



Northern Central America Humanitarian Response: USAID Took Steps to Mitigate Fraud Risks, but Opportunities Exist to Clarify Guidance on Assessing Sanctioned Group Risk

Why We Did This Audit

In April 2021, the U.S. government announced that USAID would provide \$125 million in humanitarian assistance to the northern Central American countries of El Salvador, Guatemala, and Honduras to address the immediate needs of those impacted by recurrent drought, food insecurity, and the COVID-19 pandemic through a range of activities.

While humanitarian assistance can quickly meet urgent needs, it also comes with increased fraud and diversion risks, including risks posed by the presence of sanctioned groups and criminal organizations.

Managing fraud and diversion risks to humanitarian assistance remains one of USAID's top management challenges. To mitigate risks posed by sanctioned groups and ensure that humanitarian assistance reaches those who need it most, it is critically important for USAID to communicate clear expectations in its guidance.

We conducted this audit to assess the extent to which USAID's Bureau for Humanitarian Assistance (BHA) ensured that (1) the organizational risks of fraud, waste, and abuse related to the presence of sanctioned groups or individuals in the northern Central America response were assessed and (2) cash-transfer activities were designed to mitigate selected risks of fraud and diversion.

What We Recommend

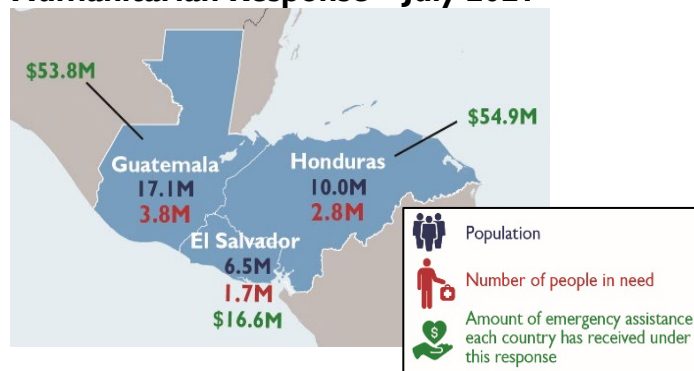
We made five recommendations to improve BHA's processes for assessing and mitigating fraud and diversion risks. BHA agreed with all five recommendations.

What We Found

USAID's Bureau for Humanitarian Assistance did not consistently follow guidance to assess the risks posed by sanctioned groups. Although BHA had both internal and external guidance for this purpose, the bureau did not consistently follow its internal guidance and approved half of awards reviewed prior to updating risk analyses. In addition, BHA did not ensure that award applicants consistently followed its external guidance to assess the risks posed by sanctioned groups in the region.

BHA took steps designed to mitigate selected fraud and diversion risks in its programming, but there were opportunities to further strengthen the documentation of risk assessments and data sharing. While BHA took steps to address previously identified fraud and diversion risks in its cash-transfer activities, opportunities existed to further strengthen BHA's review of the risk assessments submitted by applicants and to reduce the risk of beneficiary duplication.

USAID's Northern Central America Humanitarian Response – July 2021



Source: Map created by USAID OIG using data from the World Bank and USAID. The depiction and use of boundaries and geographic names used on this map do not imply official endorsement or acceptance by the U.S. government.