



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



OFFICE OF INSPECTOR GENERAL

**Semiannual Report to Congress
April 1, 2018—September 30, 2018**

COVER:

Refugees head home with their monthly emergency ration after a World Food Programme (WFP) food distribution in Uganda. *Photo By: Claire Nevill, WFP*

Our Mission

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

Our Core Values

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

Integrity

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

Accountability

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

Excellence

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

Transparency

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

Respect

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

Second half of fiscal year 2018

By the Numbers

INVESTIGATIVE RESULTS

 **\$38.7 million**
in recoveries, savings, and avoided costs

 **31**
investigations closed

 **11**
prosecutorial referrals

 **86**
administrative actions

 **14**
suspensions or debarments

AUDIT RESULTS

 **\$40.9 million**
in questioned costs

 **174**
performance and financial
audits issued

 **237**
recommendations to
improve operations and
programs

 **\$2.8 billion**
in funds audited

MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the USAID OIG Semiannual Report to Congress for the second half of fiscal year 2018. In accordance with the Inspector General Act of 1978, as amended, this report presents the results of our work delivered from April 1, 2018, to September 30, 2018, in overseeing USAID, the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Overseas Private Investment Corporation (OPIC).

During this reporting period, we audited \$2.8 billion in funds and issued 174 performance and financial audit reports, with a total of 237 recommendations aimed at improving the operations and programs of the agencies we oversee. These audits identified approximately \$40.9 million in questioned costs. In addition, our investigations resulted in nearly \$38.7 million in recoveries, savings, and avoided costs, as well as 11 prosecutorial referrals and 86 administrative actions, including 14 suspensions or debarments. During the reporting period, we closed 31 investigations.

Our audits and investigations continued to focus on high-dollar, crosscutting, and high-risk initiatives and identified shortcomings in U.S.-funded aid and development programs and operations, including responding to global health crises, sustaining development, planning for reforms, and curbing corruption and diversions. The results of our work completed during this reporting period demonstrate how longstanding management challenges—such as those related to program planning and monitoring, host country capacity, and interagency coordination—can compromise U.S. foreign assistance investments. For example:

- **Promoting Effective Program Implementation in Nonpermissive and Contingency Environments.** Providing foreign assistance in areas affected by violence, instability, or natural disaster presents substantial access and security challenges, making USAID programs—particularly those intended to provide humanitarian aid in war-torn areas—susceptible to fraud and abuse. To help implement its programs in these environments,



Ann Calvaresi Barr
Inspector General

USAID relies on Public International Organizations (PIO), which generally operate without the regulatory restrictions that nongovernmental organizations and contractors are subject to. Despite this risk, USAID has not established basic internal control standards for PIOs to help prevent criminal organizations, terrorists, and other bad actors from exploiting vulnerabilities in USAID programs in fragile states like Syria and Iraq.

- **Preventing Diversions by Armed Groups in Northwest Syria.** Over the past year, OIG investigations have uncovered multiple schemes to divert USAID funds and goods to armed groups in northwest Syria—including diversions to Ha'yat Tahrir Al-Sham (HTS), a designated terrorist organization. In one case, an implementer's employees submitted falsified beneficiary lists to divert thousands of food kits worth millions of dollars to ineligible beneficiaries (including HTS fighters). Diversions such as these have prompted USAID or implementers to suspend part or all of affected programs, including temporarily suspending activities of one cross-border implementer; terminate or otherwise dismiss employees; verify beneficiaries; and institute new procedures. In addition, USAID has required since August that the Agency pre-approve any new awards involving assistance in HTS-controlled areas; as of October, none had been approved. Over the past few months, we have briefed senior USAID and State Department officials, National Security Council staff, and Congress on diversion risks, such as HTS intimidation of implementer employees and control of local groups that help identify eligible beneficiaries. In response, USAID updated its risk analysis and is engaging more closely with other U.S. agencies to appropriately mitigate risks from programming in northwest Syria.
- **Protecting USAID Beneficiaries.** Preventing and combatting abuses that can harm the very people USAID's humanitarian programs are intended to serve is paramount. Earlier this year, we sent a memorandum to the USAID Administrator highlighting vulnerabilities in USAID's sexual exploitation and abuse-related reporting requirements for implementers. Previously, the Agency's reporting requirements were limited to complaints of human trafficking and procurement of commercial sex that implementers determined were credible—a hreshold that can delay reporting and undercut skilled investigations. OIG attorneys worked with a USAID task force to update the Agency's standard award provisions and guidance to clarify that any form of suspected sexual misconduct that affects beneficiaries must be reported promptly. In July, we convened a roundtable of representatives from more than 50 nongovernmental organizations to drive home how USAID implementers must identify and report such abuses, as well as fraud schemes that involve product substitution and diversions to terrorists and other armed groups.
- **Improving Global Health.** USAID programs play a critical role in targeting specific diseases, responding to public health emergencies, and increasing access to quality care and health services. Our audit of USAID's response to the Ebola outbreak in Africa, which we reported during the last Semiannual period, prompted the Agency to enhance its policies, procedures, and guidelines for launching a fast, effective U.S. Government response and improve its ability to prevent and mitigate the devastating effects of future global health crises. Despite

these advancements, USAID has not adapted programs to evolving conditions. This was the case with USAID's Zika response, as it continued to work on a 3-year emergency response timeline after the World Health Organization downgraded Zika's impact and called for a longer-term intervention strategy. Our work also points to the need for more rigorous up-front assessments of country capacity to ensure public- or private-sector participation and financial backing for sustaining health services after U.S. support ends. This was the case with USAID/Cambodia's project to pilot innovations in HIV/AIDS prevention and treatment, which was substantially curtailed after a major global donor drastically cut its funding.

During this reporting period, we continued to reach out to our oversight counterparts and stakeholders to promote integrity in development and humanitarian assistance programs and operations. In addition to our July roundtable, we held 163 briefings on fraud indicators in foreign assistance programs and fraud prevention strategies to nearly 5,000 participants worldwide, and OIG agents and analysts engaged with implementer staff to help identify project-specific vulnerabilities. Our agents and analysts also continued to engage with implementers on priority projects through our Proactive Outreach Program (POP) to identify any weaknesses and vulnerabilities in implementers' procurement, finance, staffing, and other activities. POP not only leads to systemic changes where needed, but encourages the reporting of fraud. We also continued to engage with senior U.S. Government and foreign government officials and representatives of multilateral agencies to maintain their awareness of reporting procedures for criminal violations and establish cooperation with other law enforcement authorities. Our extensive outreach and proactive engagement not only encouraged reporting of fraud and corruption, but set the stage for systemic changes.

We also issued our 2018-2022 strategic plan for providing effective and efficient oversight of USAID, MCC, USADF, IAF, and OPIC. The plan's three overarching goals focus on providing sound reporting and insight for improving agency programs, operations, and resources; promoting processes that enhance OIG performance and maximize operational efficiency; and fostering a committed OIG workforce built on shared core values. These goals align with recent and ongoing reforms that we have instituted to better position our office to meet OIG's far-reaching mandate. In achieving these goals, we can assure the Administration, Congress, and the American people that we are making the most of our resources in helping to protect U.S. foreign assistance and security interests.

I am grateful for the steadfast commitment of OIG staff around the world. Their dedication and hard work have made possible the significant achievements outlined in this report and are critical to our continued success in producing high-impact work that meets the most stringent oversight standards. I remain committed to working closely with the USAID Administrator and the CEOs of MCC, USADF, IAF, and OPIC to strengthen U.S. foreign assistance investments.

INSPECTOR GENERAL HOTLINES

The Office of Inspector General (OIG) provides regular fraud awareness briefings to U.S. Government-funded program officials and implementers to educate and deepen their understanding of fraud schemes. In 2017, OIG also launched a proactive outreach program to establish relationships with U.S. Agency for International Development (USAID) priority programs and implementers. Our highly skilled agents and analysts engage and partner with implementer employees to develop specific project profiles that identify weaknesses and vulnerabilities in each organization's management of procurement, finance, staffing, and other project-specific activities. Through this approach, OIG learns the business models of organizations it oversees and provides immediate feedback, which encourages reporting of fraud and leads to systemic changes where needed.

These informative, relationship-building efforts help deter fraud, waste, and abuse and encourage implementers to report allegations using the hotline. The programs, organizations, and operations under OIG's oversight include: USAID, the Millennium Challenge Corporation (MCC), U.S. African Development Foundation (USADF), Inter-American Foundation (IAF), and Overseas Private Investment Corporation (OPIC). Employees of these organizations, as well as contractors, program participants, and the general public, may report allegations directly to OIG.

Complaints may also be submitted via email, phone, mail, OIG's online complaint form, or on each organization's main website. OIG also receives allegations of fraud, waste, and abuse through a country-specific hotline in Pakistan, which is implemented locally by Transparency International, an international nongovernmental organization (NGO) that focuses on anticorruption.

The Inspector General Act of 1978, as amended, assures confidentiality to those who make hotline complaints. While individuals who contact the hotline are not required to identify themselves and may request confidentiality when submitting allegations, OIG encourages those who report allegations to identify themselves so OIG can contact them with any additional questions. Pursuant to the Inspector General Act, OIG may not disclose the identity of a hotline complainant, unless that individual consents

Email

ig.hotline@usaid.gov

Complaint form

<https://oig.usaid.gov/complainant> select

Phone

1 800 230 6539 or 202 712 1023

Mail

USAID OIG Hotline

P.O. Box 657

Washington, DC 20044 0657

or unless the IG determines that such disclosure is unavoidable during the course of an investigation. The hotline website is encrypted, consistent with industry standards; however, individuals who are concerned about the confidentiality or anonymity of electronic communication may submit allegations by phone or mail.

Further, the law affords both Federal employees and employees of contractors and grantees protection from reprisal for submitting a complaint containing a protected disclosure of waste, fraud, or abuse in connection with federal programs.

“MAKE A DIFFERENCE” MALARIA HOTLINE

OIG’s “Make a Difference” hotline campaigns solicit the involvement of local communities in African countries to protect the integrity of overseas antimalarial programs. OIG has conducted hotline campaigns in Benin, Malawi, and Nigeria to obtain actionable information about the theft and resale of antimalarial drugs with a focus on commodities in select countries funded by the President’s Malaria Initiative (PMI). As a result of the Malawi hotline, an OIG investigation was opened and is still ongoing with a total of 14 arrests and 9 convictions reported to date.

OIG recently launched a new hotline campaign in Guinea and worked with an implementing partner to develop communication materials such as billboards, posters, and radio announcements with information about the hotline that will be distributed in local communities throughout the country within USAID’s portion of the PMI implementation zone.

The hotline provides a mechanism for community members to safely report information on manufacturers, distributors, or sellers of illicit commodities. Rewards are offered through OIG for relevant and actionable information. Significant impacts, such as the arrest or conviction of individuals participating in antimalarial pharmaceutical crime or systemic changes that result from information obtained through the hotline, may result in additional reward payments.

"MAD" Malaria Hotline Email

ig.hotline@usaid.gov

Phone

1 800 230 6539 or 202 712 1023,
or 202 704 2160 (WhatsApp)

Mail

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

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INTRODUCTION

History, Mandates, and Authority

USAID OIG was established on December 16, 1980, by Public Law 96-533, an amendment to the Foreign Assistance Act of 1961. On December 29, 1981, the International Security and Development Cooperation Act of 1981 brought the USAID Inspector General under the purview of the Inspector General Act of 1978. OIG assumed audit and investigative oversight of USADF and IAF in 1999 and of MCC in 2004. During the reporting period, OIG also maintained some oversight authority over OPIC under 22 U. S. Code 2199(e).

The Inspector General Act authorizes the Inspector General to conduct and supervise audits and investigations. Our mission is to provide independent oversight that promotes the efficiency, effectiveness, and integrity of programs and operations under our jurisdiction. Some of our work is mandated by statute or other requirements; other work is performed at OIG's discretion. When identifying and prioritizing appropriate audit and investigative activity, we consider stakeholder interests and needs, alignment with strategic goals, program funding, and risks associated with the agencies' programs, including potential vulnerabilities in internal controls.

Areas of Responsibility

Audits

OIG conducts and oversees audits of worldwide foreign assistance programs and agency operations of USAID, MCC, USADF, IAF, and OPIC. Audit activities include performance audits and reviews of programs and management systems, financial statement audits required under the Chief Financial Officers Act of 1990, and audits related to the financial accountability of grantees and contractors.

Investigations

OIG investigates allegations of fraud, waste, and abuse relating to the foreign assistance programs and operations of the agencies we oversee. Investigations of criminal, civil, and administrative violations cover all facets of these worldwide operations. OIG also works proactively by providing fraud awareness briefings and literature, audiovisual aids, and advice on fraud prevention strategies for these agencies' personnel and employees of foreign assistance implementers worldwide.



In May, USAID OIG in conjunction with DOD and State OIGs, hosted a workshop in the Philippines to promote fraud awareness and prevention in U.S. Government programs supporting humanitarian relief efforts in the Marawi crisis.

Joint Work and Partners

OIG participates in task forces and cooperates with other groups. The following activities summarize our participation in these areas.

Coordinated Oversight of Overseas Contingency Operations

USAID OIG works closely with the Inspectors General of the Department of Defense and Department of State to plan, coordinate, and report on oversight of overseas contingency operations.¹ The framework provided in the Inspector General Act requires that during such circumstances, one agency be designated as the Lead Inspector General.

During the reporting period, OIG contributed to Lead Inspector General quarterly reports to Congress on oversight of overseas contingency operations in Iraq and Syria for Operation Inherent Resolve, in the Philippines for Operation Pacific Eagle, and in Afghanistan for Operation Freedom's Sentinel, covering the third and fourth quarters of fiscal year 2018. These reports examined key topics such as assistance provided to facilitate the return of displaced persons in Iraq and the humanitarian

¹ Section 8L of the Inspector General Act of 1978, as amended, requires the Inspectors General for the Department of Defense, Department of State, and USAID to coordinate oversight on overseas contingency operations lasting more than 60 days. Section 8L requires these OIGs to work together to develop and execute a joint strategic plan for comprehensive oversight of the contingency operation and to submit to Congress a quarterly report on the operation's progress and a semiannual report on corresponding oversight activities.

impact of ongoing conflict in Syria, keeping our stakeholders informed of the work by the various Inspectors General to provide oversight during these challenging operations. During the reporting period, USAID OIG also contributed to the Lead Inspector General's Coordinated Oversight Plan for Contingency Operations for fiscal year 2019.

OIG continues to directly engage with the organizations implementing USAID's programming to ensure they understand their roles in protecting U.S. Government funds through proper, well-resourced oversight systems and proactive information sharing, particularly in response to the ongoing overseas contingency operations in Afghanistan, Iraq, and Syria.

Collaboration With International Oversight Agencies

Since 2012, OIG has attended global conferences with other international oversight agencies to increase information sharing that addresses crosscutting investigative and audit issues and mitigates fraud in development programs. OIG has entered into Memorandums of Understanding for purposes of coordination and information sharing with international investigative agencies such as the European Union's Anti-Fraud Office (OLAF), and the U.N. World Food Programme's Office of Inspector General.

Additionally, OIG serves as one of the founding members of the International Audit and Integrity Group, whose mission is to facilitate the sharing of information to increase integrity in development programs. Over the past 6 years, OIG has also strengthened relationships with the representatives from the member organizations through workshops, meetings, and joint oversight efforts. The meetings included participants from United Nations (U.N.) agencies and multilateral and bilateral donor organizations.

Working With Bilateral Donors

OIG participates in a group of bilateral donors from 12 countries, including the United States, working to improve transparency and accountability of multilateral organizations and taking on other issues of mutual interest.

Syria Investigations Working Group

OIG founded the Syria Investigations Working Group in October 2015. This working group consists of representatives from the investigative oversight bodies of USAID OIG, Department of State OIG, public international organizations, and bilateral donors who share investigative leads, coordinate oversight activities, and identify trends in the region.

In May 2018, USAID OIG co-hosted the fifth meeting of the Syria Investigations Working Group with the U.N. World Food Programme (WFP) in Rome, Italy. Forty-one members from 18 bilateral donors and public international organizations, such as the U.N. High Commissioner for Refugees, the United Kingdom Department for International Development, the Swedish International Development Cooperation Agency, the European Commission Anti-Fraud Office, and the U.N. Development Programme, attended. The working group continues to serve as a platform to embrace investigative cooperation and collaboration between agencies, promote improved information sharing, and provide in-depth education on topics such as material support to terrorist and armed groups and sexual exploitation and abuse impacting cross-border humanitarian aid programs in Syria. USAID OIG investigators also presented on their investigations related to corruption affecting these programs.

***International
Contract
Corruption Task
Force***

OIG participates in the International Contract Corruption Task Force, which shares information and conducts joint investigations into fraud schemes that affect programs at multiple member agencies. The task force includes the following government offices:

- USAID OIG
- Department of State OIG
- Special Inspector General for Afghanistan Reconstruction
- Federal Bureau of Investigation
- U.S. Army Criminal Investigation Division's Major Procurement Fraud Unit
- Air Force Office of Special Investigations
- Naval Criminal Investigative Service

***Coordinated Audit
Plan for HIV/AIDS,
Tuberculosis, and
Malaria***

OIG collaborates with its counterparts at the Department of State and the Department of Health and Human Services to coordinate its oversight efforts of foreign assistance to combat HIV/AIDS, tuberculosis, and malaria. The three OIGs meet regularly to discuss planned and ongoing work to make the best use of U.S. Government resources.

**Office of Government
Ethics Curriculum
Development Team**

OIG participates in the Office of Government Ethics curriculum development team, which involves multiple U.S. Government agencies developing ethics guidance and training for law enforcement officers.

**Council of the
Inspectors General
on Integrity and
Efficiency**

OIG participates in the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and contributes to several committees and working groups. The USAID Inspector General currently serves as Vice Chair of CIGIE's Audit Committee and co-chaired the annual Inspectors General conference in May, along with the Peace Corps Inspector General.

OIG also provides audits and semiannual reports to Oversight.gov, the council's online repository of reports across all OIGs. USAID OIG staff received four of CIGIE's fiscal year 2018 annual awards, including awards for work on investigations into cross-border assistance in Syria and an audit of USAID's public health preparedness efforts.

This year CIGIE marked the 40th anniversary of the Inspector General Act and the creation of the original 12 Offices of Inspector General. USAID OIG was created in 1980. Since that time we have been part of a community that has grown to include 73 statutory Inspectors General who collectively oversee the operations of nearly every aspect of the Federal government. Every 6 months OIG provides Congress with a report detailing our independent oversight of USAID, MCC, USADF, IAF, and OPIC during the reporting period. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight of the agencies we oversee and working with the Council of the Inspectors General on Integrity and Efficiency on important issues that cut across the U.S. Government.

OIG ORGANIZATIONAL PERFORMANCE MEASURES

OIG established performance measures in its strategic plan for fiscal years 2015–2019, several of which were updated with the publication of the fiscal year 2016 annual plan. The data below reflect our yearend accomplishments for fiscal year 2018.

Strategic Goal I

Strengthen the ability of the organizations for which OIG provides oversight to manage and deliver foreign assistance efficiently and effectively through audit products and activities.

Measure	2017 Results	2018 Yearend Target	2018 Yearend Results
Percentage of audits covering high-priority programs and operations, addressing management challenges, or identifying systemic weaknesses	100%	92%	100%
Percentage of audit peer review recommendations with which OIG agrees that have been implemented within 1 year	100%	N/A ¹	N/A ¹
Percentage of management decisions ² on which OIG and the agency agree that have final action within 1 year of the decision	87%	72%	100%

¹As of June 30, 2017, USAID OIG has resolved all 28 recommendations received from the 2016 audit peer review, fulfilling the yearend goal.

² A management decision is made when agency management establishes the corrective action to be taken in response to an audit recommendation. A management decision must determine the allowability of questioned costs (if applicable), establish a corrective action plan, and identify a target date for final action.

Strategic Goal 2

Deter and detect fraud, corruption, criminal activity, and misconduct in the programs, operations, and workforce of the organizations for which OIG provides oversight.

Measure	2017 Results	2018 Yearend Target	2018 Yearend Results
Percentage of OIG investigations resulting in a positive outcome (e.g., indictments, recoveries, systemic changes)	58%	50%	57%
Number of individuals reached through outreach events	9,235	7,000	8,618
Dollar value of investigative savings and recoveries	Exceeded total cost of investigative operations	Exceeds total cost of investigative operations	Exceeded total cost of investigative operations
Number of briefings and meetings with senior U.S. Government or foreign government officials that provide law enforcement liaison and support to anticorruption efforts	41	30	45

Strategic Goal 3

Provide useful, timely, and relevant information to enable stakeholders to make informed decisions about foreign assistance programs and operations.

Measure	2017 Results	2018 Yearend Target	2018 Yearend Results
Number of congressional engagements (e.g., testimony, briefings, and other formal contacts)	54	70	57
Number of page views on the OIG website	150,833	225,000	161,144

Strategic Goal 4

Continually improve the efficiency, effectiveness, and quality of OIG operations.

Measure	2017 Results	2018 Yearend Target	2018 Yearend Results
Percentage of employees indicating satisfaction with OIG customer service, operations, and initiatives	74%	68%	78%
Percentage of major management milestones met relating to strategic planning, continuity of operations, policy development, human capital management, information technology management, financial resource management, operations planning, and external reporting requirements	85%	85%	86%
Percentage of OIG operating units executing within 5 percent of budget plans	25%	55%	53%

Strategic Goal 5

Recruit, develop, and retain a highly qualified, motivated, and diverse workforce with the necessary tools and training to fulfill OIG's mission.

Measure	2017 Results	2018 Yearend Target	2018 Yearend Results
Percentage of incoming employees hired within established timeframes ¹	19%	65%	85%
Percentage of employees retained who are performing at or above fully successful or proficient levels	98%	95%	98.9%
Percentage of employees engaged in their work ²	72%	68%	73%

¹The established time frame for Civil Service vacancies is 80 calendar days and 140 days for Foreign Service positions. The time frame starts when the Request for Personnel Action (SF-52) is completed and ends the day the employee accepts the job offer.

²Employee engagement is measured using the relevant questions from the Office of Personnel Management's Federal Employee Viewpoint Survey.

PROGRESS IN MEETING STRATEGIC GOALS AND OBJECTIVES

The Office of Inspector General's five strategic goals convey our commitment to providing quality oversight to the agencies we oversee and to communicating OIG effectiveness at safeguarding taxpayer resources. These goals also emphasize our obligation to continually find ways to improve our own operations and ensure that our workforce is highly motivated and well-trained to carry out its responsibilities.

As of the second half of the fiscal year, we issued 174 performance and financial audits with 237 recommendations and identified \$40,904,993 in questioned costs. Our investigative work led to \$38,667,385 million in investigative recoveries, savings, and avoided costs. For fiscal year 2018 in total, OIG issued 462 audit reports with 682 recommendations and identified \$148,365,771 in questioned costs and \$493,863,544 in investigative recoveries, savings, and avoided costs. We implemented numerous activities to promote the effectiveness and integrity of foreign assistance programs, provide quality information to our stakeholders, and enhance OIG's internal processes and workforce.

2018-2022 Strategic Plan

To ensure more effective and efficient oversight, OIG issued its new Strategic Plan for 2018-2022 during the reporting period. The plan, which is effective as of October 1, 2018, affirms OIG's mission to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight. To achieve our mission, we are focused on five core values: integrity, accountability, excellence, transparency, and respect. The plan also identifies OIG's three strategic goals for this time period:

1. Provide sound reporting and insight for improving foreign assistance programs, operations, and resources.
2. Promote processes that enhance OIG performance and maximize operational efficiency.
3. Foster a committed OIG workforce built on shared core values.

The results of OIG's yearend performance under the previous strategic plan are discussed on the following pages.

Strategic Goal I *Strengthen the ability of the organizations for which OIG provides oversight to manage and deliver foreign assistance efficiently and effectively through audit products and activities.*

OIG exceeded all of its targets for the applicable performance measures it is tracking under this strategic goal: the percentage of audits covering high-priority programs and operations, and the percentage of management decisions that OIG and the agency agree have final action within 1 year of the decision.

For this reporting period, OIG issued 4 performance audit reports, of which 100 percent covered high-priority programs and operations, addressed management challenges, or identified systemic weaknesses. When combined with the 7 reports issued during the prior period, OIG issued 11 reports for the fiscal year, of which 100 percent aligned with the goal.

For the indicator of management decisions on which OIG and the agency agree that have final action within 1 year of the decision, OIG exceeded its target by achieving final action on 100 percent of the recommendations.

OIG also continues to meet its significant obligations related to the oversight of Operation Inherent Resolve (OIR). OIR is an ongoing contingency operation, which integrates the efforts of USAID and the Departments of Defense and State, to counter the Islamic State of Iraq and Syria (ISIS). OIG plans to perform audit engagements to provide oversight of USAID's OIR activities.

OIG worked on several other activities that contribute to Goal I. OIG's audit of USAID's oversight of public international organizations (PIOs) found that USAID's approach to overseeing PIOs has not included comprehensively identifying, assessing, and managing risks related to working with PIOs, such as risks posed by terrorist groups that seek to benefit from USAID assistance. Further, USAID's PIO policy and accompanying processes and guidance do not align with Federal internal control standards. These policy weaknesses exacerbate the challenges of overseeing PIOs working in nonpermissive, long-term crisis environments such as Syria and Iraq where PIO awards can continue for multiple years. In such cases, USAID exposes foreign assistance funds to increased risk of fraud, waste, and abuse because the awards were not designed with the internal control standards appropriate for these contexts.

In addition, OIG's audit of Pakistan's Satpara Development Project found USAID provided funding to the project without adequate planning and monitoring. Specifically, the mission did not reach an agreement with stakeholders on who would operate and maintain the agricultural productivity project—intended to improve the supply of irrigation water and construct on-farm irrigation systems in northeast Pakistan—after USAID/Pakistan's involvement ends, scheduled for December 2018. The project plan assumed Pakistan's Public Works Department (PWD) would manage the irrigation system because the Satpara region does not have a provincial public works department, which typically manages irrigation systems. However, PWD had no prior experience managing irrigation systems and did not plan to take over responsibility. As a result, maintenance has not been done on completed canals, and the irrigation system has already shown signs of deterioration. In addition, the mission did not resolve downstream water access concerns, and water scarcity prompted water rights holders to halt the flow from the Satpara Dam to the irrigation system.

Strategic Goal 2 ***Deter and detect fraud, corruption, criminal activity, and misconduct in the programs, operations, and workforce of the organizations for which OIG provides oversight.***

For fiscal year 2018, OIG met its performance targets related to identifying, investigating, and deterring fraud, waste, and abuse in agency programs and operations. Fifty-seven percent of OIG's investigations during this fiscal year resulted in positive outcomes. OIG conducted fraud awareness briefings worldwide, reaching 8,618 individuals through all outreach events, surpassing its outreach target. OIG held 45 high-level briefings or meetings with senior U.S. Government or foreign government officials. These education and relationship-building efforts help deter fraud, waste, and abuse by increasing awareness of reporting procedures for criminal violations and establishing cooperation with other law enforcement authorities. For fiscal year 2018, the dollar value of OIG's investigative savings and recoveries exceeded the total cost of investigative operations.

State, Foreign Operations, and Related Programs, regarding USAID's top management challenges and USAID OIG's continuing oversight. OIG staff also briefed congressional committees on humanitarian aid programs around the world, including cross-border humanitarian assistance in Syria. OIG joined its colleagues at the Departments of Defense and State OIGs to brief congressional staff on activities under the Lead IG framework for providing oversight of overseas contingency operations. In addition, OIG regularly responded to information requests from the Senate Foreign Relations Committee to inform its consideration of nominations before the Senate.

OIG promotes government transparency and supports the public's right to information on government effectiveness by publishing information on its website and responding to requests from the public, including media and Freedom of Information Act requests. For fiscal year 2018, OIG counted 161,144 page views of its external website. While short of OIG's target for the fiscal year, this traffic represents a 7 percent increase over fiscal year 2017. In September 2018, OIG launched a redesigned external website that offers a simple, modern interface that allows stakeholders to easily search and view reports, news, and information. In addition, OIG uses email and Twitter to notify key external stakeholders of newly issued materials, including audit reports, press releases, and statements. OIG also increases its online presence by posting audit reports and semiannual reports to Oversight.gov, to contribute to the repository of reports across the inspector general community.

Strategic Goal 4 *Continually improve the efficiency, effectiveness, and quality of OIG operations.*

OIG exceeded two of its performance targets under this strategic goal and came close to meeting a third.

The percentage of employees reporting satisfaction with OIG customer service, operations, and initiatives has steadily increased over the last 5 years, reaching 78 percent by the end of fiscal year 2018, exceeding the year's target by 10 percent. This suggests broad employee support for the organization's strategic direction and cross-cutting improvement efforts. OIG achieved 86 percent of the improvement project milestones set out in its fiscal year 2018 tactical work plan. Significant projects completed include:

- Development of a new program to ensure standardized and comprehensive onboarding for all OIG staff.

- Full certification by the Office of Personnel Management of OIG’s Senior Executive Service performance system.
- Consolidation of multiple internal websites into a single intranet site that provides a platform for information sharing across OIG.
- System changes to improve OIG’s ability to track and close audit recommendations.
- Centralization of field office audit projects to allow for worldwide access.
- Consolidation of all customer-driven transactions into a single, streamlined workflow.
- Creation of a Process Improvement Council to manage OIG improvement initiatives and evaluate process improvement suggestions.

During this fiscal year, OIG also updated its Continuity of Operations plans and procedures to comply with Federal directives and took steps toward developing a more robust, compliant records management program.

OIG came close to meeting its goal of 55 percent on unit budget execution: 53 percent of operating units executed within 5 percent of their budget plans, more than double the fiscal year 2017 outcome. During 2018, OIG began using real-time, monthly “status of funds” reports to better track fund usage and introduced a forecasting tool to estimate the financial impact of new initiatives. Both of these tools enhance senior leaders’ ability to make decisions and chart the direction of the organization.

Strategic Goal 5 *Recruit, develop, and retain a highly qualified, motivated, and diverse workforce with the necessary tools and training to fulfill OIG's mission.*

OIG exceeded all of its performance targets for this strategic goal.

OIG hired 85 percent of incoming employees within established timeframes, exceeding the fiscal year 2018 performance target by 20 percentage points and more than quadrupling the fiscal year 2017 outcome. This was largely accomplished due to improvements within the Human Capital Division that instituted a collaborative prerecruitment approach with management teams to attract and hire individuals with the required skills, knowledge,

and experience. The Human Capital Division continues to take steps to strengthen OIG's workforce through its Position Management Evaluation (PME), which clarifies position descriptions, ensures their alignment with organizational requirements, identifies skill and resource gaps, and improves the framework for assessing employee performance. In August 2018, the PME for the Office of Audit was completed. OIG also obtained authority from the Office of Personnel Management to offer Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP) to select categories of OIG employees. These actions, initiated and completed in the latter half of 2018, helped optimize the distribution of OIG staff resources.

OIG continues to take steps to develop and retain a highly qualified, motivated, and diverse workforce. The percentage of employees engaged in their work reached 73 percent, a slight increase over 2017 and a high point over the last 5 years. OIG continued to make significant investments in workforce capacity development in the areas of leadership, supervision, coaching, change management, and technical skills. Notable accomplishments during this period include:

- Establishing a comprehensive, cross-functional leadership development program and graduating the first cohort.
- Building on OPM's supervisory skills framework to establish a supervisory training curriculum and roadmap at all leadership levels.
- Developing and delivering three iterations of the new OIG orientation program to help assimilate new employees into the vision and culture of the organization.
- Developing and delivering five iterations since January 2018 of a 2-day interactive workshop to help all staff understand the phases and personal impacts of organizational change and provide tools and techniques for managing those impacts
- Expanding coaching and mentoring programs to build skills at the management and staff levels
- Supporting the mastery of technical skills by developing the OIG Adjunct Faculty Program to leverage internal subject matter experts in delivering technical training and coordinating with the U.S. Government Accountability Office's (GAO) Center for Audit Excellence to provide additional customized training on core audit competencies.

SUMMARY TABLES

Audits and Other Audit Products: USAID, MCC, USADF, IAF, OPIC

April 1, 2018-September 30, 2018

Type of Report	Number of Reports	Amount of Recommendations (\$)	Audited Amount (\$)
Conducted by OIG			
Economy and Efficiency — USAID	4	0	0
Programs and Operations (IPERA) ¹ — USAID	1	0	0
Other Audit Products (Nonaudits)			
Charge Card Risk Assessment – USAID	1	0	38,329,493
Charge Card Risk Assessments – USADF	1	0	599,000
Charge Card Risk Assessments – IAF	1	0	270,000
Charge Card Risk Assessments – OPIC	1	0	5,264,350
Quality Control Reviews – USAID	8	0	0
Conducted by External Audit Organizations/Independent Public Accountants or Other U.S.-Government Agencies (DCAA, etc.)²			
Programs and Operations (IPERA) — MCC	1	0	0
Agency-Contracted Audits (ACA) — USAID			
U.S.-Based Grantees	2	3,736,104	166,617,593
Foreign-Based Organizations	8	1,491,489	152,327,403
Foreign Government	2	0	75,000,000
Contract Audit Agency/Defense Contract Audit Agency (DCAA) — USAID			
U.S.-Based Contractors	2	0	11,069,860
Incurred Costs — USAID			
U.S.-Based Contractors	21	19,347,723	505,943,305
A-133³ — USAID			
U.S.-Based Grantees	12	20,987	1,254,528,534
Recipient-Contracted Audits (RCA) — USAID			
U.S.-Based Grantees	2	0	425,807
Foreign-Based Organizations	73	4,241,527	280,647,842
Foreign Government	2	1,371,985	12,692,477
Foreign Government (Supreme Audit Institutions ⁴)	13	5,444,518	83,183,409
Millennium Challenge Accounts (MCA) Compacts — IPA — MCC			
Foreign-Based MCA Compacts	15	741,513	208,588,901

Type of Report	Number of Reports	Amount of Recommendations (\$)	Audited Amount (\$)
Other Nonaudit Products (Nonaudits, Attestation Engagements, Examinations)—USAID			
U.S.-Based Contractors	2	0	0
Foreign-Based Organizations	2	4,509,147	0
<i>Total</i>	<i>174</i>	<i>40,904,993</i>	<i>2,795,487,974</i>

¹Compliance with the Improper Payments Elimination and Recovery Act of 2014.

²In some instances, USAID contracts with the Defense Contract Audit Agency and independent public accounting firms to perform audits.

³A-133 – Single Audit, performed by an independent public accountant.

⁴Supreme audit institutions are the principal government audit agencies in the recipient countries and are often the only organizations with a legal mandate to audit the accounts and operations of their government.

SUMMARY TABLES

Audits with Open and Unimplemented Recommendations: USAID, MCC, USADF, IAF, OPIC

Summary of Audit Reports Issued Prior to April 1, 2018 With Open and Unimplemented Recommendations and Potential Cost Savings As of September 30, 2018

Agency	Open and Unimplemented Recommendations			Monetary Recommendations With Management Decisions			Monetary Recommendations Without Management Decisions		Adjusted Potential Cost of Savings ¹ (\$)
	Total	With Potential Cost Savings	Potential Cost Savings (\$)	Total	Original Questioned Costs (\$)	Amount Sustained (\$)	Total	Amount (\$)	
USAID	294	106	129,853,745	106	129,853,745	101,873,814	0	0	101,873,814
MCC	17	4	294,767	4	294,767	136,357	0	0	136,357
USADF	0	0	0	0	0	0	0	0	0
IAF	2	0	0	0	0	0	0	0	0
OPIC	1	0	0	0	0	0	0	0	0
Total	314	110	130,148,512	110	130,148,512	102,010,171	0	0	102,010,171

¹The 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.

SUMMARY TABLES

Investigative Activities Including Matters Referred to Prosecutive Authorities

April 1, 2018–September 30, 2018

Workload	
Investigations Opened	62
Investigations Closed	31
Total Number of Reports Issued	5

Civil Actions	
Civil Referrals	1
Civil Declinations	1
Judgements	0
Settlements	1
Total	3

Criminal Actions	
Prosecutive Referrals — Total	11
<i>Prosecutive Referrals — Department of Justice</i>	2
<i>Prosecutive Referrals — State and Local</i>	0
<i>Prosecutive Referrals — Overseas Authorities</i>	9
Prosecutive Declinations	2
Arrests	12
Criminal Indictments	8
Criminal Informations	2
Convictions	5
Sentencings	1
Fines/Assessments	1
Restitutions	1
Total	43

Administrative Actions	
New Rules/Procedures	16
Personnel Suspensions	2
Resignations/Removals	33
Recoveries	7
Suspensions/Debarments	14
Contract Terminations	10
Award Suspension	0
Other	4
Total	86

Monetary Impact (Recoveries, Savings, and Cost Avoidance)	
Judicial Recoveries (Criminal and Civil)	\$2,621,429
Administrative Recoveries	\$632,198
Savings	\$31,091,968
Cost Avoidance ¹	\$4,321,790
Total	\$ 38,667,385

¹ Cost avoidance refers to federal funds that were obligated and subsequently set aside and made available for other uses as a result of an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based upon an OIG referral. The key operating factor in claiming these as cost avoidance is that the funds were not de-obligated.

A detailed description of each investigative metric can be found on page 72.

SUMMARY TABLES

Fraud Awareness Briefings Conducted Worldwide

April 1, 2018-September 30, 2018

Month	Location	Sessions	Participants
April	Jakarta, Indonesia	3	81
	Kabul, Afghanistan	3	82
	Kampala, Uganda	1	48
May	Arlington, Virginia	1	287
	Asuncion, Paraguay	2	41
	Dakar, Senegal	2	64
	Harare, Zimbabwe	3	135
	Islamabad, Pakistan	5	152
	Kabul, Afghanistan	1	4
	Kampala, Uganda	1	62
	Nairobi, Kenya	1	28
	Peshawar, Pakistan	2	64
	Pretoria, South Africa	2	51
	San Salvador, El Salvador	1	74
	Washington, DC	1	29
June	Islamabad, Pakistan	5	42
	Kabul, Afghanistan	1	2
	Kaolack, Senegal	1	36
	Pretoria, South Africa	1	21
	Ramallah, Palestine	1	17
	San Salvador, El Salvador	2	75
	Washington, DC	4	508
July	Cape Town, South Africa	8	164
	Dakar, Senegal	1	28
	Islamabad, Pakistan	6	124
	Juba, South Sudan	9	323
	Kabul, Afghanistan	5	106
	Pretoria, South Africa	2	16
	Washington, DC	4	316

Month	Location	Sessions	Participants
August	Amman, Jordan	5	123
	Arlington, Virginia	1	20
	Blantyre, Malawi	3	114
	Ciudad Juarez, Mexico	1	13
	Islamabad, Pakistan	2	38
	Kabul, Afghanistan	7	70
	Kyiv, Ukraine	5	173
	Lilongwe, Malawi	2	107
	Luanda, Angola	1	11
	Makati City, Philippines	1	25
	Mexico City, Mexico	1	91
	Monterrey, Mexico	1	10
	Pretoria, South Africa	1	17
	Ramallah, Palestine	2	44
	San Salvador, El Salvador	4	121
	Tambacounda, Senegal	1	41
	Washington, DC	5	78
September	Addis Ababa, Ethiopia	3	55
	Amman, Jordan	1	40
	Arlington, Virginia	2	50
	Blantyre, Malawi	1	74
	Casablanca, Morocco	1	4
	Erbil, Iraq	1	28
	Islamabad, Pakistan	1	9
	Kabul, Afghanistan	4	20
	Kampala, Uganda	1	46
	Lilongwe, Malawi	8	162
	Peshawar, Pakistan	1	40
	Pretoria, South Africa	1	42
	Rabat, Morocco	3	96
	San Salvador, El Salvador	1	12
	Tunis, Tunisia	11	179
Washington, DC	1	16	
<i>Total</i>		<i>163</i>	<i>4949</i>

SUMMARY TABLES

Proactive Outreach Program Site Visits Conducted Worldwide

April 1, 2018-September 30, 2018

Proactive Outreach Program

Under the Proactive Outreach Program launched in April 2017, OIG special agents and analysts engage and partner with implementer employees to develop specific project profiles, identifying weaknesses and vulnerabilities in each organization. The program benefits investigators because they can gain a broader understanding of key USAID programs, establish valuable points of contact associated with these programs, and provide instant feedback through an immediate discussion of risk areas.

Outreach program site visits demonstrate wide-reaching impact that goes beyond what is specifically observed, and are therefore of great value to the organization. OIG produces advisory memos, as appropriate, that outline programmatic recommendations for detecting and monitoring for fraud within OIG's strategic priorities and in coordination with the lessons learned from the outreach program. These advisories are shared with relevant congressional committees and posted on the OIG website.

For the purposes of tracking the program, OIG reports on the program outreach activities conducted per period. However, this measure does not capture the breadth of the discussion and the full impact of potential followup actions that an implementer might take to protect the organization against fraud.

Country	No. of POP Site Visits	Total Participants
Addis Ababa, Ethiopia	1	6
Baranquilla, Colombia	1	4
Caratagena, Colombia	3	14
Erbil, Iraq	1	45
Juba, South Sudan	1	4
Rabat, Morocco	2	15
<i>Total</i>	<i>9</i>	<i>88</i>

SIGNIFICANT FINDINGS AND ACTIVITIES: U.S. Agency for International Development



USAID partners screen and treat children for malnutrition and provide additional food to women and children in the Kutupalong refugee camp in Cox's Bazar, Bangladesh. *Photo by: Maggie Moore, USAID*

ACCOUNTABILITY

Contractor and Grantee Accountability—Audits

Overall Audit Activity USAID is required by the Federal Acquisition Regulation, the Single Audit Act, and Office of Management and Budget (OMB) guidance to obtain appropriate and timely audits of its contractors, grantees, and enterprise funds. In addition, USAID has internal policies and procedures governing these audits. OIG provides oversight of these audit activities, ensuring they are conducted in accordance with appropriate quality standards.

Audits of U.S.-Based Contractors U.S.-based, for-profit entities carry out many USAID-funded activities. Traditionally, the Defense Contract Audit Agency (DCAA) has conducted audits, reviews, and surveys of these entities. However, in fiscal year 2013, USAID began to use independent public accounting firms to conduct audits, reviews, and surveys of awards made to these entities. Since that time, these firms have conducted most of the incurred-cost audits and accounting system reviews of U.S.-based, for-profit entities.

During this reporting period, OIG reviewed and transmitted two DCAA reports pertaining to U.S.-based contractors covering approximately \$11 million in costs with no questioned costs. OIG also reviewed 21 incurred-cost audit reports, which covered nearly \$506 million in costs and questioned over \$19 million. It also reviewed two examination reports with no questioned costs. Altogether, these audits covered approximately \$517 million in USAID funds spent by U.S.-based contractors and over \$19 million in questioned costs.

Audits of U.S.-Based Grantees and Enterprise Funds U.S.-based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by OMB guidance, non-Federal auditors perform annual financial audits of USAID grantees that spend more than \$750,000 in Federal funds annually. The auditors are required to identify the following:

- Significant deficiencies involving major programs.
- Material noncompliance with laws and regulations.

- Known fraud affecting Federal awards.
- The status of prior audit findings.

In some instances, USAID contracts with DCAA to perform special financial audits and with independent public accounting firms to perform Agency-contracted financial audits of U.S.-based grantees. OIG provides oversight for the non-Federal auditors performing these audits to determine whether they have prepared audit reports in accordance with OMB reporting requirements and generally accepted government auditing standards.

During the reporting period, OIG reviewed 12 Single Audit Act reports³ covering approximately \$1.3 billion and identified nearly \$21,000 in questioned costs. In addition, OIG reviewed and issued two Agency-contracted audits related to U.S.-based grantees, covering approximately \$167 million in funds and questioning approximately \$3.7 million, as well as two recipient-contracted audits, covering about \$426,000 in costs with no questioned costs. Altogether, these audits and reviews covered more than \$1.4 billion in USAID funds spent by U.S.-based grantees and nearly \$3.8 million in questioned costs.

During this reporting period, OIG conducted no enterprise fund reviews of U.S.-based grantees.

Audits of Foreign-Based Organizations, Foreign Governments, and Local Currency Trust Funds

OMB’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (the super circular that combines eight previously separate sets of OMB guidance) does not apply to foreign-based contractors and grantees. Given the high-risk environment in which USAID operates, however, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions in grants, cooperative agreements, and contracts. Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms.

USAID’s financial audit requirements concerning its contracts, grants, and cooperative agreements with foreign entities are normally satisfied under its recipient-contracted audit program. However, USAID may initiate and

³ A single audit under 2 CFR Part 200 is a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of Federal assistance (Federal funds, grants, or awards) received for its operations. Usually performed annually, the single audit’s objective is to provide assurance to the Federal Government about the management and use of such funds by nonprofit organizations. The audit is typically performed by an independent certified public accountant and encompasses both financial and compliance components.

procure an audit directly to provide additional audit coverage or address specific concerns.

OIG reviews audit reports to determine if they are reliable and if deviations from government auditing standards are reported as scope limitations. OIG sends the audit report to the appropriate USAID managing unit for any corrections and notification to the audit firm.

This reporting period, OIG reviewed 8 Agency-contracted audit reports, covering over \$152 million and questioning nearly \$1.5 million; 73 recipient-contracted audit reports, covering over \$281 million and questioning about \$4.2 million; and two examination reports with \$4.5 million in questioned costs. Altogether, these 83 audits of foreign-based organizations, covering nearly \$433 million in expenditures, resulted in over \$10 million in questioned costs. During this reporting period, OIG conducted 8 quality control reviews of firms conducting audits of foreign-based organizations.

OIG reviewed 17 audits of funds granted to foreign governments, covering nearly \$171 million in expenditures and questioning about \$7 million. Of these 17 audits, two were Agency-contracted audits, covering \$75 million with no questioned costs; and 15 were recipient-contracted audits, covering approximately \$96 million and questioning about \$7 million. Of the 15 recipient-contracted audits, 13 were conducted by supreme audit institutions, covering approximately \$83 million and questioning over \$5.4 million.

Employee Misconduct

USAID/DRC Transition Officer Has Security Clearance Revoked for Procurement of Commercial Sex

Investigation

OIG received a referral from the Department of State in July 2017 about allegations that a USAID/Democratic Republic of the Congo transition officer in Eastern Congo procured commercial sex while on local assignment. In September 2017, a Department of State Diplomatic Security Service investigation report was issued and submitted to OIG, which substantiated similar past allegations that occurred at previous posts. OIG referred the matter to USAID's Office of Security and was notified that the employee's top secret security clearance was revoked as of May 2018.

USAID Personal Services Contractor Counseled for Timesheet Inaccuracies

Investigation

OIG investigated an allegation involving a USAID personal services contractor in Uzbekistan who reportedly failed to work a full 40-hour workweek as required by her contract. The investigation revealed the employee normally did not enter her own time in USAID's web-based time and attendance database and was allowed to work a flexible schedule in the absence of a formal agreement. As a result, in April 2018, USAID/Central Asia Region counseled the employee on the proper procedures for recording time and attendance and amended her contract to a 30-hour workweek.

USAID/Afghanistan Foreign Service National Terminated for Misconduct

Investigation

In July 2018, an OIG investigation in Kabul, Afghanistan, resulted in the termination of a USAID Foreign Service National (FSN) due to findings of material misconduct. The investigation revealed that during an official site visit, the FSN recommended an Indian subcontractor hire his cousin. During interviews with OIG investigators, the FSN also revealed he was aware of numerous allegations of fraud, bribery, and conflicts of interest in the program, which he did not report to USAID or OIG. These findings are part of a larger ongoing investigation into alleged false claims.

Expanding Accountability

Expanding Supreme Audit Institutions' Capabilities

Corruption and lack of accountability are major impediments to international development. They threaten to negate years of economic growth, especially in areas of the world subject to political instability and violence. OIG audits and investigations are critical to safeguarding USAID funds.

We continue to work closely with selected supreme audit institutions in countries where USAID is present. Supreme audit institutions are the principal government audit agencies in the recipient countries and are often the only organizations that have a legal mandate to audit their respective government's accounts and operations. These institutions may be called on to audit funds provided to host governments by USAID or other donors. Before conducting audits for USAID, these institutions must demonstrate sufficient professional capacity and independence. OIG often provides training in processes for conducting financial audits of USAID funds in accordance with U.S. Government auditing standards.

During this reporting period, supreme audit institutions issued 13 audit reports covering \$83,183,409 in USAID funds. They reported \$5,444,518 in questioned costs, 13 internal control weaknesses, and 75 material instances of noncompliance.

Cost Principles Training

USAID's contracts and grants incorporate cost principles that define the types of costs that can be charged legitimately to USAID programs.

OIG conducts overseas training to increase awareness of and compliance with these cost principles and to promote compliance with the auditing standards. This training provides a general overview of U.S. Government cost principles and examples that demonstrate concepts such as reasonableness, allocability, allowability, and various specific cost principles—for example, principles relating to travel expenses or entertainment costs.

During this reporting period, OIG provided training on cost principles and related subjects in the Philippines, Pakistan, and Thailand to 216 people, including USAID employees and implementing partners.

Fraud Awareness Briefings

During the reporting period, OIG emphasized fraud prevention by providing 163 fraud awareness briefings to 4,949 people.

Investigations resulting in criminal or civil prosecution are publicized on USAID's website and in other settings, calling attention to prosecutorial actions taken against individuals or organizations whose illegal activities have targeted foreign assistance activities and programs. In addition, OIG developed publications and educational materials, such as OIG hotline posters, fliers, and cards, which have been distributed worldwide. To

expand OIG's outreach efforts, these materials are produced in six languages (English, French, Spanish, Pashtu, Dari, and Arabic).

Integrity Working Group

In May 2012, OIG established the Integrity Working Group to facilitate action and cooperation by, and to enhance responsiveness between, USAID offices on employee integrity issues. Consisting of five member offices (OIG, Office of Human Capital and Talent Management, Office of the General Counsel, Office of Security, and Office of the Chief Information Security Officer), the working group is an interoffice communication and collaboration mechanism intended to enhance accountability and continuity regarding member offices' obligations for employee integrity case referrals.

The working group has monthly meetings during which the Deputy Assistant Inspector General for Investigations and OIG legal counsel receive updates from the member offices on referred investigations, provides input on emerging issues impacting programmatic and employee integrity matters, and collaborates on crosscutting issues that improve the effectiveness of USAID's mission. Additionally, the working group reviews outstanding employee integrity cases and discusses plans for resolution.

OIG Oversight Roundtable

In July 2018, OIG's Office of Investigations hosted a full-day OIG Oversight Roundtable with over 130 key representatives from 54 USAID humanitarian implementers. The USAID Administrator and the Inspector General provided opening remarks at the event, which aimed to promote vigilance and rigor in prevention and response to fraud and corruption. The roundtable provided attendees with an overview of how USAID OIG provides oversight over USAID humanitarian programs, legal reporting obligations of implementers, and how OIG collaborates with other donors and PIOs to prevent fraud. More than thirty senior leaders from USAID's management, compliance, and procurement offices also attended to learn best practices and share methodologies for preventing and reporting serious issues impacting humanitarian aid, such as diversions and material support to terrorism and armed groups, and sexual exploitation and abuse.

PROMOTING EFFECTIVE PROGRAM IMPLEMENTATION

During the reporting period, OIG audit and investigative work covered programs focused on responding to crises and conflict in nonpermissive and contingency environments; improving global health; building local capacity and promoting sustainability; developing critical local infrastructure; and managing risks and securing funds, information, and personnel.

HIGHLIGHTS OF SIGNIFICANT FINDINGS AND ACTIVITIES

USAID OIG Focuses Fraud Awareness Outreach Efforts in Northeast Syria Programs

In response to USAID's plans to increase stabilization programming in northeast Syria, OIG is focusing its fraud awareness outreach to target programs and implementers in the region. In September 2018, OIG leadership and senior investigators traveled to Amman, Jordan, to meet with the USAID stabilization team for Syria and an NGO implementing a cross-border stabilization program.

USAID's Assistance to Public International Organizations (PIO)

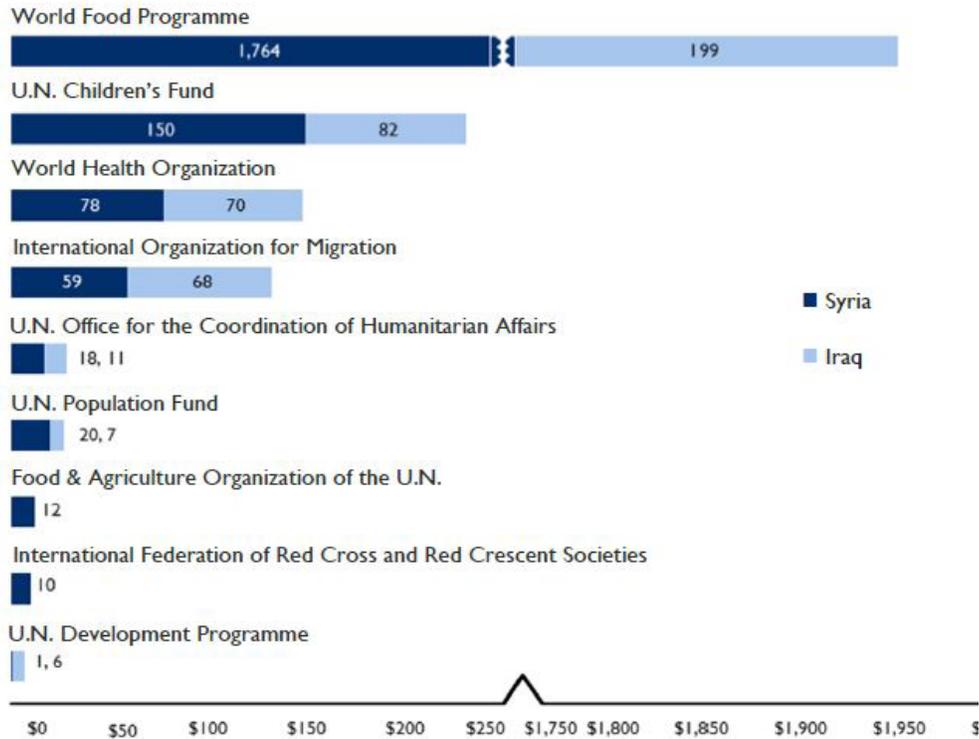
We reviewed USAID's efforts to identify, assess, and manage risks before awarding funds to PIOs and assessed USAID's policies, processes, and guidance for managing PIO awards.

WORKING IN NONPERMISSIVE AND CONTINGENCY ENVIRONMENTS

USAID responds to crises and conflict by providing humanitarian aid to meet the emerging needs of populations affected by violence, political or civil instability, and natural disasters. Over the longer term, USAID plays a role in mitigating the impact of disasters through reconstruction and economic assistance programs, and regional assistance to affected countries. The Agency also strives to promote peaceful political transitions by strengthening civil society and respect for human rights, facilitating reconciliation, supporting effective democratic governance, and fostering the resumption of basic economic activity.

Overseas Contingency Operations Oversight

During this reporting period, OIG received 72 complaints associated with activities in Iraq, Syria, and the surrounding areas, for a total of 312 since January 2015. OIG used the data from these cases to inform fraud prevention training efforts. OIG performed extensive outreach to implementing partners engaged in the cross-border program, conducted site visits, and provided nine fraud awareness briefings to 347 participants during this reporting period, including to implementers, USAID employees, and PIOs in Amman, Jordan; Washington, DC; and Erbil, Iraq.



OFDA and FFP Funding to Nine PIOs in Iraq and Syria From January 2012 to March 2018, in Millions

Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk

Report No. 8-000-18-003-P

The Syrian civil war and the rise of ISIS left 23.5 million people in the surrounding areas in need of humanitarian assistance at the end of 2016. Providing this assistance presented substantial access, security, program implementation, and oversight challenges, and USAID provided a reported \$2.6 billion between January 2012 and March 2018 to large multilateral PIOs to help implement programs, coordinate the international response to the crisis, and collect data on the needs of people on the ground. In 2016, USAID’s Inspector General testified that implementers and vendors in the region were subject to major fraud schemes. As of January 2018, OIG investigations in the region have resulted in the suspension or debarment of several dozen individuals and organizations, 20 personnel actions, and the suspension of \$239 million in program funds under investigation. USAID’s use of PIOs extends beyond the Iraq and Syria region, with the Agency relying on PIOs to advance its humanitarian assistance and development goals throughout the world.

Continued on Page 34

Investigative Findings Trigger Widespread Systemic Changes in USAID's Syria Humanitarian Assistance

USAID OIG's Investigative Findings on Armed Group Diversions in Northwest Syria Briefed to Senior USAID, State Department, and National Security Council Staff

Since late 2017, OIG investigations have uncovered numerous instances of suspected or confirmed diversions to armed groups in Idlib Governorate in northwestern Syria, including Ha'yat Tahrir Al-Sham (HTS), a designated Foreign Terrorist Organization.

For example, one OIG investigation found that an NGO's employees knowingly diverted thousands of USAID-funded food kits worth millions of dollars to ineligible beneficiaries (including HTS fighters) and submitted falsified beneficiary lists. The investigation resulted in USAID suspending the program and the NGO terminating dozens of employees. OIG also investigated diversions of assistance to HTS in another NGO's program, which OIG suspects was perpetrated by NGO staff affiliated with the terrorist group. Although the investigation is ongoing, the implementer voluntarily suspended portions of its program, adapted its program to the changing risk environment, and terminated or asked for the resignations of a number of employees.

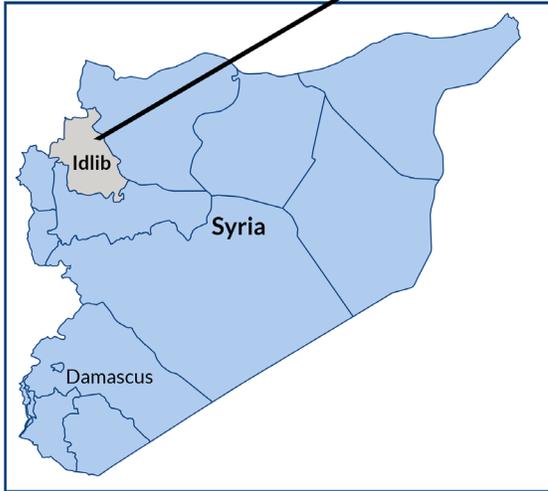
In response to these findings, USAID has suspended certain programmatic activities, added additional language in all new awards requiring prior written approval from USAID before programming in HTS-controlled areas, and is undertaking a systematic review of ongoing programs in the region.

In August 2018, OIG referred its findings on the risks of humanitarian assistance being diverted to armed groups in northwestern Syria to USAID and briefed senior USAID officials. These risks included:

- Systemic coercion by HTS of NGO employees to assist in diversions;
- Imposition of taxes, duties, and fees on USAID implementers and beneficiaries;
- HTS control of local councils and internally displaced persons camp management that assist USAID implementers in identifying eligible beneficiaries;
- Implementers not always adequately mitigating the threat to USAID programming from these armed groups.

In response to the referral, USAID immediately suspended the activities of one cross-border implementer in HTS-controlled areas of northwestern Syria, affecting approximately \$4 million in program funds. USAID additionally revisited its previous analysis of HTS interference in partner programming as well as partner risk mitigation efforts to prevent it. In the process, USAID learned that the National Salvation Government (NSG), a civil authority affiliated with HTS, was charging fees for trucks accessing the Bab Al-Hawa border crossing for the delivery of humanitarian supplies. USAID informed its UN and NGO partners to stop using the Bab Al-Hawa border crossing immediately, and

Since late 2017, OIG investigations have uncovered numerous instances of suspected or confirmed diversions to armed groups in Idlib Governorate in northwestern Syria, including Ha'yat Tahrir Al-Sham, a designated Foreign Terrorist Organization.



The investigations have resulted in suspension of program activities, terminations and resignations of individuals, and systemic changes to the delivery of humanitarian assistance.

subsequently the UK Department for International Development similarly required its partners to stop using the crossing. In response to the stoppage of assistance, the NSG publically issued a letter stating that it would no longer charge fees to trucks carrying these goods, after which USAID re-allowed its partners to use the crossing.

In August and September 2018, OIG briefed State Department officials, including the Acting Assistant Secretary of State for the Bureau of Near Eastern Affairs and the Special Presidential Envoy for the Global Coalition to Defeat ISIS, as well as National Security Council staff on the status of OIG's findings. Just after the end of the reporting period, in early October 2018, OIG briefed its findings to the Senate Committee on Foreign Relations, the House Committee on Foreign Affairs, and the subcommittees on State, Foreign Operations, and Related Programs of both the House and Senate Committees on Appropriations.

In a formal response to the referral just after the close of the reporting period, USAID's Bureau for Democracy, Conflict and Humanitarian Assistance outlined the actions that it had taken in response to OIG's findings. USAID inserted language into new awards requiring any assistance under the award in HTS-controlled areas to be approved in advance by USAID, affecting new awards made up until the end of September. As of October 2018, USAID had not approved any activities in HTS-controlled areas under these new awards. USAID also updated its risk analysis based on OIG findings and is engaging more closely with other U.S. agencies to appropriately mitigate risks from programming in northwest Syria.

Continued from Page 31

Unique provisions of Federal law and international arrangements enable PIOs to receive Federal funds with less oversight or fewer restrictions than nongovernmental organizations and contractors. However, USAID's approach to overseeing PIOs has not included comprehensively identifying, assessing, and managing risks related to working with PIOs, such as risks posed by terrorist groups that seek to benefit from USAID assistance. Further, USAID's PIO policy and accompanying processes and guidance do not align with Federal internal control standards. These policy weaknesses exacerbate the challenges of overseeing PIOs working in nonpermissive, long-term crisis environments such as Syria and Iraq where PIO awards can continue for multiple years. In such cases, USAID exposes foreign assistance funds to increased risk of fraud, waste, and abuse because the awards were not designed with the internal control standards appropriate for these contexts.

USAID agreed with OIG's six recommendations for the Agency to establish comprehensive PIO policies that codify and clarify the processes for risk management and strengthen oversight of these awards. In its comments on the report, USAID broadly described the steps it is taking or plans to take over the next several months to strengthen its oversight of PIOs. For example, the Agency reported having revised its Automated Directive System chapter concerning policies for financial arrangements with PIOs.

Detecting and Reporting Sexual Exploitation And Abuse

Unstable and crisis environments leave vulnerable groups particularly at risk for sexual exploitation and abuse (SEA). In February 2018, it came to light that an international NGO covered up claims of SEA violations in Haiti in the wake of the January 2010 earthquake. In March 2018, we sent a memorandum to the USAID Administrator highlighting vulnerabilities in USAID's SEA-related reporting requirements for implementers. We noted that under the Agency's policy for awardees and sub-awardees, the standard for disclosing to the Agency and OIG allegations of SEA committed by their employees was limited to complaints of human trafficking or procurement of commercial sex. Other forms of sexual misconduct were not required to be reported. In addition, the policy afforded implementers the discretion to only report allegations that they deemed credible—a threshold that may delay reporting and keep the Agency and OIG from independently and promptly assessing and responding to allegations of human trafficking and procurement of commercial sex. OIG has notably received delayed notice of SEA allegations in crisis areas—in one case several years after it became known to the implementer.

In February 2018, the USAID Administrator reaffirmed the Agency's zero-tolerance for sexual misconduct, exploitation or abuse of any kind among Agency staff or implementers. This message was reinforced at the Administrator's Forum on Preventing Sexual Misconduct, which included the Inspector General and representatives from key implementers and U.N. agencies. In March 2018, the Administrator established the Action Alliance for Preventing Sexual Misconduct, joined by a liaison from OIG, in order to address sexual misconduct of all forms within the aid community. During the reporting period, the Action Alliance worked with OIG attorneys in establishing updated standard award provisions and additional guidance which clarified that all forms of sexual misconduct that affect beneficiaries should be reported to USAID and OIG, not just those involving trafficking or commercial sex.

Identifying Vulnerabilities in Reporting of Implementers' Prior Material Support for Terrorist Organizations

While USAID takes steps to ensure the integrity of its implementers—by requiring applicants of assistance awards to disclose any prior material support provided to terrorist entities and verifying that contractors are not blocked from receiving USAID funds—we have identified vulnerabilities with its process. For example, OIG investigations have revealed multiple instances where USAID implementers falsely certified that they had not previously provided material support to blocked entities. Such false certifications deprive USAID from reviewing accurate information which could materially influence its decision to fund an implementer. However, USAID's requirement to disclose past material support to terrorist organizations concerns only implementers applying for assistance awards, not contracts. OIG made USAID aware of the vulnerability—which particularly affects high-risk programs in nonpermissive environments like Afghanistan, Iraq, and Syria where terrorist groups operate—and the Agency is engaging with OIG on corrective action.

Two Individuals, Four Companies Debarred for Procurement Fraud Scheme in Syria Cross-Border Program

Investigation

An OIG investigation substantiated allegations of fraud with an Office of U.S. Foreign Disaster Assistance (OFDA) Syria cross-border program. OIG found that the program implementer's logistics staff member and pharmaceutical manager manipulated pharmaceutical tenders by sharing sensitive information with vendors that offered bribes, kickbacks, or gratuities. The owner of the vendors and the implementer's pharmaceutical manager set up two shell companies in an attempt to perpetrate a bid-rigging scheme. As a result of the investigation, USAID debarred the pharmaceutical manager, the

owner of the vendors, and four companies affiliated with the two men in September 2018.

Ongoing Investigation of Kickbacks and Bidrigging Results in Debarments of Individuals and Restitution Payments from NGO in Turkey Investigation

An ongoing OIG investigation into bid rigging, collusion, bribery, and kickbacks between Turkish vendors and procurement staff from four NGOs in southeast Turkey has led to 3-year debarments of three individuals who were central to the scheme, issued in June 2018. Additionally, one of the NGOs involved in the scheme reimbursed USAID for \$610,782 in May 2018.

Afghan National Employee of USAID-Funded Project Convicted and Sentenced to 1-Year Imprisonment Investigation

OIG's joint investigation with the Afghan Attorney General's Office resulted in conviction of the former procurement and logistics manager for a USAID-funded project in Afghanistan. The employee was accused of fraud, kickbacks, and steering contracts to his own company licensed under his brother-in-law's name. In February 2018, the employee was convicted and sentenced to 1 year imprisonment for fraud under article 469 of the Afghan Penal Code. The investigation was not included in the past reporting period because USAID OIG did not obtain the sentencing documents until July 2018.

KEY ONGOING AUDIT WORK

USAID's Oversight of Selected Implementers Delivering Humanitarian Assistance in Response to the Syria Crisis. This audit is evaluating USAID's oversight of selected implementers delivering humanitarian assistance. We will assess whether USAID has taken action to address problems previously identified by OIG investigations.

IMPROVING GLOBAL HEALTH

In addition to playing a critical, long-running role in implementing programs for HIV/AIDS, tuberculosis, and malaria, USAID responds to public health emergencies of international concern and works to increase healthcare access and quality. USAID also focuses on building sustainable and resilient health systems, improving maternal and child health, and addressing nutrition in vulnerable populations.

OIG Initiative in Malawi Results in Four Convictions for Diverting USAID and Global Fund-Donated Health Commodities Investigation

In May 2018, investigators from OIG and the Malawian Drug Theft Investigative Unit followed up on leads provided to OIG’s toll-free, cash-for-tips “Make a Difference” hotline in Malawi. The investigation looked at various health facilities and markets purportedly selling stolen U.S. Government-funded antimalarial commodities. The verification efforts resulted in the arrests and convictions of three Malawians, including a Malawian Government health worker. In August 2018, a separate verification effort resulted in the arrest of one subject suspected of selling diverted medicine in the marketplace and two health center staff, including the head of the health center, leading to one more conviction. Both investigations are ongoing.

Audit on Public Health Emergency Preparedness Leads to Enhanced Policies and Procedures at USAID

Report No.
[9-000-18-001-P](#)

OIG’s audit of USAID’s response to the Ebola outbreak in Africa, reported during the last reporting period, resulted in the Agency taking concrete steps to improve its ability to launch a fast, effective response to future public health emergencies of international concern—which scientists agree is not a matter of if, but when, they will occur. By following through on the audit’s recommendations, USAID enhanced its policies, procedures, and guidelines for launching a systematic, streamlined response—ultimately resulting in the U.S. Government’s improved ability to prevent and mitigate the devastating effects of future global health crises.

USAID’s Zika Response Efforts in the Western Hemisphere ***[Memo](#)***

In accordance with Public Law 114-223, OIG assessed USAID’s Zika response efforts. Specifically, we looked at the initial steps USAID took in the Western Hemisphere and the challenges the Agency faces in using the \$356.5 million approved for activities to counter the public health emergency of international concern. The initial steps were strategic: USAID launched activities to strengthen affected countries’ response systems and minimize negative pregnancy outcomes with \$211 million in unobligated Ebola funds, later supplemented by continuing resolution funds. The challenges USAID faces are providing sustained oversight of Zika activities in several



Source: U.S. Centers for Disease Control and Prevention.

Latin American and Caribbean Countries and Territories with Zika Cases, May 2016

Latin American and Caribbean countries; assessing the impact of grants to spur innovations in areas such as detection, prevention, and surveillance; and working on a 3-year timeline intended for an emergency response, not the long-term intervention called for when the World Health Organization in November 2016 reclassified Zika as an enduring public health challenge.

**Former Director
of South African
HIV/AIDS Nonprofit
Organization
Terminated and
Arrested
Investigation**

In 2012, OIG investigated a South African nonprofit organization for alleged submission of duplicate and fraudulent invoices by its director. OIG obtained a confession from the director in which he admitted to creating fake companies and inflating invoices to submit to USAID for his personal benefit. The investigation was finalized and referred to the South African police for further investigation. The director’s wife was implicated for receiving a salary as a ghost employee. On August 1, 2018, OIG was informed that the former director was currently employed as a program manager with fiduciary responsibility on another USAID-funded program. OIG informed the implementer that there is an ongoing criminal case pending against the former director. In August 2018, the program manager was terminated and he and his wife were arrested on 72 counts of fraud and forgery relating to the investigation, with an estimated loss of approximately \$200,000.

Seven Key NGO Personnel and Subawardee Executive Director Arrested for Involvement in Extortion Ring in Uganda Investigation

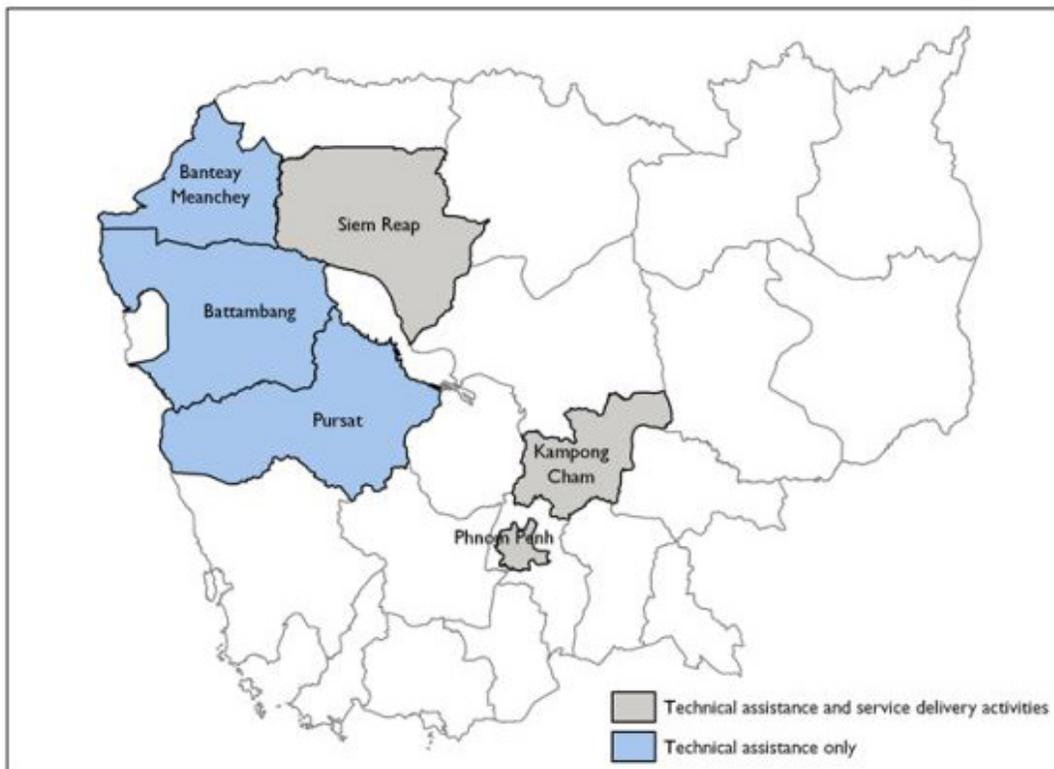
In late 2015, OIG began an investigation into bribery by an NGO grant officer in Uganda working on civil society and advocacy for health projects. The OIG investigation uncovered that while the NGO grant officer and five other key personnel were not involved in a bribe scheme, they were extorting subawardees for money. OIG also confirmed that the NGO's chief of party and the executive director of a subawardee were implicated. As a result of the investigation, during this reporting period seven people were arrested for committing extortion or causing financial loss or abuse of office. Additionally, six of the NGO's key personnel who were arrested resigned shortly thereafter.

Incomplete Evaluations and Cut in Funding From Another Donor Could Impede USAID/Cambodia's HIV/AIDS Efforts
Report No.
[5-442-18-002-P](#)

Cambodia has been at the forefront of the fight against HIV/AIDS and is often cited as one of the few countries to reverse its generalized HIV epidemic. U.S. Government funding has contributed substantially to the country's success. However, the Cambodian Government faces multiple development priorities and decreasing international donor funding, resulting in a need to enhance impact while reducing the cost of the HIV response, focusing on HIV high-risk groups. To support efforts to prevent new infections through case detection and ensuring that patients start and continue treatment, and to reduce Cambodia's dependence on donors, in November 2012 USAID/Cambodia awarded the HIV/AIDS Flagship Project to a Cambodian NGO. We conducted an audit of the 5-year, \$30 million cooperative agreement to determine whether it was achieving its planned results and whether the results were sustainable.

While the Flagship project developed and piloted innovations for HIV/AIDS treatment and prevention, it did not fully achieve its planned results. USAID did not ensure that cost-effectiveness was considered when innovations were evaluated. Further, the evaluations were not always used for decision making, with some innovations being scaled up despite evidence of minimal impact or with no evaluations at all. In addition, USAID did not ensure that the project had adequate performance indicators to quantify progress in implementing innovations or to measure the impact of the project's capacity-building efforts.

Further, an abrupt drop in funding from the Global Fund to Fight AIDS, Tuberculosis and Malaria may affect the sustainability of innovations developed during the project. While the project was designed to strengthen local NGOs to minimize the need for future external funding, continued support from other donors after the project was a key assumption for



Source: USAID/Cambodia.

USAID/Cambodia HIV/AIDS Flagship Project Target Areas

project success. However, an early and unanticipated decrease in funding required the project to revise its plans. The project’s alternate plan lacked clarity, including how it would be financed.

We made, and USAID/Cambodia agreed with, one recommendation to inform any future USAID efforts in Cambodia to combat HIV/AIDS.

Former Financial Manager for USAID-Funded Health Program Pleads Guilty to \$140,000 Grant Fund Embezzlement

Investigation

In April 2018, a former finance manager of a USAID-funded health program pleaded guilty to theft concerning programs receiving Federal funds. OIG received allegations that the former finance manager embezzled \$140,000 of USAID program funds which were intended to provide wheelchairs and physical therapy to people with disabilities in Latin America. The investigation confirmed that from November 2013 through at least August 2016, the former finance manager forged checks into his own name and cashed those checks for personal use. In August 2018, the former finance manager was sentenced to 6 months imprisonment, 6 months home detention, and full restitution totaling \$140,329.

**Prime Implementer
in USAID/Uganda
Health Project
Terminated After
It Failed to Report
Fraud in Its Project**

Investigation

In September 2017, OIG learned that a prime implementer for a USAID/Uganda project had identified fraudulent activity in its project and did not report it. The implementer was carrying out a social marketing health project which promoted products and services for reproductive health, HIV, malaria, and maternal and child health through a number of sub-awardees. OIG subsequently met with senior project officials and reminded them of their requirement to report allegations of fraud to OIG and USAID. In May 2018, OIG learned the prime implementer terminated several employees with fiduciary responsibility for theft, fraud, forgery, corruption, and other irregular practices. Based on this information, OIG investigated the prime implementer's failure to comply with the terms of its cooperative agreement requiring all applicants and recipients of a Federal award to disclose any potential criminal violations involving fraud, bribes, or gratuities in writing to OIG. The OIG investigation found that prime implementer staff members participated in bribes to conceal nonexistent or ghost activities reported by field staff as completed. As a result of an OIG referral, USAID/Uganda terminated the prime implementer's award and cancelled five agreements to date, which saved USAID \$23.7 million. This investigation is open and ongoing.

**NGO Country
Coordinator in
Kenya Debarred
for Procurement
Integrity Act
Violation**

Investigation

OIG conducted an investigation into a procurement integrity act violation involving a country coordinator in Kenya working for an NGO supporting HIV/AIDS country projects. OIG investigated allegations that the country coordinator wrote a grant proposal for a subawardee while employed by the awarding NGO. OIG confirmed that the country coordinator was involved in the generation of the grant proposal, which created an unfair advantage for the subawardee. Due to the findings of the investigation, in May 2018 the employee was debarred for 3 years.

KEY ONGOING AUDIT WORK

Health Systems Strengthening. This audit will assess the design of HSS efforts at various USAID missions. Specifically, we will assess whether the USAID missions designed HSS programs to address USAID's "Vision for Health Systems Strengthening" and whether the Office of Health Systems provided USAID missions with HSS programs with the necessary direction and technical assistance to be successful.

BUILDING LOCAL CAPACITY AND PROMOTING SUSTAINABILITY

Building capacity is at the heart of sustainable development. It allows institutions and individuals in developing countries to pursue and fund their own objectives. USAID embraces capacity building through training, staffing assistance, education, and strengthening governance. USAID's efforts are designed to promote democratic and resilient societies, support free and fair elections, bolster civil society, and protect human rights. USAID aims to help countries develop good governance and inclusive growth.

USAID/Zimbabwe Implementers Terminated for Funding Political Parties Investigation

Three Zimbabwean NGOs were issued termination notices in June 2018 as a result of noncompliance identified by a USAID financial review and subsequent findings from an OIG investigation. The investigation found that the NGOs had directly and indirectly diverted USAID funds to a local political party. An additional affiliated Zimbabwean NGO was found using an offshore bank account to pay project staff, which is a violation of Zimbabwean law, and it was required to implement a systematic change by immediately stopping that method of payment. A fifth Zimbabwean NGO's activities have been suspended until USAID receives reimbursement for losses incurred due to mismanagement of currency exchange and misuse of a project vehicle. It also must no longer use offshore bank accounts with immediate effect. During this reporting period, the investigation resulted in a savings of approximately \$6.3 million from contract terminations, \$15,300 from bills of collection, and \$12,600 in stopped payments for questioned costs. This investigation is open and ongoing.

USAID Implemented Systematic Changes in El Salvador After Investigation Identifies Mismanagement in USAID-Funded Youth Centers Investigation

An OIG investigation identified criminal gang activity being conducted in USAID-funded youth centers in El Salvador, as well as poor management by the contractor and failure to conduct background checks of implementing staff. As a result of the investigation, USAID implemented systemic changes in how it conducted oversight of the project and required the Chief of Party to be replaced, along with multiple youth center coordinators who were found to have felony criminal records. The contractor and El Salvador municipalities complied with USAID guidance.

USAID's Economic Growth Project Was Not On Track To Facilitate More Productive and Inclusive Value Chains in Haiti
Report No.
1-521-18-001-P

A devastating earthquake in 2010 destroyed much of Haiti's productive infrastructure and disrupted the entire Haitian economy. As the country struggled to recover, the Haitian Government recognized that micro, small, and medium-size enterprises (MSMEs) could play an important role in creating new jobs and improving working conditions in the country. USAID/Haiti developed the Local Enterprise and Value-Chain Enhancement Project to support MSMEs and create jobs by making value chains more productive and inclusive. We found that the project was not on track to achieve this goal, as project activities had done little to produce inclusive value chains, generate broad-based economic growth, or increase employment. In addition, the mission did not effectively monitor the project's progress or overall impact. The mission agreed with and took corrective actions on our two recommendations to improve USAID/Haiti's implementation and monitoring of the project.

Afghanistan Implementer Reimburses USAID for Charging for Ghost Interns and Fraudulent Invoices
Investigation

A "Women in the Economy" program field office located in Jalalabad, Afghanistan, notified OIG of the discovery of irregular invoices, signed blank timesheets, and signed blank fuel station vouchers totaling approximately \$15,000. Additionally, of the total value in questionable receipts, there was a discrepancy between the local market price of the items and the receipt price, which totaled \$1,704. OIG's investigation substantiated that there were payments for ghost interns and fraudulent invoices submitted to USAID totaling \$5,718 and the implementer reimbursed those funds to USAID in May 2018. In addition, the internship and apprenticeship coordinator for the project resigned immediately after being interviewed by OIG.

Managing Director of PIO Sub-Awardee in Rwanda Debarred for Misuse of Grant Funds
Investigation

An OIG investigation in Rwanda confirmed that the managing director of a PIO subawardee misused \$147,000 in USAID grant funds. The funds were intended for an education project but were transferred to an unrelated construction project managed by the subawardee. Based on OIG's investigation, in August 2018 the subawardee and two of its implementers that were owned and operated by the subawardee's managing director were debarred for 3 years.

Procurement Integrity Violations Resulted in Staff Terminations and Cancelled Request For Proposals Investigation

An implementer in Rwanda disclosed to OIG that it received an allegation about procurement irregularities and a solicitation for a bribe for a textbook printing contract for which it had issued a request for proposals. A bidding company received a verbal request from the managing director of a local vendor to provide \$600,000 as a bribe to win the procurement and future business with the prime implementer. When the bidder refused to pay the bribe, the vendor threatened to intervene in the success of the project. OIG informed the implementer of its initial findings and the procurement was cancelled in May 2018, leading to a savings of approximately \$692,000 and two staff terminations.

KEY ONGOING AUDIT WORK

USAID’s Democracy, Human Rights, and Governance Programs. OIG is looking at how USAID designs and implements democracy, human rights, and governance programs and how it measures their progress. The audit will also evaluate how USAID avoids the perception of interference in a country’s internal politics and its coordination with the Department of State. OIG is conducting this audit pursuant to a request from the Chairman of the Senate Foreign Relations Committee.

DEVELOPING CRITICAL LOCAL INFRASTRUCTURE

USAID recognizes that infrastructure is a priority for developing countries. Power, roads, and other public services like water and energy supplies can be critical to a country’s economic growth. In conflict zones in particular, improved infrastructure can impact stability and recovery efforts.

Sustainability of Improvements Under USAID/Pakistan’s Satpara Development Project Is at Risk
Report No. 5-391-18-003-P

To help Pakistan overcome a chronic, severe shortage of water, USAID has provided assistance with dams, hydropower plants, and irrigation systems. In March 2012, USAID/Pakistan initiated the Satpara Development Project. The \$20.9 million project was to extend irrigation in the Skardu area of Gilgit-Baltistan, a semiautonomous territory formerly known as the Northern Areas. Drawing on a dam and main canals that USAID built under an earlier project, irrigation improvements were expected to boost both agricultural productivity and the value of agricultural products. However, the mission did not resolve two problems likely to hinder the sustainability of the improved waterways in Skardu. It did not broker an agreement on operation and maintenance—without which maintenance was not done and canals deteriorated—nor did it help settle water rights, which became contentious when environmental concerns effectively barred access to an important water source and greatly reduced supply. Flow through damaged main canals halted, and smaller water sources did not make up the deficit, lessening the project’s intended impact on agriculture. The mission agreed with our

recommendation and expected December 2018 passage of a law that it helped draft creating a water board to resolve the outstanding issues.

OIG Investigation Led to Civil Settlement With Michigan Company Responsible for USAID-Funded School Construction Project in Jordan Investigation

In April 2012, OIG received allegations related to a USAID-funded school construction project in Jordan. OIG’s investigation uncovered evidence that the Michigan-based prime contractor subcontracted out almost the entire project to a Jordanian company. This was in violation of the contract terms, which limited subcontracting to 50 percent of the value of the contract. In July 2018, the contractor entered into a settlement agreement with the U.S. Department of Justice to resolve false claims that it submitted to USAID in connection with the contract. The contractor agreed to pay \$2.481 million to settle the matter.

OIG Investigation of Procurement Integrity Act Violation Resulted in Resignation of NGO Employee in Kenya Investigation

OIG conducted an investigation into a procurement integrity act violation involving a civil engineer working for a prime implementer who assisted in the creation of a bid proposal, packet compilation, and submission for a subawardee in Kenya. The bid was for a water, hygiene, and sanitation project. OIG confirmed that the civil engineer was involved in the process, which created an unfair advantage for the subawardee. As a result of OIG’s investigation, the civil engineer resigned in May 2018. Additionally, the request for proposals was cancelled resulting in a savings of \$200,000.

KEY ONGOING AUDIT WORK

Power Africa. OIG is conducting an audit of four of the participating U.S. agencies—USAID, MCC, OPIC, and USADF—that OIG oversees to assess progress in meeting the Power Africa initiative goals. The audit will also look at the coordination and transaction model, as well as challenges, constraints, and risks to Power Africa.

MANAGING RISK AND SECURING FUNDS, INFORMATION, AND PERSONNEL

To support its mission, USAID must ensure that it maintains the proper institutional capacity to implement and oversee its programs and activities. This includes areas such as human resources, IT infrastructure, and award management.

Assessment of USAID's Fiscal Year 2016 Government Charge Card Programs

Report No.
[0-000-18-001-S](#)

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), Public Law 112-194, OIG is required to conduct periodic risk assessments of USAID's charge card programs. We assessed the level of risk of illegal, improper, or erroneous purchases and payments in those programs as low because (1) the required internal controls were in place, (2) the fiscal year 2016 charge card management plan complied with Office of Management and Budget guidance (although USAID submitted the fiscal year 2017 plan after the deadline), and (3) no open recommendations related to the charge card programs. However, because USAID's travel card spending exceeded the \$10 million threshold set by the act, we will conduct a review or an audit of the travel card program.

USAID Complied With the Improper Payments Elimination and Recovery Act in Fiscal Year 2017

Report No.
[0-000-18-005-C](#)

Estimated improper payments by all Government agencies totaled \$136.7 billion in fiscal year 2015. To reduce these payments—made “to the wrong entity, in the wrong amount, or for the wrong reason”—Congress has enacted legislation including the Improper Payments Elimination and Recovery Act of 2010 (IPERA), Public Law 111-204.

IPERA, as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012, requires each agency to assess the risk of, estimate, report, reduce, and recover improper payments. It also requires each OIG to conduct an annual audit to determine whether its agency has complied with the requirements.

We conducted our annual audit for fiscal year 2017 and determined that USAID complied with the requirements of IPERA as amended. We did not make any recommendations.

KEY ONGOING AUDIT WORK

Expired Funds. We will be assessing USAID's stewardship of expired and canceled awards.

IG ACT REPORTING REQUIREMENTS: *U.S. Agency for International Development*

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements for the reporting period April 1, 2018- September 30 , 2018.

The following reporting requirements can be found in the Appendixes:

- Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued April 1, 2018-September 30, 2018
- Appendix B: Reports issued prior to April 1, 2018, with open and unimplemented recommendations, as of September 30, 2018

Incidents in Which OIG Was Refused Assistance or Information

During this reporting period, there were no reports of instances in which OIG was unreasonably refused assistance or information.

Interference With OIG Independence

During this reporting period, OIG did not encounter any attempts to interfere with its independence, to include restrictions of OIG’s congressional communications or budgetary constraints designed to limit OIG’s capabilities. OIG did not encounter resistance or objections to oversight activities, nor did it face restricted or significantly delayed access to information.

Senior Government Employee Misconduct

Section 5(a)(19) of the Inspector General Act of 1978, as amended, requires a report on each investigation conducted by OIG involving a senior Government employee⁴ where allegations of misconduct were substantiated.

OIG has nothing to report for this reporting period.

⁴Section 5(f)(7) of the Inspector General Act of 1978, as amended, defines a senior government employee as “an officer or employee in the executive branch (including a special Government employee as defined in section 202 of title 18, United States Code) who occupies a position classified at or above GS–15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS–15 of the General Schedule; and any commissioned officer in the Armed Forces in pay grades O–6 and above.”

Instances of Whistleblower Retaliation

Section 5(a)(20) of the Inspector General Act of 1978, as amended, requires a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation.

OIG has nothing to report for this reporting period.

Audit Reports Issued Prior to April 1, 2018, With Recommendations With No Management Decision

OIG has nothing to report for this reporting period.

Significant Recommendations Described Previously Without Final Action — USAID					
<i>as of September 30, 2018</i>					
Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
0-000-13-001-C	Audit of USAID's Financial Statements for Fiscal Years 2012 and 2011	11/16/12	1	11/16/12	4/1/19
4-962-13-004-P	Audit of USAID's Internal Controls Over Prepositioned Food Assistance for the Horn of Africa	1/7/13	3	2/19/13	12/31/18
0-000-15-001-C	Audit of USAID's Financial Statements for Fiscal Years 2014 and 2013	11/17/14	2	11/17/14	4/1/19
9-000-16-001-S	Review of USAID's Cuban Civil Society Support Program	12/22/15	16	12/22/15	12/15/18
8-000-16-003-P	Working in Politically Sensitive Countries With Limited Resources Stymied Monitoring and Evaluation Efforts in Selected Middle East Missions	9/30/16	18	2/24/17	2/15/19
0-000-17-001-C	Audit of USAID's Financial Statements for Fiscal Years 2016 and 2015	11/15/16	1	11/15/16	4/1/19
5-000-17-001-S	Internal Control Gaps Hinder Oversight of U.S. Personal Services Contracts in Asia	3/20/17	1	3/20/17	12/31/18
A-000-18-003-C	USAID Has Implemented Controls in Support of FISMA, but Improvements Are Needed	10/6/17	9	10/6/17	10/31/18

Significant Recommendations Described Previously Without Final Action — USAID

as of September 30, 2018

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date			
A-000-18-004-P	USAID Lacked Key Internal Controls Over Its Models for Posting Financial Transactions	11/2/17	2	11/2/17	11/2/18			
0-000-18-004-C	Audit of USAID's Financial Statements for Fiscal Years 2017 and 2016	11/15/17	1	11/15/17	4/1/19			
9-000-18-001-P	Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework	1/24/18	1	7/5/18 rev.	11/16/18			
			2	1/24/18	12/31/18			
			3	7/5/18 rev.	11/16/18			
			4	1/24/18	10/31/19			
			5	1/24/18	12/31/18			
			6	5/11/18 rev.	12/31/18			
			7	1/24/18	2/15/19			
			8	1/24/18	12/31/18			
			9	1/24/18	3/31/19			
			11	1/24/18	12/31/18			
			14	1/24/18	12/31/18			
			9-000-18-002-P	Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response	1/24/18	1	1/24/18	1/31/19
						2	6/28/18 rev.	11/30/19
						4	6/28/18 rev.	11/30/19
6	1/24/18	1/30/19						
7	1/24/18	1/30/19						
8	1/24/18	12/30/18						
8-294-18-001-P	USAID/West Bank and Gaza Improved Conflict Mitigation Program Management but Has Not Completed an Evaluation	1/26/18				2	2/12/18 rev.	6/30/19
8-263-18-002-P	USAID Has Advanced STEM Education in Egypt Despite Some Implementation Challenges	2/9/18				1	7/2/18	10/31/18
5-391-18-001-P	Pakistan's Gomal Zam Dam Has Not Generated the Electricity Anticipated Despite Millions in USAID Investments	2/12/18	1	2/12/18	2/11/19			

Reports With Questioned and Unsupported Costs—USAID

April 1, 2018-September 30, 2018

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs ¹ (\$)
A. For which no final action had been made as of April 1, 2018	79	108,668,924 ^{2,3}	68,889,524 ^{2,3}
B. Add: Reports issued April 1, 2018-September 30, 2018	61	40,163,480 ⁴	28,473,672 ⁴
Subtotal	140	148,832,404	97,363,196
C. Less: Reports with a management decision made April 1, 2018-September 30, 2018	96 ⁵	111,302,203 ⁶	70,898,686 ⁶
Value of costs disallowed by Agency officials		70,351,527	37,167,438
Value of costs allowed by Agency officials		40,950,676	33,731,248
D. For which no management decision had been made as of September 30, 2018	44	37,530,201 ⁷	26,464,510 ⁷

¹ Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

² The ending balances on March 31, 2018 for questioned costs totaling \$94,530,712 and for unsupported costs totaling \$68,889,522 were increased by \$14,138,212 for questioned costs and also increased by \$2 for unsupported costs respectively, to reflect adjustments in recommendations from prior periods

³ Amounts include \$910,027 in questioned costs and \$810,774 in unsupported costs for audits performed for OIG by other Federal audit agencies.

⁴ Amounts include \$0 in questioned costs and \$0 in unsupported costs for audits performed for OIG by other Federal audit agencies.

⁵ Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here may be counted again in the figure below it because some reports have multiple recommendations and fall into both categories.

⁶ Amounts include \$910,027 in questioned costs and \$810,774 in unsupported costs for audits performed for OIG by other Federal audit agencies.

⁷ Amounts reflect \$0 in questioned costs and \$0 in unsupported costs for audits performed for OIG by other Federal audit agencies.

Reports With Recommendations That Funds Be Put to Better Use

OIG has nothing to report for this reporting period.

Audit Reports Issued for Which Agency Comments Were Not Received Within 60 Days

OIG has nothing to report for this reporting period.

Management Decisions With Which the Inspector General Disagrees

OIG has nothing to report for this reporting period.

Significant Revisions of Management Decisions

OIG has nothing to report for this reporting period.

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.

The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that the inspector general determines to be significant. During the reporting period, OIG had no significant findings of this kind from contract audit reports for USAID.

Noncompliance With the Federal Financial Management Improvement Act of 1996

OIG has nothing to report for this reporting period.

Audits Not Previously Disclosed

OIG has nothing to report for this reporting period.

Closed Investigations Involving Senior Government Employees Not Previously Disclosed

Section 5(e)(22)(B), of the Inspector General Act, as amended, requires detailed descriptions of the particular circumstances of each investigation conducted by OIG involving a senior Government employee that is closed and was not disclosed to the public.

OIG has nothing to report for this reporting period.

SIGNIFICANT FINDINGS AND IG ACT REPORTING REQUIREMENTS: *Millennium Challenge Corporation*

The Millennium Challenge Corporation forms partnerships with some of the world's poorest countries and provides large-scale grants to those that demonstrate commitment to good governance, economic freedom, and investment in their citizens. These grants fund country-led solutions for reducing poverty through sustainable economic growth.



A peri-urban cattle herder in Mongolia who was trained in animal care and proper grazing through MCC Mongolia Compact. *Photo by MCC*

Significant Findings and Activities

Fund Accountability Statements

OIG reviews fund accountability statement audits of MCC compact funds under recipient government management. These audits are conducted by independent audit firms. Under the terms of MCC compacts, funds expended by a recipient country must be audited at least annually. The recipient country establishes an accountable entity, usually a Millennium Challenge Account, which produces financial statements. The selected audit firm issues an opinion on whether the fund accountability statement for the MCC-funded programs presents fairly, in all material respects, the program revenues and costs incurred and reimbursed, in conformity with the terms of the compact agreement and related supplemental agreements for the period being audited.

In addition, the audit firm is required to employ generally accepted government auditing standards in performing the audits. The audit reports are reviewed and transmitted by OIG.

During this reporting period, OIG transmitted 15 fund accountability statement audit reports, which made 15 recommendations.

MCC Complied in Fiscal Year 2017 With the Improper Payments Elimination and Recovery Act of 2010

***Report No.
[M-000-18-004-C](#)***

We contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to determine whether the Millennium Challenge Corporation complied with the Improper Payments Elimination and Recovery Act of 2010 (IPERA), legislation designed to reduce erroneous payments by Government agencies. The audit firm concluded that MCC complied with the requirements of IPERA for fiscal year 2017. However, to help strengthen MCC's internal controls over its risk assessment methodology and overpayment recapture reporting, the audit firm made and OIG agreed with three recommendations. Both the audit firm and OIG considered the recommendations closed.

MCC Withheld Indonesia Project Funds Due to Copyright Infringement by Consultant

Investigation

An OIG investigation substantiated allegations of copyright infringement against a technical consultant working on the MCC Green Prosperity Project in Indonesia. The investigation found that the subcontractor submitted technical engineering diagrams that were reproductions of a design created by another company, presented itself as the original creator of the design, and requested payment from MCC based on that assertion. As a result of the investigation, in June 2018 MCC withheld \$14,682 from an amount due under the same grant.

KEY ONGOING AUDIT WORK

Effectiveness of MCC's Model for Transportation Infrastructure Projects.

Because the sustainability of road infrastructure projects is essential to the long-term benefits of MCC-funded programs, this audit will assess the extent to which MCC addressed sustainability risks to select past road projects and whether MCC has integrated sustainability lessons learned from past road projects into risk assessment policies and procedures.

Inspector General Act Reporting Requirements

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements. OIG has no information to report for the reporting period April 1, 2018-September 30, 2018, in the areas listed below:

- Investigations conducted by OIG involving a senior Government employee where allegations of misconduct were substantiated
- Instances of whistleblower retaliation
- Instances in which OIG was refused assistance or information
- Reports with recommendations that funds be put to better use
- Reports issued for comment prior to commencement of the reporting period but not responded to within 60 days
- Significant management decisions with which the Inspector General disagrees
- Significant revisions of management decisions
- Significant findings from contract audit reports
- Noncompliance with the Federal Financial Management Improvement Act of 1996
- Undisclosed audits
- Closed investigations involving Senior Government Employees not previously disclosed

The following reporting requirements can be found in the appendixes:

- Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued April 1, 2018-September 30, 2018
- Appendix B: Reports issued prior to April 1, 2018, with open and unimplemented recommendations, as of September 30, 2018

Interference With OIG Independence

MCC officials limited access to headquarters office space for OIG staff by requiring escorts. The officials attributed this to their standard policy regarding visitors. However, this practice was contrary to the expectation of unfettered access contemplated under the IG Act. Following discussions with OIG leadership, MCC reinstated unlimited access for OIG investigators at all times and provided unlimited access to OIG auditors during regular working hours. While these access limitations served as a temporary impediment to our work, they did not have a material impact on the quality, scope, or timeliness of any oversight or deliverables.

Reports Issued Before April 1, 2018, With No Management Decision — MCC <i>as of September 30, 2018</i>				
Report Number	Title	Final Report Issued	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 1: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 2: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019

Reports Issued Before April 1, 2018, With No Management Decision — MCC
as of September 30, 2018

Report Number	Title	Final Report Issued	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 3: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 4: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 5: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019

Reports Issued Before April 1, 2018, With No Management Decision — MCC
as of September 30, 2018

Report Number	Title	Final Report Issued	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 6: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	Recommendation 7: MCC requested an extension for making management decisions on the recommendations because the Corporation does not yet have a Senate confirmed Chief Executive Officer. The Corporation believes that senior leadership at the highest level should be involved making decisions on the recommendations.	MCC is expecting to reach a management decision by March 29, 2019

Significant Recommendations Described Previously Without Final Action — MCC as of September 30, 2018

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
M-000-17-001-C	Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Fiscal Years Ending September 30, 2016, and 2015	11/15/16	1	1/31/17	12/31/18
			3	1/31/17	6/30/19
			5	1/31/17	9/30/18
			6	1/31/17	9/30/18
			7	1/31/17	9/30/18
M-000-18-002-C	Audit of MCC's Fiscal Years 2017 and 2016 Financial Statements	11/15/17	8	3/28/18	12/31/18
A-MCC-18-004-C	MCC Could Improve Its Information Technology Governance To Conform to FITARA	3/28/18	1	MCC is expecting to reach a management decision by March 29, 2019	-
2	-				
3	-				
4	-				
5	-				
6	-				
7	-				

Reports With Questioned and Unsupported Costs — MCC April 1, 2018–September 30, 2018

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs (\$) ¹
A. For which no management decision had been made as of April 1, 2018	5	373,008	15,592
B. Add: Reports issued April 1, 2018-September 30, 2018	10	741,513	51,440
Subtotal	15	1,114,521	67,032
C. Less: Reports with a management decision made April 1, 2018-September 30, 2018	5	373,008	15,592
Value of Recommendations Disallowed by Agency Officials		117,197	10,502
Value of Recommendations Allowed by Agency Officials		255,811	5,090
D. For which no management decision had been made as of September 30, 2018	10	741,513	51,440

¹Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

SIGNIFICANT FINDINGS AND IG ACT REPORTING REQUIREMENTS:

U.S. African Development Foundation

The U.S. African Development Foundation is an independent Federal agency established to support and invest in African-led development that improves lives and livelihoods in poor and vulnerable communities in Africa by providing seed capital and technical support.

Significant Findings and Activities

***Assessment of
the U.S. African
Development
Foundation's
Fiscal Year 2016
Government Charge
Card Programs***

***Report No.
0-ADF-18-002-S***

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), Public Law 112-194, we are required to conduct periodic risk assessments of USADF's charge card programs. We assessed the level of risk of illegal, improper, or erroneous purchases and payments in those programs as low because (1) the required internal controls were in place, (2) the fiscal year 2016 charge card management plan complied with Office of Management and Budget guidance (although USADF submitted the fiscal year 2017 plan after the deadline), and (3) no open recommendations related to the charge card programs. Further, because USADF's travel card spending in fiscal year 2016 did not exceed the act's \$10 million threshold, we did not recommend an audit or a review.

Inspector General Act Reporting Requirements

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements. OIG has no information to report for the reporting period April 1, 2018-September 30, 2018, in the areas listed below:

- Investigations conducted by OIG involving a senior Government employee where allegations of misconduct were substantiated
- Instances of whistleblower retaliation
- Incidents in which OIG was refused assistance or information
- Interference with OIG independence
- Reports issued prior to the commencement of the reporting period with recommendations with no management decisions

- Significant recommendations described previously without final action
- Reports with questioned and unsupported costs
- Reports with recommendations that funds be put to better use
- Reports issued for comment prior to commencement of the reporting period but not responded to within 60 days
- Significant management decisions with which the Inspector General disagrees
- Significant revisions of management decisions
- Significant findings from contract audit reports
- Noncompliance with the Federal Financial Management Improvement Act of 1996
- Undisclosed audits
- Closed investigations involving Senior Government Employees not previously disclosed

The following reporting requirements can be found in the Appendixes:

- Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued April 1, 2018-September 30, 2018
- Appendix B: Reports issued prior to April 1, 2018, with open and unimplemented recommendations, as of September 30, 2018

SIGNIFICANT FINDINGS AND IG ACT REPORTING REQUIREMENTS:

Inter-American Foundation

The Inter-American Foundation is an independent U.S. Government agency created to provide development assistance in Latin America and the Caribbean. IAF provides grant support for creative ideas for self-help received from grassroots groups and NGOs, while encouraging partnerships among community organizations, businesses, and local governments that are working to improve the quality of life for poor people and strengthen democratic practices.

Significant Findings and Activities

Assessment of the Inter-American Foundation's Fiscal Year 2016 Government Charge Card Programs

Report No.
0-IAF-18-003-S

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), Public Law 112-194, OIG is required to conduct periodic risk assessments of IAF's charge card programs. We assessed the level of risk of illegal, improper, or erroneous purchases and payments in those programs as low because (1) the required internal controls were in place, (2) the fiscal year 2016 charge card management plan complied with Office of Management and Budget guidance, and (3) no open recommendations related to the charge card programs. Further, because IAF's travel card spending in fiscal year 2016 did not exceed the act's \$10 million threshold, we did not recommend an audit or review.

Inspector General Act Reporting Requirements

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements. OIG has no information to report for the reporting period April 1, 2018-September 30, 2018, in the areas listed below:

- Investigations conducted by OIG involving a senior Government employee where allegations of misconduct were substantiated
- Instances of whistleblower retaliation
- Incidents in which OIG was refused assistance or information
- Interference with OIG independence
- Reports issued prior to the commencement of the reporting period with recommendations with no management decisions
- Reports with questioned and unsupported costs

- Reports with recommendations that funds be put to better use
- Reports issued for comment prior to commencement of the reporting period but not responded to within 60 days
- Significant management decisions with which the Inspector General disagrees
- Significant revisions of management decisions
- Significant findings from contract audit reports
- Noncompliance with the Federal Financial Management Improvement Act of 1996
- Undisclosed audits
- Closed investigations involving Senior Government Employees not previously disclosed

The following reporting requirements can be found in the appendixes:

- Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued April 1, 2018-September 30, 2018
- Appendix B: Reports issued prior to April 1, 2018, with open and unimplemented recommendations, as of September 30, 2018

Significant Recommendations Described Previously Without Final Action — IAF
as of September 30, 2018

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
A-IAF-17-004-C	The Inter-American Foundation Has Implemented Many Controls in Support of FISMA, but Improvements Are Needed	11/7/16	7	11/7/16	3/30/19

SIGNIFICANT FINDINGS AND IG ACT REPORTING REQUIREMENTS:

Overseas Private Investment Corporation

The Overseas Private Investment Corporation is an independent U.S. Government corporation that mobilizes private capital to achieve social and economic development in developing countries while advancing U.S. foreign policy. It works with the private sector to help U.S. businesses gain footholds in emerging markets by promoting increased revenues, jobs, and growth opportunities at home and abroad. Operating in more than 160 countries, OPIC provides financing, guarantees, political risk insurance, and support for private equity investment funds.

OIG provides oversight of OPIC based on limited authorities under Section 239 of the Foreign Assistance Act of 1961, as amended,⁵ and a joint memorandum between the two agencies. This joint memorandum, signed in November 2017, affirms OIG's authority to initiate audits and investigations and seek reimbursement for this work from OPIC up to amounts provided in annual appropriations. In recent years, Congress has acted through annual appropriations laws to ensure effective oversight of OPIC. The current MOU will remain in place each year for as long as funds are provided, or until the effective date of any law establishing another oversight arrangement for OPIC.

Significant Findings and Activities

OIG Investigations Resulted in OPIC Policy Change

Investigation

In June 2018, OPIC implemented a systemic change as the result of an OIG investigation of an allegation that an OPIC Office of Legal Affairs employee defrauded the Government by collecting a salary while suspended from practicing law. As a result of the investigation, OPIC created a new written requirement that all attorneys in the Office of Legal Affairs be in good standing with at least one state bar. This requirement is now set forth in its attorney position description, maintained by OPIC's human resources department.

Assessment of the Overseas Private Investment Corporation's Fiscal Year 2016 Government Charge Card Programs

Report No. 0-OPC-18-004-S

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), Public Law 112-194, we are required to conduct periodic risk assessments of OPIC's charge card programs. We assessed the level of risk of illegal, improper, or erroneous purchases and payments in those programs as low because (1) the required internal controls were in place, (2) the fiscal year 2016 charge card management plan complied with Office of Management and Budget guidance, and (3) no open recommendations related to the charge card programs. Further, because OPIC's travel card spending in fiscal year 2016 did not exceed the act's \$10 million threshold, we did not recommend an audit or a review.

⁵22 U.S.C. 2199(e)

Inspector General Act Reporting Requirements

The following pages provide information required by the Inspector General Act of 1978, as amended, and other congressional requirements. OIG has no information to report for the reporting period April 1, 2018-September 30, 2018, in the areas listed below:

- Investigations conducted by OIG involving a senior Government employee where allegations of misconduct were substantiated
- Instances of whistleblower retaliation
- Incidents in which OIG was refused assistance or information
- Interference with OIG independence
- Reports issued prior to the commencement of the reporting period with recommendations with no management decisions
- Reports with questioned and unsupported costs
- Reports with recommendations that funds be put to better use
- Reports issued for comment prior to commencement of the reporting period but not responded to within 60 days
- Significant management decisions with which the Inspector General disagrees
- Significant revisions of management decisions
- Significant findings from contract audit reports
- Noncompliance with the Federal Financial Management Improvement Act of 1996
- Undisclosed audits
- Closed investigations involving Senior Government Employees not previously disclosed

The following reporting requirements can be found in the appendixes:

- Appendix A: List of All Audits (Financial Audits, Performance Audits, and Nonaudits) Issued April 1, 2018-September 30, 2018
- Appendix B: Reports issued prior to April 1, 2018, with open and unimplemented recommendations, as of September 30, 2018

**Significant Recommendations Described Previously Without Final Action —
OPIC**

as of September 30, 2018

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
A-OPC-17-007-C	OPIC Implemented Controls in Support of FISMA for Fiscal Year 2017, but Improvements Are Needed	9/28/17	I	9/28/17	12/31/18

PEER REVIEWS

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) requires Federal inspectors general to report on results of peer reviews in their semiannual reports.

Audit

OIG received an external peer review rating of pass with deficiencies, as noted in the final report issued June 29, 2016. Except for the deficiencies noted in the report, the peer review concluded that the system of quality control for the audit organization of OIG in effect for the 3-year period ending March 31, 2015, had been suitably designed and complied with to provide OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

From the peer review, 28 recommendations were made to help resolve the identified deficiencies. As of June 30, 2017, all 28 recommendations have been resolved. The Office of Audit continues to focus on effectively implementing key reforms including initiatives related to strengthening audit quality and enhancing training for auditors. For example, in September we completed a comprehensive rewrite of OIG's audit policies and processes to adopt leading practices in the oversight community and improve our ability to produce impactful audit products that meet stakeholders' needs, while maintaining quality and independence.

Investigations

The Department of State OIG conducted a quality assessment review of the USAID OIG Office of Investigations, which was completed on May 12, 2017. The Office of Investigations received an overall rating of compliance and the review included positive recognition of several program areas of its operations, such as the high quality of its evidence program and exceptional proactive fraud awareness briefing program. Included in the review, while not serious, were two notations worthy of mention related to updating its policy and procedures.

In response, the Office of Investigations took appropriate steps to follow through on its commitment for improvement. For example, the relevant policy chapters in the Criminal Investigator Manual identified by the Department of State OIG regarding specialized investigative techniques and criminal referrals to the Department of Justice were updated, satisfying the suggestions.

COMMON ABBREVIATIONS

BU	funds recommended to be put to better use
CDC	Centers for Disease Control and Prevention
CIO	chief information officer
DATA Act	Digital Accountability and Transparency Act of 2014
DCAA	Defense Contract Audit Agency
DOD	Department of Defense
DOJ	Department of Justice
DOS	Department of State
FISMA	Federal Information Security Modernization Act of 2014
FITARA	Federal Information Technology Acquisition Reform Act
FY	fiscal year
GAGAS	generally accepted government auditing standards
HHS	Department of Health and Human Services
HIV/AIDS	human immunodeficiency virus, acquired immunodeficiency syndrome
IAF	Inter-American Foundation
ISIS	Islamic State of Iraq and Syria
MCC	Millennium Challenge Corporation
NGO	nongovernmental organization
OFDA	USAID Office of U.S. Foreign Disaster Assistance
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
PMI	President's Malaria Initiative

QC	questioned costs
SAI	supreme audit institution
UN	unsupported costs
U.N.	United Nations
USADF	U.S. African Development Foundation
USAID	U.S. Agency for International Development
UNDP	United Nations Development Programme

IG ACT REPORTING REQUIREMENTS LOCATION IN REPORT

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, pg. in SARC	MCC, pg. in SARC	USADF, pg. in SARC	IAF, pg. in SARC	OPIC, pg. in SARC
§5(a)(1)	Significant Problems, Abuses, and Deficiencies	Throughout this report				
§5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuse, and Deficiencies	Throughout this report				
§5(a)(3)	Significant Recommendations from Previous Semiannual Reports on which Corrective Action has not been Completed	48	59	61	63	66
§5(a)(4)	Summary of Matters Referred to Prosecutive Authorities and Resulting Convictions	19				
§5(a)(5)	Matters Reported to the Head of the Agency under section 6(c)(2) (refusal of assistance)	N/A	N/A	N/A	N/A	N/A
§5(a)(6)	Listing of Reports Issued During the Reporting Period	Appendix A				
§5(a)(7)	Summary of Significant Reports	23	54	60	62	64
§5(a)(8)	Statistical Table: Questioned Costs	50	59	61	62	65
§5(a)(9)	Statistical Table: Recommendations that Funds be Put to Better Use	51	55	61	63	65
§5(a)(10)(A)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for which No Management Decision Has Been Made	48	56	60	62	65
§5(a)(10)(B)	Summary of Audit Reports for which the Agency has not Returned Comment within 60 Days of Receipt of the Report	51	55	61	63	65
§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	51	55	61	63	65
§5(a)(12)	Significant Management Decisions with which the Inspector General is in Disagreement	51	55	61	63	65

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, pg. in SARC	MCC, pg. in SARC	USADF, pg. in SARC	IAF, pg. in SARC	OPIC, pg. in SARC
§5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	51	55	61	63	65
§5(a)(14-15)	Peer Reviews of USAID OIG	67				
§5(a)(16)	Peer Reviews Conducted by USAID OIG	Nothing to report this period				
§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	19				
§5(a)(19)	Report on each OIG investigation involving a senior Government employee where allegations of misconduct were substantiated	47	55	60	62	65
§5(a)(20)	Any instance of whistleblower retaliation	48	55	60	62	65
§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	47	56	60	62	65
§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	52	55	61	63	65

DESCRIPTION OF METRICS USED IN REPORTING INVESTIGATIVE FIGURES

Investigative Results	Definition
Investigations Opened/Closed	<p>Opened—When a complaint meets the following conditions:</p> <ul style="list-style-type: none"> • There is identifiable evidence of a violation of a rule, law, policy, or regulation 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. <p>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.</p>
Total Number of Reports Issued	<p>Reports of investigation are referred to one or more recipients outside of OIG.</p> <p>As part of the referral process, OIG provides referral recipients with a written report of investigation containing the following:</p> <ul style="list-style-type: none"> • Synopsis—An abbreviated summary of the allegations that identifies the USAID (or other agency over which OIG exercises oversight responsibilities) 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	<p>Referrals—Cases that OIG presents to the Department of Justice (DOJ) when investigative activity establishes evidence that violations of criminal statutes subject to civil penalties or violations of 31 U.S.C. 3729 (False Claims Act) may have occurred. Such matters are referred to an appropriate DOJ entity with the authority to initiate civil action.</p> <p>Declinations—Decisions by the DOJ entity to which OIG has referred an investigation for consideration for civil action not to pursue said civil action.</p>
Civil Judgments	<p>The final decisions of a court in a civil lawsuit. Civil judgments reported by OIG are typically associated with a financial recovery.</p>
Civil Settlements	<p>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 mutually agreed upon terms. Civil settlements reported by OIG are typically associated with a financial recovery.</p>

Investigative Results	Definition
Prosecutive Referrals/Declinations	<p>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.</p> <p>Declinations—Instances in which the DOJ entity to which OIG has referred an investigation for consideration for criminal action declines to pursue criminal action.</p>
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	<p>Indictments—Instances in which a formal accusation that a person has committed a crime is made against an individual. For most investigations in which a prosecutive referral has been made to a U.S. jurisdiction, a grand jury approves the criminal indictment on determining that there is enough probable cause to move the case forward in court.</p> <p>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.</p>
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 OIG's 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 from Government contracting and Government-approved subcontracting for a reasonable, specified period.

Investigative Results	Definition
Contract Terminations	Instances in which a USAID contract, grant, or cooperative agreement is terminated as the result of an OIG investigation. Contract 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 (or other agency over which OIG exercises oversight responsibilities) funds that were already distributed and then recovered by USAID (or other agency over which OIG exercises oversight responsibilities) after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused.
Savings	USAID (or other agency over which OIG exercises oversight responsibilities) funds that were obligated, but not yet distributed, to be spent as part of a USAID (or other agency over which OIG exercises oversight responsibilities) award that were preserved and made available for better uses after an OIG investigation revealed evidence that those funds were vulnerable to fraud or waste. Savings often accompany contract terminations or the discovery of disallowed, questioned, or unsupported costs.
Cost Avoidance	Federal funds that were obligated and subsequently set aside and made available for other uses as a result of an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based upon an OIG referral. The key operating factor in claiming these as cost avoidance is that the funds were not de-obligated.
Other	<p data-bbox="597 1247 1377 1304">Includes a number of investigative results, the most significant of which are:</p> <ul data-bbox="597 1318 1398 1770" style="list-style-type: none"> <li data-bbox="597 1318 1344 1409">• Personnel Counseling—The verbal counseling of an employee by a supervisor as a response to job-related performance or ethical violations. <li data-bbox="597 1423 1365 1486">• Reprimand—An official written rebuke, censure, or disapproval of a specific action or actions by an employee. <li data-bbox="597 1501 1393 1564">• Demotion—A change of an employee’s status to a lower grade or to a position with a lower rate of pay. <li data-bbox="597 1579 1398 1669">• Restatement of Policy—An instance in which the responsible organization’s management reiterates existing rules and regulations to staff. <li data-bbox="597 1684 1398 1770">• Audit Scheduled—An instance in which the responsible organization schedules an audit into the organization or program that is deemed to be vulnerable to fraud, waste, or abuse by OIG’s investigation.

APPENDIX A

List of Audits: USAID, MCC, USADF, IAF, OPIC

Please refer to our website, <https://oig.usaid.gov>, for the full supplemental appendix A.

Appendix A contains a list of all audit reports issued during the reporting period, including associated questioned costs, unsupported costs, and value of recommendations that funds be put to better use, including:

USAID

Financial Audits (Including Recipient-Contracted Audits and Audits Conducted by Independent Public Accountants or DCAA)

Performance Audits (Including Audits Conducted by Independent Public Accountants)

Nonaudits (Quality Control Reviews) Conducted by OIG

Nonaudits (Surveys, Risk Assessment, and Reviews) Conducted by OIG

MCC

Financial Audits (Including Audits Conducted by Independent Public Accountants)

USADF

Nonaudits (Surveys, Risk Assessment, and Reviews) Conducted by OIG

IAF

Nonaudits (Surveys, Risk Assessment, and Reviews) Conducted by OIG

OPIC

Nonaudits (Surveys, Risk Assessment, and Reviews) Conducted by OIG

APPENDIX B

Reports With Open and Unimplemented Recommendations: USAID, MCC, USADF, IAF, OPIC

Please refer to our website, <https://oig.usaid.gov>, for the full supplemental appendix B.

Appendix B contains a list of all audits reports issued prior to April 1, 2018, with open and unimplemented recommendations and potential cost savings, as of September 30, 2018, for:

USAID

MCC

USADF

IAF

OPIC



Office of Inspector General
U.S. Agency for International Development
1300 Pennsylvania Avenue NW
Washington, DC 20523
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