



U.S. Agency for International Development



Office of Inspector General

Semiannual Report to Congress
October 1, 2020-March 31, 2021

COVER: In Eswatini, USAID provides access to health care services to prevent the spread of COVID-19. Photo: USAID/ Ncamsile Maseko & Lindani Sifundza (May 4, 2020)

Our Mission

The USAID Office of Inspector General safeguards and strengthens 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.

First half of fiscal year 2021

By the Numbers


INVESTIGATIVE RESULTS


 **\$7.4 million**
in recoveries, savings, and avoided costs

 **83**
investigations closed

 **16**
prosecutorial referrals

 **39**
administrative actions

 **4**
criminal indictments

 **13**
suspensions or debarments

AUDIT RESULTS

 **\$34.9 million**
in questioned costs

 **221**
performance and financial
audits issued

 **162**
recommendations to
improve operations and
programs

 **\$2.9 billion**
in funds audited

Report Fraud, Waste, and Abuse

OIG's confidential hotline receives allegations of fraud, waste, abuse, and other misconduct.



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

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

MESSAGE FROM THE ACTING INSPECTOR GENERAL



Thomas J. Ullom
Acting Inspector General

I am pleased to present the USAID Office of Inspector General's Semiannual Report to Congress for the first half of fiscal year 2021. This report presents the results of our oversight of USAID, the Millennium Challenge Corporation, the U.S. African Development Foundation, and the Inter-American Foundation from October 1, 2020, through March 31, 2021. It also provides an update on our work with the U.S. International Development Finance Corporation OIG as we transition oversight responsibilities for the new agency.

OIG's core mission is to strengthen and safeguard U.S. foreign assistance. We work across the agencies we oversee—and with our oversight partners worldwide—to promote effectiveness, efficiency, and accountability and to identify and prevent the fraud, waste, and abuse that can jeopardize their success.

Our audits, investigations, and other activities conducted this reporting period contributed to the overall improvement of agency programs and operations. Amidst the challenges posed by the COVID-19 pandemic, our focus on strategic, cross-cutting oversight continued to drive actions that get at the root of significant problems affecting foreign assistance programs and operations, including a focus on USAID's top management challenges. These areas include the following:

- ***Elevating Oversight of Pandemic Response Efforts.*** USAID has provided aid and assistance to countries worldwide to address COVID-19, facing both urgency to deliver relief and new operational challenges due to the pandemic. This period, we continued to prioritize work to address pressing oversight and stakeholder requirements associated with agency responses to COVID-19. Our audit of USAID's role in the delivery of ventilators worldwide found that its actions did not align with initial plans, influenced by external priorities. Investigative work last year led to the indictment of two individuals charged in the theft of ventilators intended for beneficiaries, and the guilty plea of a third individual who obstructed the investigation. We also provided regular updates on the impacts of COVID-19 around the world and promoted transparency into agency responses and challenges.
- ***Driving Coordinated Oversight of Humanitarian and Stabilization Assistance.*** Managing the risks inherent in a crisis response has been a long-standing challenge for USAID. Heightened security risks and the large amounts of money involved in providing humanitarian assistance make monitoring in these settings essential but difficult. This period, we recommended improvements in USAID's approach to mitigating risks facing humanitarian assistance, monitoring to ensure these programs' integrity and effectiveness, and transitioning from humanitarian to stabilization activities. A \$6.9 million False Claims Act settlement, extradition of a former NGO aid official who pled guilty to bribery

charges, and identification of procurement irregularities tied to U.S. aid for Yemen helped the U.S. Government recoup funds and reinforce accountability.

- **Strengthening Planning, Monitoring, and Evaluation to Sustain U.S.-funded Development.** USAID has long focused on promoting sustainability, but continues to face challenges in its design and follow through to ensure its projects have a lasting impact. This period, we identified planning and oversight weaknesses with USAID's \$9.5 billion award for the Global Health Supply Chain-Procurement and Supply Management. We also recommended improvements in USAID's private sector engagement efforts and, separately, to address weaknesses in its crime and violence prevention program in El Salvador.
- **Advancing Accountability in Foreign Assistance Programs Involving Multiple U.S. Agencies and International Stakeholders.** While delivering foreign assistance often involves coordination among multiple U.S. Government agencies, competing priorities and interagency dynamics can impede development objectives. This period, we identified key areas in which interagency coordination around U.S. programs continues to need improvement. Our regular reporting on overseas contingency operations continued to provide updates on the combined efforts of the Departments of State and Defense, and USAID in Afghanistan, Iraq and Syria, and other regions of cross-cutting strategic interest.
- **Identifying and Addressing Vulnerabilities in Agency Controls and Core Management Functions.** Finally, effective and reliable financial, information, and other management systems are vital to the stewardship of U.S. Government resources and successful delivery of U.S. foreign assistance. This period, our audits of agency financial statements issued unmodified, or "clean" opinions while making recommendations to address remaining deficiencies in USAID and MCC systems. We made recommendations to improve management of information technology systems. Through investigations that led to corrective or compensatory actions, we helped reinforce accountability among those entrusted with managing U.S. taxpayer funds.

We continued to reach out to stakeholders to share information and plans, underscore our oversight role, and reinforce systems that promote accountability in development programs. We kept agency leaders and Congress informed of our work, coordinated oversight of critical overseas operations and cross-cutting global health programs, and shared leading oversight practices within the law enforcement and accountability communities.

As I reflect on our accomplishments to date this fiscal year and the work that lies before us, I am grateful to OIG's staff, whose hard work, dedication, and skill are crucial to delivering timely, relevant, and impactful oversight. We have seen continued resiliency and commitment to overcome challenges and advance our core development and humanitarian objectives. OIG remains equally committed to supporting this mission through independent, objective oversight and sharing the results of our work with agency leaders, Congress, and the public.

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ABOUT OIG

USAID OIG safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight. Under the Inspector General Act of 1978, 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 initiatives—often involving humanitarian aid—in response to crisis or conflict.

We provide the results of our work to agency leaders, Congress, and the public. Our audits, investigations, and other oversight work is aligned with OIG’s strategic goals and oversight priorities, stakeholder needs and interests, program funding levels, and risks associated with agency programs and operations.

About the Agencies We Oversee

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

Millennium Challenge Corporation Created in 2004 to reduce poverty and increase living standards by promoting sustainable economic growth and open markets, MCC’s grant programs are focused on various sectors, including agricultural development, education, enterprise and private sector development, governance, health, water and sanitation, irrigation, transportation, electricity, and trade and investment capacity building. Under MCC grants (also known as *compacts*), selected countries establish a Millennium Challenge Account, which is responsible for managing projects under the compact and ensuring accountability. Learn more at [mcc.gov](https://www.mcc.gov).

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

Inter-American Foundation

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

U.S. International Development Finance Corporation

Established under the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, 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 U.S. taxpayers. The DFC incorporated the Overseas Private Investment Corporation and components of USAID with new programs and positions, including a DFC inspector general. DFC's board of directors appointed an inspector general in 2020. Learn more at dfc.gov.

We continue to provide technical assistance and support as DFC OIG builds capacity. We are conducting a mandatory information security audit for DFC OIG and providing investigative support, including the use of our hotline to receive complaints of potential fraud, waste, and abuse in DFC programs. We will transition all DFC oversight work to DFC OIG as it becomes fully operational.

Priority U.S. Foreign Assistance Initiatives under OIG Oversight

Oversight of Overseas Contingency Operations

Overseas contingency operations (OCOs) occur in connection with declarations of war or national emergency, or based on a designation by the Secretary of Defense.¹ Often in response to crisis or conflict, OCOs typically combine military, diplomatic, and development interventions to advance significant, cross-cutting U.S. national security objectives. They frequently involve USAID-supported humanitarian and stabilization programs and close interagency coordination.

Since 2013, USAID OIG has collaborated with DoD, State Department, and Health and Human Services (HHS) OIGs under Section 8L of the Inspector General Act to provide coordinated oversight and reporting for seven officially designated OCOs.² This reporting period, two OCOs—Operation Inherent Resolve (Iraq and Syria) and Operation Freedom's Sentinel (Afghanistan)—remained ongoing and subject to coordinated oversight by the DoD OIG (serving as the "Lead Inspector General"), the State Department OIG, and USAID OIG. We also continued oversight and reporting activities for each OCO, as outlined under the [FY2021 Comprehensive Oversight Plan](#)

¹ Such designation are made under 10 U.S.C. Section 101(13). HHS OIG joined the State, DOD, and USAID OIGs in providing coordination oversight of the U.S. Government's response to the 2014-2015 West African outbreak of the Ebola virus disease.

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

USAID has provided aid and assistance to more than 120 countries worldwide as part of the U.S. global response to the COVID-19 pandemic. With approximately \$10.9 billion in appropriated, redirected, and other funding as of the end of the reporting period, according to USAID, agency programs help treat those suffering from COVID-19, deliver humanitarian relief, and address second-order effects in areas such as education, food insecurity, economic growth, and democratic governance. In December 2020, USAID delivered 8,722 ventilators to 43 countries and the North Atlantic Treaty Organization (NATO). It also contributed \$2 billion to Gavi COVAX Advance Market Commitment to support the procurement and delivery of COVID-19 vaccines for 92 low- and middle-income countries. In January 2021, USAID published its report on the Over the Horizon Strategic Review, an initiative to position it to meet development and humanitarian challenges once the pandemic subsides. The Agency established a new COVID-19 Program and Operations Strategy Task Force in March 2021 to coordinate its global COVID-19 response, international distribution of COVID-19 vaccines, and COVID-19 funding and programming.



Health workers at 37 Military Hospital, preparing to deliver the COVID-19 vaccine in Ghana, which was the first country in the world to have received COVID-19 vaccines through the COVAX Advance Market Commitment. Photo: by Aimee Ogunro/USAID (March 1, 2021)

We continue to provide oversight of agencies' responses to COVID-19, issuing our [COVID-19 Oversight Plan, Fiscal Years 2021-2022](#) in October.

Foreign Assistance to Combat HIV/AIDS, Tuberculosis, and Malaria

Through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), the U.S. President's Malaria Initiative, and other programs, the U.S. Government provides foreign assistance to combat HIV/AIDS, tuberculosis, and malaria. Designated offices, such as the State Department's Office of the U.S. Global AIDS Coordinator and USAID's Office of the U.S. Global Malaria Coordinator, provide leadership and guidance for programs implemented through State, USAID, the Centers for Disease Control and Prevention (CDC), the Peace Corps, and others. Following the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003, as amended, and under subsequent laws, Congress has continued to authorize programs and provide funding to enable U.S. Government agencies to prevent the spread of these diseases, provide treatment and support for those suffering from them, and build health system capacity overseas.

We work with the State Department, HHS, and Peace Corps OIGs to coordinate oversight of HIV/AIDS, tuberculosis, and malaria programs, as described in our [Fiscal Year 2021 Inspectors General Coordinated PEPFAR Oversight Plan](#).

USAID Office of Inspector General Offices



USAID OIG conducts oversight activities worldwide. 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.

2018

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.



AUDIT OVERVIEW AND REPORTING SUMMARY

Office of Inspector General—Audit Activity

OIG audits the efficiency and effectiveness of U.S. foreign assistance programs and operations, which typically includes their internal controls and compliance with applicable 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 cross cutting and assess the planning and execution of major agency and interagency initiatives worldwide. These audits frequently lead to recommendations that trigger policy and programmatic changes to help agencies better achieve their goals.

Federal regulations and agency policies also require USAID and MCC to obtain appropriate and timely audits of U.S. and foreign grantees, contractors, and several enterprise funds for which we also provide oversight. To complete these audits, USAID relies on non-Federal independent public accounting firms, the Defense Contract Audit Agency (DCAA), and the supreme audit institutions of host governments.³ We typically perform desk reviews and, for select audits, quality control reviews of supporting workpapers to determine whether these audits meet professional standards for reporting and other applicable laws, regulations, or requirements. We issue transmittal memos based on our review, which may include recommendations to the agency—such as the identification of questioned costs and funds to be put to better use.

For MCC, we oversee audits of Millennium Challenge Accounts, as well as non-U.S. based contractors and grantees, performing desk reviews and quality control reviews of selected audits.

During the reporting period, we conducted and/or reviewed 221 audits covering over \$2.9 billion programs with approximately \$34.9 million in questioned costs. The following tables provide a breakdown of these amounts by category:



Questioned Costs

Potentially unallowable costs due to reasons such as inadequate supporting documentation or an alleged violation of a law, regulation, or award term.

Funds for Better Use

Funds that could be used more efficiently if management took actions to implement and complete OIG recommendations.

³ A supreme audit institution is a foreign country's principal government audit agency.

Audits and Other Audit Products: USAID, MCC, USADF, IAF, DFC
October 1, 2020-March 31, 2021

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	5	3	\$417,556	\$420,287,496
ACA Desk Review	Foreign Based Organizations	22	19	\$176,979	\$334,270,842
	Local Currency Trust Fund	1	1	\$0	\$9,465,654
	U.S. Based Grantees	4	0	\$0	\$7,663,236
DCAA	U.S. Based Contractors	5	6	\$464,495	\$159,707,362
FISMA performed by Independent Public Accountant (IPA)	Programs and Operations	1	7	\$0	\$0
GMRA ^B	Programs and Operations	1	6	\$0	\$0
Incurred Cost Audit Desk Review (PA Firm)	U.S. Based Contractors	31	7	\$1,520,684	\$1,283,530,698
Other ^C	U.S. Based Contractors	1	2	\$0	\$0
	U.S. Based Grantees	1	0	\$0	\$0
Performance	Economy and Efficiency	8	34	\$0	\$0
	Other	1	4	\$11,601,969	\$0
Quality Control Review (QCR)	QCR	4	0	\$0	\$0
RCA Desk Review	Foreign Based Organizations	120	48	\$2,252,576	\$636,012,963
	Foreign Government	5	3	\$18,444,277	\$34,918,224
	Total	210	140	\$34,878,536	\$2,885,856,475
MCC					
FISMA performed by IPA	Programs and Operations	1	2	\$0	\$0
GMRA	Programs and Operations	1	9	\$0	\$0
MCA Audits and Reviews	Foreign Based Organizations	4	2	\$0	\$45,190,340
	Totals	6	13	\$0	\$45,190,340
USADF					
GMRA	Programs and Operations	1	0	\$0	\$0
Performance-FISMA	FISMA conducted by IPA	1	3	\$0	\$0
	Total	2	3	\$0	\$0
IAF					
FISMA performed by IPA	Programs and Operations	1	2	\$0	\$0
GMRA	Programs and Operations	1	0	\$0	\$0
	Total	2	2	\$0	\$0
DFC					
FISMA performed by IPA	Programs and Operations	1	4	\$0	\$0
	Total	1	4	\$0	\$0
	Grand Total	221	162	\$34,878,536	\$2,931,046,815

^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.

^C Compliance with the Improper Payments Elimination and Recovery Act of 2014.

**Summary of Audit Reports Issued Prior to October 1, 2020 With Open and Unimplemented Recommendations and Potential Cost Savings
USAID, MCC, USADF, IAF
As of March 31, 2021**

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		Adjusted Potential Cost Savings ^D (\$)
	Total	With Potential Cost Savings	With Potential Cost Savings (\$)	Total	Potential Cost Savings (\$)	Potential Cost Savings Sustained (\$)	Total	Potential Cost Savings (\$)	
USAID	188	105	118,636,988	105	118,636,988	77,122,473	0	0	80,296,207
MCC	8	0	0	0	0	0	0	0	0
USADF	1	0	0	0	0	0	0	0	0
IAF	2	0	0	0	0	0	0	0	0
Total	199	105	\$118,636,988	105	118,636,988	\$77,122,473	0	\$0	\$80,296,207

^D The figures in this column reflect an adjusted amount based on agency management decisions for monetary recommendations as of the end of the reporting period.

- Monetary recommendations are those that identify either questioned (i.e., unsupported or ineligible) costs and/or funds recommended to be put to better use.
- An agency management decision to sustain all or a portion of the total amount signals the agency's intent to recoup or reprogram the funds. Once agency managers make such a decision,
- OIG acknowledges the dollar amount the agency has agreed to sustain as the most accurate representation of dollars to be saved, since it is this amount that the agency will attempt to recoup.
- When they are available, we use these sustained costs, adding them to those monetary recommendations that have yet to receive a management decision, to arrive at an adjusted figure that most accurately reflects potential savings.
- This table is a summary of reporting requirements under Section 5(a)(C) of the Inspector General Act of 1978, as amended. A complete listing of all reports issued prior to April 1, 2018, with open and unimplemented recommendations can be found in Appendix B.

INVESTIGATIONS OVERVIEW AND REPORTING SUMMARY

Office of Inspector General—Investigative Activity

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

Investigative activities and referrals may lead to new rules, procedures, or systemic changes in agency programs and operations. We measure the total monetary impact of our investigative activities based on resulting criminal, civil, and administrative recoveries, savings, and cost avoidance—nearly \$7.4 million during the reporting period. For a detailed description of each metric, see page 58.

Whistleblower Protection and Addressing Whistleblower Retaliation.

Ensuring individuals’ rights to report wrongdoing without fear of reprisal is essential to our mission. Therefore, we prioritize assessing and responding to allegations of whistleblower retaliation by agency management or foreign assistance implementers, including complaints received and investigated under Federal whistleblower protection statutes. Such protections also apply to employees of Federal contractors, subcontractors, grantees, and subgrantees. We review these complaints in a timely and thorough manner, in accordance with applicable law.

USAID OIG’s Whistleblower Protection Coordinator

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

- Educates agency employees on their legal right to disclose fraud, waste, abuse, and other misconduct, free from reprisal.
- Delivers information and materials on whistleblower protections at each of USAID’s biweekly New Employee Orientations. During the reporting period, this included 16 such sessions.
- Works with our General Counsel and Office of Investigations to ensure that USAID employees and employees of USAID fund recipients receive information on whistleblower rights and remedies.

We also provide information about [whistleblower rights and remedies](#) on our public website.

Contact OIG’s whistleblower coordinator by Email: oigombud@usaid.gov, or call (202) 712-1150.

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

Investigative Activities Including Matters Referred to Prosecutive Authorities
October 1, 2020 - March 31, 2021

Recoveries and Savings	
Judicial Recoveries (Criminal and Civil)	\$6,934,500
Administrative Recoveries	\$515,047
Savings	\$0
Cost Avoidance	\$0
Total	\$7,449,547

Workload	
Investigations Opened	16
Investigations Closed	83
Number of Reports Issued	13

Criminal Actions	
Prosecutive Referrals—Total	16
<i>Prosecutive Referrals — U.S. Department of Justice</i>	16
<i>Prosecutive Referrals — State and Local</i>	0
<i>Prosecutive Referrals — Overseas Authorities</i>	0
Arrests	1
Criminal Indictments	4
Criminal Informations	0
Convictions	2
Sentencings	0
Fines/Assessments	0
Restitutions	0
Total	23

Administrative Actions	
Entities Referred for Present Responsibility Determinations	10
New Rules/Procedures	3
Personnel Suspensions	0
Resignations/Removals	4
Recoveries	3
Suspensions/Debarments	13
Contract Terminations	0
Award Suspension	1
Other ⁴	5
Total	39

Civil Actions	
Civil Referrals	1
Judgments	0
Settlements	1
Total	2

⁴ Includes two reprimands, one security clearance revocation, and two audits scheduled.

SIGNIFICANT FINDINGS AND ACTIVITIES

USAID, MCC, USADF, IAF, and DFC

OIG's work and accomplishments over the reporting period reflected our commitment to meeting oversight requirements in response to COVID-19 while remaining focused on priority U.S. foreign assistance programs and initiatives. Our audits, along with other oversight work, identified weaknesses and challenges and made recommendations for corrective action with respect to global health programs. This includes challenges in delivering aid and assistance while responding to COVID-19 and risks facing humanitarian assistance and stabilization programs. We also made recommendations to improve private sector engagement and efforts to promote sustainability in development programs.

Prior and ongoing investigative work led to criminal, civil, and administrative actions against individuals and organizations found to have committed fraud or other misconduct and diminished the integrity and impact of U.S. foreign assistance. Our work resulted in monetary returns to the U.S. Government, including a \$6.9 million False Claims Act settlement with a major international NGO, and reinforced integrity and accountability of agency core management systems and implementers.

ELEVATING OVERSIGHT OF PANDEMIC RESPONSE EFFORTS

USAID's international response to the COVID-19 pandemic aims to protect the safety and health of its global workforce, ensure continuation of its mission across the world, and support partner countries' response to COVID-19. This period, we reported on the status of USAID's COVID-19 response worldwide, focusing on conditions and activities under several OCOs. Our audit on the role of ventilators in USAID's response noted that U.S. Government decisions on ventilator donation differed from the agency's initial plans. Investigative work last year led to the indictment in December of two individuals charged in the theft of ventilators intended for overseas delivery to treat critically ill COVID-19 patients in El Salvador, and the guilty plea of the individual of a third individual that obstructed the investigation.

Our work continued under our [COVID-19 Oversight Plan, Fiscal Years 2021-2022](#), and we will adjust oversight priorities to meet emerging oversight requirements in response to COVID-19.

Impact Spotlight: Elevating Oversight of Pandemic Response Efforts



Information Brief

What We Found:

Added review processes and policy shifts yielded reported delays in COVID-19 response efforts.

Agency Impact:

By putting a spotlight on the effects of additional COVID-19 budget process reviews and shifting policy on working with the World Health Organization, OIG increased awareness of process and policy changes in a crisis response.

Takeaway: OIG closely monitors USAID responses to major health crises and highlights challenge areas that it can draw lessons from for future response efforts.

USAID Had Limited Control Over COVID-19 Ventilator Donations, Differing From Its Customary Response to Public Health Emergencies Report No. 4-936-21-002-P

In 2020, USAID provided ventilators to more than 40 countries—at a cost of approximately \$204 million—as one of its main interventions in response to the COVID-19 pandemic. Before the ventilator donation program began in April 2020, USAID had followed its customary practices in determining how it would respond to COVID-19, according to the State Department-USAID joint strategy. However, the ventilator donation program significantly differed from USAID’s customary practices for responding to public health emergencies. Specifically, the decisions for donating ventilators abroad—including National Security Council (NSC) decisions for determining recipient countries, how many ventilators to send, and which suppliers and models to use—did not align with the Agency’s initial COVID-19 response planning.

Individuals Indicted in South Florida U.S. District Court for Theft of USAID-Procured Ventilators Investigation

As previously reported, an OIG investigation last year led to the recovery of 191 of 192 ventilators that had been stolen while en route to El Salvador to assist the country’s response to COVID-19. The ventilators were worth \$3 million and were to be delivered through USAID’s global health supply chain contract. In December 2020, based on OIG’s work and in coordination with the Federal Bureau of Investigation (FBI) and local police departments, a grand jury—convened under the United States District Court for the Southern District of Florida—charged the individuals with possession of, and conspiracy to possess, goods stolen from an interstate shipment and theft of government property. In a related matter, another individual pleaded guilty for making false statements to OIG Special Agents about the whereabouts of one of the defendants alleged to have stolen the ventilators.

COVID-19 Information Brief #2:

In this information brief, we described key COVID-19 response and preparedness activities undertaken by USAID, MCC, USADF, and IAF from the start of the pandemic through November 2020. The brief provided

**USAID COVID-19
Activity Update**
Special Report

details on USAID's delivery of 8,671 ventilators to 42 countries and NATO, out of a commitment to deliver 8,722 ventilators to 43 countries. It also addressed the U.S. Government's actions to cease funding and withdraw from the World Health Organization (WHO) and the resulting impact on USAID's COVID-19 response. The brief described the Agency's COVID-19 supplemental funds allocation and approval process—new guidance that compressed the timeline for allocations and approvals to get these funds to the field as quickly as possible. However, for USAID's Bureau for Humanitarian Assistance, the process added layers of review and approval that took more time than its standard expedited processes for timely delivery of disaster assistance.

The pandemic exacerbated food insecurity and we also reported on USAID's food assistance activities in 24 countries. We described how USAID's education programs adapted to pandemic disruptions to education systems, utilizing multimodal distance learning approaches, preparing schools and educators to reopen with infection control and safety measures, and sharing knowledge on how to mitigate the impact of the pandemic on children's education.

Overseas Contingency Operations Reporting on COVID-19's Impact and USAID Responses

Lead Inspector General Quarterly Reports

Under the Lead IG framework, we reported on how the COVID-19 pandemic has impacted countries and U.S. Government operations associated with five OCOs in Iraq and Syria, Afghanistan, the Philippines, East Africa, and North and West Africa, in coordination with DoD and State Department OIGs. For additional OCO reporting information, see page 30.

Under **Operation Inherent Resolve**, in reports for the [fourth quarter of FY 2020](#) and the [first quarter of FY 2021](#), we noted:

- In **Iraq**, USAID contributed to the United Nations (UN) Development Programme's COVID-19 response by redirecting more than \$10 million in cost savings to support the creation of isolation rooms, the supply of equipment, and the increase of bed capacity in nine provincial healthcare facilities. USAID had reported the cost savings were also to be used to rehabilitate the East Mosul Medical Fluid Factory that was destroyed by ISIS, one of only two facilities in Iraq that supplies medical fluids.
- In **Syria**, COVID-19 exacerbated the economic crisis and child hunger. Continued decline of the Syrian economy impacted the price of basic food items, increasing costs by approximately 240 percent countrywide year-over-year by June 2020. The total number of children experiencing food insecurity across the country rose to more than 4.6 million. USAID's Syria Transition Assistance Response Team used \$5 million in supplemental COVID-19 resources to fund a food security and livelihoods-focused activity and made a new award to provide technical assistance to address the economic impacts of COVID-19.

Under **Operation Freedom’s Sentinel in Afghanistan**, in reports for the [fourth quarter of FY 2020](#) and the [first quarter of FY 2021](#), we noted that COVID-19 testing had declined and public health restrictions had been lifted or ignored from July to December 2020, despite COVID-19 remaining a serious public health threat. Health facilities reported shortfalls in personal protective equipment, medical supplies, and health care equipment. In response to the pandemic, USAID has provided multifaceted assistance, including health care capacity building, training of health staff, supporting COVID-19 case monitoring, and providing technical assistance to the Afghan government’s Ministry of Public Health. In July 2020, USAID donated 100 ventilators to Afghanistan to support COVID-19 patients. However, by December 2020, beneficiary hospitals were using only 10 ventilators. We noted significant pressure from the COVID-19 pandemic, worsening food security, diminished economic growth, and a 35 percent increase in gender-based violence according to various humanitarian assessments. Additionally, we noted USAID’s efforts to train women healthcare providers to provide accessible healthcare and violence prevention services to women across the country.

Under **Operation Pacific Eagle in the Philippines**, our [fourth quarter report for FY 2020](#)—and final such report for this OCO—we reported on USAID obligations of approximately \$21.9 million in response to COVID-19 in the Philippines, including \$1.3 million for communities directly affected by the Marawi siege in 2017 and \$2.2 million for COVID-19-related health activities on Mindanao. USAID supported COVID-19 testing on Mindanao through its Infectious Disease Detection and Surveillance project and delivered 100 ventilators in August 2020, providing clinical training sessions and additional medical supplies and consumables.

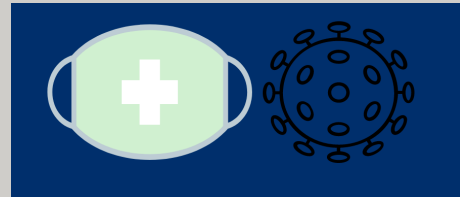
We also reported on approximately \$6.8 million in COVID-19 supplemental funding to help earthquake and conflict-affected internally displaced persons and host communities, including those affected by the Marawi siege and across the Bangsamoro Autonomous Region in Muslim Mindanao and other regions on Mindanao to prepare for and mitigate the spread of COVID-19. According to USAID, the Agency used the funding for the distribution of hygiene supplies, installation of handwashing stations, and dissemination of critical information on preventing the spread of COVID-19. USAID also reported help for families to build emergency shelters to ease crowding and create safe places to reside, as well as support for COVID-19 prevention efforts in transitory shelters for internally displaced persons.

Under both the **East Africa Counterterrorism Operation** and **North and West Africa Counterterrorism Operation**, our [fourth quarter report for FY2020](#)—and final such report for this OCO—we noted:

- In **East Africa**, USAID adjusted its programs to accommodate Somali government restrictions and health considerations related to the COVID-19 pandemic. USAID also enhanced programming to address harm, exploitation, and abuse—particularly among women and children—during the pandemic.
- In **West Africa**, there were positive health indicators regarding the spread of COVID-19, even though the spread of the virus had resulted in severe economic consequences across the region. Government-imposed travel restrictions and decreased economic opportunities increased the size of vulnerable populations that were already facing multiple interrelated crises, especially food insecurity.

OIG COVID-19 Oversight: Promoting Accountability, Effectiveness, and Transparency in Agencies' Pandemic Response

Since early 2020, OIG has prioritized oversight of agency responses to COVID-19, adding pandemic-focused audit, investigative, and other work to its already broad oversight portfolio. We realigned our priorities and plans to meet emerging COVID-19 oversight requirements, tracking USAID and other agencies' program and operational adjustments in response to the pandemic. In previous reporting periods, we:



- Launched a COVID-19 Task Team to identify, track, and plan oversight in response to programmatic and operational demands of the pandemic.
- Incorporated a COVID-19 focus into select lines of oversight work, consulting with agency stakeholders and working with the Federal oversight community.
- Initiated new audits and reporting activities to share information, promote transparency and accountability, and identify risks, trends, and emerging requirements to improve the delivery of U.S. foreign assistance with respect to COVID-19.

This reporting period, we issued our [COVID-19 Oversight Plan, Fiscal Years 2021-2022](#), identifying current and future oversight activities, such as audits on the role of ventilators and USAID missions' monitoring capabilities amidst COVID-19. Our plan outlined ongoing investigative work to help guard against fraud, waste, and abuse in USAID's global health supply chain. Our plan also outlined regular reporting on the status of COVID-19 within countries under designated OCOs, outreach efforts to promote awareness of OIG's oversight, and the need for timely and transparent reporting to OIG of allegations concerning fraud or misconduct involving USAID programming.

We deepened our relationship with the [Pandemic Response Accountability Committee](#), established in 2020 under the Council of the Inspectors General on Integrity and Efficiency to promote transparency and support independent oversight of programs responding to the COVID-19 pandemic. During the period, we:

- Provided regular information and reports to contribute to the oversight community's cross-cutting oversight of the U.S. Government's response to the pandemic; and
- Shared best practices and information with Federal law enforcement community members through the committee's Law Enforcement Subcommittee.



DRIVING COORDINATED OVERSIGHT OF HUMANITARIAN AND STABILIZATION ASSISTANCE

USAID provides aid and assistance in areas affected by conflict, government instability, or cataclysmic natural events and is the lead federal coordinator for international disaster assistance. Managing risks inherent in a crisis response has been a long-standing challenge for USAID, as heightened security risks and the large amounts of money involved in providing humanitarian assistance make monitoring programs in these settings essential but difficult.

During this reporting period, our issued audits pointed to the need to improve USAID’s approaches to risk mitigation and monitoring and we made recommendations for corrective action in these areas. Work by our investigative and legal teams resulted in a \$6.9 million False Claims Act settlement following a multi-year investigation into procurement fraud affecting humanitarian aid programs in Syria. Our work also resulted in the extradition of a former international NGO official, who subsequently pleaded guilty in the U.S. to a bribery charge involving USAID-funded procurement of food and supplies intended for civilians displaced by the conflict in Syria.

Impact Spotlight: Driving Coordinated Oversight of Humanitarian and Stabilization Assistance



Audits

What We Found:

Through at least 2017, USAID did not develop a framework to manage fraud risk for its humanitarian assistance activities in Syria.

Agency Impact



USAID agreed to improve USAID’s anti-fraud controls for its humanitarian assistance response by implementing a fraud risk management framework.



Audits

What We Found:

Our recent work in Iraq and Africa’s Lake Chad region illustrated how gaps in USAID’s use or management of third-party monitoring have limited the effectiveness of this program management technique .

Agency Impact



USAID committed to developing criteria and conducting assessments to strengthen oversight of activities in the Lake Chad Region. For its work in Iraq, USAID agreed to develop and implement a process with defined roles and responsibilities to track and respond to findings raised by third-party monitors, including actions undertaken by the implementer.

Takeaway: OIG findings and recommendations help improve USAID’s approach to identifying and monitoring risks facing humanitarian aid in crisis settings.



Investigations

What We Found:

Multi-year investigations uncovered systemic fraud, including bribery, bid-rigging, product substitution that adversely affected humanitarian aid in crisis settings, including through the procurement of goods intended for beneficiaries at grossly inflated prices.



Agency Impact

The U.S. Government executed a \$6.9 million settlement agreement with an international NGO under the False Claims Act, settling allegations that its staff participated in a collusive bidding scheme that resulted in USAID being invoiced at inflated prices for humanitarian goods provided to beneficiaries.



Investigations

What We Found:

As part of our multi-year investigations into corruption in humanitarian aid, in a separate case, we found that an NGO aid official paid bribes in exchange for sensitive procurement information related to aid for displaced Syrians.



Agency Impact

The aid official, a foreign national, was extradited to the United States, where he pled guilty to bribery charges and awaits sentencing in U.S. District Court for the District of Columbia. This reinforces the importance of integrity and accountability of those entrusted to manage U.S. funds and deliver aid to those in need.

Takeaway: OIG prioritizes work that ensures integrity in the delivery of humanitarian aid, pursuing related investigations to recoup lost funds and hold fraudsters accountable.

Strategic Focus: Iraq and Syria

USAID provided more than \$5.6 billion between 2012 and 2020 in humanitarian assistance to help Syrians affected by the civil war, including refugees in neighboring countries. USAID-funded implementers procured items such as emergency food, shelter materials, blankets, water treatment systems, hygiene kits, and medical supplies from international and local suppliers and transported these across borders from Jordan, Iraq, and Turkey to be delivered to those in need in Syria. In Iraq, USAID provided \$2.2 billion between 2014 and 2019 in aid in response to the rise of the Islamic State in Iraq and Syria, and the resulting population displacement.

OIG investigations dating back to 2015 uncovered complex fraud schemes that affected the quality and effectiveness of humanitarian assistance delivered to Syrians affected by the conflict, including bid-rigging, bribery, collusion, kickbacks, and product substitution.

Bribery Investigation Yields Extradition and Guilty Plea from Former NGO Aid Official Investigation

In December 2020, our multi-year investigation resulted in the extradition and guilty plea of a former NGO official, who paid bribes to influence the procurement of food and supplies intended for those affected by various humanitarian crises, including refugees displaced by the conflict in Syria. OIG Special Agents, in coordination with the U.S. Department of Justice’s (DOJ’s) Office of International Affairs and

Ukrainian authorities, extradited the defendant from Ukraine to the United States, where he plead guilty to federal programs bribery in the U.S. District Court for the District of Columbia.

Recognizing Contributions to Combatting Bribery on the International Stage

The Organization for Economic Cooperation and Development (OECD) regularly assesses member states' implementation of the [Convention](#) on Combatting Bribery of Foreign Officials in International Business Transactions and Related Instruments, to which the United States is a signatory. OECD representatives interviewed OIG personnel during the course of its [evaluation](#), which commended USAID OIG's efforts to combat foreign bribery through:

- Our emphasis on the timely reporting of fraud and misconduct allegations;
- Audits and reviews to improve internal controls and compliance in foreign assistance programs; and
- External outreach to the international aid sector regarding fraud awareness and whistleblower protections.

USAID Implementer Settles with United States Government for \$6.9 Million under False Claims Act Investigation

An international NGO agreed to pay \$6.9 million under the False Claims Act to settle allegations that it submitted inflated invoices to USAID while implementing humanitarian assistance awards to deliver aid to refugees and displaced persons affected by the civil war in Syria. As we previously reported, as a result of a multi-year investigation, we discovered that the NGO's staff participated in a collusion and kickback scheme that resulted in its procurement of goods at grossly inflated prices, which were then invoiced to USAID. Through the March 2021 settlement, negotiated by the U.S. Attorney's Office for the District of Columbia and OIG's Office of General Counsel, the U.S. Government recovered the value of the inflated invoices and, under the False Claims Act, imposed a damages multiplier against the NGO.

Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance Report No. 8-000-21-001-P

While USAID took action to address fraud risks revealed by OIG investigations that began in 2015, our audit found that the Agency—through at least 2017—lacked a framework to manage fraud risks in humanitarian assistance responses. USAID took actions to mitigate risks to its programming but, due to an unstable security situation and the inability of USAID staff to travel, did not sustain monitoring of cross-border activities to reduce fraud risks. While this audit focused on USAID's oversight of one implementer, the International Rescue Committee, our findings point to broader implications for the Agency's humanitarian assistance programming beyond Syria, as the fraud risks that OIG investigations revealed were not unique to any one implementer.

We made recommendations to improve USAID's anti-fraud controls for its humanitarian assistance programming, which USAID agreed with, and one recommendation for the Agency to determine the allowability of questioned costs and recover funds as appropriate, which was unresolved as of the end of the reporting period.

Enhanced Guidance and Practices Would Improve USAID’s Transition Planning and Third-Party Monitoring in Iraq
Report No.
9-266-21-003-P

As the population of displaced persons in Iraq declined from a peak of 3.4 million to less than 1.6 million by August 2019, the need to develop plans to shift focus from humanitarian assistance to longer term solutions to stabilize communities became more pressing. Our audit found that USAID’s guidance and practices between Fiscal Years 2017 and 2018 did not encourage transitioning from humanitarian assistance in Iraq, and the Agency’s management of third-party monitoring has left some observations without timely followup or resolution. Further, USAID still had limited access to project sites due to security challenges. To supplement its oversight and monitoring of programs, USAID enlisted a third-party monitoring contractor to review program sites and report back on conditions found. However, USAID did not always follow up or resolve the issues stated in the reviews that the third-party monitoring contractor provided.

We made five recommendations to improve transition planning and oversight of third-party monitors, including to develop and implement a process with defined roles and responsibilities to track and respond to findings raised by third-party monitors, as well as the actions undertaken by the implementers to resolve the issues identified.

Strategic Focus: Yemen

Yemen’s ongoing civil war has created one of the gravest humanitarian crises in the world. The UN estimates that 67 percent of Yemen’s population—or 20.7 million people—is in need of humanitarian assistance. In FY 2020, USAID provided over \$558 million in humanitarian assistance to ensure that the most vulnerable Yemenis receive lifesaving aid.

OIG Investigation Leads to Over \$300,000 in Disapproved Costs under Three USAID Awards Due to Procurement Policy Violations
Investigation

We conducted an investigation that revealed procurement irregularities related to warehousing, security, and health insurance contracts in an implementer’s performance of USAID-funded awards in Yemen. OIG issued a referral to USAID’s agreement officer in December 2020.

In response, the USAID agreement officer, citing OIG’s investigative referral, informed the implementer of the Agency’s intent to disapprove costs totaling \$300,387 across three separate awards.

Strategic Focus: The Sahel

Across the Sahel, insecurity has displaced individuals and disrupted access to food, water, and health services in areas already challenged by climate shocks and weak health systems. Violent extremist organizations—including the terrorist group Boko Haram in the Lake Chad region—remained active across the region, despite efforts by the United States and European and African nations to counter them. For example, in the Lake Chad region, USAID had 141 awards valued at over \$1.1 billion that were active at some point from FY 2015 through FY 2017. These programs aimed to address the humanitarian crisis there and contribute to the broader U.S. Government efforts to counter terrorism in Africa.

USAID Has Gaps in Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa's Lake Chad Region

*Report No.
4-000-21-001-P*

To prevent the diversion of aid to terrorists, USAID established requirements and implemented a due diligence process for activities with certain risks identified in the award proposals. Our audit examined monitoring efforts by USAID and found that the Agency did not review implementers' post-distribution monitoring reports to verify that implementers followed up on the distribution and use of USAID-funded commodities—one risk mitigation measure taken by implementers. We found that the execution of a third-party monitoring contract was hindered by the lack of a formal planning process and, according to USAID, constrained by limited staffing and resources particularly given the activation of multiple concurrent humanitarian responses.

Ultimately, a third-party monitoring contract covering only Nigeria was awarded in April 2019, 4 years after the need was first identified. In addition, implementers in the Lake Chad region could use noncompetitive procurements, which have been associated with fraud schemes involving humanitarian assistance in other conflict zones. Despite the heightened risks, USAID did not require implementers to inform the awarding offices of the use of noncompetitive procurements, hindering its ability to oversee implementers' procurement activities.

We made four recommendations to the Bureau for Humanitarian Assistance to help strengthen USAID's oversight of its response to the Lake Chad crisis, which USAID agreed with and, as of the end of the reporting period, had committed to take action to improve its risk-management and internal control systems.



STRENGTHENING PLANNING, MONITORING, AND EVALUATION TO SUSTAIN U.S.-FUNDED DEVELOPMENT

USAID has worked to ensure that U.S.-funded development is sustainable and endures after U.S. support 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.

During the period, we reported on planning and oversight weaknesses associated with USAID’s \$9.5 billion award for the Global Health Supply Chain-Procurement and Supply Management project, the largest component of its Global Health Supply Chain Program. We also reported that USAID needed better guidance to support its Journey to Self-Reliance initiative and private sector engagement, and identified implementation and coordination weaknesses in the Agency’s crime and violence prevention program in El Salvador. We made recommendations for corrective action to help USAID effectively manage and advance these programs.

Impact Spotlight: Strengthening Planning, Monitoring, and Evaluation to Sustain U.S.-Funded Development



Audits

What We Found:

Insufficient Agency-wide implementation guidance, data, and metrics have hindered missions’ ability to design, manage, and oversee private sector engagement.

Agency Impact

USAID developed/improved implementation guidance to strengthen private sector engagements.



Audits

What We Found:

Weaknesses in planning and evaluation, as well as limited oversight of deliveries and contractor performance, affected USAID’s procurement and management of the Global Health Supply Chain-Procurement and Supply Management program.

Agency Impact

USAID has begun to address six out of the fourteen corrective actions, implementing a plan to assess the indicators and requiring the use of the project’s management information system.

Takeaway: Audit findings and recommendations lead to stronger internal systems for designing and planning agency awards, developing and sharing agency-wide guidance, and helping to position USAID to promote sustainable development worldwide.

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 conducts oversight of programs supporting the delivery of U.S.-funded commodities to help ensure that these lifesaving treatments and services reach the intended beneficiaries.

Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project

*Report No.
9-000-21-004-P*

USAID provides lifesaving commodities through its Global Health Supply Chain, helping to achieve its strategic priorities of preventing child and maternal deaths, controlling the HIV/AIDS epidemic, and combating infectious diseases. Our audit of USAID's procurement and management of its Global Health Supply Chain Program-Procurement and Supply Management (GHSC-PSM) project found weaknesses in USAID's planning and evaluation processes. These hindered the Agency's ability to fully support key decisions in the design and award of the contract. While USAID ensured deliveries generally arrived in the right quantities, more oversight is needed to improve timeliness and contractor performance.

We made—and USAID agreed with—14 recommendations to strengthen the Agency's design and procurement process and improve its management of the GHSC-PSM award and successor projects.

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. To support these activities, USAID establishes guidance and metrics for helping bureaus, missions, and implementers align their activities and assess the results of their work.

USAID Updated Guidance To Address Inconsistent Use of Journey to Self-Reliance Metrics and Misalignment of Missions' Budgets

*Report No.
9-000-21-002-P*

Under its Journey to Self-Reliance approach, USAID compiled metrics that were intended to quantify each partner country's capacity and commitment to solving its own development challenges. Our audit found that three missions that were part of the initial pilot countries under the approach applied the metrics inconsistently to their Country Development Cooperation Strategies, which describe how USAID will design and implement its projects in each country. We found that USAID used feedback from the pilot missions to update and clarify its guidance to additional missions as it introduced the metrics more broadly.

USAID also introduced two new processes for its missions that were designed to improve alignment between Journey to Self-Reliance Country Strategies and budgets. However, USAID faced challenges in implementing these processes and the budgets in the three pilot missions in our audit did not fully align to the Journey to Self-Reliance approach. In response, USAID updated both its policy to clarify roles

and responsibilities for producing budget scenarios and its Mission Resource Request guidance to help deconflict differing instructions.

We made no recommendations because USAID issued updated guidance to address the inconsistent use of metrics in Country Strategies along with guidance to address issues identified in the production of Country Strategy budget scenarios and Mission Resource Requests.

**Improved
Guidance, Data,
and Metrics Would
Help Optimize
USAID’s Private
Sector Engagement**
Report No.
5-000-21-001-P

During our audit, USAID reported that it has entered into thousands of partnerships with private sector organizations involving billions of dollars in contributions over the past 20 years. USAID and its private sector partners cited a number of benefits from partnering on international development, including bringing development interventions to a larger scale to achieve greater impacts. However, insufficient Agency-wide implementation guidance and insufficient data and metrics have hindered missions’ ability to design, manage, and oversee private sector engagement and maximize engagement, as USAID’s private sector engagement policy calls for. For example, we found data to be out of date, not recorded uniformly across missions, and incomplete. This was largely because USAID uses multiple systems to capture data on private sector engagement.

We made—and USAID agreed with—seven recommendations to help USAID maximize private sector engagement and its impact.

**USAID/El
Salvador’s Crime
and Violence
Prevention
Programs Need To
Focus More on
High-Risk
Individuals To
Advance Security
Goals**
Report No.
9-598-21-001-P

Our audit assessed USAID’s crime and violence prevention activities in El Salvador. These activities are intended to advance the security goals of the U.S. Strategy for Engagement in Central America (CEN Strategy). The strategy aims to support Central American countries—including El Salvador—that have struggled with widespread insecurity, fragile political and judicial systems, and high levels of poverty and unemployment. Gang activity in the region has escalated, and the resulting crime and violence has made El Salvador one of the most violent countries in the world. USAID directed \$221 million to crime and violence prevention activities in El Salvador in support of the CEN Strategy, which includes a focus on targeting assistance to at-risk individuals who have engaged in criminal activity or were susceptible to gang recruitment.

We found that USAID/El Salvador’s programs targeted at-risk communities, but the effort to target at-risk individuals was impacted by legal requirements—specifically, U.S. and Salvadoran Governments had legal requirements that limited the mission from implementing activities targeting gang members and individuals who had already engaged in criminal acts. Further, the Bureau for Latin America and the Caribbean’s lack of an implementation plan and gaps in mission staff capability also affected the USAID’s ability to target the most at-risk individuals.

We determined that the Agency's planned actions met the intent of the two recommendations we made.

**OIG Investigation
Detects Product
Substitution
Scheme, Resulting
in a USAID Bill of
Collection for
\$39,718
Investigation**

An OIG investigation identified product substitution in the construction of USAID-funded Containerized Housing Units intended for student housing at a USAID-funded university in Afghanistan. We confirmed that the university misappropriated funds by substituting materials and changing quantities in the construction of the housing units. The university then used the residual funds for a construction project not covered by the USAID award.

In response to OIG's findings, USAID issued a bill for collection for \$39,718 to the university in March 2021.

Transitioning Open Recommendations to DFC Office of Inspector General

In our 2019 report, *OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability to Gauge Project Effects and Risks*, we made 16 recommendations to the Overseas Private Investment Corporation to improve the agency's strategic approach to advancing its mission and U.S. foreign policy and to strengthen its internal control system. Of the 16 recommendations, seven had remained open.

In October 2020, we transitioned these open recommendations to the DFC OIG, which will continue to monitor DFC's progress in responding to these recommendations. The DFC OIG is reporting on the status of these recommendations in its semiannual report to Congress, which can be accessed at [dfc.gov/oig](https://www.dfc.gov/oig).



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

U.S. foreign assistance aims to advance U.S. national security and economic prosperity while promoting international development objectives. OIG provides oversight of initiatives involving multiple U.S. agencies and international stakeholders to ensure that U.S. foreign assistance dollars are used efficiently and effectively to meet both aims and align with U.S. strategic interests.

During this period, we reported on risks to sustainability as a result of staffing reductions in Afghanistan, finding that the Agency did not fully identify or assess the risks that program cuts would have on the sustainability of USAID’s investments in Afghanistan. Our audits on USAID’s delivery of ventilators in response to COVID-19 and its private sector engagement, mentioned earlier in this report, contributed to our oversight work in this area as well, identifying areas in which interagency coordination around U.S. programs needs improvement. We also continued reporting under several OCOs, providing updates to USAID’s programs and operations in these strategic areas and challenges that can jeopardize their success.

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



Audits

What We Found:

In Afghanistan, USAID did not fully assess risks that program cuts would have on the sustainability of U.S. investments, nor did it use all available resources to prepare risk responses for staff and program cuts or fully communicate risks of the staff cuts to Congress and key internal stakeholders.



Agency Impact

OIG recommendations—which USAID agreed with—made the Agency formally accountable for responding to the weaknesses we identified and for developing risk mitigation plans, which are essential steps in considering its posture going forward.

Takeaway: OIG audit work identifies necessary action to help USAID adapt to new and emerging policies and ensure effectiveness in its programs and operations while aligning with broader U.S. foreign policy objectives.



What We Found:

Agency Impact

Investigations

In one case, OIG learned of conflicts of interest on the part of a public international organization employee who implemented USAID-funded health programs. In another, U.S. funds channeled through a different public international organization were misappropriated.



OIG referred both cases to USAID's Compliance Division and the Agency debarred the individuals and organizations named in OIG's referrals, preventing them from receiving Federal awards and underscoring the value of OIG's unique information-sharing relationships with oversight partners at public international organizations (PIOs).

Takeaway: OIG referrals for possible suspension or debarment action enhance accountability over USAID funding. Suspension and debarment actions ensure that U.S. government funds are only entrusted to "presently responsible" parties.

USAID Needs To Implement a Comprehensive Risk Management Process and Improve Communication As It Reduces Staff and Programs in Afghanistan

Report No.
8-306-21-002-P

OIG conducted an audit to determine the extent to which USAID applied risk management principles in selecting staff positions and programs for reduction in Afghanistan. Though Afghanistan is one of the largest recipients of U.S. foreign assistance, the reduction was requested by the Secretary of State at the time, who directed USAID to initiate a process to cut staff by 50 percent and reduce programming by over 40 percent. While USAID identified staff positions to cut at the mission and assessed the risks those cuts had on oversight, it did not fully identify or assess the risks that program cuts would have on the sustainability of USAID's investments in Afghanistan. USAID also did not use all available information resources in preparing risk responses for staff and program cuts and did not fully communicate information regarding risks of the posture adjustment to Congress and key internal stakeholders.

We made two recommendations to improve USAID's management of risks in Afghanistan and level of engagement with Congress and key internal stakeholders.

Lessons From USAID's FY 2019 Budget Process Highlight Interagency Constraints and Areas that Require Continued Attention Memorandum

USAID's budget execution process for foreign assistance funds is central to the Agency's ability to execute on its mandate. In our memo, we highlighted external constraints on the process and USAID's responses to them as these were expressed in FY 2019. We discussed how outside factors—such as external reviews and differing opinions on the direction of foreign assistance programming—affected USAID's ability to obligate funds and led to significant lags in the apportionment of funds. USAID's Office of Budget and Resource Management conducted an internal after-action review to identify challenges affecting the obligation of funds and drafted conclusions and recommendations for improving the process.

While USAID has taken steps to improve processes with the State Department, we highlighted the importance of continued attention in this area.

**Improved Guidance,
Data, and Metrics
Would Help
Optimize USAID's
Private Sector
Engagement**
Report Number
5-000-21-001-P

As mentioned on page 14, our audit on USAID's private sector engagements noted that USAID employed a variety of formal and informal methods to support these efforts. Regardless of the approach and methods used, USAID and private sector firms cited a number of benefits as a result of partnering to advance international development objectives, including bringing development interventions to a larger scale to achieve greater impacts. However, USAID and private sector stakeholders, as well as implementers, reported a number of challenges that can limit successful engagement and partnering on development projects. Of note, we found that USAID and private sector business models and objectives are divergent. Specifically, the private sector has a longer-term focus than USAID and requires flexibility to adapt to changing circumstances. As a result, private sector actors are compelled to focus on profit to remain viable, while the Agency has a more short-term development focus.

We made, and USAID agreed with, seven recommendations aimed at helping it maximize private sector engagement and its impact.

**USAID Had Limited
Control Over
COVID-19
Ventilator
Donations,
Differing From Its
Customary
Response to Public
Health Emergencies**
Report No.
4-936-21-002-P

As mentioned on page 25, in our audit on USAID's delivery of ventilators to more than 40 countries, at a cost of approximately \$204 million, we found the ventilator donation program significantly differed from USAID's customary practices for responding to public health emergencies, as the decisions made in 2020 for donating ventilators abroad were driven by NSC. Specifically, the Council made key decisions about the use of ventilators, the recipient countries, the suppliers, and particular models to send. Further, USAID and NSC had different priorities about which countries needed COVID-19 support, with NSC allocating more ventilators to higher income countries than USAID had originally planned. We made no recommendations because the ventilator donation program has been completed and there are no current plans to donate more ventilators abroad.

**Improved Guidance,
Data, and Metrics
Would Help
Optimize USAID's
Private Sector
Engagement**
Report Number
5-000-21-001-P

As mentioned on page 15, our audit on USAID's private sector engagements noted that USAID employed a variety of formal and informal methods to support these efforts. Regardless of the approach and methods used, USAID and private sector firms cited a number of benefits as a result of partnering to advance international development objectives, including bringing development interventions to a larger scale to achieve greater impacts. However, USAID and private sector stakeholders, as well as implementers, reported a number of challenges that can limit successful engagement and partnering on development projects. Of note, we found that USAID and private sector business models and objectives are divergent. Specifically, the private sector has a longer-term focus than USAID and requires flexibility to adapt to changing circumstances. As a result, private sector actors are compelled to focus on profit to remain viable, while the Agency has a more short-term development focus.

Overseas Contingency Operations Reporting

Under the Lead IG framework, we continued to report on five OCOs in Iraq and Syria, Afghanistan, the Philippines, East Africa, and North and West Africa, in coordination with DoD and State Department OIGs. In addition to COVID-19-related developments reported on page 15, we described and reported on agency activities under each operation.

Under **Operation Inherent Resolve**, in reports for the [fourth quarter of FY 2020](#) and the [first quarter of FY 2021](#) we noted the following:

- In **Iraq**, the Iraqi government renewed efforts to close all camps for internally displaced persons in federal Iraq, with 15 such camps closed and 2 more reclassified as informal sites, with closures affecting more than 34,000 individuals. as of end of December 2020. Implementers supported by USAID's Bureau for Humanitarian Assistance adjusted programs impacted by the sudden camp closures and continued to provide camp management and protection services in recently reclassified informal sites, conduct hygiene promotion activities, and distribute nonfood items. In late December 2020, USAID announced an additional obligation of \$16.3 million for stabilization activities, along with programs to support religious and ethnic minorities.
- In **Syria**, USAID reported that humanitarian conditions continued to deteriorate as a result of the economic crisis and the depreciation of the Syrian pound. During the UN General Assembly on September 24, 2020, USAID's Acting Administrator at the time announced \$720 million in additional funding for the Syria crisis. The funding was intended for the provision of emergency food, health, livelihood, shelter, water, sanitation, and hygiene assistance for internally displaced persons and other vulnerable populations in Syria, as well as Syrian refugees throughout the region, including those in Jordan, Turkey, Egypt, and Lebanon.

We also reported that USAID continues to face many challenges in implementing stabilization programming in Syria. USAID was operating with a limited budget following a March 2018 freeze by the Administration at the time of stabilization assistance for Syria. Continued insecurity along the line of control between the Turkey-supported opposition (TSO)-controlled area and Syrian Democratic Forces (SDF) -controlled northeast Syria remained a destabilizing factor for the region. Sporadic attacks by ISIS in lower Dayr az Zawr added yet another threat that has impeded implementation of some stabilization projects. Finally, encroaching Iranian, Russian, and Syrian regime forces presented another destabilizing factor in northeast Syria that impedes USAID's programming. Despite these challenges, USAID stabilization activities in northeast Syria remained focused on restoring essential services.

Under **Operation Freedom's Sentinel** in **Afghanistan**, in reports for the [fourth quarter of FY 2020](#) and the [first quarter of FY 2021](#), we reported that Afghanistan experienced significant pressure from the COVID-19 pandemic, persistent violence, worsening food security, diminished economic growth, and a record high number of undocumented returnees from Iran and Pakistan. In response, USAID provided food assistance, water, sanitation, health assistance, economic

assistance, and education programming. USAID also continued to support peace building activities, including the Office of Transition Initiative's Peace Support Initiative, and the Afghanistan Reconstruction Trust Fund's Citizen's Charter program.

Under **Operation Pacific Eagle** in the **Philippines**, our [fourth quarter report for FY 2020](#)—and final such report for this OCO,⁵ we reported on reconstruction efforts in Marawi, the city in Mindanao that had been seized by local affiliates of the Islamic State, and was liberated in late 2017. Reconstruction efforts there resumed following a pause due to COVID-19 quarantine restrictions. Debris removal in the city was largely complete, except for damaged and destroyed buildings where private owners had not permitted demolition. However, the Philippine government's inter-agency organization to coordinate reconstruction efforts had not provided an updated timeline for the return of internally displaced persons to the most heavily damaged areas of Marawi. USAID reported the number of internally displaced persons from the 2017 Marawi conflict remained at approximately 66,000.

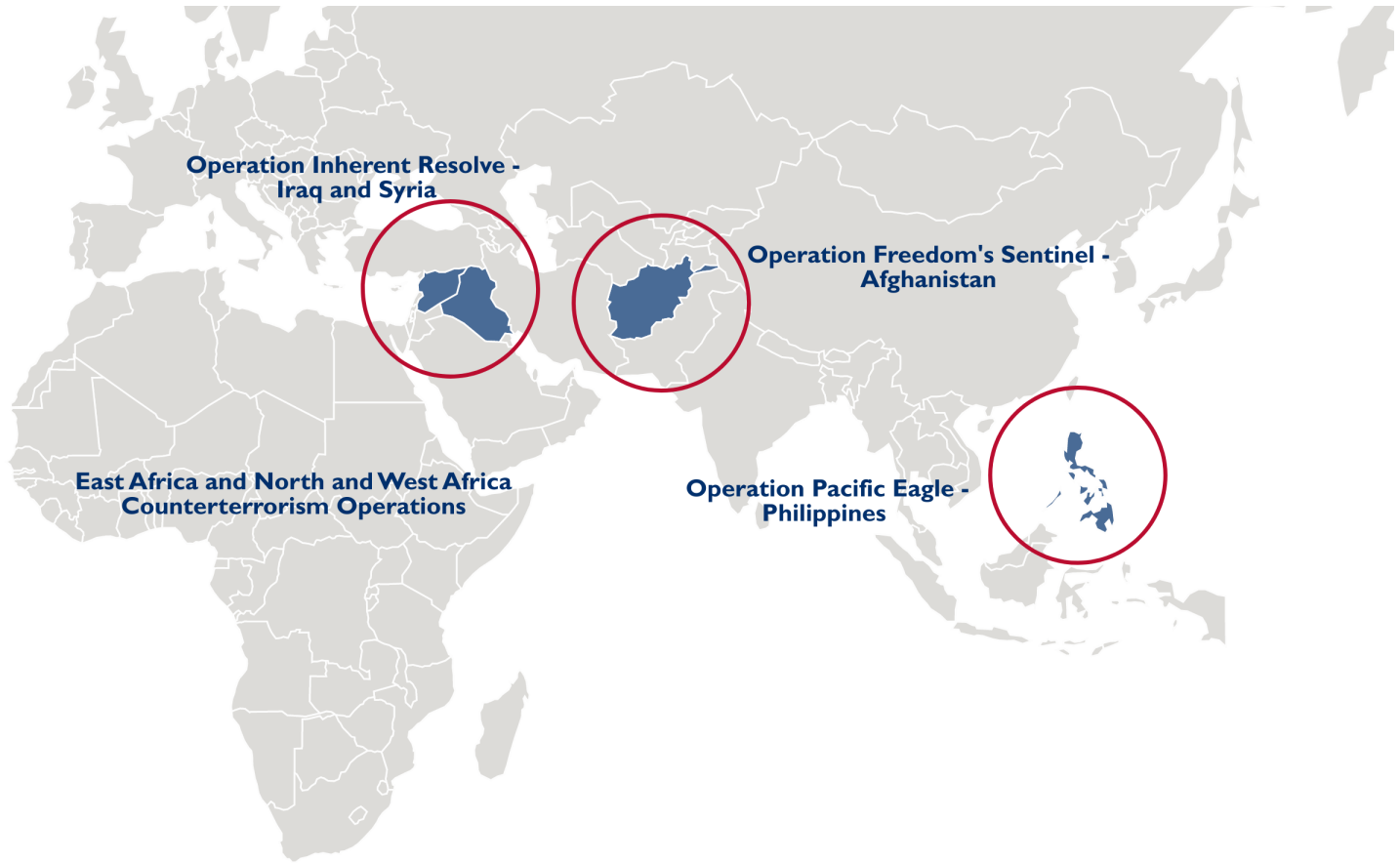
Under both the **East Africa Counterterrorism Operation** and **North and West Africa Counterterrorism Operation**, our [fourth quarter report for FY2020](#)—and final such report for this OCO⁶—we noted the following:

- In **East Africa**, according to the World Bank, COVID-19 has been detrimental to the Somali economy, as reduced remittances, jobs, and livestock exports have lowered consumption. USAID reported that USAID's 6-year, \$74 million Growth, Enterprise, Employment, and Livelihoods program responded to the economic impacts of the pandemic by expanding access to financing for Somali businesses. For every dollar USAID invested in technical assistance and rate subsidies, \$10 was provided in loans, resulting in \$1.1 million loaned to more than 200 small businesses and farmers, helping businesses survive the pandemic and creating 1,154 new jobs.
- In **West Africa**, the International Organization for Migration concluded a USAID Office of Transition Initiatives-funded portion of the Niger Community Cohesion Initiative in July 2020. Started in 2014, the initiative reached 1.4 million beneficiaries with programs focused on strengthening youth resilience against violent extremist organization recruitment efforts, increasing local leaders' effectiveness in addressing violent extremists' threats, and preparing communities in Diffa for reintegrating former combatants. In August 2020, the German Federal Foreign Office formally partnered with the International Organization for Migration to continue the Niger Community Cohesion Initiative program until December 2021, ensuring the program will operate in Niger after the end of USAID's funding.

⁵ Lead IG reporting responsibilities for this OCO concluded with coverage through the end of FY 2020 and the final report was issued in November 2020. Under the IG Act, Lead IG oversight responsibilities cease when the appropriations for an OCO drop below \$100 million in a fiscal year. The appropriations for the Philippines operation were less than \$100 million.

⁶ As with Operation Pacific Eagle, Lead IG reporting responsibilities for this OCO concluded with coverage through the end of FY 2020 and the final report was issued in November 2020. In the cases of OCO for both East Africa and North and West Africa, the Secretary of Defense rescinded the OCO designation, and related FY 2020 appropriation for the operation was less than \$100 million as a result.

Oversight of Overseas Contingency Operations



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

IDENTIFYING AND ADDRESSING VULNERABILITIES IN AGENCY CONTROLS AND CORE MANAGEMENT FUNCTIONS

Effective and reliable financial, information, and human capital management systems are vital to the stewardship of U.S. Government resources and successful execution of Federal programs. USAID relies on its core management functions to support effective award management, ensure accuracy and reliability in its management of foreign assistance funds, and maintain an efficient and secure information and communications network to support a global workforce.

This reporting period, our financial statement audits for USAID, MCC, USADF, and IAF issued unmodified, or “clean,” opinions for the four agencies that we oversee, while identifying two significant deficiencies for USAID and one for MCC. Information security audits covering the same agencies, as well as DFC, found that all five had implemented an effective information security program while making recommendations to address remaining weaknesses and further strengthen each agency’s program.

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



Audits

What We Found:

Even though USAID generally implemented an effective security program under the Federal Information Security Modernization Act (FISMA), our contracted audit also identified weaknesses in six areas that USAID needs to address.

Agency Impact

USAID is taking corrective action based on our recommendations to improve policies and processes that will further secure the Agency’s information systems.



Audits

What We Found:

While our audit of USAID’s financial statements for FYs 2020 and 2019 did not identify any material weaknesses in USAID internal control over financial reporting, we identified two significant deficiencies related to recording accrued expenses and account management.

Agency Impact

Based on our recommendations, USAID has taken action to strengthen segregation of duties and is working to address three remaining recommendations related to account management.



Memorandum

What We Found:

Outside factors—such as external reviews and differing opinions on the direction of foreign assistance programming—affected USAID’s ability to obligate funds and led to significant lags in the apportionment of funds.

Agency Impact

Our work pressed USAID leadership to evaluate, implement, and properly resource recommendations related to the management of the Agency’s budgetary resources



Takeaway: OIG oversight helps USAID, MCC, USADF, and IAF ensure the integrity of core management functions, helping them effectively account for U.S. taxpayer funds and protect information and systems that support the delivery of U.S. foreign assistance.

Financial Management

USAID, MCC, USADF, and IAF manage approximately \$30 billion annually to develop, implement, and support U.S. foreign assistance programs. USAID’s ability to deliver on its mandate depends on effective processes for executing the foreign assistance budget. Under the Chief Financial Officers Act of 1990, USAID OIG is responsible for annual audits of each agency’s financial statements and OIG contracts with a certified independent public accounting (IPA) firm to complete this work. In this year’s reports, audits issued unmodified, or “clean,” opinions for each agency, noting one significant deficiency each for USAID and MCC.

Lessons From USAID’s FY 2019 Budget Process Highlight Interagency Constraints and Areas that Require Continued Attention
Memorandum

As mentioned on page 28, we described USAID’s budget execution process for foreign assistance funds and highlighted external constraints on the process and USAID responses to them as these were expressed in FY 2019. USAID’s Office of Budget and Resource Management conducted an internal after-action review to identify challenges affecting the obligation of funds and drafted conclusions and recommendations for improving the process. While USAID has taken steps to improve internal processes, we highlighted the importance of continued attention in this area.

Audit of USAID’s Financial Statements for Fiscal Years 2020 and 2019
Report No. 0-000-21-001-C

OIG’s contracted audit of USAID’s financial statements for FYs 2020 and 2019 reflected an unmodified opinion for both years, with the IPA’s auditors concluding that USAID’s financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit did not note any instances of noncompliance with applicable laws and regulations. While the auditors did not identify any material weaknesses in USAID internal control over financial reporting, they did identify two significant deficiencies as modified repeat findings from the prior year, prompting followup on our prior unresolved recommendations. The significant deficiencies related to improving the Agency’s process for calculating and recording accounts payable and strengthening account management controls.

We made six new recommendations to USAID related to its internal control process for account management.

***Audit of MCC's
Fiscal Years 2020
and 2019 Financial
Statements***
Report No.
0-MCC-21-002-C

OIG's contracted audit of MCC's financial statements for FYs 2020 and 2019 reflected an unmodified opinion for both years, with the IPA's auditors concluding that MCC's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. Auditors did not identify any instances of noncompliance with applicable laws and regulations or report any material weaknesses. Auditors did report one significant deficiency in MCC internal control over financial reporting as a modified repeat finding from the prior year, suggesting that MCC continues to face challenges ensuring that Millennium Challenge Accounts accurately, completely, and timely report financial activities and balances that are significant and relevant to MCC's financial statements.

We made nine new recommendations to MCC to address this deficiency.

During the audit, we also became aware of other deficiencies in internal control that we deemed important to raise to management's attention, and conveyed them in a separate [management letter](#).

***Audit of U.S. African
Development
Foundation's Fiscal
Years 2020 and
2019 Financial
Statements***
Report No.
0-ADS-21-003-C

To complete this work, we contracted with one IPA to audit USADF's financial statements for FY 2020 and another to audit of USADF financial statements for FY 2019. Both IPAs issued an unmodified opinion, concluding that USADF's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. Auditors did not identify any material weaknesses or significant deficiencies in USADF internal control over financial reporting or instances of noncompliance with applicable laws and regulations.

During the financial statement audit, we identified a control deficiency that did not rise to the level of a material weakness or significant deficiency, but still warranted management attention. During the testing of USADF's grant advance calculation and methodology, we determined that USADF did not adhere to its internal policy when implementing its grant advance methodology for FY 2020. We determined that the data used to calculate the 21 percent grant advance rate was based on FY 2017 data. Because USADF has not validated the reasonableness of the 21 percent rate used to calculate its grant advance, USADF may be misstating the overall grant advance line item on its financial statements, a matter we highlighted in our corresponding [management letter](#).

Audit of the Inter-American Foundation's Fiscal Years 2020 and 2019 Financial Statements
Report No.
O-IAF-21-004-C

To complete this work, we contracted with one IPA to audit IAF's financial statements for FY 2020 and another firm to audit IAF's financial statements for FY 2019. Both IPAs issued an unmodified opinion, expressing an opinion that IAF's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit firms did not identify any material weaknesses or significant deficiencies in IAF internal control over financial reporting or instances of noncompliance with applicable laws and regulations.

During our testing of IAF's Grant Advance calculation and methodology, however, we determined that IAF's methodology was not in compliance with the Federal Accounting Standards Advisory Board's (FASAB's) Technical Release 12 on Accrual Estimates for Grant Programs. This occurred because IAF does not have a documented policy that requires the agency to use data to determine the grant advance estimate or validate the reasonableness of the methodology by comparing the estimate to actual grantees' disbursements. Because of this, IAF may be misstating the overall grant advance line item on its financial statements, a matter we highlighted in a corresponding [management letter](#).

Information Technology Management

FISMA requires agencies to develop, document, and implement an information security program to protect their information and information systems, including those provided or managed by another agency, contractor, or source. FISMA also requires agencies to have an annual assessment of their information system. To complete these assessments, we contracted with an IPA to audit agencies' compliance with FISMA in FY 2020, issuing four audits on information security programs at USAID, MCC, USADF, and IAF.

USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA
Report No.
A-000-21-004-C

Auditors concluded that USAID generally implemented an effective information security program by implementing 123 of 135 instances of selected security controls for selected information systems, but it also identified six weaknesses. These weaknesses of FISMA's metric domain include risk management, configuration management, identity and access management, security training, information security continuous monitoring, and contingency planning.

We made seven recommendations to further strengthen USAID's information security program.

MCC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA
Report No.
A-MCC-21-001-C

Auditors concluded that MCC generally implemented an effective information security program by implementing 115 of 120 of selected security controls in selected information systems. However, MCC did not implement five control instances, which fall into three of the eight FISMA domains that Federal OIGs used in FY 2020 to assess the maturity of their agencies' information security programs. Those weaknesses of FISMA metric domains are data protection and privacy, security training, and contingency planning.

We made two recommendations to address the weaknesses identified in the report.

USADF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA
Report No.
A-ADF-21-003-C

Auditors concluded that USADF generally implemented an effective information security program by implementing 72 of 76 instances of selected security controls for selected information systems, but it also identified several weaknesses, specifically in the areas of configuration management, identity and access management, and information security continuous monitoring.

We made three recommendations to further strengthen USADF's information security program.

IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA
Report No.
A-IAF-21-002-C

Auditors concluded that IAF generally complied with FISMA requirements by implementing 87 of 100 selected security controls for selected information systems. However, IAF did not implement controls across the eight FISMA metric domains to fully safeguard the confidentiality, integrity, and availability of its information and information systems. Some of those weaknesses include, among others, risk management, configuration management, and information security continuous monitoring. In addition, IAF had not taken final corrective action on two recommendations made in our 2016 and 2019 FISMA audit reports.

To address the weaknesses identified, OIG made two new recommendations, which we consider to be resolved but open pending completion of planned activities.

DFC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA
Report No.
A-DFC-21-005-C

In the report, auditors concluded that DFC generally implemented an effective information security program by implementing 66 of 75 instances of selected security controls for selected information systems. However, the auditors also identified five weaknesses related to risk management, configuration management, identity and access management, data protection and privacy, and security,

We made four recommendations to further strengthen DFC's information security program.

Transitioning Open Recommendations to DFC Office of Inspector General

In a series of audit reports on OPIC's controls in support of the Federal Information Security Modernization Act of 2014 (FISMA) for 2017, 2018, and 2019, we issued a number of recommendations to help strengthen the Agency's information security program. Of those, four had remained open.

In October 2020, we transitioned these open recommendations to the DFC OIG, which will continue to monitor DFC's progress in responding to these recommendations. The DFC OIG is reporting on the status of these recommendations in its semiannual report to Congress, which can be accessed at dfc.gov/oig.

Contractor and Grantee Accountability

USAID relies on a range of implementers, who generally work through contracts and grants, to design and execute development programs and provide humanitarian and stabilization assistance worldwide. USAID also channels development and humanitarian assistance funds through public international organizations, such as UN agencies and other multilateral institutions.

OIG promotes accountability among agency implementers worldwide. This work involves regular audits conducted 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 or misconduct or fail to cooperate with law enforcement inquiries.

QUICK FACTS: SUSPENSION AND DEBARMENT

Suspension and debarment actions are business decisions that protect USAID and the U.S. Government from doing business with organizations and individuals that are not "presently responsible." According to USAID, present responsibility is related to implementing partners' internal controls and whether they have appropriate safeguards in place to be responsible stewards of taxpayer dollars.

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

This reporting period, our investigative work resulted in the referral of 10 companies and individuals for present responsibility determinations. Over the same period, USAID suspended or debarred 13 entities, including the employee of a PIO in Jamaica, and the subawardee of a PIO that performed USAID programming in Syria.

**Suspension/Debarment actions counted in this report consist of those executed by USAID which were predicated on OIG present responsibility referrals. Actions taken by the agency during a given reporting period may be the result of OIG referrals transmitted during a prior reporting period.*

USAID Debarred Public International Organization's Subawardee and its Two Employees for Submitting Falsified Receipts for Reimbursement Investigation

An OIG investigation revealed that a director of a Jordanian organization receiving USAID-funding ordered the falsification of \$13,000 worth of transportation receipts to submit for reimbursement. The organization was working under an award administered by a PIO to distribute food baskets to beneficiaries in Syria.

We made a present responsibility referral to USAID's Suspending and Debaring Official, and USAID debarred the director, his organization, and an accomplice in the false reimbursement scheme for three years.

USAID Subawardee and its Staff Debarred for Diverting \$241,448 in Program Funds Investigation

We conducted a joint investigation with the U.S. Department of Agriculture OIG that revealed that a USAID subawardee in Brazil diverted approximately \$241,448 in U.S. grant funds to pay for non-programmatic expenses and falsified financial statements to cover up the transfers. The entity had received \$670,000 in USAID funds through an interagency agreement with the U.S. Forest Service to provide technical assistance and training to support capacity building, sustainable livelihoods, fire science and management, and public use activities in priority protected areas of the Amazon region.

We referred the individuals involved in the scheme, as well as their organization, to USAID's Suspending and Debaring Official for a present responsibility determination. USAID debarred the entity and two of its staff members. The joint investigation also revealed that a U.S. Forest Service employee steered this award to the subawardee, her father's company. The employee was suspended for 30 days by the U.S. Forest Service.

Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance Report No. 8-000-21-001-P

As we reported on page 20, we issued an audit of USAID's oversight of one implementer, the International Rescue Committee, including corrective actions taken from December 2015 through September 2017 based on previously identified weaknesses in its procurement processes supporting humanitarian aid programs in Syria. We found that some planned actions were not implemented and others, while implemented, did not operate effectively. Further, USAID did not identify responsibility for monitoring the implementer's pledged corrective actions or enter into an administrative agreement that could have required the implementer to adhere to its corrective actions and implementation schedule.

We made a recommendation for USAID to conduct an assessment of the implementer's progress in implementing corrective action that the implementer pledged to complete internally.

Non-Federal Audit (NFA) Program

We determine whether USAID-mandated audits of contractors and grantees meet professional standards for reporting and other applicable laws, regulations, and requirements. Our oversight activities also boost the impact of the NFA program by addressing recommendations to the Agency—this reporting period, 28 recommendations questioning costs of approximately \$23.3 million and 63 recommendations to strengthen weaknesses in internal control and compliance.

Quality Control Reviews (QCR)

As part of our NFA oversight, we review audit documentation and meet with independent accounting firm staff that performed the selected audit. These QCRs help inform whether the audit was conducted in accordance with applicable standards; determine the sufficiency of the audit work performed to address the audit objectives and appropriateness of conclusions, opinions, and findings in the report; and, if applicable, identify items that required followup work or agency attention. During this reporting period, we completed four QCRs covering audits in South Africa, Philippines, Pakistan, and Bosnia-Herzegovina.

Human Capital Management and Employee Accountability

Foreign assistance agencies depend on human capital systems to manage a global workforce consisting of Civil Service, Foreign Service, and Foreign Service National employees, as well as individual contractors and personnel appointed under a range of authorities to execute and support each agency's mission.

OIG's oversight of this aspect of agency management functions 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, in certain cases, initiating an investigation in order to transmit a referral to appropriate authorities.

OIG's Evaluation of USAID's Compliance with Executive Order 13950

Correspondence

Responding to an agency request on November 4, 2020, and pursuant to an Executive Order that has subsequently been rescinded by the new Administration, we conducted an evaluation that found USAID had taken a number of actions to implement key parts of the Executive Order.⁷

⁷ Executive Order 13950, "Combating Race and Sex Stereotyping," signed on September 22, 2020 and rescinded on January 20, 2021. This order required Federal agencies to cease all workplace trainings that inculcate what were described as "divisive concepts" in diversity and inclusion trainings for agency employees, contractors, and grantees. In addition, the order required agencies to identify diversity and inclusion trainings that may contain such content and to submit the training materials to the Office of Personnel Management for review and approval prior to use. Section 6(c)(ii) of the order required each agency to request its Inspector General to review and assess agency compliance with the order's requirements and submit a report to the Office of Management and Budget by the end of the calendar year.

Employee Misconduct

USAID Debars Three Foreign Service Nationals and Related Company after OIG Investigation into Kickbacks Scheme Investigation

As captured in a previous reporting period, an OIG investigation discovered a contract steering conspiracy involving multiple Foreign Service National employees of the USAID/Southern Africa Mission. We confirmed that the Mission's correspondence and records manager incorporated a company in South Africa with the intention of seeking USAID contracts and knowingly failed to disclose this conflict of interest to the agency. Two additional Foreign Service National employees knowingly fabricated quotations, invoices, and reports and received kickbacks for each contract that was awarded to the company. In March 2021, following our present responsibility referral, USAID debarred the Foreign Service National employees and the South African company for a period of three years.

OIG Investigation Leads to USAID Debarment of Former USAID Contractor Employee Investigation

In November 2020, USAID debarred a former staffing contractor for USAID's Office of Foreign Disaster Assistance for three years. The former staffing contractor, as we reported in a previous period, pleaded guilty to one count of theft of government property in the United States District Court for the Western District of Missouri after our investigation discovered her submission of a false timesheets claiming \$115,647 worth of time spent performing USAID-related work.

Foreign Service National Resigns from Position in USAID's Moldova Mission After OIG Discovers Abuse of Authority Investigation

Our investigation uncovered that a senior USAID/Moldova Foreign Service National employee exploited his position and authority to promote his book during official USAID-funded events. After we provided our investigative findings to USAID/Moldova, the employee resigned from his position in December 2020.

USAID Mission for Kenya and East Africa Terminates Senior Employee After OIG Investigation Confirms Conflict of Interest Investigation

An ongoing OIG investigation confirmed allegations that a senior employee in USAID's Kenya and East Africa mission influenced USAID program activities for the benefit of a company in which her husband held a financial interest and served on the board of directors. The employee also failed to disclose the financial interest in the company to USAID pursuant to its financial disclosure reporting requirements. Following our interim referral to the USAID mission, the regional security office revoked the employee's security clearance. USAID subsequently terminated her employment in December 2020.

OIG OUTREACH AND EXTERNAL ENGAGEMENT

OIG outreach and external engagements give our stakeholders, oversight partners, implementers, and the public timely, relevant information about the efficiency and effectiveness of U.S. foreign assistance. 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, using these as a force multiplier in reinforcing accountability and integrity

Engaging Stakeholders

We maintain extensive ongoing dialogue with external stakeholders, including agency counterparts, representatives of other OIGs and federal agencies with pertinent mandates, PIOs, and congressional staff on areas of mutual interest and activity. Through these engagements, OIG shares findings, recommendations, and observations from our work, while discussing other planned and ongoing oversight activity.

This period, OIG's senior leaders hosted and participated in numerous external engagements to advance positive change in foreign assistance based on our work, promote awareness of OIG's role and contributions, and secure support for OIG's mandate and functions. During the reporting period, this included regular meetings with the USAID acting administrator, participation in weekly USAID Senior Management Meetings, ongoing exchanges with senior State and DoD officials in OCO settings, and numerous inspectors general, as well as those serving in inspector general or equivalent positions in PIOs.

Sustaining Partnerships

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

Continuing Coordinated Oversight of Overseas Contingency Operations. As described on pages 3, 15, and 30, we worked with DoD and State Department OIGs to meet oversight and reporting requirements on five OCOs.

The three OIGs shared information and coordinated on the [Comprehensive Oversight Plan for Overseas Contingency Operations for fiscal year 2021](#). The OCO Joint Planning Group, which convenes quarterly, coordinates this oversight plan among the OIGs from the DoD, the State Department, and USAID; the Special Inspector General for Afghanistan Reconstruction; other Federal OIGs; and partner oversight agencies. OIG leadership held periodic exchanges with senior agency and department counterparts to discuss strategic oversight considerations, while our acting inspector general regularly met with his counterparts at the DoD and State Department OIGs.

Maintaining Coordinated Oversight of Foreign Assistance to Combat HIV/AIDS, Tuberculosis, and Malaria. As discussed on page 4, to provide coordinated oversight of HIV/AIDS, tuberculosis, and malaria programs, we host quarterly meetings with State Department, HHS, and Peace Corps OIGs to share and develop oversight plans. This reporting period, we focused on ways to enhance oversight coordination through a focused PEPFAR working group to study and explore additional opportunities for coordinated audit work among the OIGs to develop and deliver deeper insights to stakeholders.

Supporting Development Finance Oversight Transition. As discussed on page 3, 26, and 38, following the DFC’s inspector general appointment in 2020, we provided and continue to provide substantial support to effectively transition our oversight work to the new inspector general and promote the establishment of the DFC OIG.⁸ We provided assistance in planning, recruitment, and early oversight efforts, establishing memorandums of understanding with the DFC inspector general during the reporting period for us to continue to provide hotline intake and investigative support. We also support the development of the DFC’s annual information security audit to meet FISMA requirements.

Contributing to the Council of Inspectors General for Integrity and Efficiency (CIGIE). We work extensively with other OIGs on coordinated responses to shared challenges and requirements facing the Inspectors General community. USAID OIG senior leaders and staff across the organization remain active in CIGIE committees and working groups. This period,

- Our General Counsel served as the Chair of the Council of Counsels to the Inspector General, a forum to foster collaboration and coordination amongst OIG attorneys across government.
- We maintained an active role within CIGIE’s Professional Development Committee, and our Acting Chief of Staff served as Chair of its Leadership Development Subcommittee.
- We actively engaged in CIGIE’s Diversity, Equity, and Inclusion Working Group.
- We participated in CIGIE’s “Connect, Collaborate, and Learn” forum in January, 2021, to share challenges and best practices about auditing in the virtual environment with colleagues from across the Inspector General community.
- We continued regular engagement with the Pandemic Response Accountability Committee, routinely contributing to the committee’s efforts to advance government-wide COVID-19 response oversight work and observations.

Through these relationships and continued engagement, we share community-wide knowledge and incorporate best practices to ensure our work and working environment are leading edge.

Hosting the Syria Investigations Working Group. In late October 2020, our Office of Investigations virtually hosted the 8th Syria Investigations Working Group, which promotes information sharing and investigative cooperation and collaboration among agencies. More than 70 oversight professionals, including representatives of bilateral donors and UN organizations, attended the virtual event. Our investigators presented on business email compromise schemes, while our attorneys led a presentation highlighting mandatory disclosure obligations of PIO

⁸ Prior to the establishment of the U.S. International Development Finance Corporation (DFC) in 2019—and its own OIG—we provided oversight for the Overseas Private Investment Corporation, and USAID’s Development Credit Authority, which merged to form the new DFC.

oversight bodies—a direct result of our 2018 audit on PIO oversight, [Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk](#). Participants from USAID’s Bureau of Humanitarian Assistance, and Bureau for Policy, Planning and Learning also presented at the session.

Oversight and Law Enforcement Coordination. We coordinate regularly with the Government Accountability Office, numerous law enforcement and prosecutorial entities, and Agency authorities to advance investigative case work and support civil, criminal, and administrative remedies for identified violations. For example:

- We participate in the DC Financial Crimes Task Force, led by the District of Columbia’s U.S. Attorney’s Office, along with several federal and local law enforcement agencies in the Washington, DC. The task force shares investigative resources and coordinates financial intelligence, often resulting in investigations to combat domestic and international money laundering, terrorist financing, and other instances of financial fraud.
- We are members of the DOJ’s Metropolitan Area COVID-19 Anti-Fraud Task Force to help advance oversight and accountability in programs responding to the COVID-19 pandemic.

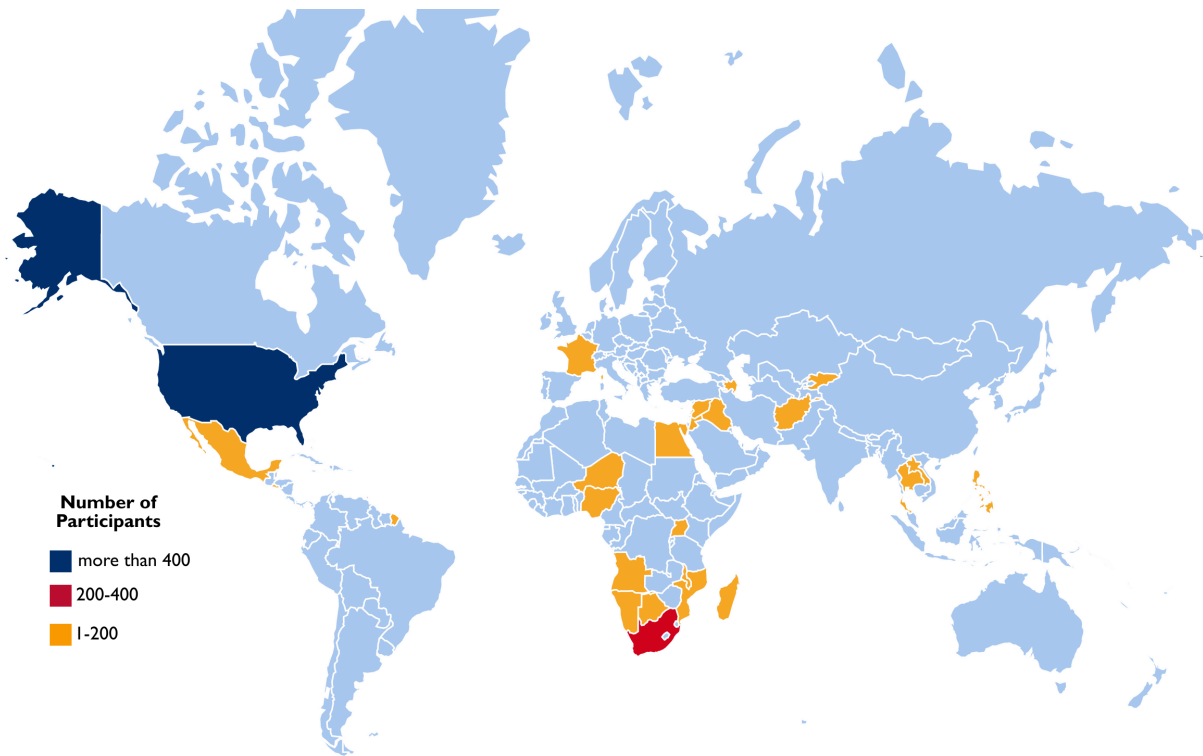
Strengthening Networks and Underscoring OIG’s Oversight Role

OIG 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, including suspected cases of sexual exploitation and abuse. We share best practices for identifying and combatting fraud to encourage reporting of potential misconduct within the aid sector and cooperation with our office should an investigation become necessary. We make presentations to international aid organizations and their legal counsels regarding our authorities under the law and set expectations for requesting and receiving information on potential misconduct.

Underscoring OIG’s Oversight Role Through the Presidential Transition. Amid leadership transitions at USAID, MCC, USADF, and IAF associated with the change in administration, OIG captured observations from outgoing agency officials and helped set productive working relationships with incoming officials based on OIG’s authorities, roles, and responsibilities. Our engagements with agency personnel overseas also reflect this focus. To promote continued understanding of our role and authorities and secure leadership support, for example, we worked with USAID leadership on the issuance of notices from the Acting Administrator requiring the cooperation of agency personnel with OIG oversight activities.

Promoting Fraud Awareness, Reporting 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 80 fraud awareness briefings, mostly delivered via online platforms. These briefings reached 4,561 participants representing agency and implementer staff and, as shown on the map on page 45, these briefings spanned 25 countries. We also briefed new USAID employees and contractors on their right to make protected whistleblower disclosures and provide information on protections against retaliation through our whistleblower protection coordinator (see page 11).

Fraud Awareness Briefings Conducted Worldwide October 1, 2020– March 31, 2021



Fraud Awareness Briefings

Country	# of Briefings	Total Participants
Afghanistan	9	241
Angola	1	10
Azerbaijan	1	43
Botswana	1	16
Egypt	1	107
El Salvador	1	9
France	1	30
Iraq	2	163
Jordan	10	181
Kyrgyzstan	2	100
Laos	2	13
Lebanon	2	137
Madagascar	1	47
Malawi	1	91
Mexico	3	119
Mozambique	1	15
Namibia	1	27
Niger	1	46
Nigeria	2	103
Philippines	1	173
South Africa	3	358
Syria	1	71
Thailand	4	115
Uganda	2	53
USA	26	2293
Total	80	4561

Advancing Coordinated International COVID Response Oversight. Recent U.S. Government responses to the COVID-19 pandemic include significant investments in and reliance on PIOs. This includes USAID-funded COVID-19 vaccine distribution efforts under COVAX, which began following the Agency’s initial \$2 billion contribution to the existing international effort. To position OIG to respond to vulnerabilities and potential fraud in these programs—including possible theft, diversion, or counterfeiting—OIG’s acting inspector general met with oversight counterparts at the United Nations Children’s Fund (UNICEF), the Pan American Health Organization (PAHO), GAVI, and WHO, and all of which have a role in COVAX vaccine distribution efforts. Under these engagements, we:

- Exchanged information on related oversight plans and set the stage for future coordination and information sharing as appropriate; and
- Signed a memorandum of understanding with GAVI’s Audit and Investigations Department to promote information sharing on relevant oversight activities related to COVID-19 vaccine distribution efforts.

In furtherance of greater information sharing and exchange on matters of shared oversight interest with PIOs, we also signed a memorandum of understanding with the Inter-American Development Bank’s Office of Institutional Integrity, which has oversight of the Bank’s COVID response efforts in Latin America.

We also coordinated with Agency counterparts to promote and ensure PIO reporting and accountability and met with the Office of Development Cooperation in USAID’s Bureau of Policy, Planning, and Learning to discuss topics of joint interest, including efforts to enhance PIO reporting and accountability.

Responding to Sexual Exploitation and Abuse Risks. We expanded our participation in a variety of forums with national and international oversight and law enforcement counterparts to discuss and address common challenges in detecting and preventing sexual exploitation and abuse. We:

- Continued to contribute to a global community of practice, spearheaded by USAID and Netherland’s Ministry of Foreign Affairs, that includes international donors, UN bodies, and NGOs focused on sexual exploitation, abuse detection, and prevention.
- Joined the Donor Safeguarding Investigations Group—launched by the UK’s Foreign Commonwealth and Development Office and including representatives from USAID; as well as Australia, Canada, Germany, Netherlands, New Zealand, Switzerland, the European Union—under which we shared best practices for addressing challenges posed by data privacy laws to obtain investigative information across foreign jurisdictions to respond to allegations of sexual exploitation and abuse.

Within USAID, we continued to liaise with USAID’s Action Alliance for Preventing Sexual Misconduct, representing our oversight equities in ongoing initiatives to prevent sexual exploitation and abuse.

Engaging with Non-Governmental Organization Legal Counsel Forum. OIG attorneys presented at the Non-Governmental Organization’s Legal Counsels Forum in November 2020, consisting of chief legal counsels from some of the world’s largest humanitarian aid implementers.

The OIG legal team reinforced our expectations for timely and transparent reporting of fraud and misconduct allegations—including those related to sexual exploitation and abuse—and discussed our oversight work of USAID's response to the COVID-19 pandemic. Special emphasis was placed on prohibitions against non-disclosure agreements, which restrain staff's ability to come forward. Such dialogues serve to facilitate and enhance our work by building trust in and understanding of OIG's mission among key players in the aid sector.

OIG attorneys also presented to the American Bar Association's International Anti-Corruption Committee.

Raising Public Interest

With a commitment to transparency and accountability, OIG promotes public awareness and knowledge of our mission, work, results, and the use of taxpayer resources with respect to U.S. foreign assistance. Our website contains previous and newly issued audit reports, advisories, press releases, testimony, and summary reports, including OIG's semiannual reports to Congress and quarterly reports on overseas contingency operations issued by DoD, State Department, and USAID OIGs.

Additional information about our mission, work, and operations can be found at <https://oig.usaid.gov/>.

INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

The following pages provide information required by the Inspector General Act of 1978, as amended, and other requirements for the reporting period October 1, 2020-March 31, 2021. 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 October 1, 2020-March 31, 2021.

Appendix B: Reports issued prior to April 1, 2020, with open and unimplemented recommendations, as of March 31, 2021.

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	53	55	Nothing to Report	56	Nothing to Report
§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	8, Appendix A				
§5(a)(7)	Summary of significant reports	13-41				

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report	DFC, page in report
§5(a)(8)	Statistical table: questioned costs	56	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	57	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	Nothing to Report				
§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, page in report	MCC, page in report	USADF, page in report	IAF, page in report	DFC page in report
§5(a)(17-18)	Statistical tables showing the number of investigative reports; number of persons referred to the Department of Justice (DOJ) for criminal prosecution; number of persons referred to State/local authorities for criminal prosecution; number of indictments/criminal information as a result of OIG referral; a description of the metrics used for developing the data for such statistical tables including a description of the metrics used for developing the data for such tables			12, 58		
§5(a)(19)	Report on each OIG investigation involving a senior Government employee where allegations of misconduct were substantiated			Nothing to Report		
§5(a)(20)	Instances of (agency) whistleblower retaliation			Nothing to Report		
§5(a)(21)	Attempts by Agency to interfere with OIG independence including budget constraints and incidents where the Agency restricted or significantly delayed access to information			Nothing to Report		
§5(a)(22)	Detailed description of situations where an inspection, evaluation, and audit was closed and not disclosed to the public; and each investigation of a senior Government employee was closed and not disclosed to the public			Nothing to Report		

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

Significant Recommendations Described Previously Without Final Action
USAID
as of March 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	03/31/2020	1	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	03/31/2020	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	03/31/2020	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	03/31/2020	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	03/31/2020	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	03/31/2020	9	9/30/2020	3/30/2021
4-936-20-001-P	More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts	10/21/2019	1	10/21/2019	3/31/2021
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

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
4-936-20-002-P	USAID'S Global Health Supply Chain Would Benefit From More Rigorous Risk Management and Actions To Enhance Local Ownership	07/10/2020	1	7/10/2020	3/31/2021
4-936-20-002-P	USAID'S Global Health Supply Chain Would Benefit From More Rigorous Risk Management and Actions To Enhance Local Ownership	07/10/2020	2	7/10/2020	6/30/2021
5-391-20-001-P	USAID's Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results	07/22/2020	5	7/22/2020	3/25/2021
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	4/21/2021
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
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	01/24/2018	2	1/24/2018	3/31/2020
A-000-19-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2018 in Support of FISMA	11/21/2018	1	11/21/2018	5/1/2021
A-000-20-005-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2019 in Support of FISMA	02/07/2020	2	2/7/2020	10/30/2021
A-000-20-006-P	USAID Needs To Improve Policy and Processes To Better Protect Information Accessed on Personal Devices	06/19/2020	3	6/19/2020	7/31/2021

Significant Recommendations Described Previously Without Final Action
MCC
as of March 31, 2021

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
0-MCC-20-004-C	Audit of MCC's Fiscal Years 2019 and 2018 Financial Statements	11/18/2019	3	6/18/2020	7/30/2021
0-MCC-20-004-C	Audit of MCC's Fiscal Years 2019 and 2018 Financial Statements	11/18/2019	4	9/30/2020	4/30/2021
0-MCC-20-012-C	Enhanced Controls Are Needed to Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse	06/10/2020	2	6/10/2020	9/17/2021
0-MCC-20-012-C	Enhanced Controls Are Needed to Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse	06/10/2020	3	6/10/2020	9/17/2021
0-MCC-20-013-C	Assessment of MCC's FY 2019 Charge Card Programs Identified a Moderate Risk of Improper Purchases and	09/25/2020	1	9/25/2020	6/30/2021
0-MCC-20-013-C	Assessment of MCC's FY 2019 Charge Card Programs Identified a Moderate Risk of Improper Purchases and	09/25/2020	3	9/25/2020	6/30/2021
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	7/30/2021

Significant Recommendations Described Previously Without Final Action
IAF
as of March 31, 2021

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	11/07/2016	7	11/7/2016	6/30/2021
A-IAF-20-004-C	IAF Has Generally Implemented Controls in Support of FISMA for	01/23/2020	2	1/23/2020	6/30/2021

Reports with Questioned and Unsupported Costs
USAID
as of September 30, 2020

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs ^E
A. For which no management decision had been made as of October 1, 2020	33	35,059,380	26,787,490
B. Reports issued October 1, 2020 - March 31, 2021	28	34,878,536	5,574,332
Subtotal	61	\$69,937,916	\$32,361,822
C. Reports with a management decision made October 1, 2020- March 31, 2021	35	35,515,897	27,241,977
Value of costs disallowed by Agency officials		23,822,308	23,296,591
Value of costs allowed by Agency officials		11,693,589	3,945,386
D. For which no management decision had been made as of March 31, 2021	26	34,422,019	5,119,845

^E 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 March 31, 2021

Reports	Number of Audit Reports	Value (\$)
A. For which no final action had been made as of October 1, 2020	0	0
B. Reports issued October 1, 2020-March 31, 2021	0	0
<i>Subtotal</i>	<i>0</i>	<i>0</i>
C. Reports with a management decision made October 1, 2020-March 31, 2021	1	\$321,548
Value of costs disallowed by Agency officials		\$76,631
Value of costs allowed by Agency officials		\$244,917
D. For which no management decision had been made as of March 31, 2021	0	0

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 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 refuse to accept an OIG investigative case which was referred for consideration for civil 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 there is a formal process of charging a person with a crime. 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 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 deobligated.

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.
- **Personnel Counseling:** The verbal counseling of an employee by a supervisor as a response to job-related performance or ethical violations.

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