



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

USAID Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019

AUDIT REPORT 0-000-21-005-C
May 14, 2021

1300 Pennsylvania Avenue NW • Washington, DC 20523
<https://oig.usaid.gov> • 202-712-1150

The Office of Inspector General provides independent oversight that promotes the efficiency, effectiveness, and integrity of foreign assistance provided through the entities under OIG's jurisdiction: the U.S. Agency for International Development, Millennium Challenge Corporation, U.S. African Development Foundation, and Inter-American Foundation.

Report waste, fraud, and abuse

USAID OIG Hotline

Email: ighotline@usaid.gov

Complaint form: <https://oig.usaid.gov/complainant-select>

Phone: 202-712-1023 or 800-230-6539

Mail: USAID OIG Hotline, P.O. Box 657, Washington, DC 20044-0657



MEMORANDUM

DATE: May 14, 2021

TO: USAID, Chief Financial Officer, Reginald W. Mitchell

FROM: Deputy Assistant Inspector General for Audit, Alvin A. Brown /s/

SUBJECT: USAID Complied in Fiscal Year 2020 with the Payment Integrity Information Act of 2019 (0-000-21-005-C)

Enclosed is the final audit report on the United States Agency for International Development's (USAID's) compliance with Public Law 116-117, the Payment Integrity Information Act of 2019 (PIIA). The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. Certified Public Accountants and Management Consultants (GKA) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards, the PIIA, Office of Management and Budget (OMB) Memorandum M-18-20 updating Circular No. A-123, Appendix C, "Requirements for Payment Integrity Improvement" (dated June 26, 2018), and Council of the Inspectors General on Integrity and Efficiency, "Guidance for Payment Integrity Information Act Compliance Reviews" (dated November 2020).

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which GKA did not comply, in all material respects, with applicable standards. In finalizing the report, we considered your comments on the draft and included them in their entirety, in appendix C.

The audit objective was to determine if USAID's improper payment reporting in fiscal year 2020 complied with the PIIA. To answer the audit objective, GKA reviewed USAID's Agency Financial Report and evaluated whether USAID conducted a program-specific risk assessment for all programs covered by OMB requirements.

The audit firm concluded that USAID complied with the requirements of PIIA for fiscal year 2020. GKA made no recommendations.

We appreciate the assistance provided to our staff and GKA's employees during the engagement.

Office of Inspector General
U.S. Agency for International Development



Independent Auditor's Report
USAID Complied with the Payment Integrity information Act
in Fiscal Year 2020

May 14, 2021

Submitted by:



1920 L Street, NW Suite 425
Washington, DC 20036
Tel: 202-857-1777
www.gkacpa.com

Member of the American Institute of Certified Public Accountants

Independent Auditor's Report

Chief Financial Officer and Inspector General
U.S. Agency for International Development
Washington, D.C.

RE: Audit of USAID's compliance with the requirements of the Payment Integrity Information Act of 2019 (PIIA) in fiscal year 2020.

This report presents the results of GKA, P.C. Certified Public Accountants and Management Consultants (GKA) independent audit of the United States Agency for International Development's (USAID) compliance with the Payment Integrity Information Act of 2019 (PIIA). The USAID Office of the Inspector General (OIG) contracted with GKA to conduct this independent performance audit. The objective was to determine whether USAID complied with the requirements of the PIIA. This is further defined in Appendix A, "Scope and Methodology" of the report. On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) repealed IPERA (and other laws) but set forth similar improper payment reporting requirements. The Office of Management and Budget (OMB) determined that because the complete guidance for PIIA will not be fully in effect for agencies and OIGs until FY 2021, the OIG review of the FY 2020 material will not be considered year one of the PIIA compliance review for purposes of determining consecutive years of non-compliance. Agencies and OIGs should consider FY 2020 as a stand-alone year for non-compliance reporting requirement purposes.

The report contains no recommendations. The Chief Financial Officer had no objections to the content of the report.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). We believe the evidence obtained provides a reasonable basis for our conclusions based on our objectives. The report contains the audit results and audit approach.

The report presents our conclusion with respect to the audit objectives described above. Accordingly, it is not suitable for any other purpose.

We appreciate the assistance we received from the staff of USAID and appreciate the opportunity to be of service to the agency.

/s/

Washington, DC
May 14, 2021

Table of Contents

INTRODUCTION.....	1
SUMMARY.....	3
BACKGROUND.....	4
AUDIT RESULTS: USAID COMPLIED WITH PIIA.....	6
CONCLUSION.....	8
APPENDIX A. SCOPE AND METHODOLOGY.....	9
APPENDIX B. USAID'S PIIA COMPLIANCE BY REQUIREMENT AND PROGRAM AREA .	11
APPENDIX C. MANAGEMENT RESPONSE TO REPORT.....	15
APPENDIX D. ABBREVIATIONS.....	16

INTRODUCTION

GKA, P.C. (GKA), certified public accountants and management consultants, was contracted by the Office of the Inspector General (OIG) of the U.S. Agency for International Development (USAID or the Agency) to determine whether, in FY 2020, USAID complied with the requirements of the Payment Integrity Information Act of 2019. To accomplish the objective, GKA, reviewed USAID's FY 2020 Agency Financial Report (AFR) and evaluated whether USAID conducted a program-specific risk assessment for all programs covered by Office of Management and Budget (OMB) requirements.

Reducing improper payments and protecting taxpayer money has been a top priority for several Administrations. Improper payments are payments that should not have been made or that were made in an incorrect amount. Improper payments include overpayments and underpayments, duplicate payments, payments made to an ineligible recipient, payments for an ineligible goods or services, payments for goods or services not received (except for such payments authorized by law), payments that do not account for credit for applicable discounts, and payments for which an agency cannot determine whether the payments were proper because of a lack of, or insufficient supporting documentation.

To reduce these improper payments—made “to the wrong entity, in the wrong amount, or for the wrong reason”¹—Congress enacted legislation. In 2002, Congress enacted the Improper Payments Information Act of 2002 (IPIA),² which required federal agencies to annually identify programs and activities³ at high risk of improper payments, estimate the amount of improper payments in those programs, perform recovery auditing if program payments exceeded \$500 million, and report to Congress on steps taken to reduce improper payments.

In July 2010, the Improper Payments Elimination and Recovery Act of 2010 (IPERA)⁴, which amended IPIA, was signed into law. IPERA strengthened IPIA by increasing requirements for identifying and reporting on improper payments. IPERA clarified the programs to be reviewed and expanded improper payments recapture activities. IPERA also required each office of the Inspector General (OIG) to annually conduct an audit to determine its agency's compliance with improper payments requirements and established additional requirements for agencies that were deemed noncompliant.

In January 2013, the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA)⁵ was enacted. The IPERIA further amended IPIA by redefining “payment” to refer to all payments (including payments that were made to employees) except intragovernmental transactions. It also codified the ongoing efforts of the Office of Management and Budget (OMB) to develop and enhance the U.S. Government's Do Not Pay Initiative (DNP), which included the creation of a centralized DNP list for Federal departments and agencies to check prior to disbursing payments. It also required OMB to identify high-priority federal programs for greater levels of oversight and review,⁶ provide guidance to agencies for improving estimates of improper payments and establish a working system for prepayments and pre-award reviews.

1 Office of Management and Budget (OMB) Memorandum M-15-02, October 20, 2014.

2 Improper Payments Information Act of 2002, Public Law 107-300, November 26, 2002.

3 The term “program and activity” is referred to in this report as “program.”

4 Improper Payments Elimination and Recovery Act of 2010, Public Law 111-204, §§ 2 and 3, July 22, 2010.

5 Improper Payments Elimination and Recovery Improvement Act of 2012, Public Law 112-248, §§ 1 through 5, January 10, 2013.

6 USAID does not have any high-priority programs, as identified by OMB

In October 2014, OMB issued guidance for agencies to implement improper payments legislation in Appendix C, “Requirements for Effective Estimation and Remediation of Improper Payments,” of OMB Circular A-123, “Management’s Responsibility for Enterprise Risk Management and Internal Control.” On June 26, 2018, OMB released an updated version of Appendix C, “Requirements for Payment Integrity Improvement.” The guidance, among other things, defines the programs and payments that agencies must assess for the risk of improper payments and provides requirements for determining whether the risk of improper payments is significant, developing an estimate of improper payments, performing recapture audit activities, and reporting improper payments activities.

On March 2, 2020, the President signed the Payment Integrity Information Act of 2019 (PIIA) into law. PIIA repealed IPERA (and other laws) but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. OMB updated its Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, on March 5, 2021. However, this guidance will not be fully effective until FY 2021. Consequently, for the compliance audit conducted by GKA based on the USAID’s FY 2020 reporting, based on OMB guidance, GKA used a combination of the requirements in the previous version of OMB Circular A- 123, Appendix C (M-18-20), OMB Circular A-136, OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the CIGIE guidance required under PIIA, dated November 2020. OMB has determined that, because the complete guidance for PIIA will not be fully in effect for agencies and OIGs until FY 2021, the OIG review of the FY 2020 material will not be considered year one of the PIIA compliance review for purposes of determining consecutive years of non-compliance. Agencies and OIGs should consider FY 2020 as a stand-alone year for non-compliance reporting requirement purposes.

PIIA amends improper payment reporting requirements. Inspectors General would be required to review agency assessments of high-risk improper payment programs and submit to Congress any recommendation to improve improper payment determinations or estimation methodologies. Section 3353 of Title 31 requires IGs to determine whether agencies are complying with improper payment assessment and reporting requirements each fiscal year. The IG must report the agency’s compliance status to the head of the agency, the Senate Committee on Homeland Security and Governmental Affairs (HSGAC), the House Committee on Oversight and Reform (COR), and the Comptroller General. There are provisions allowing Inspectors General to keep and use some funds recovered through agency recovery audits. The Act also requires CIGIE to publish compliance determinations on a public central website; OMB to issue guidance for IG compliance determination reporting; and CIGIE to issue guidance with specific procedures for compliance determinations.

PIIA requires each agency to assess the risk of, estimate, report, reduce, and recover improper payments. It also requires each OIG to conduct an annual review to determine whether its agency has complied with the requirements. On March 5, 2021, OMB issued an updated Appendix C to OMB Circular A-123,

Requirements for Payment Integrity Improvement through OMB M-21-19. The requirements are effect starting in Fiscal Year 2021.

We conducted our audit from February through April 2021. The audit was conducted in accordance with GAGAS. GAGAS requires that an audit be planned and performed, based on the objectives, to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions. GKA believes that, based on the audit objectives, the evidence obtained provides a reasonable basis for our findings and conclusions. The purpose of this report is to communicate the results of the audit and its related findings and conclusions.

More information on the scope and methodology can be found in Appendix A.

SUMMARY

We concluded that USAID complied with the requirements of PIIA. However, we noted that during USAID's April 2021 Senior Assessment Team (SAT) meeting, the Office of Human Capital and Talent Management (HCTM) briefed the team on various erroneous staff payroll benefit payments and deductions arising from staff payroll benefit deductions and payments not aligning with staff benefit election documentation. According to the HCTM briefing, this was due to inadequate quality assurance procedures and employees not regularly checking leave and earnings statements. According to the agency, the issues contributing to the erroneous payments have been addressed and HCTM has since implemented policies and procedures to prevent these issues occurring in the future. There is the potential for future improper payments if the new policies and procedures are inadequate for the purpose or are not aggressively applied. The full amount of any current erroneous payments and deductions have not been determined at this time.

There is a risk then, that the amount of improper payments could impact the Agency's total improper payment amount and rate reported to OMB in FY 2020. However, the agency believes the amounts involved are not material and will not impact its improper payment reporting.

We concluded that it is not necessary to make any recommendations in this report at this time. The Chief Financial Officer had no objections to the content of the report.

BACKGROUND

The *Payment Integrity Information Act of 2019* (PIIA) rescinded the *Improper Payments Information Act of 2002* (IPIA), the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), and *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA). However, many of the requirements for reporting Payment Integrity information remain in place.

PIIA defines significant improper payments for programs as those totaling \$10 million during a single fiscal year and 1.5 percent of total program outlays, or those totaling \$100 million regardless of the percentage. Besides reporting on estimated improper payments that reach these thresholds, the legal requirements for compliance with the act means the agency complied with items 1a through 6 below as described in the CIGIE guidance required under PIIA dated November 2020:

- 1a) published improper payments information with the annual financial statement of the agency for the most recent FY;
- 1b) posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website;
- 2a) conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years;
- 2b) adequately concluded whether the program is likely to make improper payments above or below the statutory threshold;
- 3) If applicable, published improper payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual financial statement;
- 4) If applicable, published corrective action plans for each program for which an estimate was above the statutory threshold;
- 5a) if applicable, published improper payment reduction targets for each program for which an estimate was above the statutory threshold;
- 5b) if applicable, is meeting the improper payment reduction targets (published in FY 2019), for each program for which an estimate was above the statutory threshold;
- 5c) if applicable, developed a plan to meet the improper payment reduction targets; and
- 6) if applicable, reported an improper payment estimate of less than 10% for each program for which an estimate was published.

Additionally, PIIA requires agencies to:

- Perform payment recovery or recapture audits for each program and activity that expends \$1 million or more annually if conducting such audits would be cost-effective.
- Conduct a financial management improvement program and continue to review their programs and activities annually to identify those susceptible to significant improper payments.

- Review prepayment and pre-award procedures and conduct a thorough review of available databases, including the Do Not Pay Portal, before releasing Federal funds.

Prior to FY 2017, USAID programs were designated as A01 through A27 (27 program areas). Beginning in FY 2017, USAID aligned its program structure with the U.S. Department of State and USAID Standardized Program Structure and Definitions (SPSD) that consists of 48 programs. In FY 2019 and FY 2020, USAID assessed the risk of improper payments in the SPSD programs and continued to assess the risk of improper payments in programs A01 through A27 (for a total of 75 programs), as payments in those programs will continue into the future.

USAID is in the third year of a three-year risk-assessment cycle. USAID did not identify a significant change in legislation or a significant increase in funding levels during the FY 2020 reporting period. Therefore, the Agency was not required to estimate program risks or provide further reporting in FY 2020. Notwithstanding, the Agency performed program risk assessments in all program areas in FY 2020 and 2019. The next scheduled risk assessment is planned for FY 2021.

AUDIT RESULTS: USAID COMPLIED WITH PIIA

In fiscal year 2020, USAID met the criteria for compliance with PIIA. OMB M-18-20, Transmittal of Appendix C to OMB Circular A-123, Part IV.A.3⁷, lists six requirements (shown in the following table) for review to determine compliance. These requirements are consistent with PIIA compliance requirements. A full listing of USAID's PIIA compliance by requirement and program can be found in Appendix B.

Assessment of USAID's Compliance with PIIA

	Requirement	Compliant?
1a	Published improper payments information with the annual financial statement of the agency for the most recent FY	Yes
1b	Posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website	Yes
2a	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Yes
2b	Adequately concluded whether the program is likely to make improper payments above or below the statutory threshold	Yes
3	Published improper payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual financial statement	Not Applicable
4	Published corrective action plans for each program for which an estimate was above the statutory threshold	Not Applicable
5a	Published improper payment reduction targets for each program for which an estimate was above the statutory threshold	Not Applicable
5b	Is meeting the improper payment reduction targets (published in FY 2019), for each program for which an estimate was above the statutory threshold (if applicable)	Not Applicable
5c	Developed a plan to meet the improper payment reduction targets (if applicable)	Not Applicable
6	Reported an improper payment estimate of less than 10% for each program for which an estimate was published	Not Applicable

⁷ OMB M-18-20 Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*.

Requirement 1: Agency Financial Report was Published and Required Disclosures were Included

Related to the first requirement, we determined that USAID's fiscal year 2020 payment integrity report⁸ is substantially complete, accurate, reliable, and relevant and in compliance with PIIA. We determined that USAID:

- 1a) published improper payments information with the annual financial statement of the agency for the most recent FY;
- 1b) posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website;

Required Improper Payments Disclosures were Made

The AFR included the required improper payments disclosures. For example, the AFR included:

- (I) a description of the Agency's improper payments risk assessment process. (Assessing Risk).
- (II) required information on improper payments identified and recovered outside the payment recapture process. (Framework for Payment Integrity).
- (III) actions the Agency has taken or plans to take to recover improper payments; a description of the Agency's payment recapture audit program, including the results of recapture activities, (Recapture of Payments).
- (IV) a description of the Agency's improvement of payment accuracy that is attributable to the Do Not Pay (DNP) Initiative (Reduction of Improper Payments with the DNP Initiative).

Requirement 2: Required Program Risk Assessments were Performed

Related to requirement 2, per OMB Memorandum M-18-20, for programs that are deemed to be at low risk of significant improper payments, agencies must conduct risk assessments at least *once every three years*. However, agencies are required annually to consider whether significant changes to either legislation or funding would affect each program's risk susceptibility. We determined whether the Agency:

- 2a) conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years;
- 2b) adequately concluded whether the program is likely to make improper payments above or below the statutory threshold.

USAID is in the third year of a three-year risk assessment cycle. The Agency performed the required program risk assessments in all program areas in FY 2020 and 2019. Specifically, USAID evaluated whether each program subject to PIIA had a significant legislative or funding change to identify programs requiring

⁸ The payment integrity report is included within USAID's fiscal year 2020 AFR.

improper payments risk assessments and performed risk assessments using required criteria (that is, risk factors) defined by OMB Circular A-123 for all programs requiring evaluation. On March 6, 2020, the President signed the Coronavirus Preparedness and Response Supplemental Appropriation Act 2020. The Act provided additional funding for USAID's Global Health and Disaster Relief programs. Therefore, the Agency incorporated an additional metric to assess program risks and identification of improper payments for COVID-19 reporting in FY 2020, USAID did not identify other significant changes in legislation or significant increase in funding levels during the FY 2020 reporting period. The next scheduled risk assessment is planned for FY 2021.

Requirements 3, 4, 5, and 6 do not apply to USAID, which did not report any estimated improper payments that exceeded 1.5 percent of program outlays and \$10 million in total, or \$100 million in total, which would have constituted a significant improper payment.⁹

CONCLUSION

While USAID complied with the requirements of PIIA, the reduction of improper payments continues to be a major focus area for the Federal Government — particularly as agencies may see flat or reduced funding levels in the future. Accordingly, ensuring the proper use of funds entrusted to USAID is critical.

Other Matters

During the audit, we noted that the Agency's improper payment recapture and rate information on its AFR was not consistent with the information published on OMB website for FY 2020. Upon the Agency's follow-up during the course of the audit, the OMB representative submitted amended information, which corrected the inconsistency on May 4, 2021; however, the OMB website is yet to be updated with the corrected information.

This communication did not affect the agency's compliance with PIIA.

⁹ A-123 App. C Part I.B.I.

APPENDIX A. SCOPE AND METHODOLOGY

We conducted the audit in Washington, DC, from January 2021 through April 2021. The audit was conducted in accordance with GAGAS, which require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Our audit objective was to determine whether USAID complied with the requirements of the Payment Integrity Information Act of 2019.

Accordingly, GKA focused the scope of the audit to:

- (1) Determine whether USAID's FY 2020 AFR complied with improper payments reporting requirements,
- (2) Evaluate whether USAID conducted a program-specific risk assessment for all programs covered by OMB requirements, and
- (3) Reach a conclusion as to whether USAID was compliant with PIIA according to OMB guidance.

GKA designed the audit to obtain insight into USAID's current processes, procedures, and organizational structure regarding compliance with PIIA requirements. To expedite the audit process, and to confirm our understanding of the nature and profile of USAID operations, regulatory requirements, and supporting information systems and controls, we leveraged the results of our FY 2020 audit of USAID's financial statements, which included audits of overseas Missions, and prior audits of USAID's FYs 2011–2019 compliance with improper payment requirements.

To fulfill our responsibilities, and to frame our audit work to determine compliance with PIIA in accordance with OMB's procedures related to improper payment reporting and CIGIE Guidance¹⁰, we:

- Obtained an understanding of the laws, regulations, and other guidance applicable to improper payments.
- Obtained background information, by researching and reviewing Federal laws and regulations as well as prior OIG and Government Accountability Office audit reports. We also reviewed the United States Code and OMB Circulars.
- Conducted process walkthroughs and interviewed officials in the Agency's Office of the Chief Financial Officer to obtain an understanding of USAID's procedures and key processes to comply with the requirements of PIIA. This included USAID's process of identifying significant improper payments, and the process of reporting improper payments information.

¹⁰ Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews*, November 2020

Based on our review of the laws, regulations, and other guidance related to improper payments, we determined that only requirements 1 and 2 of PIIA were applicable to USAID in fiscal year 2020.

To determine whether USAID complied with requirement 1 of PIIA, we reviewed the Agency's payment integrity report to confirm whether it was substantially complete, accurate, reliable, and relevant. Specifically, we:

- Reviewed the supporting documentation for the report and recomputed total amounts of overpayment recaptures to determine the accuracy.¹¹ We also reviewed the Phoenix payment data identified by the Agency to produce the report.
- Reviewed and relied on the audit work related to improper payments that we separately performed during the audit of USAID's fiscal year 2020 financial statements.¹² This audit work concluded that key internal controls over improper payments were designed and operating effectively. Specifically, the audit tested whether 1) the Agency's key personnel approved invoices; 2) the Agency's payments were made within 30 days in accordance with the prompt pay act; and 3) these payments had invoices, supporting documents, and completed administrative approval forms that demonstrated the right vendor, amount, and program areas, and that goods and services were received.
- Reviewed USAID reported information on www.paymentaccuracy.gov.

To determine whether USAID complied with requirement 2 of PIIA, we reviewed the Agency's risk assessment process to identify programs susceptible to significant improper payments. Specifically, we interviewed key Agency officials involved with the risk assessment process and:

- reviewed the Agency's supporting documentation, policies, and procedures related to the process;
- evaluated how the Agency identified payment data, qualitative factors, and risk categories; and
- reviewed the Phoenix payment data used by the Agency to perform the risk assessment.

In assessing the reliability of USAID data for the PIIA compliance audit, GKA will rely on the testing results and conclusions from our GMRA audit which includes test of USAID's financial management information systems. The tests were performed using the guidance provided by GAO/ CIGIE's Financial Audit Manual (FAM), dated April 2020. As a result, GKA determined there is no need for a data reliability assessment in conducting this audit.

¹¹ USAID's fiscal year 2020 AFR, payment integrity section, table I, Overpayment Payment Recaptures With and Without Recapture Audit Programs.

¹² USAID OIG, "Audit of USAID's Financial Statements for Fiscal Years 2020 and 2019" (0-000-21-001-C).

APPENDIX B. USAID'S PIIA COMPLIANCE BY REQUIREMENT AND PROGRAM AREA

No.	Program Name ¹³	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Report an Improper Payment Rate of Less than 10%
	USAID PROGRAM STRUCTURE – PRE-FY 2017						
1	A01 Counterterrorism	Yes	Yes	N/A	N/A	N/A	N/A
2	A02 Combating Weapons of Mass Destruction (WMD)	Yes	Yes	N/A	N/A	N/A	N/A
3	A03 Stabilization Operations and Security Sector Reform	Yes	Yes	N/A	N/A	N/A	N/A
4	A04 Counternarcotics	Yes	Yes	N/A	N/A	N/A	N/A
5	A05 Transnational Crime	Yes	Yes	N/A	N/A	N/A	N/A
6	A06 Conflict Mitigation and Reconciliation	Yes	Yes	N/A	N/A	N/A	N/A
7	A07 Rule of Law and Human Rights	Yes	Yes	N/A	N/A	N/A	N/A
8	A08 Good Governance	Yes	Yes	N/A	N/A	N/A	N/A
9	A09 Political Competition and Consensus-Building	Yes	Yes	N/A	N/A	N/A	N/A
10	A10 Civil Society	Yes	Yes	N/A	N/A	N/A	N/A
11	A11 Health	Yes	Yes	N/A	N/A	N/A	N/A
12	A12 Education	Yes	Yes	N/A	N/A	N/A	N/A
13	A13 Social and Economic Services and Protection for Vulnerable Populations	Yes	Yes	N/A	N/A	N/A	N/A
14	A14 Macroeconomic Foundation for Growth	Yes	Yes	N/A	N/A	N/A	N/A
15	A15 Trade and Investment	Yes	Yes	N/A	N/A	N/A	N/A
16	A16 Financial Sector	Yes	Yes	N/A	N/A	N/A	N/A
17	A17 Infrastructure	Yes	Yes	N/A	N/A	N/A	N/A

¹³ Note: Prior to FY 2017, USAID programs were designated as A01 through A27. Beginning in FY 2017, USAID aligned its program structure with the U.S. Department of State and USAID SPSD that consists of 48 programs. In FY 2020, USAID assessed the risk of improper payments in the SPSD programs and continued to assess the risk of improper payments in programs A01 through A27, as payments in those programs will continue into the future.

No.	Program Name ³	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Report an Improper Payment Rate of Less than 10%
18	A18 Agriculture	Yes	Yes	N/A	N/A	N/A	N/A
19	A19 Private Sector Competitiveness	Yes	Yes	N/A	N/A	N/A	N/A
20	A20 Economic Opportunity	Yes	Yes	N/A	N/A	N/A	N/A
21	A21 Environment	Yes	Yes	N/A	N/A	N/A	N/A
22	A22 Protection, Assistance and Solutions	Yes	Yes	N/A	N/A	N/A	N/A
23	A23 Disaster Readiness	Yes	Yes	N/A	N/A	N/A	N/A
24	A24 Migration Management	Yes	Yes	N/A	N/A	N/A	N/A
25	A25 Crosscutting Management and Staffing	Yes	Yes	N/A	N/A	N/A	N/A
26	A26 Program Design and Learning	Yes	Yes	N/A	N/A	N/A	N/A
27	A27 Administration and Oversight	Yes	Yes	N/A	N/A	N/A	N/A
	STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD) – STARTING IN FY 2017						
28	DR.1 Rule of Law (ROL)	Yes	Yes	N/A	N/A	N/A	N/A
29	DR.2 Good Governance	Yes	Yes	N/A	N/A	N/A	N/A
30	DR.3 Political Competition and Consensus-Building	Yes	Yes	N/A	N/A	N/A	N/A
31	DR.4 Civil Society	Yes	Yes	N/A	N/A	N/A	N/A
32	DR.5 Independent Media and Free Flow of Information	Yes	Yes	N/A	N/A	N/A	N/A
33	DR.6 Human Rights	Yes	Yes	N/A	N/A	N/A	N/A
34	EG.1 Macroeconomic Foundation for Growth	Yes	Yes	N/A	N/A	N/A	N/A
35	EG.2 Trade and Investment	Yes	Yes	N/A	N/A	N/A	N/A
36	EG.3 Agriculture	Yes	Yes	N/A	N/A	N/A	N/A
37	EG.4 Financial Sector	Yes	Yes	N/A	N/A	N/A	N/A
38	EG.5 Private Sector Productivity	Yes	Yes	N/A	N/A	N/A	N/A
39	EG.6 Workforce Development	Yes	Yes	N/A	N/A	N/A	N/A
40	EG.7 Modern Energy Services	Yes	Yes	N/A	N/A	N/A	N/A
41	EG.8 Information and Communications Technology Services	Yes	Yes	N/A	N/A	N/A	N/A
42	EG.9 Transport Services	Yes	Yes	N/A	N/A	N/A	N/A

No.	Program Name ³	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Report an Improper Payment Rate of Less than 10%
43	EG.10 Environment	Yes	Yes	N/A	N/A	N/A	N/A
44	EG.11 Climate Change – Adaptation	Yes	Yes	N/A	N/A	N/A	N/A
45	EG.12 Climate Change – Clean Energy	Yes	Yes	N/A	N/A	N/A	N/A
46	EG.13 Climate Change – Sustainable Landscapes	Yes	Yes	N/A	N/A	N/A	N/A
47	ES.1 Basic Education	Yes	Yes	N/A	N/A	N/A	N/A
48	ES.2 Higher Education	Yes	Yes	N/A	N/A	N/A	N/A
49	ES.3 Social Policies, Regulations, and Systems	Yes	Yes	N/A	N/A	N/A	N/A
50	ES.4 Social Services	Yes	Yes	N/A	N/A	N/A	N/A
51	ES.5 Social Assistance	Yes	Yes	N/A	N/A	N/A	N/A
52	HA.1 Protection, Assistance and Solutions	Yes	Yes	N/A	N/A	N/A	N/A
53	HA.2 Disaster Readiness	Yes	Yes	N/A	N/A	N/A	N/A
54	HA.3 Migration Management	Yes	Yes	N/A	N/A	N/A	N/A
55	HL.1 HIV/AIDS	Yes	Yes	N/A	N/A	N/A	N/A
56	HL.2 Tuberculosis	Yes	Yes	N/A	N/A	N/A	N/A
57	HL.3 Malaria	Yes	Yes	N/A	N/A	N/A	N/A
58	HL.4 Pandemic Influenza and Other Emerging Threats (PIOET)	Yes	Yes	N/A	N/A	N/A	N/A
59	HL.5 Other Public Health Threats	Yes	Yes	N/A	N/A	N/A	N/A
60	HL.6 Maternal and Child Health	Yes	Yes	N/A	N/A	N/A	N/A
61	HL.7 Family Planning and Reproductive Health	Yes	Yes	N/A	N/A	N/A	N/A
62	HL.8 Water Supply and Sanitation	Yes	Yes	N/A	N/A	N/A	N/A
63	HL.9 Nutrition	Yes	Yes	N/A	N/A	N/A	N/A
64	PO.1 Program Design and Learning	Yes	Yes	N/A	N/A	N/A	N/A
65	PO.2 Administration and Oversight	Yes	Yes	N/A	N/A	N/A	N/A
66	PO.3 Evaluation	Yes	Yes	N/A	N/A	N/A	N/A
67	PS.1 Counterterrorism	Yes	Yes	N/A	N/A	N/A	N/A
68	PS.2 Combating Weapons of Mass Destruction (WMD)	Yes	Yes	N/A	N/A	N/A	N/A
69	PS.3 Counternarcotics	Yes	Yes	N/A	N/A	N/A	N/A

No.	Program Name ³	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Report an Improper Payment Rate of Less than 10%
70	PS.4 Transnational Threats and Crime	Yes	Yes	N/A	N/A	N/A	N/A
71	PS.5 Trafficking in Persons	Yes	Yes	N/A	N/A	N/A	N/A
72	PS.6 Conflict Mitigation and Stabilization	Yes	Yes	N/A	N/A	N/A	N/A
73	PS.7 Conventional Weapons Security and Explosive Remnants of War (ERW)	Yes	Yes	N/A	N/A	N/A	N/A
74	PS.8 Strengthening Military Partnerships and Capabilities	Yes	Yes	N/A	N/A	N/A	N/A
75	PS.9 Citizen Security and Law Enforcement	Yes	Yes	N/A	N/A	N/A	N/A

APPENDIX C. MANAGEMENT RESPONSE TO REPORT



Chief Financial Officer

May 7, 2021

MEMORANDUM

TO: Thomas Yatsco, AIG/A

FROM: Reginald W. Mitchell /s/

SUBJECT: Management Comments to Respond to the Draft Audit Report Produced by the Office of the Inspector General (OIG) titled: USAID Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019 (PIIA) (Task No. 101221) (0-000-21-005-C).

The US Agency for International Development (USAID) would like to thank the Office of the Inspector General (OIG) for the opportunity to provide comments on the subject draft audit report. We are proud of the report's summary of results stating USAID complied with the requirements of PIIA and there were no recommendations.

USAID thanks the OIG for its draft audit report dated May 5, 2021, entitled "USAID Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019 (PIIA)." This report validates USAID's diligent stewardship of taxpayer dollars. We understand the reduction of improper payments continues to be a major focus area for the Federal Government particularly as agencies experience increased funding levels in response to the COVID-19 pandemic.

USAID has a rigorous payment process supported by an extensive core financial system and procedural controls, which has led to a consistently low rate of erroneous payments. Per the FY 2020 *Agency Financial Report*, the Agency recorded disbursements of \$13.83 billion, with an improper payment rate of \$3.1 million, or 0.023 percent. We have maintained our readiness and expertise in finding and reporting on improper payments by continuing to perform risk assessments annually to identify programs that could be susceptible to significant improper payments. In addition, USAID effectively prevents, detects, and responds to the potential for fraud while conducting assessments of internal control in accordance with the Office of Management and Budget Circular A-123, "*Management's Responsibility for Enterprise Risk Management and Internal Control*".

The OIG's evaluations provide a valuable opportunity to assess and improve upon USAID's policies, procedures, and programs. Thank you for the courtesy shown by your staff while conducting this engagement.

If you have any questions, please contact me at (202) 916-2680.

APPENDIX D. ABBREVIATIONS

AFR	Agency Financial Report
CIGIE	Council of Inspectors General on Integrity and Efficiency
FAM	GAO/ CIGIE's Financial Audit Manual
GAO	U.S. Government Accountability Office
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	U.S. Office of Management and Budget
PAR	Performance and Accountability Report
PIIA	Payment Integrity Information Act of 2019 (Public Law 116-117, 134 STAT. 113).
USAID	U.S. Agency for International Development