

OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

Humanitarian Assistance: Actions Needed to Strengthen Inventory Management and Oversight at the Dubai Warehouse

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Audit



Office of Audits, Inspections, and Evaluations



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

DATE: March 3, 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: Humanitarian Assistance: Actions Needed to Strengthen Inventory Management and Oversight at the Dubai Warehouse

This memorandum transmits our final audit report. Our audit objectives were to determine the extent to which USAID (1) followed Federal standards for managing its humanitarian assistance inventory and (2) conducted oversight of the warehouse and third-party inspections contracts for the Bureau for Humanitarian Assistance warehouse in Dubai. In finalizing the report, we considered the Department of State's comments on the draft and included them in their entirety, excluding attachments, as an appendix to the report. The Department also provided technical comments, which we considered and incorporated as appropriate.

The report contains two recommendations and three considerations to improve the management and oversight of the Dubai warehouse and to avoid unnecessary spoilage and waste. We consider both recommendations open and unresolved. We will coordinate with responsible officials to resolve the recommendations.

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

Using eight strategically located warehouses around the world, USAID's Bureau for Humanitarian Assistance (BHA) helped the Agency rapidly respond to global humanitarian crises when they occurred. USAID's humanitarian assistance warehouse in Dubai, the United Arab Emirates (UAE), provided humanitarian aid to vulnerable populations in the region, including Afghanistan, Gaza, and Syria, by enabling the quick delivery of prepositioned food commodities and nonfood items. The Dubai warehouse was the Agency's largest warehouse with nonfood items.

Between October 2022 and July 2024, BHA used humanitarian supplies from the Dubai warehouse to respond to 17 crises. For example, between March and July 2024, BHA shipped 494 metric tons of high-energy biscuits and 719 hygiene kits valued at \$1.5 million to Gaza as part of its response to the ongoing humanitarian crisis in the region. As of September 2024, BHA's inventory in the Dubai warehouse included food and nonfood items valued at approximately \$10.3 million.

Given the importance of the Dubai warehouse in supporting USAID's humanitarian crisis responses, we conducted this audit to determine the extent to which USAID (1) followed Federal standards for managing its humanitarian assistance inventory and (2) conducted oversight of the warehouse and third-party inspections contracts for the BHA warehouse in Dubai.

What We Recommend

We are making two recommendations to USAID or other responsible U.S. government officials to improve the management and oversight of the Dubai warehouse and avoid unnecessary spoilage and waste. We also suggest that decisionmakers assess warehouse inventory information, enhance procurement planning, and improve the management of certain nonfood items in the future.

What We Found

USAID did not use quality inventory information to make decisions on humanitarian assistance supplies at the Dubai warehouse. Instead, it relied on various inventory management tools, some of which required extensive manual entries and verification and where we identified a \$4 million discrepancy in total inventory value. In addition, the Agency did not use inventory information to make forecasting decisions about commodity levels at the Dubai warehouse, including what items to store and dispose of. Instead, BHA followed an unwritten process to make decisions based on past procurement levels and response needs. As a result, USAID did not have the information needed to make informed decisions about humanitarian assistance commodities stored at the warehouse.

USAID did not enforce certain oversight requirements outlined in management and monitoring contracts for the Dubai warehouse. USAID also did not enforce certain oversight requirements for its third-party inspections contract related to monitoring warehouse and commodity conditions. As a result, the Agency could not ensure that commodities stored in the Dubai warehouse remained unspoiled and in operable condition.

Figure I. USAID Commodities at the Dubai Warehouse



Photo credit: OIG (May 2024).

Introduction

Using eight strategically located warehouses around the world, USAID’s Bureau for Humanitarian Assistance (BHA) helped the Agency rapidly respond to global humanitarian crises when they occurred. For example, the warehouse in Dubai, the United Arab Emirates (UAE), provides humanitarian aid to vulnerable populations by enabling the quick delivery of prepositioned food commodities and nonfood items. It is the largest of the warehouses with nonfood items, and USAID used a contractor and subcontractor to provide warehousing and logistics services.¹

Between October 2022 and July 2024, BHA used humanitarian supplies from the Dubai warehouse—valued at approximately \$10 million—to respond to 17 crises. For example, between March and July 2024, BHA shipped 494 metric tons² of high-energy biscuits and 719 hygiene kits valued at nearly \$1.5 million to Gaza as part of its response to the ongoing humanitarian crisis in the region. As of September 2024, BHA’s inventory in the Dubai warehouse included food and nonfood items valued at approximately \$10.3 million.

Given the importance of the Dubai warehouse in supporting USAID’s responses to humanitarian crises, we conducted this audit to determine the extent to which USAID (1) followed Federal standards for managing its humanitarian assistance inventory and (2) conducted oversight of the warehouse and third-party inspections contracts for the BHA warehouse in Dubai. The audit covered BHA’s warehouse operations and activities for the period from October 2022 through March 2025.

To answer the audit objectives, we tested BHA’s compliance against Federal standards for inventory management with identified criteria, including the warehouse management and third-party inspections contracts. Specifically, we reviewed key laws, regulations, procedures, and best practices for warehouse management; BHA’s standard operating procedures for managing and inspecting prepositioned commodities; and warehouse management and monitoring documentation to determine if USAID followed Federal standards for managing humanitarian assistance inventory. We also analyzed the bureau’s reporting reliability and the warehouse operations’ operational efficiency and effectiveness through direct observations, interviews, and document reviews. We interviewed Agency officials as well as personnel from third-party inspection firms to validate our observations. We also visited the Dubai warehouse in May 2024, where we reviewed information systems, observed warehouse operations, and interviewed key personnel. We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology.

As part of this audit, we issued a management advisory in December 2024 identifying safety issues at the Dubai warehouse and made two recommendations that USAID take action to address them.³ Given that USAID has taken steps to strengthen safety protocols, we consider

¹ On July 1, 2025, the Department of State took over management and oversight of the Dubai warehouse contract.

² One metric ton is equal to approximately 2,200 pounds.

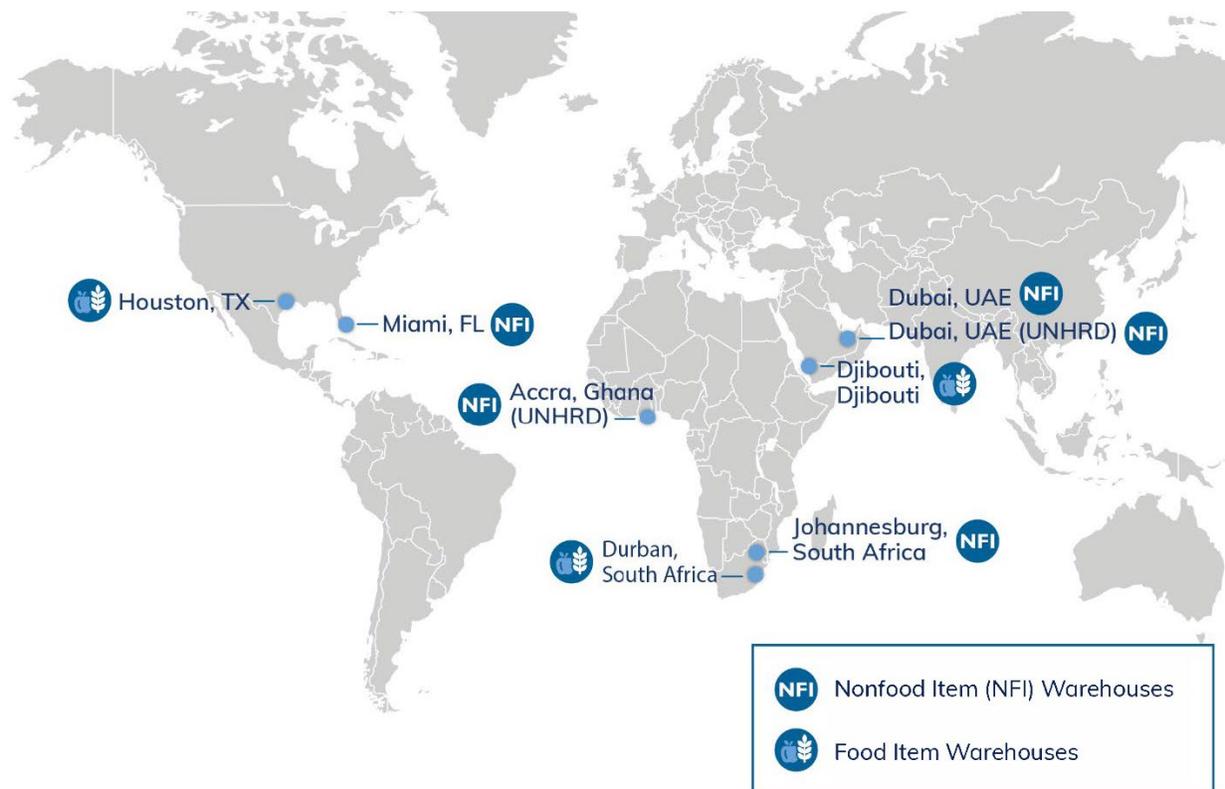
³ USAID OIG, [USAID’s Compliance with Safety Standards at the Bureau for Humanitarian Assistance Warehouse in the United Arab Emirates](#). (8-000-25-001-A0), December 18, 2024.

one recommendation open and resolved pending completion of final action and the other recommendation closed.

Background

To carry out its mission to provide aid during humanitarian crises, BHA prepositioned key humanitarian commodities around the world so that USAID could rapidly respond to emergencies.⁴ These commodities included food items such as fortified rice, lentils, and vegetable oil; nonfood items like blankets, buckets, and shelter-fixing kits; and mechanical items such as boat motors, concrete saw kits, and water treatment pumps. See Figure 1 for a map of BHA’s eight warehouses worldwide. Given Dubai’s key location, accessibility, and access as a major seaport, BHA used two warehouses in the country—the warehouse referenced above as well as a second United Nations Humanitarian Response Depot (UNHRD) warehouse—to store its prepositioned commodities.⁵

Figure 2. Map of BHA Prepositioning Warehouses, September 2024



Source: OIG analysis of information provided by BHA.

As of September 2024, the Dubai warehouse contained 18 types of food- and nonfood-item humanitarian commodities. See Appendix B for more details on these commodities and

⁴ USAID, *USAID Food Assistance Fact Sheet: Prepositioned Stocks*, December 2022.

⁵ The United Nations Humanitarian Response Depot (UNHRD) owns two of the eight BHA warehouses, including a second one in Dubai. Under a global technical agreement, BHA could use any of the UNHRD warehouses. The Dubai UNHRD warehouse was outside the scope of this audit.

Appendix C for a list of humanitarian crisis responses from October 2022 to July 2024 when these commodities were used.

As of August 2024, there were five nonfood-item prepositioning warehouses. Table I lists these warehouses by dollar value.

Table I. BHA Warehouses With Prepositioned Nonfood Items by Dollar Value, as of August 2024

Warehouse Location	Quantity of Warehouse Stock	Value in U.S. Dollars(USD)	Percentage of Warehouse Stock's Dollar Value
Dubai	912,928	\$10,256,920	77.7%
Miami	92,561	\$1,530,386	11.6%
Dubai UNHRD	345,736	\$1,016,898	7.7%
Accra UNHRD	15,820	\$220,886	1.7%
Johannesburg	19,560	\$183,010	1.4%
Total	1,386,605	\$13,208,100	100%

Source: OIG analysis of BHA’s reported inventory information.

Under the management of BHA’s Office of Field and Response Operations, the Supply Chain Management Division was responsible for the movement of commodities to support the bureau’s objectives. USAID’s Bureau for Management, Office of Acquisition and Assistance (M/OAA) provided contracting services that supported BHA’s warehouse activities.

In December 2023, USAID relocated its humanitarian assistance warehouse within Dubai and contracted with APL CEVA Government Logistics to provide warehousing and logistics services for its prepositioning operations. APL CEVA Government Logistics subcontracted with CEVA Logistics FZCO (CEVA Logistics) to provide these services at the Dubai warehouse from December 2023 through November 2025 for a total contracted amount of \$13,983,528.⁶ These services included establishing a commodity management and reporting system; maintaining a temperature-controlled, well-ventilated, pest-free environment; and ensuring the warehouse had safety and security procedures.

To support BHA’s oversight of its commodities around the world, including those stored in Dubai, USAID contracted with Intertek to inspect the warehouse from August 2021 through July 2026. According to the contract, these inspections aimed to verify the quantity of commodities in stock and ensure that the commodities remained in “excellent condition” at the warehouse.

Table 2 describes the roles and responsibilities of the different entities that managed and monitored the Dubai warehouse.

⁶ Kuehne + Nagel provided warehouse management services in Dubai from January 2021 to December 2023.

Table 2. Roles and Responsibilities of USAID Divisions and Contractors That Oversaw, Managed, and Monitored the Dubai Warehouse

Entity	Roles and Responsibilities
USAID BHA Supply Chain Management Division	<p><i>Division management</i></p> <ul style="list-style-type: none"> Oversaw the warehouse and the movement of commodities to support BHA’s objectives. <p><i>Contracting officer’s representative (COR)</i></p> <ul style="list-style-type: none"> Conducted oversight activities of the warehouse, such as site visits. Reviewed weekly inventory reports produced by the warehouse contractor and quarterly inspection reports from Intertek, the third-party inspections firm.
USAID M/OAA	<p><i>Contracting officers (COs)</i></p> <p>CO for warehouse contract:</p> <ul style="list-style-type: none"> Oversaw compliance with contract terms and conditions. Managed the contractual relationship between the warehouse contractor and BHA. Had regular meetings with the BHA COR regarding the warehouse contract. <p>CO for third-party inspection contract:</p> <ul style="list-style-type: none"> Oversaw compliance with contract terms and conditions. Had regular meetings with the BHA and the third-party inspection contractor regarding the warehouse contract.
APL CEVA Government Logistics	<p><i>Prime contractor</i></p> <ul style="list-style-type: none"> Managed the Dubai warehouse contract and subcontracted warehouse operations to CEVA. Conducted annual site visits and advised warehouse on operational matters. Maintained regular communications with the BHA COR and M/OAA CO.
CEVA Logistics	<p><i>Subcontractor</i></p> <ul style="list-style-type: none"> Managed Dubai warehouse operations, including the processing of inbound and outbound shipments and temperature-controlled storage space.
Intertek	<p><i>Third-party inspectors</i></p> <ul style="list-style-type: none"> Conducted quarterly onsite inspections of warehouse facilities and inventory counts for BHA. The inspections included reviewing warehouse and commodity conditions.

Source: OIG analysis of documents provided by BHA and interviews with USAID and contractor personnel.

In January 2025, the Secretary of State initiated a review of the structure of U.S. foreign assistance and all associated programs, including global prepositioning operations.⁷ On March 28, 2025, the Department of State (State) announced that USAID would cease operating as an independent agency and that State would assume responsibility for many of USAID’s functions and programming. On July 1, 2025, USAID transferred management of the Dubai warehouse contract to State.

⁷ The Secretary of State initiated this review consistent with the President’s Executive Order, “Reevaluating and Realigning United States Foreign Aid,” January 20, 2025.

USAID Did Not Use Quality Inventory Information to Make Decisions About Humanitarian Assistance Supplies at the Dubai Warehouse

USAID lacked a comprehensive, accurate inventory management system that could oversee the millions of dollars' worth of humanitarian assistance supplies stored at the Dubai warehouse. Instead, the Agency relied on various inventory management tools, some of which required extensive manual entries and verification and where we identified a \$4 million discrepancy in total inventory value. In addition, USAID did not use inventory information to make forecasting decisions about commodity levels at the Dubai warehouse, including which items to store and what to dispose of. Rather, the Agency followed an unwritten process to make procurement decisions based on past procurement levels and response needs.

BHA's Inventory Systems Had Inconsistent and Incomplete Information That Varied by About \$4 Million

BHA used three systems to manage inventory at the Dubai warehouse, and we found inaccurate valuations and incomplete expiration dates in two of them. Federal internal control standards and regulations require Federal agencies to design an information system with control activities and use quality information to achieve objectives, such as the efficient management of humanitarian assistance supplies.⁸ Quality information should be appropriate, current, complete, accurate, accessible, and provided on a timely basis. Furthermore, government regulations for property management recommend that agencies analyze the contractor's property management practices and systems and ensure that procedures for maintaining control over warehoused property are in place.⁹

To meet these Federal requirements, BHA used three distinct systems to manage inventory at the Dubai warehouse.

- *BHA Inventory Spreadsheets:* BHA primarily used multiple Microsoft Excel spreadsheets to manage all inventory at the Dubai warehouse and track the expiration dates of commodities with a shelf-life. One spreadsheet we reviewed included current inventory levels and shipment and expiration dates of hygiene supplies and water purification tablets in stock; another tracked high-energy biscuits procured and shipped from suppliers, including their production dates, expiration dates, and contract details. According to BHA, this system of spreadsheets required substantial manual entries and verification.
- *Humanitarian Inventory Management System:* In September 2024, BHA launched the Humanitarian Inventory Management System to track all commodities at the Dubai warehouse. Using data from both BHA's spreadsheets and the warehouse contractor's systems, BHA aimed for this system to improve commodity management and increase efficiency in daily warehouse operations. The bureau intended to merge this system with

⁸ U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

⁹ Federal Acquisition Regulation, § 45.105, "Contractors' Property Management System Compliance."

the inventory spreadsheet system. As substantial preparatory work to merge the two systems remained as of September 2024, BHA used them in parallel with its inventory spreadsheets to manage and track commodities and their expiration dates.

- *Warehouse Management System:* The subcontractor used its own Warehouse Management System to generate Microsoft Excel reports for BHA, reporting on the inventory quantity, value, and expiration dates of commodities.

We found problems with the quality of the inventory data in two of these systems—BHA’s Humanitarian Inventory Management System and the subcontractor’s Warehouse Management System. Specifically, we found discrepancies between how they valued commodities and tracked expiration dates.

Although BHA managed both the inventory spreadsheets and the Humanitarian Inventory Management System, we found inconsistent inventory information between the two systems. For example, BHA’s spreadsheets valued the total warehouse inventory at approximately \$10.3 million as of August 30, 2024, while the Humanitarian Inventory Management System valued the total inventory at approximately \$6.2 million for the same date—a discrepancy of \$4 million.

Additionally, we found discrepancies in the values of unused commodities listed in the subcontractor’s system and BHA’s spreadsheets. We identified eight commodities that had not been shipped out of the warehouse or used in crisis responses since at least October 2022. We found that the subcontractor overreported the total value of these commodities by nearly \$752,000 when compared to BHA’s inventory spreadsheets. Once we alerted BHA to this error, the bureau asked the subcontractor to update its records to reflect the correct value. We also found a discrepancy of nearly \$450,000 between BHA’s inventory spreadsheets and its Humanitarian Inventory Management System for these commodities for the same date. BHA confirmed that the Humanitarian Inventory Management System undervalued the warehouse inventory due to discrepancies in the information uploaded into the system.

Further, we found incomplete information in the subcontractor’s inventory system. This system tracked expiration dates for high-energy biscuits and water purification tablets, but the report we reviewed did not include the expiration dates for 550 (90 percent) of 608 water purification tablets (see Figure 2). The third-party inspection report listed different expiration dates from the subcontractor’s inventory for the remaining 58 water purification tablets, rendering the information inaccurate. In addition, the subcontractor did not track the expiration dates for other items with a shelf life, such as disposable and reusable hygiene pads and soaps, which were included in over 1,000 hygiene kits available at the Dubai warehouse and used to support responses in Gaza and Syria.

Figure 3. Carton of Water Purification Tablets With Expiration Dates



Photo credit: OIG (May 2024).

The issues with the quality of inventory information occurred because BHA did not evaluate or analyze the systems used to manage commodities at the Dubai warehouse. For example, BHA had not evaluated its own Humanitarian Inventory Management System to ensure the accuracy and reliability of reported information prior to the system's launch in September 2024.

In addition, BHA did not request access to evaluate the Warehouse Management System to verify the accuracy of the subcontractor's information. According to BHA and subcontractor personnel, USAID staff did not need to have direct access to the Warehouse Management System because BHA identified and reconciled discrepancies by comparing the warehouse's weekly inventory reports with its own internal inventory spreadsheets and the Humanitarian Inventory Management System. However, as noted above, we identified dollar-value discrepancies and incomplete product expiration date information in the subcontractor's Warehouse Management System. According to BHA personnel, the differences in commodity value were due to a combination of factors, including the warehouse relocation, lack of historical data for older commodities, and the transfer of information from BHA and subcontractor records into the Humanitarian Inventory Management System. Further, warehouse officials were not aware of how expiration dates were tracked for certain commodities, such as hygiene kits, potentially limiting their usefulness.

Lack of robust control activities resulted in inconsistent information in USAID's inventory data, including value discrepancies of approximately \$4 million between systems. Complete information about when commodities expire would have allowed USAID to take steps to avoid wasting these commodities or shipping them after they had expired. Without accurate and

complete data, USAID did not have the up-to-date information it needed to make informed decisions about its humanitarian assistance commodities.

BHA Did Not Use Inventory Information to Make Decisions for Procuring, Storing, and Disposing of Humanitarian Supplies

BHA did not use inventory spreadsheets or other inventory information to make forecasting decisions about commodity levels at the Dubai warehouse. Instead, BHA based its procurement decisions on past procurement levels and response needs, a process that was not documented. Federal internal control standards require agencies to process data into quality information and to use this information to achieve objectives and make informed decisions.¹⁰

We found that BHA's procurement plan did not include target inventory levels for some commodities, excluded some items, and exceeded targets for others. Specifically, BHA failed to include a quantity target for high-energy biscuits (see Figure 3) in its procurement plan, even though these biscuits made up over 20 percent of the total value of warehouse commodities and were used to support the Gaza response from April to July 2024.

Figure 4. High-Energy Biscuits Stored at the Dubai Warehouse



Photo credit: OIG (May 2024).

Based on inconsistencies identified in the procurement planning process, we determined this unwritten process was not sufficient to make informed procurement planning decisions. For

¹⁰ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

example, in early 2023, BHA made a verbal decision to increase the target number of families that the warehouse could support from 50,000 to 75,000—a 50-percent increase. According to BHA staff, they made this decision because the existing inventory at the Dubai warehouse had been rapidly depleted following USAID’s responses to the Ukraine complex emergency in spring 2022 and the Pakistan floods in fall 2022. To support this decision, in April 2024, BHA used information from past procurements and response needs to develop a procurement plan. However, the bureau did not take current inventory information into account.

We also found that BHA’s procurement plan included only 13 of 18 types of commodities stored at the warehouse. Nine of the 13 types of commodities exceeded their quantity targets by an average of more than 300 percent. For example, according to the April 2024 procurement plan, medium-thermal blankets had a target quantity of 10,580, but the Dubai warehouse stored 45,780 of these blankets.

According to an M/OAA staff member, aged and unused commodities had been moved to three different warehouses in Dubai and were difficult to dispose of. For example, according to the staff member, boat motor equipment valued at approximately \$87,200, per BHA’s records, was acquired over 12 years ago. Furthermore, BHA followed an unwritten process managed by two employees to handle aged and unused commodities at the Dubai warehouse. When items were no longer of use, the two employees would send a memo to the contracting officer requesting their disposal. According to an M/OAA staff member, if both BHA employees left the bureau, no one would know how to dispose of unused commodities.

Further, BHA continued to incur storage costs for the items it did not discard. For example, eight of 18 types of commodities in the Dubai warehouse—including boat motors, boat propellers, concrete saw kits, emergency lights, life vests, and power strips—had not been shipped out or used in crisis responses between October 2022 and July 2024. However, they were still in the warehouse and listed on the inventory in September 2024. The total value of the unused items in stock was approximately \$1.37 million, with an average monthly storage cost of approximately \$41,000. We estimated that USAID spent \$919,183 storing unused commodities, or 67 percent of their total value, at the Dubai warehouse during this nearly 2-year period.¹¹

We found that BHA did not use available inventory information to make procurement planning and storage decisions because it lacked formal, defined procurement planning procedures for forecasting inventory needs and a method for formulating disposition plans for inventory items. BHA staff reported that forecast accuracy was low due to operational circumstances and that forecasting for food items was more predictable than for nonfood items. At the time of our review, BHA was working on a comprehensive procedure for its procurement planning and expected forecasting to be integrated into its newly launched Humanitarian Inventory Management System. However, bureau personnel had not yet developed a system for running reports and conducting forecasting analysis.

¹¹ We calculated monthly storage costs based on the fee schedules from the previous and current warehouses from October 2022 to July 2024. This amount is an estimate based on when the commodities were transferred to the current warehouse in January 2024.

Using inventory information to make procurement decisions would have strengthened BHA's ability to manage costs and effectively respond to humanitarian crises. A formal procurement process or disposition plan could have helped the bureau avoid an estimated \$920,000 in costs associated with storing unused commodities. Further, BHA would have been better positioned to face ongoing inefficiencies and risks in procurement planning and the management of warehouse operations.

USAID Did Not Enforce Certain Oversight Requirements Outlined in Management and Monitoring Contracts for the Dubai Warehouse

USAID failed to fully enforce certain requirements for the management contract of the Dubai warehouse, including temperature control for heat-sensitive items. It also did not enforce certain oversight requirements for its third-party inspections contract related to monitoring warehouse and commodity conditions. As a result, USAID could not ensure that commodities stored in the Dubai warehouse remained unspoiled and in operable condition.

USAID Did Not Fully Enforce Management Contract Requirements for Climate Control, Maintenance, and Inspections—Potentially Risking Over \$2.5 Million in Commodities

USAID did not ensure that its warehouse contractor adequately inspected certain aspects of the Dubai warehouse, as required. Specifically, the Agency did not enforce the contract requirements for warehouse temperature control for food items and humidity- and heat-sensitive items.

According to the warehouse contract, the warehouse contractor was responsible for:

1. Storing high-energy biscuits under dry, ventilated, and hygienic conditions at or below 86 degrees Fahrenheit.
2. Maintaining vehicles, water pumps, generators, and other similar equipment on a regular basis.
3. Inspecting the commodities received into the warehouse to ensure the items met specification. Inspections included opening packaging units and verifying commodity specifications against provided checklists.

The Federal Acquisition Regulation¹² and USAID's Automated Directives System's (ADS)¹³ guidance on direct contracting hold the contracting officer and contracting officer's representative accountable for ensuring compliance with the contract terms regarding climate control, maintenance of stored equipment, and inspection of incoming commodities at the warehouse. Specifically, the contracting officer's representative, as noted in the designation

¹² Federal Acquisition Regulation, §1.602, "Responsibilities."

¹³ USAID, ADS 302, "USAID Direct Contracting," June 2024.

letter and contract, is responsible for verifying that the warehouse contractor adheres to the technical requirements and quality standards outlined in the contract.

However, we found that the Dubai warehouse contractor did not (1) ensure that the warehouse met climate control requirements for food items and humidity- and heat-sensitive items, (2) maintain stored mechanical equipment, or (3) inspect incoming commodities.

The warehouse had limited ventilation and insufficient temperature control to guarantee the safeguarding of humidity- and heat-sensitive commodities such as food items and fragile nonfood items. As of September 2024, per inventory records, BHA stored nearly 150,000 cartons of high-energy biscuits valued at over \$2 million with specific temperature requirements and requiring dry, ventilated storage. BHA also stored about 600 cartons of humidity- and heat-sensitive water purification tablets, valued at over \$57,000—marked as “FRAGILE: Protect from moisture, heat, and light”—at the warehouse (see Figure 4).

Figure 5. Carton of Heat-Sensitive Water Purification Tablets at the Dubai Warehouse



Photo credit: OIG (May 2024).

However, there was no thermostat available in the warehouse until the third day of our May 2024 visit. Although the humidity threshold was not specified in the contract, we observed only two large ceiling fans in the warehouse for ventilation as well as a humidity level of 43 percent. While the thermostat reported a temperature that met product standards, it was not placed in the aisles with high-energy biscuits and other heat-sensitive commodities. As a result, BHA could not determine, and we could not verify, whether the humidity and temperature levels were adequate for those commodities. BHA was unsure how many thermostats were required or how to monitor the temperature in the warehouse.

Additionally, we found that USAID did not enforce the requirement that the contractor conduct regular maintenance of unused mechanical equipment, such as boat motors, concrete saws, and water treatment kits. As of September 2024, according to BHA inventory records,

the warehouse stored 9 concrete saw kits valued at \$22,500; 11 boat motors valued at \$85,446; and 7 water treatment kits valued at \$105,161. The M/OAA employee responsible for the warehouse stated that these commodities were not maintained in accordance with contract requirements and remained in their original boxes (see Figure 5). Officials from both the prime contractor and subcontractor noted that the warehouse staff did not perform maintenance on mechanical equipment and added that, as of September 2024, USAID had not provided any guidance on this matter.

Figure 6. Unmaintained Concrete Saw Kit in Original Packaging



Photo credit: OIG (May 2024).

We also found that USAID did not enforce the contract requirements for the inspection of incoming commodities. After the Dubai warehouse moved in February 2024, it received multiple inbound shipments of USAID commodities. Nonetheless, warehouse personnel did not inspect those items to ensure that they met commodity specifications, as required by the contract. In August 2024, the warehouse also received 14 inbound shipments totaling \$2,414,437 of plastic tarpaulins, high-thermal blankets, and kitchen sets. However, warehouse personnel only inspected 3 of the 14 shipments—those received between August 5 and 7, 2024—because those shipments had external damage. Although the warehouse contract required inspections of inbound and outbound commodities to meet specifications, the contractor, subcontractor, and USAID personnel confirmed that, as of September 2024, warehouse staff had not conducted such inspections and, except in specific instances, were not asked to do so.¹⁴

USAID did not enforce these requirements because the warehouse contract lacked specific language defining temperature and proper ventilation, establishing frequency for maintaining mechanical equipment, and stating when to inspect incoming commodities.

¹⁴ Warehouse personnel noted that they did not open inbound commodities shipments unless USAID asked them to do so, such as when a vendor made a shipment error.

- *Temperature and ventilation requirements.* The contract did not have comprehensive requirements for proper ventilation or temperature. It had specific temperature requirements for high-energy biscuits and referred to ventilation in general terms but did not specify a humidity threshold to prevent food items from spoiling.
- *Mechanical equipment maintenance requirements.* The contract did not specify how often to carry out maintenance of mechanical equipment. It only required that maintenance be performed in accordance with the manual and with direction from USAID. The responsible BHA employee was not sure why the maintenance requirements for the contract’s mechanical equipment were not enforced. The responsible M/OAA employee noted that while the contractor was responsible for maintenance, USAID was responsible for managing the contract as written.
- *Warehouse inspections requirements.* According to the contract, the warehouse contractor was responsible for verifying the receipt of commodities and ensuring items met specifications at the direction of USAID. The responsible M/OAA employee stated that this wording was intended to provide flexibility so that warehouse staff only had to inspect products that showed external problems, minimizing additional costs to the Agency. The M/OAA employee acknowledged that this section of the contract might need rewording.

Since it did not enforce these contract requirements, BHA risked incurring unnecessary storage fees for unused or potentially nonfunctioning equipment. For example, from October 2022 to July 2024, BHA incurred \$18,457 in storage costs, or 9 percent of the total value of \$214,877, for such equipment. More detailed contract language about expectations for warehouse temperature, equipment maintenance, and inspections would have better ensured that food items remained unspoiled, mechanical equipment was in operating condition, and commodities met required specifications.

USAID Did Not Enforce Certain Monitoring Requirements for Warehouse Conditions Such as Pest and Temperature Control

USAID contracted with Intertek, a third-party inspector, to ensure that humanitarian assistance commodities at its prepositioning warehouses were properly stored and remained in “excellent condition, free of all pests and contaminants,” in accordance with the contract. However, USAID did not ensure that the inspections contractor met monitoring requirements related to pest control and temperature conditions at the Dubai warehouse.

According to the Federal Acquisition Regulation,¹⁵ contracting officers are responsible for ensuring the performance of all necessary actions for effective contracting and ensuring compliance with contract terms. Further, USAID’s third-party inspections contract states that inspectors had to:

- Review all warehouse documentation, including the warehouse pest control management plan, for accuracy to ensure all commodities were stored in excellent condition, free of all pests and contaminants.

¹⁵ Federal Acquisition Regulation, § 1.602-2, “Responsibilities.”

- Possess the appropriate tools and equipment to satisfactorily perform all functions.

To initiate inspections, USAID issued a statement of work with instructions for each third-party quarterly inspection at the Dubai warehouse.

Although the third-party inspector served as USAID’s eyes on the ground to verify information reported by the warehouse contractor, we identified gaps in the pest control inspections process. Specifically, the inspector did not review warehouse pest control management plans or reports to ensure that commodities were free of pests. Additionally, while the inspector checked the dates on some of the rodent traps, it did not have a plan for determining the total number of rodent traps to inspect. Of the nine warehouse rodent traps we observed during our May 2024 site visit, six had not been inspected since at least September 2023, although they had been installed in the warehouse as early as April 2021 (see Figure 6). However, neither the inspection report for the warehouse relocation in February 2024 nor the one from May 2024 mentioned the old rodent traps because the statement of work did not require the third-party inspector to establish a plan or report on pest control.

Figure 7. Rodent Trap From April 2021 Last Inspected by Pest Control on March 11, 2023

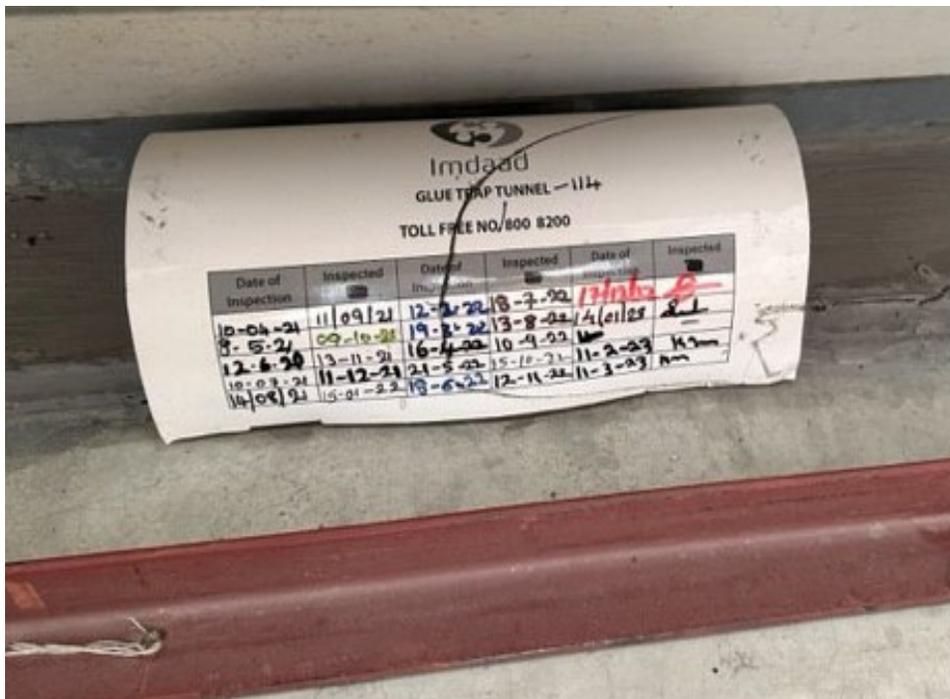


Photo credit: OIG (May 2024).

In addition, the third-party inspector did not use tools such as temperature sensors during quarterly inspections to independently verify the temperature of the warehouse. The statement of work required the inspector to confirm the temperature where the high-energy biscuits were stored. However, during our site visit, we observed that the warehouse’s thermostats were unavailable for the first 2 days of the quarterly inspection. Even after a thermostat was made available, the third-party inspectors were unable to independently verify the warehouse’s

temperature as they lacked tools of their own. Inspector staff stated that they did not use their own tools unless required by the statement of work, which was not the case for the Dubai warehouse. Additionally, their notes on the results of the inspections were brief, with no information about thermostats missing from the warehouse.

According to the third-party inspector, it did not meet these monitoring requirements because the statement of work did not include detailed instructions for checking the condition of the warehouse. Similarly, the quarterly inspection reports lacked detail on warehouse conditions.

Ensuring third-party inspectors met requirements related to pest and temperature control would have given USAID reasonable assurance that the Dubai warehouse could adequately store humanitarian assistance commodities and avoid unnecessary spoilage and waste.

Conclusion

The Dubai warehouse enabled BHA to provide timely, life-saving assistance to vulnerable populations affected by humanitarian crises and natural disasters. However, additional actions would have strengthened the bureau's management and oversight of the \$10 million in inventory stored at the warehouse—including improvements to inventory information quality, procurement and disposal planning, and third-party inspections. Reforms will help avoid waste by ensuring the quality and condition of humanitarian assistance commodities, particularly as prepositioning warehouses may continue to play a critical role in the U.S. government's humanitarian response efforts.

Recommendations

We recommend that USAID or other U.S. government officials responsible for the administration and oversight of the Dubai warehouse take the following actions:

1. Update the warehouse contract to clarify requirements for temperature and humidity control, maintaining mechanical equipment, and inspecting commodities in the warehouse.
2. Update the statement of work for third-party inspections to clarify quarterly inspection requirements of Dubai warehouse conditions, such as pest control and temperature.

Considerations for Future Foreign Assistance

As the Administration determines the future of foreign assistance, including using warehouses to preposition humanitarian assistance, we suggest decisionmakers consider the following actions:

1. Regularly assess the accuracy and completeness of warehouse inventory information for humanitarian assistance.
2. Ensure procurement planning processes and procedures for humanitarian assistance include warehouse inventory information.

3. Develop and implement policies and procedures for managing aged and unused nonfood items, including processes for dispatch or disposal.

OIG Response to Agency Comments

We provided our draft report to USAID and the Department of State on September 30, 2025. On November 24, 2025, the Department of State provided management comments on the draft report, which are included as Appendix D of this report. The Department also provided technical comments, which we considered and incorporated as appropriate.

The report included two recommendations. We do not acknowledge management decisions on either recommendation because the Department has exceeded the target dates provided to complete its action plan. Therefore, we consider both recommendations open and unresolved pending revised target action dates and evidence of completion of planned activities.

Appendix A. Scope and Methodology

We conducted our work from April 2024 through September 2025 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.

We conducted this audit to determine the extent to which USAID (1) followed Federal standards for managing humanitarian assistance inventory and (2) conducted oversight of the warehouse and third-party inspections contracts for the BHA warehouse in Dubai.

The audit focused on USAID's management of BHA's Dubai warehouse under its contract awarded to APL CEVA Government Logistics. The audit covered BHA's warehouse operations and activities for the period from October 2022 through March 2025. We conducted our audit work in Dubai, UAE; Frankfurt, Germany; and Washington, DC.

In planning and performing the audit, we gained an understanding of and assessed internal controls that were significant to the audit objectives. We designed and conducted procedures related to all five components of internal control as defined by the U.S. Government Accountability Office (GAO): Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.¹⁶ Our audit steps are identified below.

To answer both audit objectives, we identified and assessed relevant criteria and best practices through a review of GAO's *Standards for Internal Control in the Federal Government*, USAID's Automated Directives System,¹⁷ and the Federal Acquisition Regulation.¹⁸ We also reviewed BHA's documented policies and procedures for managing and inspecting humanitarian assistance supplies stored at the Dubai warehouse and the Dubai warehouse contractor's internal guidance on warehouse management.

We developed three data collection instruments to analyze and test BHA's compliance with identified criteria, reporting reliability, and the efficiency and effectiveness of operations through document reviews, interviews, and direct observations. Specifically, we designed procedures to test multiple attributes related to compliance, reporting, and operations objectives for efficiently and effectively managing warehouse operations and assessed BHA's use of identified criteria for managing its humanitarian assistance supplies stored at the BHA warehouse. We then tested BHA's processes for commodity handling and storage, safety and security measures, inventory management system, and monitoring and oversight.

We interviewed personnel from BHA and M/OAA with roles related to the procurement, management, and oversight of humanitarian supplies stored at the Dubai warehouse. We interviewed APL CEVA Government Logistics and CEVA Logistics staff responsible for

¹⁶ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

¹⁷ USAID, ADS 302, "USAID Direct Contracting," June 2024.

¹⁸ Federal Acquisition Regulation, §1.602, "Responsibilities" and 45.105, "Contractors' Property Management System Compliance."

providing warehousing and logistics services at the Dubai facility and who manage and monitor warehouse operations. We also interviewed Intertek personnel responsible for conducting inspections to ensure commodities are properly stored and remain in excellent condition until shipment.

We also performed two walkthroughs of the warehouse facility. We attended a training session with CEVA Logistics and Intertek personnel during our site visit to the Dubai warehouse in May 2024, where we observed warehouse operations, including safety procedures and practices.

To address the first audit objective, we reviewed information from USAID to understand BHA's inventory management system. Specifically, we reviewed the different Microsoft Excel spreadsheets BHA used to manage its inventory and the expiration dates of its commodities as well as documentation on the rollout of the Humanitarian Inventory Management System for nonfood items. We also reviewed BHA's existing standard operating procedures for warehouse management, including its procurement planning process and decision-making process for the commodities stored at the warehouse.

To determine the approximate cost of storing eight unused types of commodities from October 2022 to July 2024, we calculated monthly storage costs based on the fee schedules from the previous warehouse and the current warehouse. We estimated these costs based on when the commodities were transferred to the current warehouse in January 2024.

Additionally, during our May 2024 site visit, we observed a demonstration of CEVA Logistics' Warehouse Management System and reviewed documentation on BHA commodities. This review included an analysis of system-generated reports on inventory, values of commodities, and expiration dates for items with a limited shelf life.

We interviewed personnel from USAID, APL CEVA Government Logistics, and CEVA Logistics about BHA's inventory management system for overseeing commodities stored at the Dubai warehouse and its procurement planning process. We obtained their feedback on the tools and processes in use as of September 2024, including any challenges BHA encountered with its management system.

To address the second audit objective, we reviewed information gathered from USAID, APL CEVA Government Logistics, CEVA Logistics, and Intertek related to the oversight and implementation of the contracts. Specifically, we reviewed contract documentation and inspection reports and supporting documentation.

During our May 2024 site visit, we observed operations at the Dubai warehouse facility, including the commodities stored in USAID-designated areas, and interviewed personnel to validate our observations and identified issues.

We interviewed USAID personnel from BHA and M/OAA regarding their oversight of the Dubai warehouse and third-party inspections contracts to determine whether they ensured contractors adhered to key technical contract requirements.

We also interviewed personnel from APL CEVA Government Logistics and CEVA Logistics regarding the implementation of the warehouse contract and their processes for providing

warehousing and logistics services, as well as Intertek personnel about warehouse and commodity inspection processes.

Finally, we relied on computer-processed data to analyze inventory values, expiration dates, and storage costs, and determined that the data was sufficiently reliable for testing purposes.

Appendix B. Commodities Stored at the Dubai Warehouse, as of August 30, 2024

Commodity Type	Description	Total Value (USD)**
High-Energy Biscuits	High-energy biscuits are a specially designed, ready-to-eat food fortified with vitamins and minerals.	\$2,284,416
Plastic Tarpaulins	Plastic tarpaulins are composed of durable plastic and can be used to construct temporary shelters.	\$1,580,065
Kitchen Sets	Kitchen sets include items used to prepare food, such as cooking pots, frying pans, and utensils.	\$1,552,731
Blankets (High Thermal)	High-thermal blankets can be used to keep warm during emergencies and decrease the occurrence of hypothermia.	\$1,154,700
Hygiene Supplies	Hygiene supplies reduce disease transmission and promote cleanliness in emergency contexts. Hygiene kits typically contain soap, menstrual pads, and laundry soap.	\$1,143,290
Shelter Fixing Kits	Shelter fixing kits can be used to repair existing structures or create temporary shelter with the addition of plastic sheeting.	\$1,091,105
Buckets	Buckets can be used to transport and store drinking water.	\$627,397
Blankets (Medium Thermal)	Medium thermal blankets can be used to keep warm during emergencies and decrease the occurrence of hypothermia.	\$232,253
Plastic Sheeting Rolls	Plastic sheeting rolls can be used to replace destroyed walls and roofing and to construct temporary shelters, often in combination with shelter-fixing kits.	\$230,976
Water Treatment Units	Water treatment units contain equipment to pump, treat, and store water for consumption.	\$105,161
Water Bladder Kits	Water bladders provide storage for up to 10,000 liters of water and can be relocated when empty.	\$85,645
Boat Motors*	n/a	\$85,446
Aquatabs (Water Purification Tablets)	Water purification tablets can be added to drinking water to remove harmful microorganisms and make water safe to drink.	\$57,028
Concrete Saw Kits*	n/a	\$22,500
Boat Propellers*	n/a	\$1,770
Power Strips*	n/a	\$1,200
Life Vests*	n/a	\$632
Emergency Lights*	n/a	\$605
	Total	\$10,256,920

*These items were not included in BHA's commodity catalog.

**These figures are rounded to the nearest dollar.

Source: OIG analysis of BHA inventory information, including BHA's commodity catalog and inventory spreadsheets.

Appendix C. Dubai Warehouse Crisis Responses, October 2022–July 2024

Humanitarian Assistance Crisis	Commodities Shipped	Response Dates
Afghanistan Emergency Food Assistance	<ul style="list-style-type: none"> High-Energy Biscuits 	October 2022
Democratic Republic of the Congo Complex Emergency	<ul style="list-style-type: none"> Plastic Sheeting Tarpaulins 	November 2022–March 2024
Somalia Emergency Food Assistance	<ul style="list-style-type: none"> High-Energy Biscuits 	January 2023–January 2024
Turkey Earthquake Response	<ul style="list-style-type: none"> Buckets Hygiene Supplies Kitchen Sets Plastic Sheeting Rolls Plastic Sheeting Tarpaulins 	February 2023
South Sudan Emergency Food Assistance	<ul style="list-style-type: none"> High-Energy Biscuits 	July 2023
Ghana Disaster Response Preparedness	<ul style="list-style-type: none"> Buckets Hygiene Supplies Kitchen Sets Shelter-Fixing Kits 	August 2023
Johannesburg, South Africa Disaster Response Preparedness	<ul style="list-style-type: none"> Buckets Kitchen Sets Shelter-Fixing Kits 	August 2023
Madagascar Cyclone Response	<ul style="list-style-type: none"> Aquatabs (Water Purification Tablets) Buckets Hygiene Supplies Kitchen Sets Plastic Sheeting Rolls 	August 2023
Libya Floods Response	<ul style="list-style-type: none"> Blankets Buckets Hygiene Supplies Plastic Sheeting Tarpaulins Shelter-Fixing Kits Water Bladder Kits 	September–October 2023
Madagascar Emergency Food Assistance	<ul style="list-style-type: none"> High-Energy Biscuits 	September 2023

Humanitarian Assistance Crisis	Commodities Shipped	Response Dates
Miami Hurricane Response Preparedness	<ul style="list-style-type: none"> • Buckets • Hygiene Supplies • Plastic Sheeting Tarpaulins • Shelter-Fixing Kits 	September 2023
Vanuatu Cyclone Response	<ul style="list-style-type: none"> • Plastic Sheeting Tarpaulins • Shelter-Fixing Kits 	November 2023
Mozambique Cyclone Response Preparedness	<ul style="list-style-type: none"> • Buckets • Kitchen Sets • Plastic Sheeting Rolls • Plastic Sheeting Tarpaulins • Shelter-Fixing Kits • Water Bladder Kits 	December 2023
Democratic Republic of the Congo Cyclone Response Preparedness	<ul style="list-style-type: none"> • Plastic Sheeting Tarpaulins 	January 2024
West Bank and Gaza Complex Emergency	<ul style="list-style-type: none"> • High-Energy Biscuits • Hygiene Supplies 	March–July 2024
Rukban, Syria Emergency Food Assistance	<ul style="list-style-type: none"> • High-Energy Biscuits • Hygiene Supplies 	June 2024
Hurricane Beryl Response	<ul style="list-style-type: none"> • Shelter-Fixing Kits 	July 2024

Source: OIG analysis of BHA inventory information.

Appendix D. Agency Comments



United States Department of State

Washington, D.C. 20520

November 24, 2025

TO: OIG – Louis Duncan, Jr.

FROM: A/GO – DAS Seth Green /s/

SUBJECT: *Draft Audit Report – Humanitarian Assistance: Actions Needed to Strengthen Inventory Management and Oversight at Dubai Warehouse*

(U) Bureau of Administration, Global Operations (A/GO) reviewed the draft OIG report and provides the following response.

(U) Recommendation 1: OIG recommends that the Bureau of Administration update the warehouse contract to clarify requirements for temperature and humidity control, maintaining mechanical equipment, and inspecting commodities in the warehouse.

(U) Management Response: The Bureau of Administration concurs with this recommendation. The Bureau has reviewed and revised the warehouse contract to clearly define environmental control requirements, specifically temperature and humidity standards, along with expectations for routine maintenance of mechanical equipment. The update also includes procedures and responsibilities for inspecting commodities to ensure proper storage.

(U) Recommendation 2: OIG recommends that the Bureau of Administration update the statement of work for third-party inspections to clarify quarterly inspection requirements of Dubai warehouse conditions, such as pest control and temperature.

(U) Management Response: The Bureau of Administration concurs with this recommendation. A/GO will update the statement of work to specify the scope and frequency of quarterly inspections conducted by the third-party vendor. This will include clear expectations for assessing warehouse conditions such as pest control measures, temperature regulation, ventilation, and any other factors that affect the quality and utility of stored commodities. These revisions will ensure the vendor fully understands and consistently meets all monitoring and reporting requirements. We estimate completion by January 2026.



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