



# Semiannual Report to Congress

April 1, 2023–September 30, 2023



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

## **Our Mission**

The USAID Office of Inspector General safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight.

## **Report Fraud, Waste, and Abuse**

USAID OIG's Hotline receives allegations of fraud, waste, and abuse affecting the programs, operations, and employees of USAID, MCC, USADF, and IAF. The allegations may include but are not limited to claims of criminal conduct, sexual exploitation and abuse, and serious noncriminal misconduct.

Report fraud online:

<https://oig.usaid.gov/report-fraud>

Or by mail:

USAID OIG Hotline, P.O. Box 657  
Washington, DC 20044-06

COVER: A Ukrainian flag flies between two buildings destroyed during Russia's invasion of Ukraine. Photo: U.S. Embassy Kyiv.

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# By the Numbers

April 1, 2023–September 30, 2023

## Investigative Results



**40** investigations closed

**\$5,296,442** in savings and recoveries



**7** arrests and **1** criminal indictment

**21** prosecutorial referrals



**18** administrative actions, including 3 debarments and 4 government-wide suspensions

**17** entities referred for present responsibility determination



**125** fraud awareness briefings delivered

## Audit Results



**\$10,720,646,618** in funds audited

**\$20,265,229** in questioned costs



**252** performance and financial audits, evaluations, inspections, and agile products

**160** recommendations to improve programs and operations

## Message from the Acting Deputy Inspector General



I am pleased to present USAID OIG's Semiannual Report to Congress for the second half of fiscal year 2023, from April 1 through September 30, 2023. This report summarizes the results and impact of our oversight of USAID, the Millennium Challenge Corporation, the Inter-American Foundation, and the U.S. African Development Foundation.

We oversee the United States' most vital, high-profile programs in humanitarian and development assistance. Our agile approach to oversight and accountability allows us to help USAID respond to continuing and new challenges.

For example, during this reporting period, we added two staff positions at U.S. Embassy Kyiv. I'm proud that we were the first U.S. OIG with permanent staff, and the only one with criminal investigators on the ground in Kyiv. This reporting period also marked our highest number of law enforcement actions since before the pandemic. This report details some of those actions, including investigations of child labor, sexual misconduct, and whistleblower retaliation affecting U.S. foreign assistance programs. We also played a key role on task forces that disrupted human trafficking networks, foreign gangs, and pandemic relief fraud.

Our audits, investigations, and evaluations focused on such areas as USAID's assessment of risk in its programs in West Bank/Gaza—a region with extreme challenges that are growing significantly as we begin the reporting period for fiscal year 2024. We also assessed fraud mitigation in humanitarian aid in Northern Central America and efforts to counter human trafficking in Asia. We satisfied all Federal requirements and deadlines for our mandated financial and information technology audits. Furthermore, we introduced flexible agile products, including information briefs, to provide our congressional stakeholders with concise, expedited work to inform their policymaking.

We continue to meet the challenge of providing oversight of U.S. foreign assistance in some of the most complex environments in the world. Our stakeholders—including U.S. taxpayers and the Congress—have my commitment that we will continue this work effectively and efficiently in pursuit of our mission to “safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.”

Nicole Angarella  
Acting Deputy Inspector General



## About USAID OIG

Under the authority of the Inspector General Act of 1978, as amended, USAID OIG conducts independent audits, evaluations, and investigations that promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse in USAID programs and operations. We also provide oversight of the [Millennium Challenge Corporation \(MCC\)](#), [Inter-American Foundation \(IAF\)](#), and the [U.S. African Development Foundation \(USADF\)](#). In coordination with the Inspectors General for the

Departments of Defense and State, our work includes oversight of Overseas Contingency Operations (OCO), which often involve foreign assistance, humanitarian aid, and stabilization activities.

We align our oversight with our own strategic goals, U.S. foreign assistance priorities, and the interests of our key stakeholders, particularly Congress, and then provide the results of our work to agency leaders, Congress, and the public.

## History, Mandates, and Authority

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### 1980 USAID OIG Established

USAID OIG was established by Public Law 96-533, an amendment to the Foreign Assistance Act of 1961.

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### 1981 USAID OIG Brought Under the Inspector General Act

The International Security and Development Cooperation Act of 1981 brought the USAID Inspector General under the Inspector General Act of 1978.

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### 1999 Oversight of IAF and USADF

OIG assumed audit and investigative oversight of IAF and USADF under the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Appendix G of Public Law 106-113.

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### 2004 Oversight of MCC

OIG assumed oversight of MCC under the Millennium Challenge Act of 2003, Division D, Title VI of Public Law 108-199.

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### 2013 Oversight of Overseas Contingency Operations

OIG was charged with joint, coordinated oversight of overseas contingency operations under the National Defense Authorization Act for Fiscal Year 2013, Public Law 112-239.

## Spotlight on OIG's Oversight Efforts

### Oversight of USAID's Response for Ukraine

USAID OIG's top priority during this reporting period continued to be providing comprehensive oversight of USAID's Ukraine response. Since Russia's invasion in February 2022, the U.S. government has appropriated \$22.9 billion in direct budget support, \$1.4 billion in humanitarian aid, and \$870 million in development assistance. In response to ongoing congressional interest in oversight of foreign assistance to Ukraine, we provided six Ukraine-related congressional briefings during the reporting period, including two briefings with Defense and State OIG leadership: one to a group of senators at the invitation of [Senate Minority Leader McConnell and the Senate GOP Conference](#) and another to bipartisan defense and foreign policy Senate staff at the invitation of the [Senate Armed Services Committee](#). These briefings reflected our close coordination with the Departments of Defense and State on Ukraine oversight and continued commitment to briefing Congress and congressional staff on our ongoing work.

During this reporting period, we greatly expanded our cooperation with Ukrainian law enforcement agencies to reinforce our collective commitment to fighting the misuse of USAID funds. We formalized memorandums of understanding and shared information with Ukrainian government agencies working to combat corruption. We also issued an [information brief](#) identifying USAID/Ukraine's staffing, programming, and funding before and after Russia's invasion.

### Collaborating With Domestic and International Oversight Partners

According to USAID, about one-quarter of its funding—more than \$21 billion in fiscal year (FY) 2022—goes to multilateral organizations, including United Nations (UN) agencies and the World Bank. These organizations frequently have access to conflict zones and established networks that enable the U.S. government to expedite delivery of aid in complex, emergency situations. However, they are not generally subject to U.S. laws or business standards. USAID policy outlines due diligence practices to ensure proper oversight and use of taxpayer funds. OIG is [conducting an evaluation](#) that focuses on USAID's due diligence practices over such organizations from FY 2019 to FY 2022.

### Preventing Sexual Exploitation and Abuse and Human Trafficking in the Foreign Aid Sector

Trafficking in persons is the second largest criminal industry worldwide and affects at least 25 million victims, with the largest number in Asia. From FY 2001-2020, USAID initiated counter-trafficking in persons (C-TIP) programs and obligated roughly 50 percent of its C-TIP funding to Asia. [Our audit](#) found that while selected USAID missions in Asia followed programming objectives for learning, consultation, and



coordination, they did not fully adhere to aspects of program design or to Agency guidance on designating and using C-TIP coordinators. Further, C-TIP coordinators were uncertain about their roles and responsibilities and did not consistently monitor and enforce awardee compliance with trafficking in persons prevention and detection requirements. In addition, through investigations OIG found instances of child labor at an Iraq-based subawardee as well as multiple instances of sexual misconduct by a USAID personal services contractor.

## **Combating Email Compromise Schemes and Other Criminal Activity Impacting USAID Funding and Programs**

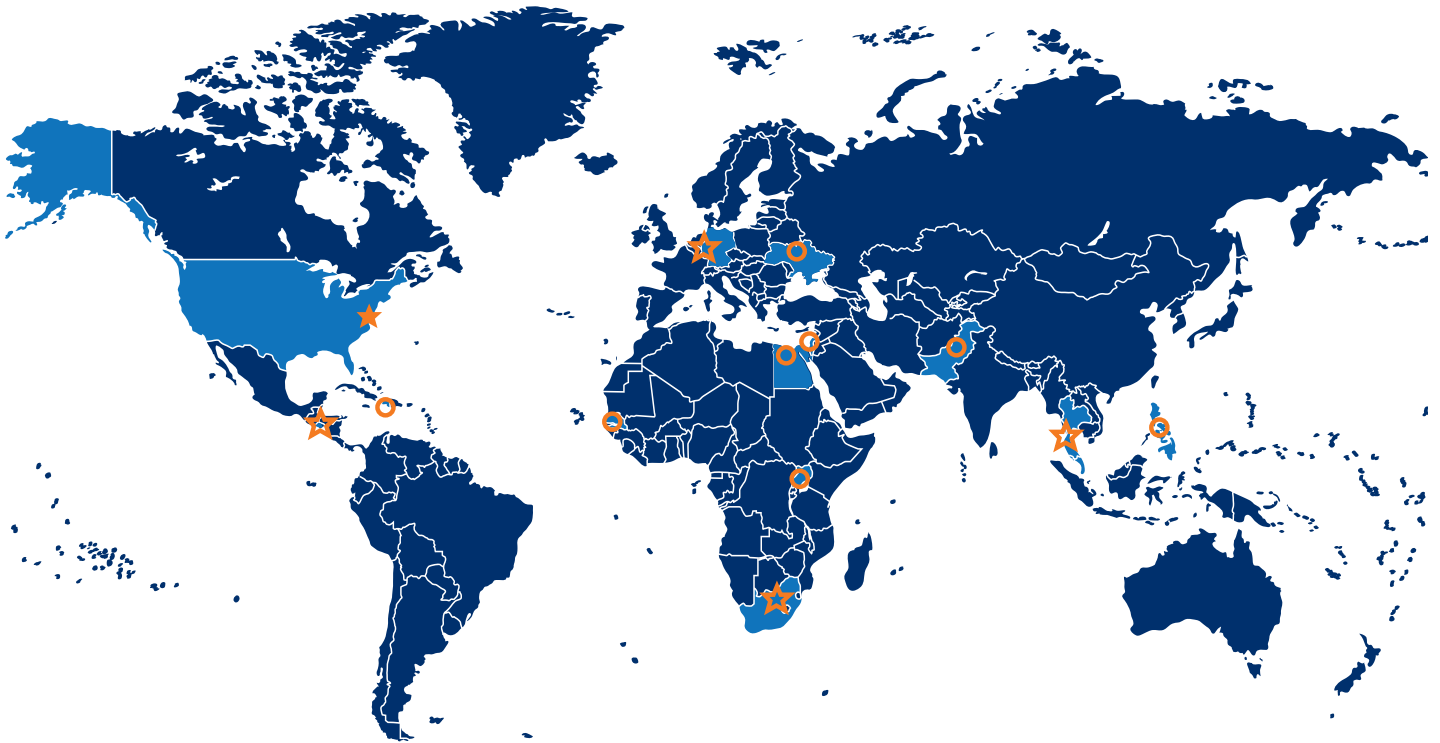
We alerted USAID about criminal attempts to derail USAID funding and programs. Frequently orchestrated by international organized crime syndicates, business email compromise schemes target individuals and entities that routinely wire transfer payments to awardees, vendors, and suppliers. As such, they pose a specific threat to USAID programs. In September 2023, OIG released a fraud alert outlining examples of vulnerabilities to USAID, its awardees, and program beneficiaries, as well as precautionary measures that USAID can adopt. In addition, USAID awardees operating in complex emergency areas often use informal currency exchange systems to convert U.S. dollars into local currency. In [2021](#) and [2023](#), OIG alerted USAID to vulnerabilities in these systems, including the risk that Agency programs will be subject to embezzlement, fund diversion, and fraudulent invoicing. Other OIG investigations confirmed whistleblower retaliation by a USAID awardee and that a Foreign Service National at the USAID Kenya and East Africa Mission had offered a Kenyan organization the opportunity to evaluate its own proposal in return for expected compensation.

## **Dealing With Workforce Planning Challenges That Hinder USAID's Ability to Fulfill Its Mission**

Following Russia's invasion of Ukraine, the State Department officially suspended Embassy Kyiv operations and remaining USAID personnel departed the city. USAID did not have a staffing presence again in Kyiv until May 2022, when the embassy began its phased reopening. As of April 2023, USAID's [staffing in Ukraine](#) was at 58 percent of preinvasion levels, while its development and humanitarian assistance programming in the country increased by more than 224 percent. We also reported on USAID's and the State Department's shared provision of International Cooperative Administrative Support Services (ICASS) in at the U.S. Embassy in Juba, Sudan. [OIG's inspection](#) revealed that the mission faced human resource challenges related to understaffing, ineffective transition and orientation processes, and training provided to Foreign Service Nationals.

# USAID OIG Office Locations

USAID OIG conducts oversight activities worldwide, working from 13 offices, including our headquarters, regional offices, and suboffices.<sup>1</sup>



## Headquarters

Washington, DC, USA

## Regional Offices

Latin America/Caribbean, San Salvador, El Salvador

Middle East/Eastern Europe, Frankfurt, Germany

Africa, Pretoria, South Africa

Asia, Bangkok, Thailand

## Suboffices

Port-au-Prince, Haiti

Dakar, Senegal

Cairo, Egypt

Kampala, Uganda

Tel Aviv, Israel

Kyiv, Ukraine

Islamabad, Pakistan

Manila, Philippines

<sup>1</sup> Here and throughout the report, the depiction and use of boundaries and geographic names on maps do not imply official endorsement or acceptance by the U.S. government.



# **Outreach and External Engagement**



Left to right: State Acting IG Diana Shaw, USAID Acting Deputy IG Nicole Angarella, DoD IG Rob Storch, and Senator McConnell at a briefing for the GOP Conference on Oversight of U.S. Assistance to Ukraine.

OIG's outreach and external engagements give our congressional stakeholders, oversight partners, aid organizations, and the public timely and relevant information about U.S. foreign assistance programs through an oversight lens. We seek to inform stakeholders about our work, coordinate oversight as appropriate, and highlight ways in which the aid sector can support our mission to promote accountability and good stewardship of U.S. foreign assistance funding.

## Engagements With Congress

- **U.S. Withdrawal from Afghanistan:** Acting Deputy Inspector General Angarella [testified](#) in a hearing before the House Committee on Oversight and Accountability on oversight of USAID's role in the U.S. withdrawal from Afghanistan.
- **Oversight of USAID's Ukraine Response:** We provided six Ukraine-related congressional briefings during the reporting period, including two briefings with the OIG leadership from the Departments of Defense (DoD) and of State: one to a group of senators at the invitation of [Senator Mitch McConnell and the GOP Conference](#) and another to bipartisan defense and foreign policy Senate staff at the invitation of the [Senate Armed Services Committee](#).
- **Oversight of Public International Organizations:** We provided two briefings on our oversight of public international organizations (including UN agencies) receiving USAID funds.
- **Sexual Exploitation and Abuse and C-TIP:** We held one staff briefing on our oversight work on sexual exploitation and abuse and counter-trafficking in persons.
- **Overseas Contingency Operations:** We provided staff briefings with our DoD and State IG counterparts on our oversight of USAID's continued programming in Iraq and Syria.

- **USAID’s Negotiated Indirect Cost Rate Agreements:** We provided a congressional briefing on our ongoing audit and past investigations into of USAID’s issuance of Negotiated Indirect Cost Rate Agreements to its implementing partners.
- **U.S. African Development Foundation:** We provided a congressional briefing on our past audit work and current oversight of the U.S. African Development Foundation.
- **Budget Briefings:** During the reporting period we provided regular budget briefings to congressional staff from both the Senate and House Appropriations Subcommittees on State and Foreign Operations.

## Engagements With UN Organizations, Foreign Governments, the International Aid Sector, and the Media



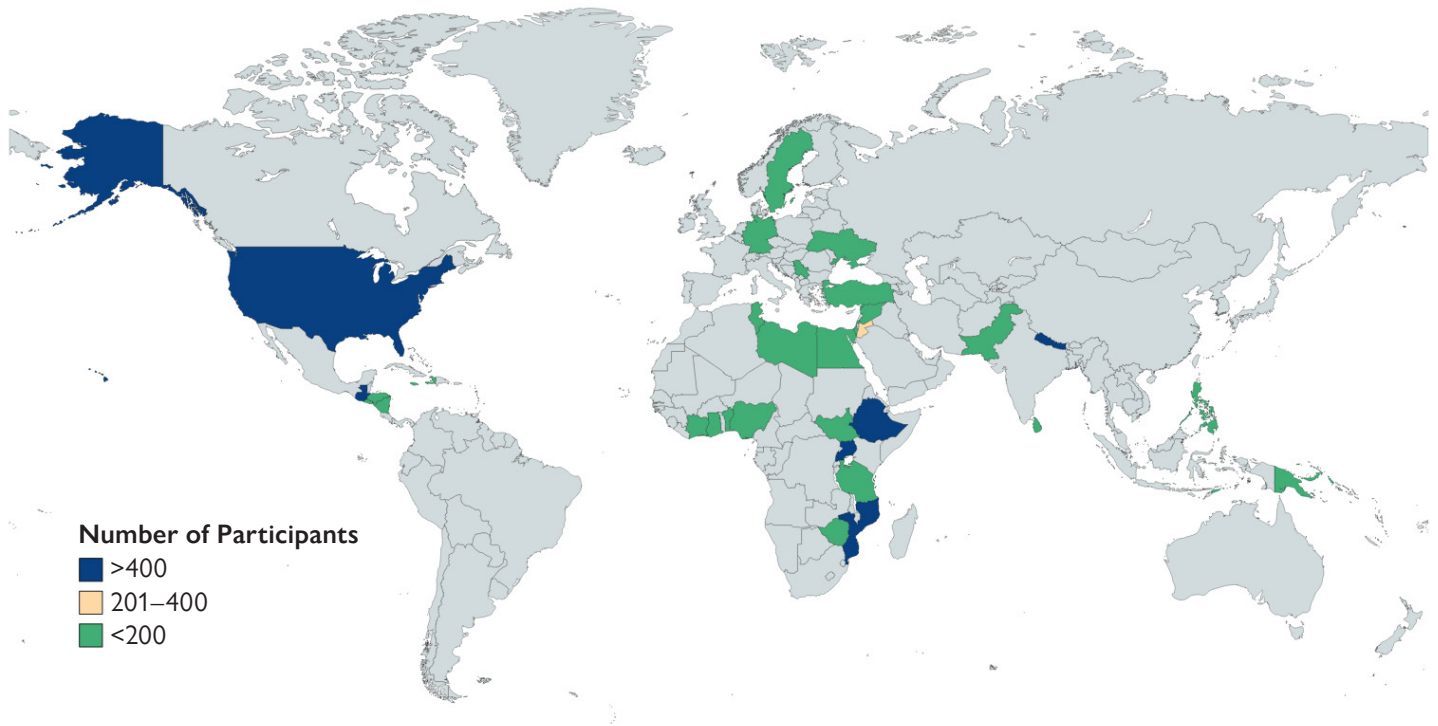
Acting Deputy Inspector General Nicole Angarella and National Anti-Corruption Bureau of Ukraine head Semen Kryvonos sign information-sharing Memorandum of Understanding.

- **Ukraine Anti-Corruption Entities:** USAID OIG held meetings with key Ukrainian anti-corruption officials and international investigative counterparts. These meetings resulted in information-sharing Memorandums of Understanding with the [National Anti-Corruption Bureau of Ukraine](#), [Ukraine’s State Bureau of Investigation](#), and [Ukraine’s Specialized Anti-Corruption Prosecutor](#).
- **Ukrainian Ministries Conference:** Acting Deputy IG Angarella [participated](#) in a virtual panel at the “Anti-Corruption Reforms and Recovery” conference, cohosted by the Ukrainian government and USAID’s Support to Anti-Corruption Champion Institutions program. The conference focused on transparency, accountability, and preventing corruption in recovery and reconstruction efforts in Ukraine.
- **United Nations:** USAID OIG leadership traveled to Rome, New York, and Geneva for [meetings](#) with 11 UN agencies that receive USAID funding. We conveyed our expectation for [transparency, oversight, and accountability for USAID funding to UN agencies](#).
- **World Bank Event on Oversight in Fragile Environments:** Acting Deputy IG Angarella presented at an [event](#) hosted by the World Bank for the Representatives of the Internal Audit Services Plenary Session. Attendees heard from a variety of speakers on “Evolving Assurance in Fragile Environments: Insights, Lessons Learned, and Innovative Solutions.”

- **60 Minutes:** Our Assistant Inspector General for Investigations was interviewed by [60 Minutes](#) on our aggressive oversight of USAID assistance to Ukraine. The news program featured our hotline for reporting misconduct and anti-corruption efforts.
- **Biannual International Corruption Hunters Alliance Forum:** Our Assistant Inspector General for Audits, Inspections, and Evaluations and Deputy General Counsel attended this forum, hosted by the World Bank in Côte D'Ivoire under the theme of "Collective Action in an Era of Crises." The forum showcased knowledge from all corners of the world on the fight against corruption, and renewed momentum on collective action in support of the global anti-corruption agenda. Sessions were aligned on priorities for redoubling individual and joint action, including around financial transparency and integrity, action by and with the private sector, protection of civic space, and enhancing international cooperation.
- **Nongovernmental Organizations' (NGO) Counsels Forum:** Our Acting General Counsel and Deputy General Counsel met with attorneys from various NGOs to discuss expectations concerning reporting of misconduct in the performance of USAID awards. OIG explained the use of a new web-based portal to accurately report these allegations.
- **Donor Safeguarding Investigations Working Group:** Representatives from OIG's Office of General Counsel and Office of Investigations joined the Donor Safeguarding Investigations Working Group at its first in-person meeting in The Hague, Netherlands. OIG is a longstanding member of this United Kingdom-led group, which consists of bilateral donor oversight entities responsible for preventing sexual exploitation and abuse across the international aid sector. OIG representatives presented on recent successes in preventing the recirculation of perpetrators of SEA, including those who were employed by or affiliated with the United Nations at the time of the misconduct.

# 125 OIG Fraud Awareness Briefings Reached 5,206 Participants Worldwide, April 1, 2023– September 30, 2023

Participants Represented Agency, Aid Organization, and Awardee Staff





## **Audit, Inspection, Evaluation, and Agile Product Activities and Reporting**



OIG's products are designed to improve efficiency and effectiveness of U.S. foreign assistance programs and operations. This work can examine agency performance, internal controls, and compliance with applicable laws, regulations, and guidance. These products generally include recommendations for policy and programmatic changes for the agency to consider in its ongoing or new programs and operations. This work includes:

- Conducting performance audits, inspections, and evaluations of programs and management systems as well as issuing agile products such as information briefs.
- Overseeing mandated engagements, such as agency financial statement and information security audits required by law and performed by independent public accounting firms (IPAs).
- Performing quality control over non-Federal audits required of USAID and MCC grantees.<sup>2</sup>

During the reporting period, we conducted or reviewed **252** audits, inspections, evaluations, and agile products covering **\$10,720,646,618** in programs. This work identified **\$20,265,229** in questioned costs. Please refer to the appendixes for further details.

To access our full library of audits, recommendations, investigations, testimonies, and other reports, visit <https://oig.usaid.gov/>.

## **Audits, Inspections, Evaluations, and Agile Products**

**Audits** are conducted in accordance with generally accepted government auditing standards ([Yellow Book](#)). **Inspections and evaluations** must meet [Blue Book](#) standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). In this reporting period, we introduced flexible **agile products**, including information briefs, that we perform according to internal policies and procedures and CIGIE quality control standards ([Silver Book](#)).

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<sup>2</sup> To complete these audits, USAID relies on non-Federal IPAs, the Defense Contract Audit Agency, and the supreme audit institutions of host governments, while MCC relies on non-Federal IPAs. We typically perform desk reviews and quality control reviews of supporting workpapers for select audits to determine whether these audits meet professional standards for reporting and other applicable laws, regulations, or requirements. We issue transmittal memos based on our review, which may include recommendations to the agency, including the third-party auditor's identification of questioned costs and funds to be put to better use.

## **Discretionary Audits**

### ***Audit of West Bank and Gaza: USAID Did Not Document Its Deliberative Process for Identifying and Assessing Risks in Programming***

Report No. 8-294-23-003-P

September 18, 2023

#### ***Why We Did This Audit***

- Even before the war between Israel and Hamas, USAID's Mission for West Bank and Gaza (USAID/WBG) faced several constraints in implementing foreign assistance programs, such as movement restrictions and security concerns due to violence.
- USAID/WBG also faces funding swings due to changing administration priorities. Funding decreased from \$286 million in FY 2017 to about \$18 million in FY 2020. While the U.S. administration at the time ended all programmatic assistance in FY 2019, previously appropriated amounts were obligated in FY 2019-2020. In FY 2021, the subsequent administration announced it would resume funding, which increased to \$122 million in FY 2021 and to \$152 million in FY 2022.
- Given the challenges in providing foreign assistance to the region, coupled with the large increase in funding in recent years, OIG initiated an audit to determine the extent to which USAID/WBG identified and assessed risks after the resumption of funding and related programming.

#### ***What We Found***

- USAID/WBG followed Agency guidance on identifying and assessing risks after the resumption of funding and programming but did not document its deliberative process for determining what to include in the risk profile.
- Specifically, the mission identified and reported programmatic, human capital, and reputational risks in FY 2021 and FY 2022. However, it did not document the assumptions made and methodologies it used to identify risks, particularly those related to security, legal, fiduciary, and information technology requirements. It also did not document why the mission decided to not include risks reported in the prior period.

#### ***Why It Matters***

- USAID/WBG programs are designed to support efforts in the West Bank and Gaza to partner with the Palestinian people to promote prosperity, peace, and opportunities for the next generation.
- Because the mission did not document the deliberative process it used to establish its risk profiles, it did not reap the benefits of a more transparent and documented process that involved all key stakeholders in the analysis of all available data.

- The mission may miss opportunities to mitigate recurring risks and revise programs in response to identified risks. As a result, USAID/WBG programs may not be able to meet program objectives..

USAID/WBG concurred with our recommendation to update the mission order to include documentation of the deliberative process supporting the mission's risk assessment and developed a new mission order.

### ***Audit of Counter-Trafficking in Persons: Improved Guidance and Training Can Strengthen USAID's C-TIP Efforts in Asia***

Report No. 5-000-23-001-P

September 11, 2023

#### ***Why We Did This Audit***

- Trafficking in persons is the second largest criminal industry worldwide and affects at least 25 million victims, with the largest number in Asia.
- From FY 2001-2020, USAID initiated C-TIP programs and obligated roughly 50 percent of C-TIP's funding to Asia.
- We conducted this audit to assess the extent that selected USAID missions in Asia (1) adhered to C-TIP programming objectives, (2) followed guidance to designate and use C-TIP coordinators, and (3) monitored and enforced implementer (USAID award recipient) compliance with TIP requirements.

#### ***What We Found***

The missions we reviewed:

- Followed programming objectives for learning, consultation, and coordination but did not fully adhere to aspects of program design.
- Did not fully adhere to Agency guidance on designating and using C-TIP coordinators. Further, C-TIP coordinators were uncertain about their roles and responsibilities.
- Did not consistently monitor and enforce awardee compliance with trafficking in persons prevention and detection requirements for selected awards.

#### ***Why It Matters***

- In response to the pervasiveness of human trafficking, Congress has enacted legislation and appropriations to help USAID combat trafficking in persons worldwide.
- USAID's resources and expertise position the Agency to play a key role in combating trafficking in persons across Asia.

The Agency agreed with all five of our recommendations to strengthen USAID's adherence to C-TIP Policy programming objectives, including the designation and use of C-TIP coordinators and use of controls to monitor and enforce implementer compliance.

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

Report No. 9-000-23-001-P

May 22, 2023

### ***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. This aid was intended to address the immediate needs of those impacted by recurrent drought, food insecurity, and the COVID-19 pandemic.
- We know from our oversight of prior emergency responses that humanitarian assistance can be compromised by fraud and diversion, due in part to the presence of criminal organizations and U.S.-sanctioned organizations.
- 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 stemming from 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 Found***

- BHA did not consistently follow guidance to assess the risks posed by sanctioned groups before implementing programming.
- 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.

### ***Why It Matters***

- We have previously noted that managing fraud and diversion risks to humanitarian assistance remains one of USAID's top management challenges.
- To mitigate risks of fraud and diversion posed by sanctioned groups and ensure that humanitarian assistance reaches those who need it most, often under tight timelines and with significant scrutiny, it is critically important for USAID to communicate clear expectations in its guidance on assessing sanctioned group risk for both BHA staff and award applicants.

We made five recommendations to improve USAID/BHA's processes for assessing and mitigating fraud and diversion risks. BHA agreed with all five recommendations, including the need to update internal guidance to clarify language describing the measures of risk posed by sanctioned groups that are sufficient to prompt BHA staff to complete additional due diligence.

## **Inspections and Evaluations**

### ***Inspection of USAID/South Sudan's ICASS Service Provision in Juba***

Report No. E-668-23-002-M

September 28, 2023

#### ***Why We Did This Inspection***

- In Juba, South Sudan, USAID serves as an Alternate Service Provider of ICASS system. ICASS allows the U.S. government to provide and share the cost of common administrative support services among its overseas posts.
- USAID's Mission in South Sudan (USAID/South Sudan) provides about half of the ICASS services in Juba, and the State Department typically serves as the primary ICASS service provider at all other posts worldwide.
- In 2021, Embassy Juba and USAID/South Sudan expressed concerns about how ICASS services were provided at post. These issues included questions about the division of roles between USAID and the State Department as well as management and human resource challenges. Both entities asked the USAID and State Department OIGs to conduct a joint inspection.
- We conducted this inspection to determine whether USAID/South Sudan has met requirements of applicable laws and regulations for its role as an Alternate Service Provider.

#### ***What We Found***

- The mission lacked clear coordination and communication of duties for ICASS service provision. Instead, USAID and State Department personnel relied on personal relationships to determine who was responsible for their shared duties.
- USAID/South Sudan encountered a broad range of management challenges at the strategic, operational, and functional levels. The mission also faced human resource challenges related to understaffing, ineffective transition and orientation processes, and training provided to Foreign Service Nationals.

#### ***Why It Matters***

- USAID/South Sudan will continue providing services for Embassy Juba until embassy functions transition from the existing location to a new embassy compound. Thus, the mission must ensure that its Executive Office receives sufficient support to provide these services.

We made 11 recommendations to improve USAID/South Sudan's management of ICASS services in Juba, South Sudan.

## **Mandated Financial and Information Technology Engagements**

In addition to our discretionary work, we provide oversight of Agency financial, information technology, and other controls, as required by statute.

### ***Federal Information Security Modernization Act of 2014 (FISMA)***

We contracted with IPAs to conduct audits of the information security programs at USAID, MCC, IAF, and USADF. We made recommendations in three of the reports (USAID, MCC, IAF) to address weaknesses identified in the reports.

- **USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2023 in Support of FISMA**  
[Report No. A-000-23-004-C](#)  
September 08, 2023
- **MCC Generally Implemented an Effective Information Security Program for Fiscal Year 2023 in Support of FISMA**  
[Report No. A-MCC-23-002-C](#)  
September 05, 2023
- **IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2023 in Support of FISMA**  
[Report No. A-IAF-23-001-C](#)  
August 28, 2023
- **USADF Implemented a Managed and Measurable Information Security Program for Fiscal Year 2023 in Support of FISMA**  
[Report No. A-ADF-23-003-C](#)  
September 05, 2023

### ***Payment Integrity Information Act of 2019***

We contracted with IPAs to determine whether USAID and MCC's improper payment reporting in FY 2022 complied with the Payment Integrity Information Act of 2019 (Public Law 116-117). We made two recommendations in the USAID report to address weaknesses identified in the report.

- **USAID Complied in Fiscal Year 2022 With the Payment Integrity Information Act of 2019 Financial Audits**  
[Report No. 0-000-23-006-C](#)  
May 19, 2023
- **MCC Complied in Fiscal Year 2022 With the Payment Integrity Information Act of 2019**  
[Report No. 0-MCC-23-005-C](#)  
May 19, 2023

### **Government Charge Card Abuse Prevention Act of 2012**

The Charge Card Act (Public Law 112-194) requires OIGs to conduct periodic risk assessments of agency charge card programs to assess the risk of illegal, improper, or erroneous purchases and payments. We contracted with IPAs to conduct risk assessments, and as warranted, audits of charge card programs at USAID and MCC, and we conducted the risk assessments for IAF and USADF. We made three recommendations in the USAID Purchase Card report to address weaknesses identified in the report.

- **Assessment of USAID’s Purchase Card Program Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2022**  
[Report No. 0-000-23-010-C](#)  
August 09, 2023
- **USAID’s Travel Card Program Complied with the Government Charge Card Abuse Prevention Act in Fiscal Year 2022**  
[Report No. 0-000-23-009-C](#)  
August 7, 2023
- **Assessment of MCC’s Charge Card Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2022**  
[Report No. 0-MCC-23-007-C](#)  
June 29, 2023
- **Assessment of the Inter-American Foundation Charge Card Program Showed Low Risk in Fiscal Year 2022**  
[Report No. 0-IAF-23-011-S](#)  
July 13, 2023
- **Assessment of the U.S. African Development Foundation Charge Card Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2022**  
[Report No. 0-ADF-23-008-S](#)  
July 7, 2023

### **Contract Audit Reports With Significant Findings**

The National Defense Authorization Act, FY 2008 (Public Law 110-181, Sec. 845 Significant Findings From Contract Audit Reports) requires inspectors general to submit information on contract audit reports, including grants and cooperative agreements, that contain significant audit findings in semiannual reports to Congress.

- Nothing to report this period.

## **Agile Products**

Agile products are designed to provide expedited, high-level reviews of critical issues for prompt stakeholder consideration.

### ***Information Brief on USAID’s Due Diligence Practices for Working With United Nations Agencies and Other International Organizations***

Report No. D-000-23-001-A

July 17, 2023

USAID reports that about one-quarter of its funding—more than \$21 billion in FY 2022—goes to multilateral organizations, including UN agencies and the World Bank. These organizations frequently have access to conflict zones and established networks that enable the U.S. government to expedite delivery of aid in complex, emergency situations. However, they are not generally subject to U.S. laws or business standards. USAID policy outlines due diligence practices to ensure proper oversight and use of taxpayer funds. USAID OIG is conducting an evaluation that focuses on USAID’s due diligence practices over such organizations from FY 2019 to FY 2022 that will expand on this information brief.

### ***Information Brief on USAID’s Ukraine Staffing***

Report No. E-121-23-001-A

September 20, 2023

On February 28, the State Department officially suspended Embassy Kyiv operations, and remaining USAID personnel departed the city. Staff worked remotely from across Ukraine and other countries, and USAID did not have a staffing presence again in Kyiv until May 2022, when the embassy began its phased reopening. As of April 2023, USAID’s staffing in Ukraine was at 58 percent of preinvasion levels, while its development and humanitarian assistance programming in the country increased by more than 224 percent. This information brief compared USAID’s Ukraine pre- and post-invasion staffing footprint with programming and funding.



# Overseas Contingency Operations Quarterly Reports

## Quarterly Reporting

We reported on humanitarian conditions and USAID response efforts in Afghanistan, Iraq, and Syria in association with DoD and State OIGs as part of our responsibility for reporting on the progress of overseas contingency operations.

In **Afghanistan**, we reported that:

- The Taliban ban on women working in NGOs and working with UN programs continued to inhibit delivery of aid, undermining the ability of humanitarian organizations to reach the estimated 11.6 million women and girls who need humanitarian assistance. The Taliban has enforced these decrees by refusing to allow women to register their NGOs and grants and by preventing women, through security checkpoints, from entering NGO and UN offices.
- Afghanistan health facilities continued to operate and provide services, although with staffing shortages for specialist positions, including general practitioners and female pediatricians, and shortages of certain medicines.
- An ongoing outbreak of Moroccan locusts across eight provinces in the north and northeast Afghanistan, which account for about 35 percent of the country's wheat production, represented a threat to farmers and communities across the entire country. According to the USAID-funded UN Food and Agriculture Organization, effective mechanical control measures in northern provinces resulted in 600,000 metric tons of wheat being impacted, down from initial estimates that up to 1.2 million metric tons of wheat could be destroyed.

In **Iraq**, we reported that:

- The international community is in the process of transferring humanitarian response operations to the Iraqi government and Kurdistan Regional Government, reflecting Iraq's decreasing humanitarian needs. However, the decrease in internationally funded humanitarian services had not been met with an equivalent increase in services from the Iraqi government.
- USAID provided humanitarian assistance and services for the Jeddah 1 camp, including camp management support, mental health and psychosocial support services, protection assistance, primary health care, and other humanitarian assistance. Iraqis face barriers to return from the Jeddah 1 camp, including lack of housing, civil documentation, livelihoods, access to basic services, and concerns about safety and security.
- While the last remaining internally displaced persons camp in Federal Iraq, Jeddah 5, closed in April, 25 camps remain in Kurdistan Regional Government-controlled areas.

In **Syria**, we reported that:

- The operation of border crossings into Syria continued to impact humanitarian assistance with the temporary closure of the Faysh Khabur-Semalka crossing from Iraq into northeast Syria restricting humanitarian personnel and commodities. The opening of additional border crossings in northwest Syria provided more routes for humanitarian assistance.
- Repatriation of Iraqis from the al-Hol camp in Syria remained slow with 659 Iraqis transiting from al-Hol to the Jeddah 1 camp in June 2023, leaving about 26,000 Iraqis remaining in the al-Hol camp.
- USAID continued its programs to address food insecurity, restore essential services, and support displaced persons.



## **Investigative Activities and Reporting**

USAID OIG has statutory authority to conduct investigations into criminal and other misconduct compromising the foreign assistance programs and operations of the agencies it oversees. In addition to furthering criminal, civil, and administrative enforcement remedies, OIG's investigative activities resulted in USAID's adoption of changes in its programs and operations. The impact of our work can be seen in cases referred to USAID and other agencies that led to removal of employees who engaged in gross misconduct; the government-wide suspension or debarment of individuals or organizations; and increased reporting of misconduct affecting U.S. foreign assistance programs from agency officials, UN organizations, and U.S.-funded organizations around the world.

## **Whistleblower Protection**

Ensuring individuals' rights to report wrongdoing without fear of reprisal is essential to our mission. This includes:

- Assessing, responding to, and, when warranted, investigating allegations of whistleblower retaliation.
- Through fraud awareness briefings, meetings with management and staff from the agencies we oversee and grantees/contractors, and in other external communications—presenting on whistleblower retaliation protections afforded to those who choose to report allegations of misconduct.

### **USAID OIG's Whistleblower Protection Coordinator**

OIG's statutorily designated Whistleblower Protection Coordinator, located in the Office of Investigations, conducts the following activities:

- Educates agency employees on their legal right to disclose fraud, waste, abuse, and other misconduct, free from reprisal.
- Delivers information and materials on whistleblower protections at USAID's biweekly new employee orientations. During the reporting period, this included 13 such sessions.
- Works with our Office of General Counsel to ensure that employees of USAID-funded recipients receive information on whistleblower rights and remedies.

We also provide information about whistleblower protection on our public website. For more information, contact USAID OIG's Whistleblower Coordinator at [oigombud@usaid.gov](mailto:oigombud@usaid.gov) or (202) 712-1150.

## Impactful Investigative Activities

To access press releases or investigative summaries for our ongoing criminal, civil, and administrative matters, please visit <https://oig.usaid.gov/our-work/investigations>.

Investigative results for matters closed this reporting period include the following.

### **Whistleblower Retaliation by USAID Awardee**

OIG initiated an investigation—required under Title 41, U.S. Code, section 4712—after receiving a complaint from a former employee of a USAID awardee alleging that they were terminated after revealing their employer’s lack of financial controls and the related mishandling of money by a former executive. OIG sent report of findings to the USAID Administrator, the complainant, and the employer, asking USAID for a determination on whether to order the employer to take corrective action. In July 2023, USAID found the employer had engaged in whistleblower retaliation and ordered the employer to pay the complainant \$50,000.

### **USAID Revokes Foreign Service National’s Security Clearance and Terminates Contract**

OIG received a complaint alleging that a Foreign Service National at the USAID Kenya and East Africa Mission offered a Kenyan organization the opportunity to evaluate its own proposal in return for expected compensation. The organization submitted an Expression of Interest for a USAID co-creation activity. Through co-creation, USAID brings organizations and individuals together to find solutions to development challenges and foster local ownership. OIG found that, while assigned to the technical evaluation and selection committee, the Foreign Service National improperly shared sensitive proposal evaluation information without proper authorization, which was in violation of his nondisclosure agreements and code of conduct. In March 2023, OIG referred its findings to USAID Kenya and East Africa Mission and the Senior Regional Security Officer at the U.S. Embassy in Nairobi. In April 2023, USAID revoked the Foreign Service National’s security certification, and the mission terminated his contract.

### **OIG Found Instances of Child Labor at Iraq-Based Subawardee**

OIG received an allegation that an Iraq-based subawardee was hiring children as part of the USAID Bureau for Humanitarian Assistance–funded Water, Sanitation, and Hygiene program. OIG confirmed that the subawardee hired a child in violation of USAID’s Safeguarding Provisions and failed to notify the awardee of the occurrence. In March 2023, OIG referred its findings to USAID’s Responsibility, Safeguarding, and Compliance division for a present responsibility determination regarding potential suspension and/or debarment. In August 2023, the Agency chose not to pursue either option.

## **OIG Found Multiple Instances of Sexual Misconduct by a USAID Personal Services Contractor**

OIG received an allegation from the Diplomatic Security Service stating that a USAID employee may have committed an act of unwanted sexual contact against another Agency employee. OIG found that a USAID Personal Services Contractor engaged in unwanted sexual contact with a USAID colleague while on a temporary duty assignment. OIG also identified a second individual who alleged that the same USAID PSC committed acts of unwanted sexual contact. As a result of the investigation, the USAID PSC agreed to resign in lieu of termination and not reapply for a USAID position for 10 years.

## **USAID Awardee Is Referred for Failure to Properly Implement Safeguards on UN- and USAID-Funded Awards**

OIG initiated an investigation after receiving allegations that a convicted sex offender was working with a USAID awardee implementing programming in Central African Republic. OIG referred its investigative findings to USAID's Responsibility, Safeguarding, and Compliance division for a present responsibility determination on the convicted sex offender and the awardee. In August 2023, the Responsibility, Safeguarding, and Compliance division declined to take any action due to the amount of time that had lapsed since the reported conduct.

## **Investigative Alerts**

### **OIG Informs USAID About Business Email Compromise Schemes**

Business email compromise schemes are sophisticated scams often orchestrated by international organized crime syndicates. Such schemes pose a specific threat to USAID programs by taking aim at individuals and entities that routinely wire transfer payments to awardees, vendors, and suppliers. In September 2023, OIG released a fraud alert outlining examples of vulnerabilities to USAID, its awardees, and program beneficiaries. The alert identified red flags related to business email compromise schemes as well as precautionary measures that USAID can adopt.

### **OIG Alerts USAID to Risks Posed by Currency Exchange Arbitrage**

USAID awardees operating in complex emergency areas often use informal currency exchange systems to convert U.S. dollars into local currency. In 2021, OIG alerted USAID to vulnerabilities in these systems, including insufficient documentation, unregulated rates, and the risk that Agency programs will be subject to embezzlement, fund diversion, and fraudulent invoicing. Currency exchange arbitrage remains a persistent risk for USAID programs in countries such as Lebanon, Libya, Syria, and Yemen. OIG investigated the practice of exploiting currency price variations for

financial gain and also received allegations of currency exchange arbitrage, which, if unaddressed, could jeopardize USAID’s programming integrity. In 2023, OIG issued a follow-up situational alert to USAID, highlighting investigative efforts and underscoring the inadequacies of existing Agency provisions and polices.

## **Substantiated Misconduct of Agency Employees**

### **Millennium Challenge Corporation Senior Executive Failed to Report Stolen Government Equipment and an Extortion Attempt**

In March 2022, OIG initiated an investigation after receiving information from MCC alleging that an MCC senior executive had been robbed of his wallet and mobile phone while on a temporary duty assignment in a partner country. OIG found that the stolen phone was the executive’s personal phone, which contained potentially compromising photographs. OIG also found that the assailants had gained access to the photos, attempted to extort the executive, and threatened to release the photos. The senior executive did not report the incident to the Regional Security Officer, as required by Chief of Mission policy, or local law enforcement. USAID OIG only learned about the robbery and extortion attempt after the executive reported it to MCC. Criminal prosecution of the MCC senior executive was declined. In December 2022, OIG completed its investigation and provided its report to MCC for appropriate action. MCC placed the executive on paid administrative leave during the investigation and on April 18, 2023, advised that no additional personnel action would be taken.

### **Former Mission Director to Jordan Violated the “10-Hour Rule”**

In November 2022, OIG received allegations that the USAID Mission Director to Jordan—a senior executive service position—violated the “Duty Limits to Control Fatigue,” also known as the “10-hour rule,” by using locally employed staff drivers in excess of the established driving limits on several occasions for a 2-year period. OIG’s investigation found that the rule had been violated 126 times from December 2020 to September 2022. Additionally, the Mission Director had directed the use of privately owned vehicles in violation of previous instructions. The Mission Director voluntarily retired in April 2023, and the USAID Responsibility, Safeguarding, and Compliance division, as well as the Bureau for Management, Human Capital Talent Management, advised no action would be taken.

## Task Force and Committee Participation

We joined and continued our work with over six law enforcement task and strike forces to further the global reach of our finite investigative resources. For example, our Office of Investigations currently participates in the following Department of Justice groups.

- *Joint Task Force Vulcan*, aimed at disrupting, dismantling, and ultimately destroying Mara Salvatrucha, commonly known as MS-13.
- *Joint Task Force Alpha*, an initiative to combat transnational human smuggling and trafficking networks in Northern Central America and Mexico.
- *Procurement Collusion Strike Force Global*, an effort to tackle potential collusion in bids for billions of dollars in U.S. funds spent abroad.
- *International Contract Corruption Task Force*, to integrate the full spectrum of investigative, intelligence, audit, and prosecutorial resources to combat contract fraud and public corruption related to U.S. government spending, with an emphasis on Southwest Asia operations.
- *Donor Safeguarding Investigations Working Group*, which sets policy, investigates allegations, and engages with the aid sector on sexual exploitation and abuse.

We also are members of the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, PRAC Law Enforcement Subcommittee, and the COVID-19 Fraud Enforcement Task Force Corporate and Large Business Subcommittee. Under the PRAC Fraud Task Force, OIG investigated and prosecuted fraud allegations involving COVID-19 relief programs. The task force was established to facilitate coordinated oversight of the Federal government's pandemic response by bringing together 52 agents from 16 OIGs. Since 2020, we have dedicated USAID OIG agents part time to lead task force investigations. Our agents comprise over 10 percent of the task force with seven agents participating. This initiative allowed our Office of Investigations to make a broader contribution to the IG community. Our criminal investigators met monthly with the PRAC Law Enforcement Subcommittee to share trends and best practices.



# Summary of Investigative Activities USAID, MCC, USADF, and IAF

April 1, 2023–September 30, 2023

## Investigative Workload

Action	Number
Investigations Opened	43
Investigations Closed	40
Investigative Reports Issued <sup>1</sup>	65

<sup>1</sup> This number includes all final reports of investigation, any interim reports referred for possible action, and any fraud alert or advisory issued as a result of investigative findings.

## Prosecutive Referrals and Actions

Action	Number
Persons Referred to the Department of Justice <sup>2</sup>	21
Persons Referred to State or Local Prosecutors <sup>3</sup>	0
Criminal Indictments / Informations <sup>4</sup>	1
Arrests	7
Convictions / Pleas	1

<sup>2</sup> This number includes all criminal and civil referrals to DOJ for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported represents referrals for both individuals and/or legal entities.

<sup>3</sup> This number includes all referrals to state or local prosecutorial bodies for a prosecutorial decision whether they were ultimately accepted or declined. The number reported represents referrals for both individuals and/or legal entities.

<sup>4</sup> The number of indictments reported include both sealed and unsealed.

## Administrative Referrals and Actions

Action	Number
Entities Referred for Present Responsibility <sup>5</sup>	17
Suspensions or Debarments <sup>6</sup>	7
Personnel Resignation, Curtailment, Removal, Suspension, or Termination <sup>7</sup>	9
Award or Contract Suspension or Termination <sup>8</sup>	0
New Rule, Policy, or Procedure Based on Investigative Findings <sup>9</sup>	2

<sup>5</sup> This number includes all referrals submitted by OIG to USAID's Office of Responsibility, Safeguarding, and Compliance in which an entity or individual's "present responsibility" to do business with the government is suspect based on OIG investigative findings and suspension/debarment was determined by OIG's Office of General Counsel to be a viable potential outcome of the referral.

<sup>6</sup> Suspensions include the temporary disqualification of firms or individuals from receiving U.S. Government awards. Debarments include actions taken by a debarring official to exclude a contractor or grantee, or individual from Government contracting and assistance awards for a specified period.

<sup>7</sup> This number includes terminations, resignations, and curtailments from assignments while under and/or in lieu of investigation and any adverse action based upon investigative findings to include security clearance suspension or revocation. This also includes both personal services contractors and institutional services contractors hired to directly support agencies OIG oversees. This does not include contractors or others working for third parties on agreements with the agencies we oversee.

<sup>8</sup> Terminations include instances in which a contract, grant, or cooperative agreement was terminated in response to OIG investigative findings. Contract or grant terminations are frequently accompanied by a financial recovery. Suspensions include instances in which ongoing, pending, and planned activities under a specific award are suspended based upon investigative findings until a prescribed remedial or administrative action is concluded.

<sup>9</sup> These include new procedures, rules, policies, agreement clauses, or regulations implemented by the responsible Federal agency to address systemic weaknesses revealed during an OIG investigation or other investigative work.

## Monetary Results

Action	Number
Criminal Fines, Restitutions, Recoveries, Assessments, or Forfeitures	\$0
Civil Fines, Restitutions, Recoveries, Penalties, Damages, or Forfeitures	\$5,200,000
Non-Judicial Restitutions, Recoveries, Forfeitures, Revocations, Seizures, or Settlements <sup>10</sup>	\$0
Fraud Loss Prevented or Saved Based on Investigative Findings <sup>11</sup>	\$96,442

<sup>10</sup> This number includes funds that were already distributed and for which the agency formally issued a bill of collection or other recovery mechanism after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused; funds recovered as part of a settlement that did not require judicial intervention; and any funds or valued property forfeited as part of an investigation prior to judicial intervention.

<sup>11</sup> This number includes funds that were obligated, but not yet distributed, to be spent as part of an agency's award that were preserved and made available for better uses after an OIG investigation revealed evidence that those funds were vulnerable to fraud or waste; and funds that were not yet obligated and subsequently set aside and made available for other uses as a result of an OIG investigation.

## Peer Reviews Conducted of OIG as of September 30, 2023

CIGIE requires OIGs to conduct and undergo periodic external peer reviews, and the IG Act of 1978 requires the results of these peer reviews to be published in this Semiannual Report to the Congress. In a prior reporting period, the Department of the Interior OIG conducted a peer review of USAID OIG's audit function and issued its report on March 31, 2023. There were no recommendations and USAID OIG received an External Peer Review rating of "pass." The Special IG for Afghanistan Reconstruction conducted a peer review of OIG's Office of Investigations and issued its report on February 15, 2023. Our office was rated as in compliance with the quality standards established by CIGIE and other applicable guidelines and statutes.



# **Inspector General Act Reporting Requirements**

The following page references information throughout the report as required by the Inspector General Act of 1978, as amended, and other requirements, for the reporting period April 1, 2023, through September 30, 2023. Requirements for which OIG has nothing to report this period are also noted in the table below.

Additional information regarding activity during the current period for reports and recommendations can be found in separate appendixes to this document. These appendixes are available on our website at <https://oig.usaid.gov/our-work/semiannual-report>.

## **Appendixes**

A. Reports Issued During Reporting Period<sup>3</sup>

B. Reports and Recommendations Issued During Reporting Period (Including Management Decision Status)

C. Reports and Recommendations Issued Before Reporting Period Without Final Action (Including the Potential Costs Savings), as of September 30, 2023

D. Reports and Recommendations Issued Before Reporting Period (With Management Decision During Reporting Period), as of September 30, 2023

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<sup>3</sup> Reports include financial audits, performance audits, nonaudits, inspections, and evaluations.

## Reporting Requirements and Location in This Report

Reporting requirements under the Inspector General Act of 1978, as amended.

Section	Description	Page in Report
§5(a)(1)	Significant problems, abuses, and deficiencies	Throughout this report
§5(a)(2)	Prior unimplemented recommendations	Appendix C
§5(a)(3)	Significant investigations closed	USAID: pp. 25–31 MCC: pp. 27, 29–31 USADF: pp. 29–31 IAF: pp. 29–31
§5(a)(4)	Number of convictions	p. 29
§5(a)(5); 5(h)	Reports and recommendations issued during the reporting period	Appendixes A, B
§5(a)(6)	Management decisions made during the period on previously issued audits	Appendix D
§5(a)(7)	Compliance with Federal Financial Management Improvement Act	Nothing to report
§5(a)(8)	Peer reviews conducted of USAID OIG	Nothing to report
§5(a)(9)	Peer review recommendations	Nothing to report
§5(a)(10)	Peer reviews conducted by USAID OIG	Nothing to report
§5(a)(11)	Statistical table of investigative reports and referrals	pp. 29–31
§5(a)(12)	Audit and Investigative reporting metrics	pp. 13, 35–36
§5(a)(13)	Substantiated misconduct of senior government employees	USAID: p. 27 MCC: p. 27 USADF and IAF: Nothing to report
§5(a)(14)	Instances of whistleblower retaliation	USAID: p. 25 MCC, USADF, and IAF: Nothing to report
§5(a)(15)	Interference with USAID OIG independence	Nothing to report
§5(a)(16)	Closed but undisclosed audits and investigations of senior government employees	Nothing to report

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

## Audit Terms and Investigative Metrics Defined

### Audit Terms

In the appendixes to this Semiannual Report to Congress, we present information on the status of recommendations from prior audit reports. We use several key terms to describe their status and how they can help the agencies we oversee save taxpayer dollars. Potential cost savings refer to dollar amounts identified in audit recommendations based on an examination of agency expenditures and referred to agency managers as either “questioned costs” or funds to be “put to better use.” While some questioned costs are identified by independent public accountants, it is solely the prerogative of Agency managers to determine whether to allow or disallow such costs. Monetary recommendations are those that identify either questioned costs, such as unsupported or ineligible costs, or funds recommended to be put to better use. An agency decision, or management decision, to sustain all or a portion of the total amount of a recommendation signals the agency’s intent to recoup or reprogram the funds. Once agency managers make such a decision, we acknowledge the dollar amount the agency has agreed to recoup as the most accurate representation of dollars to be saved. These are known as sustained costs. When available, we reflect sustained costs in the appendixes, adding them to those monetary recommendations that have yet to receive a management decision. This results in an adjusted figure that most accurately reflects potential savings, reflected as adjusted potential cost savings.

### Audit Terms Defined

We use two terms to describe audit recommendations that can help save taxpayer dollars.

#### Questioned Costs

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

#### Funds for Better Use

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

## **Investigative Metrics**

In the tables on pages 29–31, we present information on our investigative work and results for the reporting period. Metrics used in the tables are defined below: Fraud loss prevention refers to Federal funds that were obligated and subsequently set aside or de-obligated 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 a project based on an OIG referral, whether the funds were awarded to a subsequent entity, or restructured another way. The number of investigative reports issued includes all final reports of investigation, any interim reports referred for possible action, and any fraud alert or advisory issued as a result of investigative findings. The number of persons referred to the Department of Justice (DOJ) includes all criminal and civil referrals to the DOJ for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported represents referrals for both individuals and/or legal entities.







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