

OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Terminated USAID Awards in the Philippines: USAID Approved Disposition Plans and Implementers Started Disposing Assets Largely Through Donations

Audit Report 5-000-26-001-P
March 9, 2026

Audit



Office of Audits, Inspections, and Evaluations



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

DATE: March 9, 2026

TO: Eric Ueland
Performing the Duties of Administrator and Chief Operating Officer
U.S. Agency for International Development

FROM: Gabriele Tonsil /s/
Acting Assistant Inspector General for Audits, Inspections, and Evaluations

SUBJECT: Terminated USAID Awards in the Philippines: USAID Approved Disposition Plans and Implementers Started Disposing Assets Largely Through Donations

This memorandum transmits our final audit report. Our audit objective was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in the Philippines.

The report contains our audit findings and no recommendations. USAID did not have any comments on the draft report.

We appreciate the assistance you and your staff provided to us during this audit.

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Report in Brief

Why We Did This Audit

On January 20, 2025, Executive Order 14169 directed a government-wide pause and review of all U.S. foreign assistance. As of March 2025, USAID had terminated over \$76.5 billion (almost 50 percent) in foreign assistance awards. As a result, implementers began disposing of government-funded assets.

In response to the award terminations, we initiated a series of audits examining asset disposition processes for eight USAID missions around the world. The objective of this audit was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in the Philippines.

We identified 30 awards the USAID Mission for the Philippines (USAID/Philippines) managed that were terminated between January 20 and March 25, 2025. Of the 30 awards, we selected a judgmental sample of 8 awards and examined a sample of 297 assets procured under those selected awards.

What We Found

USAID/Philippines approved implementer disposition plans for selected awards, and implementers began disposing of assets largely by donating them. For the eight selected terminated awards that we reviewed, USAID/Philippines approved asset lists and disposition plans covering assets valued at approximately \$1.5 million, including information technology equipment, vehicles, and laboratory equipment.

As of May 29, 2025, USAID/Philippines had approved implementers to donate 253 of the 297 assets (85 percent) under the eight awards. Because of USAID's closure and the U.S. government scaling back foreign assistance in the Philippines, options to redistribute assets for use within USAID operations or transfer them to another U.S. government agency were not feasible in most cases. During our site visits in April and May 2025, we determined that three implementers began disposing of assets in accordance with their approved plans.



Vehicles at an implementer's site in Metro Manila, the Philippines.

Source: OIG (April 2025)

Introduction

On January 20, 2025, the President issued Executive Order 14169, “Reevaluating and Realigning United States Foreign Aid,” initiating a pause and review of all U.S. foreign assistance, including USAID programs. As of March 2025, USAID has terminated over \$76.5 billion out of a total of \$159 billion (almost 50 percent) in foreign assistance awards. As a result of the termination of awards, USAID implementers began preparing to dispose of government-funded assets, in accordance with award closeout procedures. On March 28, 2025, the Secretary of State announced that USAID would cease operating as an independent agency, and on July 1, 2025, the Department of State assumed responsibility for many of the Agency's functions and its ongoing programming. However, remaining USAID personnel are responsible for managing the closeout of its terminated awards and the winddown of the Agency's independent operations.

In response to the award terminations and subsequent preparation for asset disposal, we initiated a series of audits examining these processes for eight USAID missions around the world. The objective of this audit was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in the Philippines.¹

To answer our audit objective, we identified 30 programmatic awards the USAID Mission for the Philippines (USAID/Philippines) managed that were terminated between January 20 and March 25, 2025. We reviewed disposition activities for these awards through August 31, 2025. We selected a judgmental sample of eight terminated awards for further review and examined a judgmental sample of 297 assets valued at approximately \$1.3 million procured for the selected awards.² We reviewed Federal regulations and USAID guidance related to asset disposition, obtained award and asset data from USAID/Philippines and implementers, interviewed mission and implementer officials to discuss responsibilities for award management and asset oversight, and reviewed documentation for the selected awards to verify asset purchase, tracking, and disposition. To verify the existence of the selected physical assets, we visited seven implementer offices in Metro Manila, Philippines. We reviewed documentation in support of the asset donations for one implementer that had completed the transfer of the assets to the recipient. We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology.

Background

USAID missions around the world implemented humanitarian and development programs in their respective countries and regions. To implement these programs, the missions awarded grants, cooperative agreements, and contracts to implementers, who were responsible for executing activities aligned with strategic development objectives. In January 2025, USAID/Philippines was managing a portfolio of 33 programmatic awards worth about \$600

¹ The other seven audits cover USAID missions for Egypt, El Salvador, Haiti, Pakistan, Southern Africa, and Ukraine, and the Regional Development Mission for Asia located in Thailand.

² We selected the awards based on their high dollar value of obligations, completion status, geographic location, and award type, and the assets based on their fair market value or purchase price and location.

million. As instructed by the Department of State, USAID terminated 30 of the 33 awards, with a total estimated cost of \$518 million from January 20 to March 25, 2025.

Over the course of an award, implementers may have procured physical assets, including vehicles and IT hardware, to support project objectives. Awards typically lasted up to 5 years, during which time assets were expected to be used exclusively to support the authorized project. USAID missions were responsible for managing procurement and award functions for bilateral and regional programs.

Asset Disposition Procedures

USAID missions initiated the closeout process when an award had been completed or was terminated. At that time, implementers were required to submit a final inventory, listing assets above applicable thresholds—known as a disposition or inventory list—and request disposition instructions.³ Federal regulations require implementers to submit disposition plans for assets with a per unit purchase value of \$500 or more for contracts⁴ and a per unit fair market value over \$10,000 for grants and cooperative agreements.⁵ USAID staff worked with the implementer to compile and validate this list. The implementer then submitted a proposed disposition plan to USAID, which was responsible for making the final determination to approve or disapprove the plan.

In line with Federal requirements, USAID policy listed options for asset disposition.⁶ These options were:

1. Transfer to another USAID-funded program.
2. Retain for implementer use for other programmatic uses within the country or region.
3. Donate for other programmatic uses within the country or region, including to a host country government or local organization.
4. Redistribute within USAID for operational uses.
5. Transfer to another U.S. Government agency.
6. Sell to a third party.

USAID acquisition and assistance staff, including agreement officers and agreement officer's representatives, managed this process. The agreement officer's representatives were responsible for verifying asset inventories for disposition, which the agreement officer reviewed and signed off.⁷

³ 2 CFR § 200.313(e), "Equipment," *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, U.S. Government Publishing Office; 48 CFR § 752.245-71, USAID Acquisition Regulation, *Title to and care of property*.

⁴ 48 CFR § 752.245-71, USAID Acquisition Regulation, *Title to and care of property*.

⁵ 2 CFR § 200.313(e), "Equipment," *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, U.S. Government Publishing Office.

⁶ USAID, Automated Directives System (ADS) Chapter 534, Section 534.3.7 "Personal Property Management Overseas."

⁷ USAID, Automated Directives System (ADS), Chapter 302sat, "Guidance on Closeout Procedures for A&A Awards," and "An Additional Help Document for ADS Chapters 302, 303, and 309."

USAID Award Terminations

While the President’s review of foreign assistance was ongoing, on February 24, 2025, nearly all USAID staff were placed on administrative leave, and overseas staff were ordered to prepare to return to the United States.⁸ On March 10, 2025, the Secretary of State announced that the administration had concluded its review of foreign assistance and that 83 percent of USAID awards were terminated. USAID began award closeout and asset disposition for the terminated awards but had limited staff to execute these procedures since most USAID staff were placed on administrative leave.

Recognizing operational constraints, USAID’s Office of Acquisition and Assistance issued supplemental guidance on March 13, 2025, directing overseas missions to expedite asset disposition decisions. This guidance applied to assets deemed critical security risks, high-value assets, reputationally sensitive assets, and program commodities. Specifically, it required missions to obtain disposition plans for qualifying assets within 10 days. According to the guidance, expediting disposition decisions would allow USAID to safeguard program assets to maintain operational integrity and uphold U.S. government objectives.

On March 28, 2025, the Department of State formally notified Congress that it would assume the remaining responsibilities and functions of USAID by July 1, 2025. USAID staff at overseas missions were to return to the United States by August 15, 2025. As a part of this transition, nearly all non-statutory positions at USAID were to be eliminated, all missions closed, and personnel worldwide separated from the Agency by September 2, 2025. Accordingly, the Department of State assumed responsibility for ongoing awards and future foreign assistance on July 1, 2025. The remaining USAID personnel focused on managing award closeout procedures and other Agency winddown functions.

Expedited Disposition Categories Guidance

- (1) Critical Security Risks: Armored vehicles, IT and communications equipment containing sensitive data, and other assets whose mismanagement or loss could pose security or safety threats.
- (2) High-Value Assets: Essential or costly resources such as medical supplies, vehicles, and construction materials.
- (3) Reputationally Sensitive Assets: Heavily branded USAID resources or supplies that, if mishandled, could negatively impact U.S. government credibility or humanitarian goals.
- (4) Program Commodities: Essential commodities for beneficiaries, including food aid, medical supplies, textbooks, or infrastructure materials suitable for rapid distribution.

⁸ Staff were originally placed on administrative leave on February 7, 2025. They were temporarily reinstated on February 8, due to a temporary restraining order, until February 21 when a Federal judge ruled that the administration could proceed with plans for layoffs.

USAID/Philippines Approved Implementer Disposition Plans for Selected Awards, and Implementers Began Disposing of Assets Largely by Donating Them

For the eight selected terminated awards that we reviewed, USAID/Philippines approved asset lists and disposition plans covering assets valued at approximately \$1.5 million, including items such as information technology (IT) equipment, vehicles, and laboratory equipment. USAID/Philippines approved implementers to donate 253 of the 297 assets (85 percent) procured under the eight awards, with the remaining assets disposed of through other methods, and implementers started disposing of assets accordingly. As of August 31, 2025, two of the eight implementers told us that all assets had been disposed of in accordance with their approved plans.

As of May 2025, USAID/Philippines had received and approved disposition plans for all eight awards we selected. For five awards, implementers submitted asset disposition plans that included 36 high-value assets (vehicles and IT and communications equipment) and 30 critical security risk assets (laptops). Table I summarizes the status of asset disposition plans and USAID approval for each selected award.

Table I. Status of Asset Disposition Plans for Selected Terminated USAID/Philippines Awards, as of May 29, 2025

Implementer	Award Termination Date	Disposition Plan Submission Date	Mission Approval Date	Did the Plan Include High-Value or Critical Security Risk Assets?	Number of High-Value or Critical Security Risk Assets?
Implementer 1	2/12/25	5/2/25	5/13/25	Yes: high-value assets (IT and communications equipment)	30
Implementer 2	2/26/25	4/14/25	4/21/25	Yes: high-value assets (vehicles)	3
Implementer 3	2/26/25	4/15/25	5/9/25	Yes: high-value asset (vehicle) and 30 critical security risk assets (laptops)	31
Implementer 4	2/26/25	4/23/25	5/29/25	Yes: high-value asset (vehicle)	1
Implementer 5	2/12/25	3/13/25	3/17/25	No	N/A
Implementer 6	2/26/25	3/26/25	4/7/25	Yes: high-value asset (vehicle)	1

Implementer	Award Termination Date	Disposition Plan Submission Date	Mission Approval Date	Did the Plan Include High-Value or Critical Security Risk Assets?	Number of High-Value or Critical Security Risk Assets?
Implementer 7	2/26/25	12/13/24	1/7/25	No	N/A
Implementer 8	2/26/25	3/20/25	3/31/25	No	N/A
Total High-Value or Critical Security Risk Assets					66

Source: OIG analysis of implementer disposition plans and USAID/Philippines approvals.

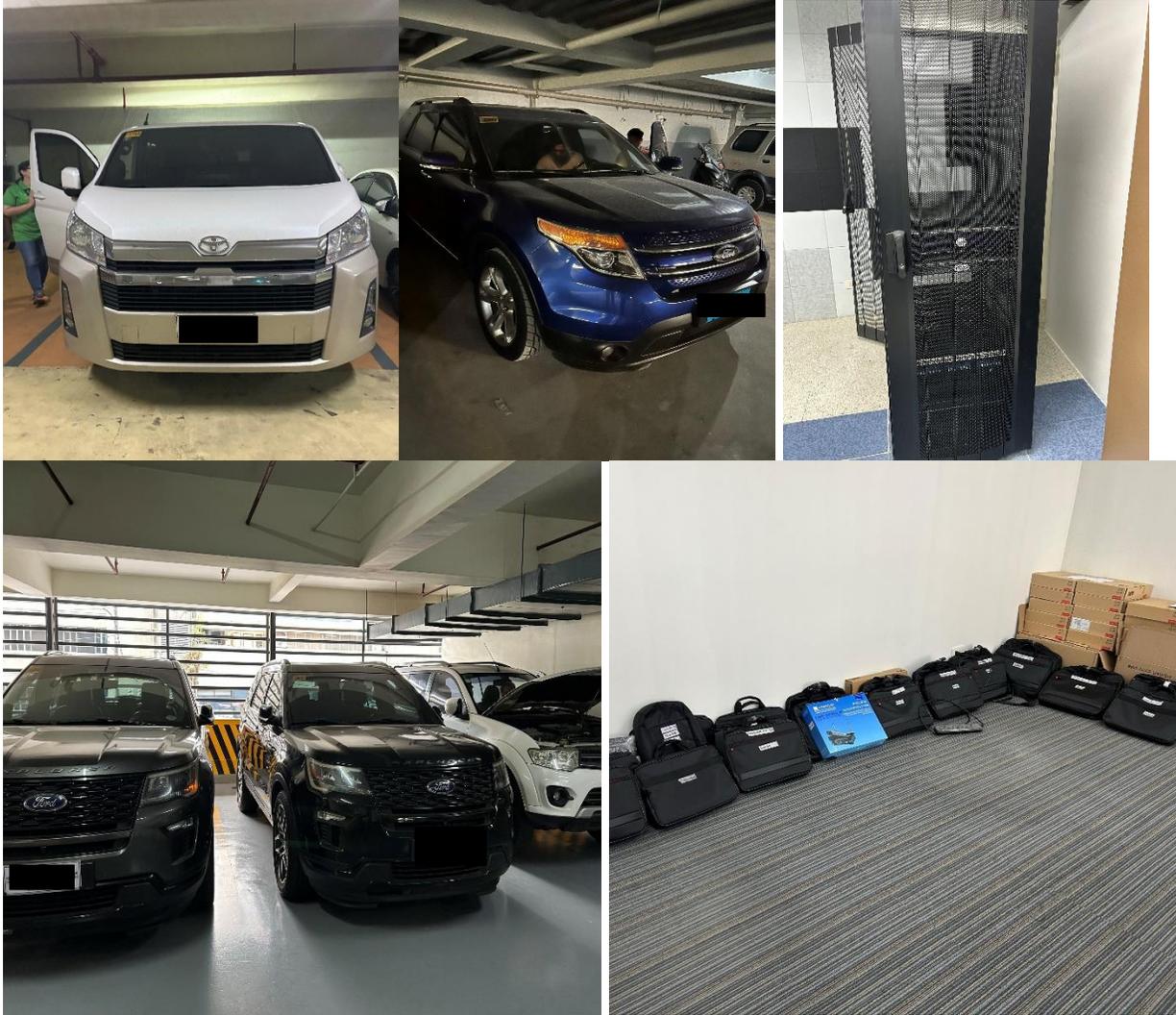
Although USAID/Philippines approved disposition plans for all eight selected terminated awards, implementers submitted five plans late. We found that implementers for the five awards with high-value or critical security assets submitted disposition plans after the March 23, 2025, deadline specified in USAID guidance. According to USAID/Philippines officials, this was due to mission staff's limited ability to review and disseminate instructions to implementers on award closeout in a timely manner. Specifically, officials said they were uncertain about the mission's operational status and the status of awards and were unaware of award termination until after USAID headquarters issued termination notices to implementers. These challenges were compounded by USAID's broader operational challenges at the time, including the directive to place all USAID/Philippines' direct-hire staff on administrative leave.

For the eight selected terminated awards, we reviewed 297 assets with a total value of \$1.3 million to determine the status of the assets.⁹ These assets consisted primarily of vehicles, IT and communications equipment, and office furniture. During our site visits to seven implementers' offices in April and May 2025, we verified that the assets existed and observed that they were in good working condition. Additionally, we determined that three of the

⁹ These asset values reflect the best available estimates provided by the implementers. They are based on fair market value when available (for five awards), or original purchase price when fair market value was not provided.

implementers began disposing of assets in accordance with their approved plans. Figure I shows examples of the assets we verified.

Figure I. Examples of Assets OIG Verified During Visits to Implementer Offices



Clockwise from top left: Toyota Grandia (good working condition); Ford Explorer (good working condition); one of two new servers worth \$177,000; Ford Explorers and Mitsubishi Montero (good working condition); and 72 new laptops (mostly unopened or unused). Photos by OIG (April and May 2025).

From our analysis of disposition plans for the eight terminated awards, we found that USAID/Philippines approved implementers to donate 253 of the 297 assets (85 percent), sell 39 (13 percent), and transfer 2 (1 percent) to other USAID programs. The three remaining assets (one percent) had other means of disposition, with implementers identifying two for destruction and reporting one as stolen. Because of USAID/Philippines' closure and the U.S. government scaling back foreign assistance in the Philippines, options to redistribute assets for use within USAID operations or transfer them to another agency were not feasible. Table 2

illustrates how USAID-funded assets were ultimately disposed of or approved to be disposed of, for all assets we verified for the eight selected terminated awards.

Table 2. Summary of USAID/Philippines Approved Asset Disposition Methods for Selected Terminated Awards

Implementer	Total Assets Verified	Asset Value (USD)	Approved Asset Disposition Method			
			Donated	Sold	Transferred to USAID Another Program	Other
Implementer 1	46	\$1,008,338	46			
Implementer 2	76	\$117,687	75		1	
Implementer 3	47	\$77,344	20	26		1
Implementer 4	30	\$47,449	28		1	1
Implementer 5	35	\$24,327	35			
Implementer 6	22	\$19,128	9	13		
Implementer 7	32	\$14,444	32			
Implementer 8	9	\$9,843	8			1
Total	297	\$1,318,560	253	39	2	3

Source: OIG analysis of implementers' approved disposition methods.

Three implementers told us they needed additional instructions from USAID/Philippines to dispose of 32 high-value or critical security assets approved for donation because the initial guidance the mission provided for these types of assets was vague. The assets were:

- One vehicle worth \$13,793 in Implementer 2's possession
- One vehicle purchased for \$47,722 in Implementer 4's possession¹⁰
- Thirty pieces of IT and communications equipment worth \$626,444 that Implementer 1 purchased

We notified the mission that implementers needed additional guidance to facilitate the asset disposition before the implementers' office closure. In response, the mission issued further instructions which facilitated the implementers' transfer of the two vehicles to another USAID-funded ongoing program. Additionally, the mission approved the third implementer to donate the 30 pieces of IT and communications equipment to a local university after our notification.

¹⁰ Implementer 4 disclosed that the vehicle, originally purchased in 2014, was transferred from another USAID program in 2019 without proper documentation; therefore, its value was not included in the total asset value.

According to the implementer, as of July 2025, the equipment had been delivered to the local university.

Conclusion

The scale and timeline of the termination of USAID awards and concurrent drawdown of the Agency's operations created an enormous challenge as the Agency and implementers disposed of assets. While implementers of the five awards with high-value or critical security risk assets did not submit disposition plans within 10 days of receiving guidance, USAID/Philippines and implementers expedited the disposition process and have taken steps to account for the assets. Given that USAID/Philippines addressed the instances we noted during our fieldwork where implementers needed additional guidance to dispose of assets and the Agency's current operating status, we are not making recommendations at this time.

OIG Response to Agency Comments

We provided our draft report to USAID on February 6, 2026. On February 24, 2026, we received the Agency's response. The Agency did not have any comments on the draft report.

The report did not include any recommendations; therefore, no management decisions are needed.

Appendix A. Scope and Methodology

We conducted our work from March 2025 through February 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objective was to determine the status of the disposition of USAID/Philippines-funded physical assets procured under selected terminated awards in the Philippines.

The audit scope for our audit was USAID/Philippines' programmatic awards terminated from January 20 through March 25, 2025, and related asset disposition activities through August 31, 2025. We conducted our work in Metro Manila, the Philippines.

To determine the status of assets, we selected a judgmental sample of 8 out of 30 terminated awards. We selected these awards based on their high dollar value of obligations, completion status, geographic location, and award type (i.e., contracts, grants, and cooperative agreements). For five of the awards, we selected a judgmental sample of 221 out of 884 assets implementers procured for review. We selected these assets based on their fair market value or purchase price and location within the Philippines. For the three remaining awards, we reviewed all 76 assets the implementers procured due to the small number of assets under each award. The total value of the assets we reviewed was \$1.3 million. We believe that our method for selecting these awards and assets was appropriate for our audit objective and that the selection would generate valid, reliable evidence to support our findings and conclusions.

In addition, we reviewed Federal regulations and USAID policies to obtain an understanding of roles, responsibilities, and requirements for asset disposition, including Title 2 of the Code of Federal Regulations, the Federal Acquisition Regulation, and USAID's Automated Directives System. We reviewed applicable contract clauses, such as Agency for International Development Acquisition Regulation 752.245-70, "Government Property—USAID Reporting Requirements." We also reviewed the Bureau for Management Office of Acquisition and Assistance guidance on expedited disposition of program assets. We obtained and analyzed award data from USAID/Philippines and asset data for selected awards from the mission and implementers. We also reviewed USAID and implementer documents—such as asset lists, disposition plans, and approval letters—for the selected awards to verify asset purchase, tracking, and disposition. We interviewed officials from USAID/Philippines and seven implementers to discuss their responsibilities for award management and asset oversight and obtained additional input from officials through email correspondence. In addition, we conducted site visits to seven implementer offices in Metro Manila to verify the existence of selected physical assets and assess the completeness of inventory lists. For one implementer, we reviewed documentation in support of the asset donations that had completed the transfer of the assets to the recipient.

We used computer-processed data to select our sample of awards. We obtained USAID/Philippines award data from its proprietary tracking spreadsheets. We determined that this data was reliable through interviews with mission officials and tracing data elements to

USAID's Agency Secure Image and Storage Tracking (ASIST) system, which is the agency's electronic filing system for all acquisition and assistance actions.



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