



## Overview

The Department of State (State) and the U.S. Agency for International Development (USAID) annually manage implementation of tens of billions of dollars in U.S. foreign assistance across the world. USAID, on average, responds to 75 crises in more than 70 countries each year, providing food, water, shelter, health care, and other critical aid to people who need it most. U.S.-funded nongovernmental organizations (NGOs) and contractors (jointly known as implementers) play an important role helping implement this foreign assistance, frequently carrying out programming in some of the most challenging political, economic, and security landscapes across the globe.

But rigorous oversight of these implementers by the State and USAID Offices of Inspector General's (OIG) independent oversight over the years has resulted in significant consequences for implementers found to have defrauded or abused programming involving U.S. funds. For example:

- A USAID OIG investigation of an international NGO led to a \$6.9 million civil settlement under the False Claims Act involving allegations the NGO's staff had engaged in a collusion and kickback scheme in which they submitted inflated invoices to USAID. The scheme occurred while the NGO was implementing humanitarian assistance awards to deliver aid to refugees and displaced persons affected by the conflict in Syria.
- A multiyear USAID OIG investigation led to the extradition of and 40-month U.S. prison sentence for an NGO procurement official who coordinated a collusive bidding scheme for the procurement of food and supplies intended for those displaced by the conflict in Syria. The investigation found that the procurement official provided confidential procurement information to his preferred companies in exchange for kickbacks, ensuring that they had an advantage over other bidders.
- A joint investigation by State OIG and the Special Inspector General for Afghanistan Reconstruction (SIGAR) led to a sentence of 1 year imprisonment, 2 years' supervised release, and restitution of \$775,000 for an NGO official convicted of submitting false invoices associated with 3 grants for construction of media centers in Afghanistan.
- Another USAID OIG investigation led to the suspension and debarment of World Health Organization staffers found to have sexually exploited patients and job applicants involved in the USAID-funded Ebola response in the Democratic Republic of Congo.

These outcomes serve as deterrents that keep organizations and aid workers from engaging in misconduct in the performance of U.S.-funded awards. In turn, initiation of these investigations can be traced to long-established best practices that USAID OIG and State OIGs developed to provide independent oversight of implementers who deliver U.S.-funded foreign assistance in austere and nonpermissive environments.

### ***Best Practice #1: Engagement with Implementers on Accountability Requirements***

OIG criminal investigators frequently educate implementers, at both the staff and corporate level, about reporting obligations and whistleblower protections. Investigators place particular emphasis on transmitting timely and transparent disclosures of alleged misconduct to OIGs. These briefings also inform implementers about warning signs or “red flags” of fraud, thus promoting a culture of vigilance and accountability to prevent losses or potential diversion of aid. In-person engagements also build trust between implementers and U.S. law enforcement and provide opportunities to develop sources and gather investigative information. Since October 2022, USAID OIG has provided 324 fraud awareness briefings in 65 countries to all categories of implementer recipients, including NGOs in Ukraine, contractors in Moldova, and United Nations (UN) organizations in Somalia. During this same time period, State OIG provided an additional 106 fraud awareness briefings at 38 overseas posts, including Department implementers and employees.

### ***Best Practice #2: Issuing Fraud Alerts to Help Implementers Identify, Detect, Report, and Prevent Misconduct***

Both USAID OIG and State OIG widely disseminate fraud alerts to the aid sector to help identify, detect, report, and prevent misconduct that could compromise foreign assistance programs.

These alerts identify schemes that can be found both across the wider aid sector or are unique to specific geographic areas or complex emergency environments. For example, in November 2023 USAID OIG issued [an alert to implementers receiving or seeking humanitarian assistance in Gaza](#) that underscored the importance of reporting instances of diversion to U.S.-designated foreign terrorists organizations, including Hamas, and identified several risks to programming in nonpermissive environments. In May 2024, USAID OIG issued an alert to implementers affirming their obligation to [report instances of prohibited funding to the UN Relief and Works Agency](#) (UNRWA).

Early in the U.S. Ukraine response, USAID OIG issued an [alert that identified red flags](#) for potential fraud schemes that could compromise USAID’s activities and identified mitigation steps to help detect and prevent these schemes. State OIG also issued [a Ukraine-related fraud alert](#) targeting both the Department’s foreign assistance implementers and its support contractors. Other USAID OIG alerts focused on detecting and reporting [conflicts of interest](#) in Ukraine subawards and [identifying fraudulent practices](#) surrounding the conversion of U.S. dollars to local currencies in nonpermissive environments.

### ***Best Practice #3: Identifying Vulnerabilities in Agency Award Agreements***

USAID OIG and State OIG independent oversight of U.S. foreign assistance includes identifying vulnerabilities within agency award agreements that may restrict agency oversight and accountability remedies or the OIGs’ ability to access information. For example, USAID OIG previously informed USAID about:

- The lack of a forum selection clause in its awards to ensure that the U.S. government can sue foreign-based NGOs under the False Claims Act to recover fraudulently obtained funds.
- The [benefit in expanding USAID’s pre-award certifications](#) to require prospective applicants to disclose previous support to entities sanctioned under the Magnitsky Act for human rights abuses or significant corruption.

- The need to expand its pre-award certification requirement for implementers—contractors as well as grantees—to disclose prior support to designated terrorist organizations.
- Ensuring that awards to foreign-based NGOs enable USAID OIG to access the same types of information available from U.S.-based NGOs.

A recent State OIG audit<sup>1</sup> recommended the Department further strengthen its award terms and conditions to improve its oversight of voluntary contributions to international organizations. Accessing information from international organizations, including UN agencies implementing U.S. assistance awards, remains a significant challenge. USAID OIG, State OIG, and the Government Accountability Office (GAO) are actively working with USAID and State to ensure that OIGs and GAO have ready access to information related to U.S.-government funded awards to international organizations.<sup>2</sup>

#### ***Best Practice #4: Emphasizing Whistleblower Protections***

Ensuring the rights of implementer staff to report wrongdoing without fear of reprisal is key to USAID and State OIG oversight efforts. Under Title 41, U.S. Code, section 4712, an OIG has jurisdiction to investigate any allegations of retaliation by employees of Federal contractors, grantees, or personal services contractors for making a protected disclosure related to a Federal award. USAID OIG and State OIG have investigated more than 82 instances of alleged whistleblower retaliation under this statute. Further, the OIGs highlight this statute in fraud awareness presentations to implementer and agency staff, underscoring their right and responsibility to report allegations of misconduct affecting USAID and Department programming without fear of reprisal.

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<sup>1</sup> U.S. Department of State, [Audit of the Department of State's Humanitarian Response to the Ukraine Crisis](#) (AUD-GEER-24-16), May 2024,

<sup>2</sup> FY 2024 budget 7048(h) Accountability Requirement. Not later than 30 days after the date of enactment of this Act, the Secretary of State, in coordination with the Administrator of [USAID], shall seek to enter into written agreements with each international organization that receives funding appropriated by this Act to provide timely access to the [USAID and State OIGs] and the Comptroller General of the United States to ... financial data and other information relevant to United States contributions to such organization.