



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development



# OVERSIGHT PLAN for FISCAL YEAR 2026

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

Cover photo courtesy of Getty Images.

## Introduction

The United States' foreign assistance architecture has undergone major changes over the past 6 months. However, the USAID Office of Inspector General's (USAID OIG) vital independent oversight of taxpayer-funded foreign assistance continues unabated. From Washington, DC, to our overseas offices in the Middle East, Central America, Africa, East Asia, and Ukraine, we remain committed to providing timely, necessary, and informative oversight of foreign assistance—oversight that Congress and American taxpayers rely on and deserve.

As our prior, ongoing, and substantial planned work reflects, our independent oversight of foreign assistance programs is both rigorous and unique. Our office, staffed by personnel with the requisite expertise and skillsets, plays a leading role in [identifying weaknesses and vulnerabilities](#) in U.S. foreign assistance, including programming funded through the United Nations (UN). Our experienced and savvy special agents across the world work tirelessly to hold [perpetrators of fraud, corruption, and diversion of foreign aid accountable](#). Similarly, our audit professionals have the background and capability for providing [timely recommendations](#) to improve accountability, efficiency, and transparency of taxpayer dollars spent overseas, including at the [outset of new programming](#).

As Congress considers the administration's plan to realign USAID activities into the Department of State (State), we have identified [a number of areas](#) to examine, assess, and report on to inform policy decisions, including audits, evaluations, and inspections into USAID's transfer to State of grants, contracts, personnel, records, goods, and financial and information technology (IT) systems. Further, per our statutory mandate, we will continue to review and report on activities at all stages conducted by USAID, the Millennium Challenge Corporation (MCC), the Inter-American Foundation (IAF), and the U.S. African Development Foundation (USADF).

Given the rapid changes to foreign assistance programming, we established a seasoned cross-divisional team responsible for capturing as much objective and timely information as possible before the transition of selected USAID programs to State and the planned termination of remaining USAID programs. This project is essential to our mandate to keep Congress fully and currently informed and for guiding our future oversight work.

Additionally, our 40 criminal investigators across the globe will continue to aggressively pursue a rapidly growing caseload (currently 210 active investigations) and work with the Department of Justice (DOJ) to prosecute and prevent perpetrators of fraud, corruption, diversion, human trafficking, and sexual exploitation and abuse from circulating across other U.S.-funded programs. And we will continue our focus on improving [accountability](#) over taxpayer-funded programming implemented by UN organizations. In this vein, our investigative work aims to prevent the recirculation within the aid sector of UNRWA-affiliated Hamas members, including those deemed to have been involved in the capture and murder of American citizens.

Recent changes in the aid and development sector have made our independent oversight role all the more essential. Under the Inspector General Act of 1978, as amended, USAID OIG is mandated to oversee “any successor agency primarily responsible for administering part I of

the Foreign Assistance Act of 1961.” Despite cuts, there remains a vast portfolio of U.S.-funded humanitarian and development assistance, including residual or transferred USAID activities and contracts, grants, bilateral government agreements, trust funds, and other types of funding instruments signed under USAID-specific award provisions. These awards remain susceptible to fraud, corruption, waste, and abuse, including potential theft of equipment and humanitarian aid by terrorist organizations, submission of false or inflated invoices for payment, and other risks to the national security, economic, and reputational interests of the United States. This is where our active and ongoing independent oversight will, and must, focus.

As events unfold, we may adjust this oversight plan so that our work addresses the most timely and relevant events impacting U.S.-funded foreign assistance. We welcome the input of Congress in identifying issues of interest where our work can offer insight and transparency. In FY 2026 and beyond, we will continue serving our historic mission and mandate: to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.

## Office of Audits, Inspections, and Evaluations

The Office of Audits, Inspections, and Evaluations reviews foreign assistance programs and operations in accordance with various statutory authorities and professional standards. Our products result in findings and recommendations to (1) improve the effectiveness, economy, efficiency, and internal controls for foreign assistance programs and operations; (2) ensure compliance with applicable laws, regulations, and agency requirements; (3) enhance transparency and accountability; and (4) prevent fraud, waste, and abuse.

In the coming fiscal year, our independent oversight will focus on the planned realignment and reorganization of the U.S. foreign assistance architecture and programs, including the transition of USAID programs and operations to State, reassessment of MCC programs, and the potential wind-down of IAF and USADF. As we continue to monitor the changing foreign assistance landscape, administration priorities, congressional interest, and risks, we may revise the topics we cover. We may also make changes based on our funding level, availability of staff and other resources, and access to agency information and knowledgeable personnel, all of which may impact our ability to execute the plan.

Our ongoing engagements and planned topics for new engagements related to the realignment and reorganization of foreign assistance through FY 2026 and beyond<sup>1</sup> are divided into three categories: (1) reviews of foreign assistance operations, (2) reviews of active foreign assistance programs and activities, and (3) retrospective reviews of foreign assistance programs and activities.

### Reviews of Foreign Assistance Operations

Our ongoing engagements and planned topics examine the functions needed to support agency operations, such as information technology, financial management, human capital, and award management. For example, our ongoing audits of the disposition of assets for terminated USAID awards will determine and report on the status of U.S.-funded physical assets procured under selected awards, including USAID and implementer plans to account for and dispose of these assets. We will also examine USAID's efforts to transfer certain functions to State.

### Ongoing Engagements

- Audits of the Disposition of Assets for Terminated USAID Awards in Egypt, El Salvador, Haiti, Pakistan, Philippines, South Africa, Thailand, and Ukraine
- Audit of MCC's Program Closeout Practices
- Evaluation of USADF's Implementation of Policies and Procedures for Its Strategic Partnerships and Grants Administration
- Evaluation of MCC's Use of Government Funds for Promotional Items and 20th Anniversary Activities

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<sup>1</sup> OIG's mandatory reporting requirements are summarized in Appendix A.

- Mandatory Audits of USAID's, MCC's, IAF's, and USADF's FY 2025 Financial Statements
- Mandatory Audit of USAID's FY 2024 Travel Card Program
- Mandatory Audits of USAID's, MCC's, IAF's, and USADF's FY 2025 Compliance with the Federal Information Security Modernization Act (FISMA)
- Mandatory Risk Assessments of USAID's, MCC's, IAF's, and USADF's FY 2024 Purchase and Charge Cards

### **Planned Engagement Topics**

- *Realignment and Reorganization of U.S. Foreign Assistance.* We will examine the actions USAID took to transfer its foreign assistance programs and operations to State, consistent with Executive Order 14169, "Reevaluating and Realigning United States Foreign Aid," and subsequent directives from the Secretary of State. We will also identify lessons learned to strengthen and ensure the continuity of foreign assistance programs and operations.
- *Prompt Payment and Anti-Deficiency Act Violations.* Prompt Payment Act violations for USAID increased from less than \$56,000 in interest payments in FY 2024 to over \$5 million between January and May 2025. We will assess the extent of prompt payment and potential Anti-Deficiency Act violations and actions USAID has taken to address them and prevent additional violations.
- *Use of Administrative Leave.* USAID's, MCC's, IAF's, and USADF's use of administrative leave expanded greatly in FY 2025. We will analyze timecard and financial data and other information to determine the cost and operational impact of the use of administrative leave in FY 2025.
- *Payments of Travel Vouchers, Benefits, and Severance to USAID Staff.* A compressed separation timeline, evolving guidance, and fluctuating staffing levels pose a risk for accurate payments to USAID staff departing the Agency. We will test the accuracy of payments issued, which could facilitate recovery of overpayments and correction of underpayments.
- *Closeout Procedures for Terminated USAID Awards.* We will examine USAID's efforts to close out terminated awards in accordance with Federal regulations and Agency policies and procedures, including reviewing final billings from contractors to reduce the risk that the government is overcharged and preparing reports for the Contractor Performance Assessment Reporting System.
- *U.S. Government-Owned Vehicles, Property, Plant, and Equipment.* Agencies' fixed assets, such as vehicles, generators, and IT equipment, may be subject to theft or abuse if not properly disposed of or repurposed. We will assess USAID's, MCC's, IAF's, and/or USADF's disposition plans for selected U.S. government-owned assets.
- *USADF Funds in Overseas Accounts.* Overseas bank accounts hold millions of dollars in USADF funds, and there are a variety of physical assets such as office space, supplies, furniture, and approximately \$1 million worth of vehicles in locations abroad. Currently,

there are no foundation staff overseeing or managing the funds or the disposition of these assets, which could accrue fees or be stolen. We will examine these assets and identify associated risks.

- *Reduction in Force Process.* We will review the process USAID used to perform reductions in force of U.S. direct hires and Foreign Service Nationals and evaluate whether it was done in accordance with applicable policies and procedures.
- *Offboarding Employee Process.* USAID employees that depart the Agency typically complete exit forms to ensure that, for example, outstanding debts are paid; equipment, credit cards, and passports are returned; and physical and logistical access to facilities and systems is terminated. We will describe the process and review the accuracy and completeness of USAID's offboarding steps.
- *Suspension and Debarment Process.* In the 15 years since we issued an [audit](#) on the suspension and debarment process, USAID has invested significant resources to strengthen efforts to suspend and debar bad actors. We will review data, policies, procedures, and transition plans to describe the Agency's process for continuity of suspension and debarment capabilities to include potential reforms to the Federal Acquisition Regulation and plans for the potential transfer of its suspension and debarment functions to State.
- *Financial and IT System Migration and Decommissioning.* We will identify any challenges associated with migrating USAID systems to State. We will also describe the systems that will be decommissioned rather than migrated, including steps to protect the confidentiality, integrity, and availability of information, as required by government regulations.
- *Handling of Classified Information.* We will examine the methods used to transfer classified information and systems in USAID headquarters to State or dispose of them in accordance with Federal regulations.
- *Preventing Insider Threats.* Given recent unprecedented changes, USAID is at a high risk of insider threats. Knowledge of and access to sensitive information increases the potential for such threats to emerge. Insider threat reduction programs are a combination of activities to deter, detect, and mitigate the unauthorized disclosure of information. We will examine USAID's efforts to implement and manage a robust program to reduce insider threats.
- *Foreign Award Recipients Compliance With Financial Audit Requirements.* In accordance with Federal regulations, USAID required financial audits of foreign entities that spent above a specific amount of Agency funding. These audits helped ensure financial stewardship over U.S. foreign assistance and safeguard taxpayer dollars. We will continue to identify the risks when foreign recipients of U.S. awards fail to conduct required financial audits or submit incomplete or noncompliant audits.
- *Financial Statements and FISMA Requirements.* Per our statutory requirements, we will examine USAID's and MCC's financial statements and information security programs and practices.



## Reviews of Active Foreign Assistance Programs and Activities

Our ongoing engagements and planned topics for review will examine active foreign assistance programs and activities USAID initially funded and implemented that are being transferred to the State as well as active MCC compacts and threshold programs. Our findings and recommendations will identify actions needed to enhance the effectiveness and efficiency of these programs and activities and inform the management and oversight of similar efforts in the future.

### Ongoing Engagements

- Audit of USAID/Ukraine's President's Emergency Plan for AIDS Relief (PEPFAR) Activities
- Audit of USAID's Direct Budget Support to Ukraine Through the Public Expenditures for Administrative Capacity Endurance Fund
- Audit of USAID's Non-Federal Audit Program
- Audit of USAID's Management of the Bureau for Humanitarian Assistance (BHA) Warehouse in the United Arab Emirates
- Audit of Partner Vetting in West Bank and Gaza
- Audit of USAID/Vietnam's Dioxin Remediation at Bien Hoa Airbase Area Project
- Evaluation of Oversight of Humanitarian Assistance in Sudan
- Inspection of USAID's Oversight of Starlink Satellite Terminals Provided to the Government of Ukraine
- Inspections of BHA Warehouses Storing Food Aid in Texas, South Africa, and Djibouti
- Inspection of the Health Supply Chain for BHA's Gaza Response

### Planned Engagement Topics

- *Management and Oversight of Extraordinary Revenue Acceleration Loan to Ukraine.* USAID provided \$535 million to guarantee the United States' \$20 billion loan to the government of Ukraine. The loan, along with contributions from other countries, is part of a \$50 billion loan commitment that will be funded by proceeds from seized Russian assets. The funding is intended to support the provision of critical services, assistance, and operations to the Ukrainian people. We will review the management and oversight of the loan and assess the extent to which the funds are being used for eligible expenditures.
- *MCC Compact Waivers.* MCC has issued waivers for its compacts in Nepal, Mongolia, Cote d'Ivoire, Senegal, and Indonesia and plans to continue them with reduced funding, which may be vastly different from the planned amounts. We will examine how MCC is adjusting the compacts based on the waivers and any resulting impacts on the Agency's objectives and anticipated outcomes.

- *MCC Belize, Sierra Leone, and Zambia.* MCC signed its latest compacts with Belize and Sierra Leone in September 2024 and Zambia in October 2024. We will examine the status of and plans for these compacts.

## **Retrospective Reviews of Foreign Assistance Programs and Activities**

Our ongoing oversight work, combined with planned topics, will examine foreign assistance programs and activities that are complete or have been terminated. Our findings, lessons learned, and considerations for future foreign assistance will identify opportunities to enhance the oversight, effectiveness, and efficiency of similar efforts in the future.

### **Ongoing Engagements**

- Audit of USAID/West Africa's Democracy and Governance Activities to Prevent and Counter Violent Extremism
- Audit of USAID's Development Assistance Efforts to Address Global Food Security With Ukraine Supplemental Funding
- Audit of BHA's Controls Over Cash Assistance in the West Bank and Gaza
- Evaluation of USAID/Somalia's Stabilization Programs
- Inspection of USAID/Philippines' Program Cycle
- Reviews of Key Lessons from Prior USAID OIG Oversight of Global Health, Humanitarian Assistance, and Public International Organizations

### **Planned Engagement Topics**

- *Foreign Assistance Funding Spent on Direct and Indirect Costs.* Concerns have been raised about the amount of funding for foreign assistance that is spent on achieving program outcomes (i.e., direct costs) compared to what is lost to implementers' indirect costs. Direct costs include costs for award-specific staff salaries and activities. In contrast, indirect costs cannot easily be allocated to a specific award and include things such as office space leases, utilities, and clerical and managerial salaries that contribute to an implementer's crosscutting operations and/or support multiple awards. We will determine and compare the amount of funds allocated to direct costs and indirect costs for selected contractors and grantees.
- *Unfinished Construction Projects.* Many USAID construction projects have been terminated prior to completion, such as a port in Haiti that was demolished but not yet rebuilt. We will describe and evaluate the costs spent prior to project termination, potential completion costs, and risks associated with noncompletion.
- *Program Impact and Sustainability of Foreign Assistance Activities.* We will examine which programs and methodologies achieved real, sustainable outcomes that advanced foreign assistance priorities to inform future U.S.-funded programming across the world. For example, in Latin America, the Agency implemented programs aimed at curbing irregular migration and illicit economies.

- *Stop Work Orders.* We will determine how many awards were paused, the amount of funding affected, and how many awards resumed or were terminated.

## Office of Investigations

USAID OIG's Office of Investigations (IG/I) conducts global investigations into allegations of fraud, corruption, and abuse. Working closely with the DOJ, we pursue allegations of abuses in foreign assistance programs and activities and other violations of law or misconduct by those involved in these programs. IG/I gathers information and evidence through appropriate investigative means, provides all relevant facts to appropriate authorities, and leverages all available options for adjudication to prevent bad actors from recirculating within the aid sector. For more on our recent completed investigative work, please visit <https://oig.usaid.gov/our-work/investigations>.

### Ongoing Work

IG/I investigates allegations that present the most significant threat to U.S. foreign assistance programs and beneficiaries. We focus on the cases that have the most significant and tangible results, prioritizing the following activities:

- Major fraud
- Fraud, corruption, and diversion schemes in complex and crisis environments
- Public corruption
- Sexual exploitation and abuse
- Human trafficking

### Planned Work

- Prioritizing investigations of allegations of fraud occurring during any USAID programming termination and closeout, including fraudulent disbursements of funds and misappropriation of tangible assets and real property.
- Participating in DOJ Joint Task Force October 7, which targets the perpetrators of the Hamas terrorist attacks on Israel. We continue our work to prevent the recirculation across the aid sector of Hamas members affiliated with UNRWA, including those deemed to have been involved in the capture and murder of Americans.
- Collaborating with U.S. law enforcement, regulatory agencies, and international partners in Operation African Star to combat the illicit trade of pharmaceuticals and health products across Africa.
- Continuing our longstanding participation in Joint Task Force Vulcan, a multi-agency law enforcement task force created to target and dismantle the transnational criminal organization MS-13.
- Using data analytics to identify past or ongoing fraud associated with official government travel.

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- Conducting proactive outreach with USAID personnel and awardees, reminding them of their obligations to report all misconduct allegations to USAID OIG.

## United Nations Accountability and Other Oversight Efforts

### United Nations Accountability

USAID OIG is a leading force within the U.S. Government in identifying persistent shortcomings and vulnerabilities in foreign assistance administered through the UN. We actively collaborate with Congress and the U.S. Mission to the UN on potential UN reforms and regularly publish information on the weaknesses we identify, including the need for [strengthening the vetting process for UN staff](#), [limiting the use of privileges and immunities](#) to delay investigations, and clarifying the reporting requirements for [misconduct allegations involving member state contributions to a UN agency](#). This work is critical for our [Gaza](#) and [Ukraine-related oversight](#). Further, we will continue to use existing Memorandums of Understanding with responsible foreign oversight and law enforcement organizations to advance our international investigations.

We have also established a cross-divisional team within USAID OIG to gather and analyze information regarding the July 1, 2025, transition of USAID into State. Within the limited time available, this team will examine as many aspects of the transition as possible, including, but not limited to: the transfer or closeout of USAID programs and contracts; personnel and legal issues; asset disposition; waste, loss, and excess interest paid due to the pausing or canceling of contracts; and record retention and the transfer of IT systems.

### Congressionally Mandated Overseas Contingency Operations (OCO) Reporting

The OIGs for USAID and the Departments of Defense (DoD) and State jointly oversee three OCOs: Operation Atlantic Resolve, which includes U.S. government activities related to Ukraine; Operation Inherent Resolve, which supports the U.S. government strategy to defeat ISIS in Iraq and Syria; and Operation Enduring Sentinel, which conducts counterterrorism operations against threats emanating from Afghanistan, among other U.S. government activities. As mandated by Section 419 of the Inspector General Act of 1978, as amended, USAID OIG and its counterpart offices develop and execute a joint strategic plan for each contingency operation and produce quarterly [reports](#) to Congress on U.S. security and non-security spending in OCO environments.

## Appendix A. Mandatory Reporting by Agency

USAID OIG performs financial- and IT-related audits for the agencies it oversees, which include significant statutory audit requirements that USAID OIG is responsible for carrying out in FY 2026. The following table reflects USAID OIG's mandatory reporting for USAID, MCC, IAF, and USADF through planned and ongoing oversight activities.<sup>2</sup>

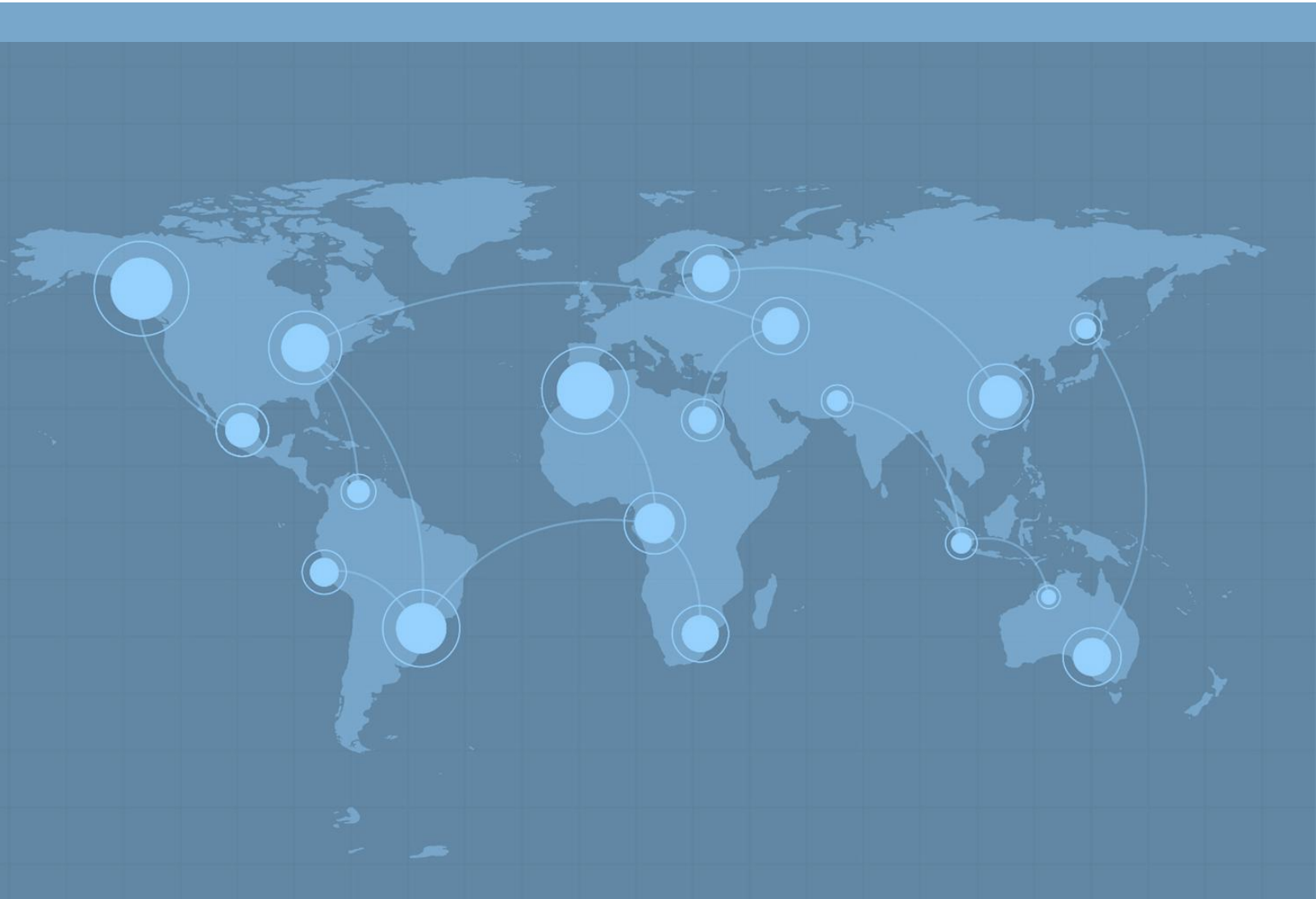
Audits/Evaluations/Reports	USAID	MCC	IAF	USADF
Financial Statement Audit	✓	✓	✓	✓
Monitoring and Reporting on the Payment Integrity Information Act of 2019	✓	✓		
Assessment of Agencies' Management of Purchase and Travel Cards	✓	✓	✓	✓
Semiannual Joint Charge Card Input for USAID	✓			
Charge Card Recommendation Letter for USAID, MCC, IAF and USADF	✓	✓	✓	✓
Audits of Compliance with Federal Information Security Modernization Act (FISMA)	✓	✓	✓	✓

<sup>2</sup> Given IAF's and USADF's operating status as of June 2025, we do not anticipate having mandatory reporting requirements for the two agencies in FY 2026. We continue to monitor the status of the agencies and will adjust our oversight plans as needed.

## Appendix B. Resources

- [\*Semiannual Reports to Congress\*](#). As required by statute, USAID OIG reports to Congress twice a year on our completed audit and investigative work, accomplishments, and significant findings.
- [\*Top Management Challenges\*](#). As required by statute, USAID OIG identifies and reports on the most daunting challenges facing the agencies we oversee and the progress made in managing them.
- [\*Congressional Testimony\*](#). Per request from Senate Appropriators, the USAID Acting Deputy Inspector General provided written testimony in advance of the Secretary of State's May 2025 budget hearing.





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