 30, there were 37,514 cases of COVID-19, with 1,266 deaths and 10,233 recovered patients. USAID had approved over $22 million to respond to COVID-19 in the Philippines as of the end of June. Planned USAID assistance included helping local governments prevent the spread of COVID-19 through stronger health service delivery at village and household levels, protecting healthcare workers from infection through training programs, and helping the Philippine Department of Health communicate COVID-19 guidelines more effectively. In areas hardest hit by the outbreak, USAID reported that its implementers expanded access to water, sanitation, and hygiene information, services, and commodities.

- **In East Africa**, according to WHO, Somalia's health system is one of the least prepared to detect, report, and respond to epidemics with only 15 intensive care unit beds for more than 15 million people. USAID's Bureau for Humanitarian Assistance (BHA) reported plans to provide $17.6 million in new emergency assistance in Somalia from FY 2020 COVID-19 emergency supplemental appropriations. BHA implementers have also provided double rations of emergency food assistance, which should last up to two months, to reduce the frequency with which beneficiaries need to gather to receive assistance. Implementers trained health facility staff and community health workers on infection prevention and control methods to triage those potentially infected with COVID-19.

- **In West Africa**, while COVID-19 continued to spread, the reported numbers of infections and fatalities was lower than other regions in Africa, according to WHO data. Though reported cases and deaths were lower in West Africa compared to "hot spots" like South Africa and Egypt, COVID-19 continued to have destabilizing effects in the region, according to the United Nations Office for West Africa and the Sahel. Chad, Niger, Burkina Faso, and Mali have experienced some of the highest COVID-19-related fatality rates in Africa.

# Oversight of Overseas Contingency Operations




During the period, OIG's oversight efforts included five ongoing overseas contingency operations, in coordination with the inspectors general for the Departments of Defense and State under the Lead Inspector General Framework, as established in the IG Act.

# IDENTIFYING VULNERABILITIES AND NEEDED CONTROLS IN AGENCY CORE MANAGEMENT FUNCTIONS

Effective and reliable financial, information, and other management systems are vital to the stewardship of U.S. Government resources and successful execution of Federal programs. OIG audit and investigative work helps ensure that the agencies we oversee have adequate security controls over computer systems, meet Governmentwide requirements for transparency in financial reporting and accountability for appropriated funds, and effectively use limited financial and human resources.

During the reporting period, we completed work across a broad range of agencies' management functions, including addressing the protection of information accessed via personal devices, risks associated with agency charge card programs and improper payments, MCC travel policies, and USAID plans for returning its workforce to Federal buildings, among other areas.

Our investigations into fraud, theft, collusion, and other misconduct by employees, contractors, and grantees of the agencies we oversee led to corrective or compensatory actions, reinforcing accountability among those entrusted with managing U.S. taxpayer funds to design, plan, and implement U.S. foreign assistance programs.

## Information Technology Management

During the period, OIG issued an audit identifying information security risks associated with employees' use of personal devices to access agency information.

***USAID Needs To Improve Policy and Processes To Better Protect Information Accessed on Personal Devices***
*Report No. A-000-20-006-P*

While USAID had some internal controls in place to address the risk of an information security breach due to the use of an external cloud system, it faced an increased risk of a breach because it had not implemented key internal controls needed to protect information accessed in the external cloud system by staff on their personal devices.

We reported that, among the internal controls in place, USAID required staff to take training in protecting sensitive information and to sign a user agreement. It also required staff using personal devices to log into their external cloud system accounts using Agency-issued RSA tokens. It also required staff using personal devices to log into their external cloud system accounts using Agency-issued RSA tokens, which can be physical or an application on a user's mobile device.

Yet, USAID did not did not fully implement key controls related to access controls, roles and responsibilities, ethics and legal concerns, asset management and privacy, and devices and applications. For example, USAID did not implement controls to automatically terminate user sessions after 60 minutes of inactivity, as required by Agency policy or to always identify or cancel the external cloud system user accounts for contractors when the accounts were no longer required. The audit

report provides more information on the reasons that USAID did not implement key controls.

We made four recommendations to improve USAID's control environment to protect information available in the external cloud system when accessed through staff's personal devices.

## Financial Systems and Agencies' Management Practices

OIG's work during the period assessed agency risks in charge card programs, agency compliance with improper payments requirements, MCC's use of premium travel, and USAID's use of appropriated funds prior to expiration and cancellation.

### Charge Card Risk Assessments

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires each OIG to conduct periodic risk assessments of their agency's charge card program to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. We use these risk assessments to determine the necessary scope, frequency, and number of audits or reviews of the program. This period, OIG issued risk assessments for charge card programs at USAID, MCC, USADF, and IAF.

***Assessment of USAID's Charge Card Programs Showed Less Risk of Improper Purchases and Payments in FY 2019***
*Report No. 0-000-20-010-C*

Based on a risk assessment of USAID's charge card programs for FY 2019 conducted by an independent certified public accounting firm, auditors concluded that the overall risk was low for both the purchase card program and the travel card program and that the results did not warrant an audit. However, because USAID's historical travel spending exceeds the $10 million threshold established under the Charge Card Act—the audit firm will perform an audit for FY 2020 to analyze the risks of illegal, improper, or erroneous purchases and payments.

***Assessment of MCC's FY 2019 Charge Card Programs Identified a Moderate Risk of Improper Purchases and Payments***
*Report No. 0-000-20-010-C*

Based on a risk assessment of MCC's charge card programs for FY 2019 conducted by an independent certified public accounting firm, auditors concluded that MCC's charge card programs posed a moderate risk of illegal, improper, or erroneous purchases and payments. This assessment of moderate risk remains unchanged from the last assessment in FY 2018. To help strengthen MCC's internal controls over its charge card programs, the auditors made four recommendations, which OIG considers resolved but open pending completion of planned activities.

| | |
|---|---|
| ***Assessment of the USADF Charge Card Program for FY 2019*** *Report No: 0-ADF-20-004-S* | OIG did not identify any misuse of government charge cards or illegal purchases made on the part of USADF or IAF. Based on each risk assessment, we determined that each charge card program poses a low risk to its respective agency, and that an audit of either agency's charge card program is not necessary. |
| ***Assessment of the IAF Charge Card Program for FY 2019*** *Report No 0-IAF-20-003-S* | See above. |

## Improper Payments Elimination and Recovery Act

The Improper Payments Elimination and Recovery Act of 2010, as amended, requires OIGs to annually assess and report on their agencies' improper payment risk assessments, based on criteria in the Act. We issued two such reports during the period: one for USAID and one for MCC.

***USAID Complied in FY 2019 With the Improper Payments Elimination and Recovery Act of 2010, as Amended***
*Report No. 0-000-20-007-C*

Two separate audits of USAID and MCC compliance with the Improper Payments Elimination and Recovery Act of 2010, as amended, found that each agency complied with the Act for FY 2019. OIG contracted with independent certified public accounting firms to conduct the audits. The reports did not include any recommendations.

***MCC Complied in FY 2019 With the Improper Payments Elimination and Recovery Act of 2010, as Amended***
*Report No. 0-MCC-20-008-C*

See above.

## Travel Management

OIG periodically conducts audits related to agencies' travel, including the use of premium travel. For the period, we issued a report on the need for enhanced controls at MCC.

***Enhanced Controls Are Needed To Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse***
*Report No. 0-MCC-20-012-C*

An audit of MCC's use of premium travel and related internal controls reported that MCC premium travel averaged a high percentage (73 percent) of total travel cost across the audited period, and that premium travel use in FY 2019 was substantially higher at MCC (44 percent) than at the State Department (3 percent) or USAID (2 percent). The independent public accounting firm found instances during testing where internal controls for premium travel were not effective in preventing waste and abuse. It further found MCC's use of premium travel when compared to a less expensive method of flight travel suggested opportunities to improve cost-effectiveness regarding the type of travel. The audit firm also found that MCC's policies were in alignment with Federal Travel Regulations and the Fly America Act. The audit firm also reported three findings related to noncompliance with various travel policies and regulations. OIG made four recommendations to address the instances of noncompliance and considers all recommendations resolved but open pending completion of planned activities.

## Funds Management

***Memorandum on USAID's Use of Appropriated Funds Prior to Expiration and Cancellation***

We conducted audit work and issued a memorandum in response to direction in House Report 115-829, accompanying H.R. 6385, "State, Foreign Operations, and Related Programs Appropriations Bill, 2019," and supported by the explanatory statement, accompanying the Consolidated Appropriations Act, 2019 (Public Law 116-6, February 15, 2019). We reported that USAID used most of its funds within required deadlines. Of $28.1 billion appropriated that had statutory expiration during FY 2016-2018, about $5.7 million, or approximately .02 percent, expired prior to obligation over the 3-year period. Of $21.8 billion appropriated that had statutory cancelation in FY 2016-18, USAID used approximately $21.6 billion and the difference of about $114.8 million, or approximately .53 percent, was canceled in FY 2016-2018 based on required deadlines.

***Agency Reports Management Decisions in Response to Recommendations in Audit Report, "USAID Complied With the GONE Act But Still Has a High Risk of Delayed Grant Closeout"***
*Report No. 00-000-20-002-C*

In September, USAID made management decisions on all nine recommendations and provided supporting information to OIG. For example, the Agency decided to establish a system to track and report on the status of awards that are in the closeout process worldwide; assign and document clear roles and responsibilities to individuals for the close out process; revise its existing policies and procedures, as appropriate, to ensure alignment with GONE Act provisions; and ensure that its training policies are followed by its contracting officer's representatives. The Agency also conducted an analysis to close out and deobligate the awards composing $178.3 million determined to be expired for more than a year.

## Managing Human Capital

OIG reviewed USAID's plans and procedures for returning employees to Federal offices as of August 2020, in response to a congressional request.

***Letter to Congressman Connolly Regarding USAID's Plans and Procedures for Returning Employees to Federal Offices***

Congressman Gerald Connolly, Chair of the Subcommittee on Government Operations, House Committee on Oversight and Reform, requested that we review USAID's plans and procedures for returning employees to Federal offices in the wake of the COVID-19 pandemic. In response, we reviewed plans and procedures outlined in "The Roadmap to Return of The U.S. Agency for International Development" (USAID Plan) to determine whether it incorporated key considerations laid out by the U.S. Government Accountability Office (GAO) for agencies returning employees to workplaces during pandemics.[8] Our review focused on the design of the USAID Plan given its limited execution to date. We also made observations that could provide reasonable assurance that the plans and procedures contained in the USAID Plan are being executed as stated.

Our review of the USAID Plan design and implementation found that USAID has generally followed four key considerations that GAO laid out for agencies returning employees to the workplace during pandemics. We found that the USAID Plan called for (1) making decisions about reentry based on local conditions, (2) communicating continuously with employees, (3) having appropriate measures in place to protect employees, and (4) implementing social distancing strategies.

## Employee Accountability

OIG's oversight fosters accountability among personnel at all levels of each agency under our purview. This includes receiving allegations of fraud, waste, abuse, and other forms of misconduct; assessing each allegation; and initiating an investigation in order to transmit a referral to appropriate authorities.

### Senior Government Employee Misconduct

***USAID Senior-Level Employee Resigns After OIG Investigation Reveals Apparent Conflict of Interest***

*Investigation*

OIG's investigation revealed an apparent conflict of interest involving a senior employee of the Agency and a company owned by a family member. Subsequent to USAID's review of OIG's investigative findings, the employee entered into a settlement agreement in which the employee agreed to resign.

[8] GAO identified these key considerations from surveys conducted with the 24 agencies covered by the Chief Financial Officers Act of 1990 in 2012 and 2009. Those surveys provided an overview of Governmentwide influenza pandemic preparedness efforts. See "Influenza Pandemic: Agencies Report Progress in Plans To Protect Federal Workers but Oversight Could Be Improved" (GAO-12-748), July 25, 2012; and "Influenza Pandemic: Increased Agency Accountability Could Help Protect Federal Employees Serving the Public in the Event of a Pandemic" (GAO-09-404), June 12, 2009.

## Cases Involving a Senior Government Employee

***OIG Investigation Into Whistleblower Retaliation Prompts Referral to USAID Acting Administrator***

OIG received a complaint from a former USAID senior official alleging that an SES employee of the Agency had taken an adverse action against the complainant for retaliatory purposes and without proper due process. OIG's investigation found that USAID's internal policies and procedures were followed, and the whistleblower retaliation allegations against the SES employee were unsubstantiated. Following the investigation, OIG provided a written referral to the Agency and a report of investigation to USAID's Acting Administrator in April 2020.

## Employee Misconduct

***USAID Employee Resigns in Lieu of Termination for Inappropriate Transmittal of Confidential Private Information***
*Investigation*

An OIG investigation substantiated that a USAID employee improperly disclosed sensitive confidential information related to government personnel. Additionally, the investigation revealed that the subject improperly incurred over $20,000 in charges on the subject's work cell phone. Subsequent to USAID's review of investigative findings, the employee resigned in May 2020.

***Former USAID Contractor Sentenced to 8 Months in Prison and Ordered to Pay $115,647 in Restitution for Falsifying Time Sheets***
*Investigation*

As captured in a previous reporting period, OIG's investigation revealed that a USAID contractor had submitted timesheets for work never performed, resulting in $115,647 in fraudulent payments to the contractor. In August 2020, the contractor was sentenced by a Federal judge to eight months in prison and payment of $115,647 to the Government.

***USAID/Colombia Official Resigns Following OIG Investigation of Undisclosed Conflict With Subawardee***
*Investigation*

An OIG investigation found that an official in USAID's mission in Colombia failed to disclose a conflict of interest. After the OIG referred its findings to USAID and the U.S. Embassy in Colombia, the employee resigned.

***USAID Debars Former Contractor for Improper Charges to Government Travel Card and Pornography on Government Computer***
*Investigation*

In June 2020, USAID debarred a personal services contractor after an OIG investigation found that the contractor had submitted fraudulent timecards for approximately 5 months. OIG also discovered that the contractor charged unallowable expenses to a Government-issued travel card and stored pornographic materials on a Government-issued computer.

## Contractor and Grantee Accountability

OIG's oversight mandate also covers contractors and grantees receiving U.S. taxpayer funds to implement programs and activities, or provide goods and services on behalf of USAID, MCC, USADF, or IAF. OIG promotes accountability among agency implementers worldwide; this work involves regularly conducted audits and receiving and addressing allegations of fraud, waste, or abuse. Our oversight work also addresses instances where implementers deliberately fail to report allegations of fraud and misconduct, or cooperate with law enforcement inquiries.

***Contractor Referred for Present Responsibility Determination for Failure to Disclose Credible Evidence of Theft***
*Investigation*

An OIG investigation found that an implementer executing numerous USAID awards, worth nearly half a billion dollars, failed to report credible allegations of fraud involving its subawardee. The subawardee is under a USAID-funded monitoring and evaluation program and other USAID-funded democracy and governance programs in a nonpermissive environment. OIG's findings uncovered that the implementer knowingly failed to timely disclose credible evidence of fraud, calling into question the implementer's ability to appropriately respond to and self-report allegations of misconduct. In July 2020, following the investigation, OIG sent a present responsibility referral to USAID. In September 2020, USAID's Suspending and Debarring Official sought information from the implementer on how it prioritizes allegations of misconduct, how it tracks and follows-up on the allegations it receives, including the criteria it uses to determine credibility, and how it communicates employee responsibilities in this area.

***USAID Implementer Terminates Employee Agreements After OIG Investigation Reveals Collusion***
*Investigation*

In August 2020, a USAID implementer terminated two employees after an OIG investigation revealed the employees colluded with a subawardee in the implementer's procurement process for a water, sanitation, and hygiene project in Zambia. This investigation is ongoing.

***OIG Joint Investigation with PIO Reveals Staffer's Conflicts of Interest in the Performance of USAID-Funded Award***
*Investigation*

OIG submitted a present responsibility referral to USAID after an investigation, coordinated with a PIO oversight body, revealed that a PIO staffer had multiple undisclosed interests with vendors for a USAID-funded award to counter the Zika virus in Jamaica. In response to the referral, USAID proposed the debarment of the staffer and the staffer's affiliated company. Additionally, the PIO oversight body committed to modifying its protocols to facilitate future sharing of investigative information in order to ensure full accountability in fraud perpetrated against the PIO and USAID.

***USAID Cancels $1 Million Award Extension After OIG Investigation Uncovers Georgian Implementer's Violations of Mandatory Provisions***
*Investigation*

USAID cancelled an anticipated 1-year, $1 million award extension to a Georgian NGO in April 2020 after OIG's investigation found that the NGO's owner and executive director procured office space from her own property company and awarded contracts to relatives. USAID plans to conduct an Agency Contracted Audit of the award.

***Non-Federal Audit (NFA) Program***

OIG determines whether required audits of contractors and grantees meet professional standards for reporting and other applicable laws, regulations, and requirements. OIG's oversight activities also boost the impact of the NFA program by addressing recommendations to the Agency—this reporting period 53 recommendations questioning costs of $40.4 million and 1 recommendation of $0.3 million for putting funds to better use, as well as 102 recommendations to strengthen weaknesses in internal control and compliance.

# OIG OUTREACH AND EXTERNAL ENGAGEMENT

OIG outreach and external engagement efforts give our stakeholders, oversight partners, international aid and development implementers, and the public timely, relevant information to make informed decisions about U.S. foreign assistance and take action. We cultivate dialogue, inform decision making, coordinate oversight, and promote greater accountability across the U.S. Government and international bodies. We solicit stakeholder input to inform our oversight work and strengthen partnerships with oversight offices worldwide.

## Engaging Stakeholders

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

During the reporting period, the Inspector General led a series of high-level listening sessions to gather perspectives on the role of U.S. foreign assistance in the U.S. Government's COVID-19 response and related oversight opportunities. Senior Agency officials, former officials, and representatives from industry groups and think tanks shared perspectives, giving OIG unique insights into the complex challenges presented by the COVID-19 pandemic. In turn, we used information from these sessions to inform our oversight plans.

We also discussed our COVID-19 oversight work with congressional staff and representatives from the Office of Management and Budget. We held additional briefings for congressional staff on materials we issued to inform USAID's COVID-19 response and promote awareness of related activities and challenges worldwide. We provided further briefings on OIG investigative work and discussed OIG audits under the FY 2021 plan for coordinated inspector general oversight of HIV/AIDS, tuberculosis, and malaria programs.

## Sustaining Partnerships

OIG works with oversight offices and law enforcement and prosecutorial agencies worldwide, building partnerships that help us leverage investigative resources and ensure accountability over U.S. foreign assistance programming. 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. This reporting period, we sustained and strengthened these partnerships through new forums for coordinating oversight and law enforcement activities, issued new annual plans and reports, and improved information sharing. We addressed interagency concerns, tapped insights into emerging oversight challenges, shared information, and kept abreast of best practices and current standards by:

**Co-Hosting a Global Health Forum.** In September, we co-hosted a 2-day virtual oversight forum drawing on the insights of 25 experts from 10 U.S. Government agencies and underscoring the importance of global health oversight. The diverse group of experts, which included representatives from USAID OIG, spoke to the unique risks, challenges, opportunities, and best

practices that have arisen due to pandemic-related restrictions and organizations' use of remote work. Experts' knowledge and experience enhanced cross-agency understanding; helped foster data-driven insights around oversight during and after the pandemic; and identified ways to improve coordination and collaboration for global health oversight.

**U.S. Government and International Organizations Participating in the Global Health Forum**

- U.S. Agency for International Development
- U.S. Agency for International Development OIG
- U.S. Department of Health and Human Services
- U.S. Department of Health and Human Services OIG
- U.S. Department of State, Office of the Global AIDS Coordinator
- U.S. Department of State OIG
- U.S. Department of Defense OIG
- U.S. Department of Justice OIG
- Peace Corps OIG
- Government Accountability Office
- The Global Fund
- The Global Fund OIG
- World Bank

Over 120 participants from 13 federal agencies in at least 6 countries joined this unique live virtual oversight forum. Speakers and participants represented a wide variety of functions, including audit, investigations, inspections, evaluations, legal, communications, interagency coordination, management and mission support, and executive leadership.

**Supporting the Pandemic Response Accountability Committee.** Established in April, the committee promotes transparency and supports independent oversight of agencies' use of COVID -19 response funds. Since its inception, we have engaged closely with the committee, sharing views, information, and work products, including our contributions to its top pandemic management challenges report for Federal agencies, COVID-19 oversight reports for its website, and its first semiannual report to Congress.

**Working with the Department of Justice's Metropolitan Area COVID-19 Anti-Fraud Task Force.** We joined the COVID-19 Anti-Fraud Task Force upon its establishment during the previous reporting period. This period, we participated in Task Force meetings to coordinate oversight efforts covering Coronavirus Aid, Relief, and Economic Security (CARES) Act provisions; anticipated CARES Act financial fraud schemes; and relevant statutes for prosecuting these types of crimes.

**OIG and World Bank Sign Information Sharing Agreement**. In September, we entered into a memorandum of understanding with the World Bank's Integrity Vice Presidency. This agreement, the 8th of its kind with international oversight bodies, increases information sharing and coordination to detect, substantiate, and prevent fraud and corruption in programming funded by both the World Bank and USAID. This includes, for example, the Afghanistan Reconstruction Trust Fund, a World Bank-managed multi-donor trust fund that has received $2.7 billion in USAID assistance. Joint oversight partnerships such as this help increase awareness and accountability

across the international development sector as USAID, international donors, and PIOs alike undertake similar projects and confront similar risks.

**Continuing Coordinated Oversight of Overseas Contingency Operations.** We worked with the OIGs for the U.S. Departments of Defense and State to oversee and report on five overseas contingency operations. Joint quarterly reports issued during the period described U.S. Government activities in five overseas contingency operations in Iraq and Syria (Operation Inherent Resolve), Afghanistan (Operation Freedom's Sentinel), the Philippines (Operation Pacific Eagle), East Africa (East Africa Counterterrorism Operation) and North and West Africa (North and West Africa Counterterrorism Operation).[9] The three OIGs shared information and coordinated on oversight plans for these operations through quarterly exchanges involving the OIGs of 11 Federal agencies and to prepare our annual FY 2021 coordinated oversight plan for overseas contingency operations for issuance in October 2020.

**Maintaining Coordinated Oversight of Foreign Assistance to Combat HIV/AIDS, Tuberculosis, and Malaria.** We meet quarterly with OIG counterparts at the Department of State, Department of Health and Human Services, and Peace Corps to share and coordinate oversight plans for programs to combat HIV/AIDS, tuberculosis, and malaria. This led to the August 2020 issuance of our FY 2021 coordinated oversight plan, which outlines ongoing and planned audit and investigative work covering PEPFAR, impacts on PEPFAR programming and oversight due to the COVID-19 pandemic, and areas where PEPFAR and COVID-19 oversight intersect.

**Council of Inspectors General for Integrity and Efficiency**. We work extensively with other OIGs under CIGIE on coordinated responses to shared challenges and requirements facing the IG community. OIG representatives currently participate on committees and working groups focused on quality assurance, legal coordination, professional and leadership development, and audit oversight of the U.S. Government's pandemic response activities. This period, we contributed to CIGIE's efforts to develop quick response audit guidance for the broader oversight community, connect Federal oversight community professionals of all levels and functions and promote more coaching and mentoring, and issue best practices for assuring quality in lines of OIG work.

## Strengthening Networks and Underscoring OIG's Oversight Role

OIG routinely engages with agency personnel as well as international aid and development organizations receiving USAID funding to communicate our expectations for the prevention, detection, and timely reporting of fraud and other misconduct, such as suspected cases of sexual exploitation and abuse. We share best practices for identifying and combatting fraud, which fosters both enhanced reporting of potential misconduct by the aid sector and cooperation with our office should an investigation become necessary. We also make presentations to international aid organizations and their in-house and external legal counsels on our authorities under the law and expectations for requesting and receiving information on potential misconduct.

[9] As noted on page 3, the OIGs' coordinated oversight and reporting requirements for three of these operations "sunsetted" as of September 30, 2020. Operation Inherent Resolve and Operation Freedom's Sentinel remain under the three OIGs' coordinated framework.

During the period, we helped USAID position itself to better prevent and report fraud, improve financial management, and comply with audit requirements. We focused much of our outreach on programs related to COVID-19, going beyond our advisory and information brief discussed earlier to reinforce accountability and fraud awareness.

## Providing Tools and Training to Improve Oversight and Accountability

***COVID-19 Tools To Inform COVID-19 Response Efforts***

We issued a customized fraud awareness fact sheet focused on the COVID-19 response with guidance for reporting potential diversion, fraud, and other abuses to OIG. These could include incidents of USAID-branded commodities appearing for sale in open markets, incomplete activities being falsely invoiced by implementers, or product substitution or procurements of sub-quality commodities, among others.

***Fraud Awareness Promotion Through Worldwide Briefings***

We brief agency employees and employees of implementers on fraud risks to deepen their understanding of schemes and vulnerabilities affecting foreign assistance funds. This reporting period, OIG conducted most of our 31 fraud awareness briefings online– including several briefings to implementers responding to the Venezuelan migrant crisis. As shown on the map on page 43, we reached 2,453 individuals in 11 countries through our outreach events. Our Office of General Counsel also briefs all new USAID employees and contractors on their right to make protected whistleblower disclosures and provides information on legal protections against retaliation.

***Regional Webinar on COVID-19 and PEPFAR***

In September, our Africa Regional Office hosted a webinar on potential risk areas for both COVID-19 response and PEPFAR programs. We also discussed related OIG oversight. Fifty-nine USAID controllers and financial analysts from 20 countries in the Africa region attended. OIG representatives briefed on our advisory memo on COVID-19 risk areas, and provided USAID staff with information on fraud prevention strategies for COVID-19 response and PEPFAR activities, financial statement and other audit requirements in the COVID-19 environment, financial audits for contractors and grantees, and OIG's ongoing work related to PEPFAR and initiative under its COVID-19 Task Team.

***Outreach to Consortiums of Implementer Legal Counsels and Compliance Officers***

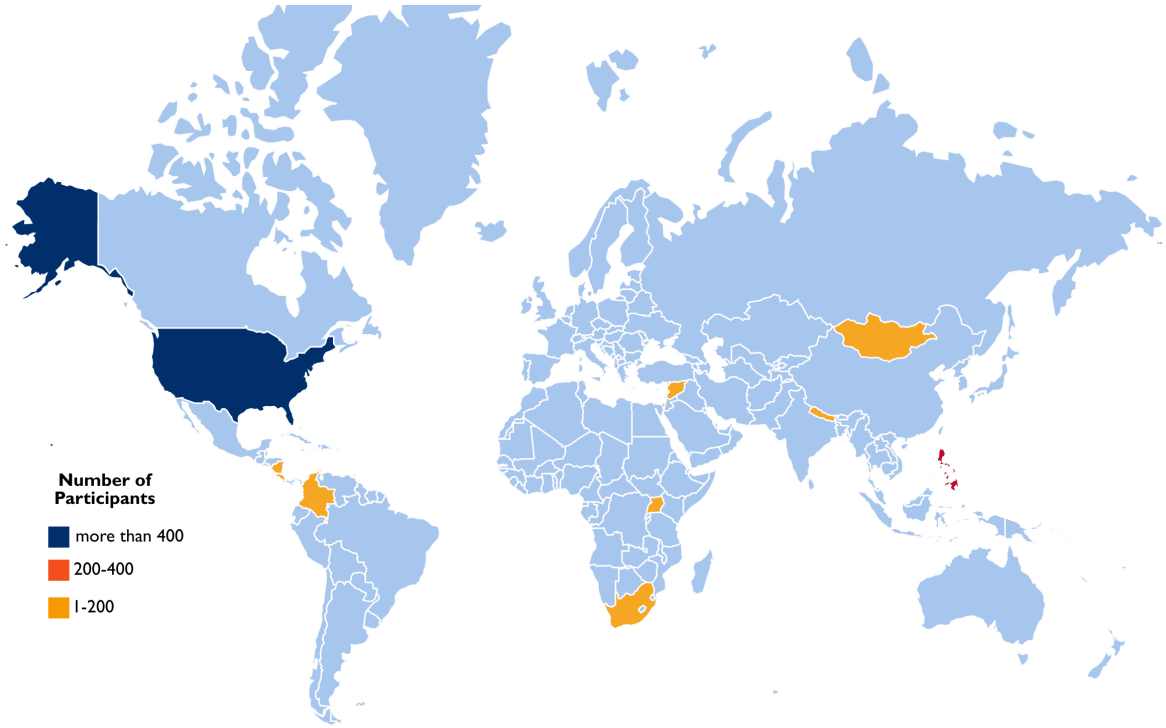
Attorneys from our Office of General Counsel gave several interactive presentations to outside groups of legal counsels and compliance officers from major U.S.-based and international nongovernmental organizations (NGOs). We focused on OIG's expectations for timely and transparent reporting of fraud and sexual exploitation and abuse. We also set out best practices for internal compliance programs and cooperation with OIG investigations. Our outreach included a presentation to the American Bar Association's Section on Grant Law on procurement fraud in the context of COVID-19, joined by the executive director of the Pandemic Response Accountability Committee, and addresses to the NGO Legal Counsels Forum and the International Development Implementer Counsels organization, both of which serve as large consortiums of implementer general counsels.

Lastly, presenting before a International Development Ethics Professionals working group, legal and investigative representatives gave a presentation on OIG oversight efforts related to COVID-19 and warning signs and fraud schemes identified during past global health emergencies.

## Raising Public Interest

With a commitment to transparency and accountability, OIG promotes public awareness and knowledge of our mission, work and results, and the use of taxpayer resources with respect to U.S. foreign assistance. Our website contains previous and newly issued audit reports, advisories, press releases, testimony, and summary reports, including OIG's semiannual reports to Congress and quarterly reports on overseas contingency operations issued by the DOD, State, and USAID OIGs. Additional information about our mission, work, and operations can be found at https://oig.usaid.gov/.

## Fraud Awareness Briefings Conducted Worldwide
***April 1, 2020-September 30, 2020***




***Fraud Awareness Briefings***

| Country | # of Briefings | Total Participants |
|---|---|---|
| Colombia | 1 | 17 |
| Costa Rica | 1 | 32 |
| Israel | 2 | 61 |
| Mongolia | 1 | 39 |
| Nepal | 1 | 62 |
| Nicaragua | 1 | 15 |
| Philippines | 1 | 204 |
| South Africa | 1 | 79 |
| Syria | 1 | 3 |
| Uganda | 1 | 53 |
| U.S. | 20 | 1,888 |
| ***Total*** | ***31*** | ***2,453*** |

# IG ACT REPORTING REQUIREMENTS

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements for the reporting period April 1, 2020-September 30, 2020. Requirements for which OIG has nothing to report are indicated 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 on our website at https://oig.usaid.gov/our-work/semiannual-report as follows:

> Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued April 1, 2020- September 30, 2020.
>
> Appendix B: Reports issued prior to April 1, 2020, with open and unimplemented recommendations, as of September 30, 2020

| 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 | DFC, 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 | 48 | 53 | Nothing to Report | 54 | 51 |
| §5(a)(4) | Summary of matters referred to prosecutive authorities and resulting convictions | 12 | | | | |
| §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 | 7, Appendix A | | | | |
| §5(a)(7) | Summary of significant reports | 16-37 | | | | |

| 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 | DFC, page in report |
|---|---|---|---|---|---|---|
| §5(a)(8) | Statistical table: questioned costs | 54 | Nothing to Report | Nothing to Report | Nothing to Report | Nothing to Report |
| §5(a)(9) | Statistical table: recommendations that funds be put to better use | 55 | Nothing to Report | Nothing to Report | Nothing to Report | Nothing to Report |
| §5(a)(10)(A) | Summary of audit reports Issued before the commencement of the reporting period for which no management decision has been made | Nothing to Report | | | | |
| §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 | 55 | | | | |
| §5(a)(16) | Peer reviews conducted by USAID OIG | Nothing to Report | | | | |

| Reporting Requirements Under the Inspector General Act of 1978, as amended | Description | USAID, pg. in report | MCC, pg. in report | USADF, pg. in report | IAF, pg. in report | DFC pg. in report |
|---|---|---|---|---|---|---|
| §5(a)(17-18) | Statistical tables showing the number of investigative reports; number of persons referred to the Department of Justice (DOJ) for criminal prosecution; number of persons referred to State/local authorities for criminal prosecution; number of indictments/criminal information as a result of OIG referral; a description of the metrics used for developing the data for such statistical tables including a description of the metrics used for developing the data for such tables | 12, 56 | | | | |
| §5(a)(19) | Report on each OIG investigation involving a senior Government employee where allegations of misconduct were substantiated | 34 | | | | |
| §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 | 34-35 | | | | |

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

## Significant Recommendations Described Previously Without Final Action
***USAID***
***as of September 30, 2020***

| Report Number | Report Title | Date of Report | Rec. No. | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| 9-000-18-001-P | Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework | 1/24/2018 | 5 | 1/24/2018 | 12/31/2020 |
| 9-000-18-001-P | Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework | 1/24/2018 | 6 | 1/24/2018 | 12/31/2020 |
| 9-000-18-001-P | Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework | 1/24/2018 | 14 | 1/24/2018 | 12/31/2020 |
| 4-936-20-001-P | More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts | 10/21/2019 | 1 | 10/21/2019 | 12/31/2020 |
| 4-936-20-001-P | More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts | 10/21/2019 | 3 | 10/21/2019 | 6/30/2021 |
| 0-000-20-001-C | USAID Complied in Fiscal Year 2019 With the Digital Accountability and Transparency Act of 2014 | 11/8/2019 | 2 | 11/8/2019 | 10/16/2020 |
| 0-000-20-006-C | Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018 | 11/19/2019 | 2 | 11/19/2019 | 10/30/2020 |
| 0-000-20-006-C | Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018 | 11/19/2019 | 5 | 11/19/2019 | 1/29/2021 |

| Report Number | Report Title | Date of Report | Rec. No. | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| 0-000-20-006-C | Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018 | 11/19/2019 | 6 | 11/19/2019 | 11/15/2020 |
| 0-000-20-006-C | Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018 | 11/19/2019 | 12 | 11/19/2019 | 10/30/2020 |
| 8-000-20-001-P | Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs | 11/26/2019 | 2 | 11/26/2019 | 12/31/2020 |
| 8-000-20-001-P | Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs | 11/26/2019 | 3 | 11/26/2019 | 10/24/2020 |
| 8-000-20-001-P | Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs | 11/26/2019 | 4 | 11/26/2019 | 11/30/2020 |
| 8-000-20-001-P | Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs | 11/26/2019 | 6 | 11/26/2019 | 6/30/2021 |
| A-000-20-005-C | USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2019 in Support of FISMA | 2/7/2020 | 2 | 2/7/2020 | 9/30/2020 |
| A-000-20-005-C | USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2019 in Support of FISMA | 2/7/2020 | 5 | 2/7/2020 | 2/7/2021 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 1 | 9/30/2020 | 3/31/2021 |

| Report Number | Report Title | Date of Report | Rec. No. | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 2 | 9/30/2020 | 3/31/2021 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 3 | 9/30/2020 | 3/30/2021 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 4 | 9/30/2020 | 3/30/2021 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 5 | 9/30/2020 | 11/1/2020 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 6 | 9/30/2020 | 12/31/2020 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 7 | 9/30/2020 | 12/31/2020 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 8 | 9/30/2020 | 3/30/2021 |
| 0-000-20-002-C | USAID Complied with the GONE Act but Still Has a High Risk of Delayed Grant Closeout | 3/31/2020 | 9 | 9/30/2020 | 3/30/2021 |

## Significant Recommendations Described Previously Without Final Action

***DFC***

***as of September 30, 2020***

| Report Number | Report Title | Date of Report | Rec. Number | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 4 | 2/1/2019 | To be transferred to DFC OIG |
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 5 | 2/1/2019 | To be transferred to DFC OIG |
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 6 | 2/1/2019 | To be transferred to DFC OIG |
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 11 | 2/1/2019 | To be transferred to DFC OIG |
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 14 | 2/1/2019 | To be transferred to DFC OIG |
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 15 | 2/1/2019 | To be transferred to DFC OIG |

| Report Number | Report Title | Date of Report | Rec. No. | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| 9-OPC-19-002-P | OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks | 2/1/2019 | 16 | 2/1/2019 | To be transferred to DFC OIG |
| A-OPC-17-007-C | "OPIC Implemented Controls in Support of FISMA for Fiscal Year 2017, but improvements are needed | 9/28/2017 | 1 | 9/28/2017 | To be transferred to DFC OIG |
| A-OPC-19-006-C | OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018 | 1/30/2019 | 2 | 1/30/2019 | To be transferred to DFC OIG |
| A-OPC-19-006-C | OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018 | 1/30/2019 | 4 | 1/30/2019 | To be transferred to DFC OIG |
| A-OPC-19-006-C | OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018 | 1/30/2019 | 7 | 1/30/2019 | To be transferred to DFC OIG |
| A-OPC-20-003-C | OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2019 | 1/16/2020 | 3 | 1/16/2020 | To be transferred to DFC OIG |

## Significant Recommendations Described Previously Without Final Action
***MCC***
***as of September 30, 2020***

| Report Number | Report Title | Date of Report | Rec. No. | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| M-000-17-001-C | Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Fiscal Years Ending September 30, 2016, and 2015 | 11/15/2016 | 3 | 1/31/2017 | 3/31/2021 |
| M-000-19-001-C | Audit of MCC's Fiscal Years 2018 and 2017 Financial Statements | 11/15/2018 | 5 | 6/18/2019 | 3/31/2021 |
| M-000-19-001-C | Audit of MCC's Fiscal Years 2018 and 2017 Financial Statements | 11/15/2018 | 7 | 6/18/2019 | 1/29/2021 |
| 0-MCC-20-001-C | MCC Complied in Fiscal Year 2019 with the Digital Accountability and Transparency Act of 2014 | 11/1/2019 | 1 | 11/1/2019 | 3/31/2021 |
| 0-MCC-20-004-C | Audit of MCC's Fiscal Years 2019 and 2018 Financial Statements | 11/18/2019 | 3 | 6/18/2020 | 12/31/2020 |
| 0-MCC-20-004-C | Audit of MCC's Fiscal Years 2019 and 2018 Financial Statements | 11/18/2019 | 4 | 9/30/2020 | 12/18/2020 |
| 0-MCC-20-004-C | Audit of MCC's Fiscal Years 2019 and 2018 Financial Statements | 11/18/2019 | 6 | 6/18/2020 | 3/31/2021 |

## Significant Recommendations Described Previously Without Final Action

***IAF***
***as of September 30, 2020***

| Report Number | Report Title | Date of Report | Rec. No. | Management Decision Date | Final Action Target Date |
|---|---|---|---|---|---|
| A-IAF-17-004-C | The Inter-American Foundation Has Implemented Many Controls in Support of FISMA, but Improvements Are Needed | 11/7/2016 | 7 | 11/7/2016 | 6/30/2021 |
| A-IAF-20-004-C | IAF Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2019 | 1/23/2020 | 2 | 1/23/2020 | 12/30/2020 |

## Reports with Questioned and Unsupported Costs

***USAID***
***as of September 30, 2020***

| Reports | Number of Audit Reports | Questioned Costs | Unsupported Costs[G] |
|---|---|---|---|
| A. For which no management decision had been made as of April 1, 2020 | 37 | $24,993,247 | $19,017,318 |
| B. Reports issued April 1, 2020-September 30, 2020 | 51 | $40,404,270 | $28,687,799 |
| ***Subtotal*** | ***88*** | ***$65,397,517*** | ***$47,705,117*** |
| C. Reports with a management decision made April 1, 2020-September 30, 2020 | 55 | $30,368,810 | $20,948,300 |
| Value of costs disallowed by Agency officials | | $7,915,791 | $6,202,913 |
| Value of costs allowed by Agency officials | | 22,453,019 | 14,745,387 |
| D. For which no management decision had been made as of September 30, 2020 | 33 | $35,028,707 | $26,756,817 |

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

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

***USAID***
***as of September 30, 2020***

| Reports | Number of Audit Reports | Value ($) |
|---|---|---|
| A. Reports for which no final action had been made as of September 30, 2020 | 1 | $178,300,000 |
| B. Reports issued April 1, 2020 - September 30, 2020 | 1 | $321,548 |
| ***Subtotal*** | ***2*** | $178,621,548 |
| C. Reports with a management decision made April 1, 2020 - September 30, 2020 | 1 | $178,300,000 |
| Value of costs disallowed by Agency officials | | $0 |
| Value of costs allowed by Agency officials | | $0 |
| D. Reports for which no management decision had been made as of September 30, 2020 | 1 | $321,548 |

***Peer Reviews Conducted of USAID OIG***
***as of September 30, 2020***

***External Peer Review: System Review Report on the U.S. Agency for International Development, Office of Inspector General***

The OIG for the Department of the Treasury reviewed the system of quality control for USAID OIG in effect for the year ended September 30, 2019. The Treasury Department's OIG determined that USAID OIG's system has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. USAID OIG received an External Peer Review rating of pass.

# DESCRIPTION OF METRICS USED IN REPORTING INVESTIGATIVE FIGURES

**Investigations Opened/Closed**
**Opened:** When a complaint or disclosure meets the following conditions:
There is identifiable evidence of a potential violation of a law or policy with a clear nexus to an agency OIG oversees.
The allegation falls within a stated management priority, or an investigation of it can otherwise be justified.
OIG management is committed to expending the necessary resources to fully investigate the matter.
**Closed:** When all investigative activity has concluded, all legal and administrative actions have been finalized, and all case results have been recorded in OIG's case management system.

**Total Number of Reports Issued**
Reports of investigation are referred to one or more recipients outside of OIG. As part of the referral process, OIG provides referral recipients with a written report of investigation containing the following:
**Synopsis:** An abbreviated summary of the allegations that identifies the USAID, MCC, USADF, or IAF office or program affected, describes the findings of the investigation, and states whether any judicial or administrative action was taken as a result of those findings.
**Details of Investigation:** The steps taken and the information gathered during the course of the investigation, including the results of interviews of witnesses and subjects, sworn statements, and the results of other significant investigative activities.

**Civil Referrals/Declinations**
**Referrals:** Cases that OIG presents to the U.S. Department of Justice (DOJ) when investigative activity establishes evidence supporting a potential violation of the civil False Claims Act. Such matters are referred to an appropriate DOJ entity with the authority to initiate civil action.
**Declinations:** Decisions by the DOJ entity to which OIG has referred an investigation for consideration for civil action to not pursue said action.

**Civil Judgments**
The final Order by a court in a civil lawsuit. Civil judgments reported by OIG are almost always associated with a financial recovery.

**Civil Settlements**
Occurs when the plaintiff in a civil case, most often the U.S. Government, agrees to stop legal action and the right to pursue recourse in exchange for a financial settlement.

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

**Present Responsibility Referral**
A referral submitted by OIG to USAID's Office of Compliance in which an entity or individual's "present responsibility" to do business with the government is suspect and suspension/debarment has been determined by OIG's Office of General Counsel to be a viable potential outcome of the referral.

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

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

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

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

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

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

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

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

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

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

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

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

**Debarments**
Actions taken by a debarring official to exclude a contractor or grantee, or individual - from Government contracting and assistance awards for a reasonable, specified period.

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

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

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

**Administrative Recoveries**
USAID, MCC, USADF, or IAF 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.

**Savings**
USAID, MCC, USADF, or IAF 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. Savings often accompany contract terminations or the discovery of disallowed, questioned, or unsupported costs.

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

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

**Office of Inspector General**

**U.S. Agency for International Development**

**1300 Pennsylvania Avenue NW**

**Washington, DC 20523**

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