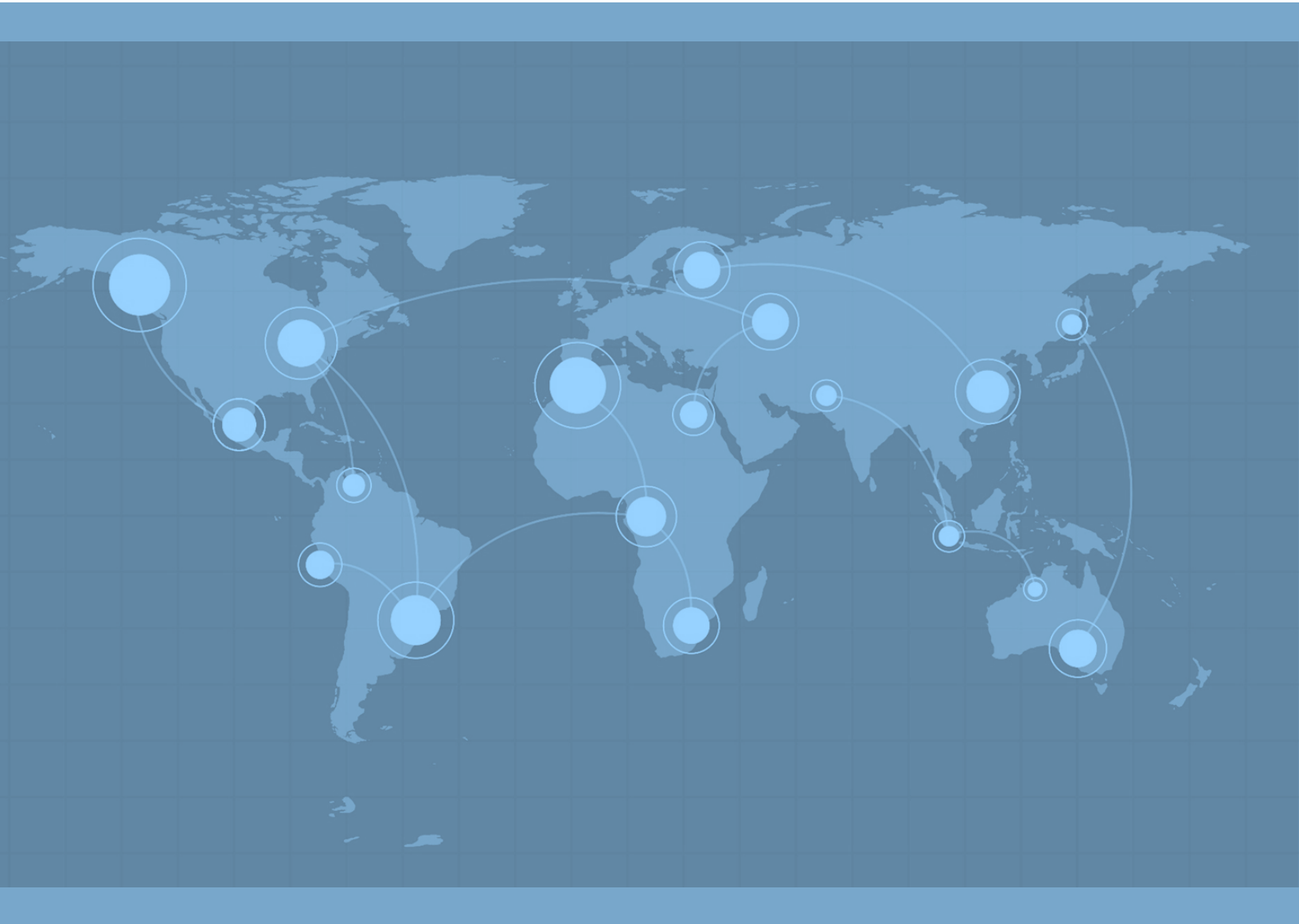




# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development



# OVERSIGHT PLAN

FY 2026–FY 2027

## **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**

Consistent with the Inspector General Act of 1978 as amended, USAID OIG's Hotline receives confidential allegations of fraud, waste, and abuse related to U.S.-taxpayer funded foreign assistance programs, in addition to mandatory disclosures of alleged misconduct submitted by U.S.-funded award recipients.

Report fraud online at <https://oig.usaid.gov/report-fraud> or by mail at the following address:

USAID OIG Hotline, P.O. Box 657  
Washington, DC 20044-0657

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# Contents

- Introduction ..... 1
- Office of Investigations .....3
- Office of Audits, Inspections, and Evaluations.....5
  - Oversight of Foreign Assistance Programs and Activities .....5
  - USAID Operations and Closeout Activities ..... 12
  - MCC, IAF, and USADF Operations and Programs ..... 14
- Congressionally Mandated Overseas Contingency Operations (OCO) Reporting ..... 17
- Appendix A. Resources..... 18

# Introduction

In accordance with the Consolidated Appropriations Act, 2026 (the Act), the USAID Office of Inspector General (OIG) is pleased to share our oversight plan for the next 2 fiscal years (FY).<sup>1</sup> Per the Act, USAID OIG has “continued oversight jurisdiction” over ongoing and new foreign assistance programs previously administered by USAID, in addition to existing USAID operations, the Millennium Challenge Corporation, the U.S. African Development Foundation, and the Inter-American Foundation. As reflected by this plan, we remain dedicated to fulfilling this critical mandate and serving as an independent safeguard for U.S. taxpayer dollars spent overseas.

Since 1980, USAID OIG has been the only office of inspector general in the Federal government whose sole mission is to safeguard and strengthen U.S.-funded humanitarian and development assistance implemented abroad. In this respect, our knowledge of the international aid system is unmatched. We recently had the pleasure of [sharing our observations](#) alongside the Government Accountability Office (GAO) at the House Foreign Affairs Subcommittee on Oversight and Intelligence hearing on “Waste, Fraud, and Abuse in Foreign Assistance: Lessons Learned and Charting the Path Forward.”

Our important oversight work is possible only through the dedication, talent, and creativity of USAID OIG personnel posted in embassies around the world. Our expert criminal investigators and auditors understand the unique problems and schemes that impact taxpayer-funded foreign assistance programming on the ground, and our longstanding relationships with aid organizations, recipient governments, and U.S. and host-nation law enforcement agencies allow us to astutely track patterns of fraud, corruption, and diversion of aid delivered in nonpermissive overseas environments. Just last month, we signed a [memorandum of understanding](#) (MOU) with the National Association of Boards of Pharmacy allowing for the rapid detection of potential diversion, resale, or other corruption that prevents global health commodities from reaching those in need. With greater visibility into the movement of U.S.-funded global health commodities worldwide, USAID OIG strengthens its existing capabilities to track and trace commodities and pursue decisive enforcement remedies against those who misappropriate them.

In a year of vast change to the U.S. foreign assistance architecture, USAID OIG has remained steadfast in continuing to provide oversight of U.S. foreign assistance programs, including: uncovering and investigating a \$550 million [bribery scheme](#) involving a USAID contracting officer and an 8(a) company; securing the extradition, conviction, and sentencing of a foreign national involved in a [kickback scheme](#) to defraud a major U.S.-funded power grid project in Pakistan; shutting down a transnational racketeering, money laundering, and visa [fraud scheme](#) in Colombia; and working to ensure the first-ever U.S. government [debarment](#) of a United

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<sup>1</sup> Per the Joint Explanatory Statement for the FY 2026 National Security, Department of State, and Related Programs Appropriations Act, USAID OIG “shall submit to the Committees on Appropriations an oversight plan for the independent agencies under its jurisdiction to be carried out over the next two fiscal years.”

Nations (UN) official involved in the Hamas terrorist attacks in Israel on October 7, with more to come.

Further, our audit, inspections, and evaluations over the past year have provided numerous recommendations that will inform administration and congressional decision-making on U.S. foreign assistance programs going forward. These include the need for establishing and adhering to comprehensive guidance on the use of third-party monitors, addressing open audit recommendations that could result in the recovery of millions in potential improper payments to implementing organizations, and more effectively monitoring global health supply chains to ensure programming reaches intended beneficiaries.

USAID OIG is also a leading force within U.S. government efforts to identify persistent shortcomings and vulnerabilities in foreign assistance administered through the [United Nations](#). We routinely engage with Congress and the U.S. Mission to the UN on potential UN reforms. We also regularly publish information on the weaknesses we have identified, including the need to [strengthen 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](#).

The following oversight plan is designed to ensure the robust oversight and accountability over foreign assistance that American taxpayers rely on and deserve. We may adjust this oversight plan to ensure that our work addresses new and significant changes to relevant areas of U.S.-funded foreign assistance. We also continue to welcome the input of Congress in identifying issues of interest where our work can offer insight and transparency. In FY 2026, FY 2027, 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 Investigations

USAID OIG's Office of Investigations (IG/I) conducts global investigations into allegations of fraud, corruption, abuse, and diversion of foreign assistance to foreign terrorist organizations and other bad actors. Working closely with the Department of Justice, 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 various sources and methods, provides all relevant facts to appropriate authorities, and leverages any available options for adjudication to prevent bad actors from recirculating within the foreign assistance sector. For more on our recent 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 affecting procurements and programming in U.S. foreign assistance, (including those administered by MCC, USADF, and IAF). This includes investigations into misconduct involving funds to Ukraine, where USAID OIG maintains the only IG criminal investigators permanently posted to Kyiv focused on non-security assistance.
- Fraud, corruption, and diversion of U.S. funded foreign aid commodities in complex emergencies and crises environments. This includes the diversion of humanitarian aid by terrorist organizations and corruption that deprives beneficiaries of lifesaving global health commodities.
- Public corruption, including criminal conduct and serious misconduct by U.S government personnel and foreign entities.
- Sexual exploitation and abuse against beneficiaries and vulnerable populations, and trafficking in persons.

### Planned Work

- Continuing to conduct independent investigations into numerous staff affiliated with the UN Relief and Works Agency (UNRWA) who were Hamas members and/or participated in the October 7, 2023, terrorist attacks in Israel. Our work to prevent the circulation of terrorists across the aid sector in Gaza has already resulted in the first-ever government-wide debarment of a former UNRWA employee.
- Utilizing a novel [MOU](#) with the National Association of Boards of Pharmacy to allow our criminal investigators to swiftly track, trace, and respond to instances of diversion of U.S.-funded pharmaceutical commodities across the world.

## **USAID OIG OVERSIGHT PLAN: FY 2026 and FY 2027**

- Investigating U.S. programming administered through UN agencies, while continuing to establish information-sharing MOUs with cooperative UN agencies to advance our cases.
- Establishing an office in Nairobi, Kenya, while exploring and assessing additional regional overseas hubs to strengthen our investigative responsiveness and enhance oversight of foreign assistance worldwide.
- Providing global fraud awareness briefings and proactive outreach across foreign assistance programs to support regional hubs, including Ukraine where deployed agents maintain a continuous on-the-ground presence. These briefings ensure that organizations and aid workers understand their responsibility to report allegations of misconduct impacting U.S. foreign assistance as well as whistleblower protections available to employees of grantees and contractors should they choose to come forward. The briefings also train attendees in identifying fraud schemes that are known to compromise overseas programs.
- Launching an artificial intelligence (AI) initiative to leverage technology and increase our capacity to detect fraudulent financial transactions and data anomalies in foreign assistance managed by the Department of State, IAF, USADF, and MCC.

## 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 of U.S. taxpayer funds.

Over the next 2 fiscal years, we will continue to oversee foreign assistance programs, including those previously managed by USAID and ongoing programs and activities implemented by other U.S. foreign assistance agencies. We also will report on USAID's operations, particularly the termination and settlement of foreign assistance awards; MCC's foreign assistance programs and operations, including its reassessment of compacts and threshold programs for alignment with the administration's policies; and the ongoing operations of USADF and IAF.<sup>2</sup>

Our 32 ongoing and 51 planned engagements for the remainder of FY 2026 through FY 2027 are divided into three categories: (1) ongoing and new foreign assistance programs and activities previously administered by USAID; (2) USAID operations and closeout activities; and (3) MCC, IAF, and USADF operations and programs.<sup>3</sup> This includes engagements to meet mandatory reporting requirements for USAID, MCC, IAF, and USADF.<sup>4</sup>

### Oversight of Foreign Assistance Programs and Activities

We have 7 ongoing and 21 planned engagements covering foreign assistance programs and activities. This oversight work will review foreign assistance programs previously managed by USAID and ongoing programs and activities implemented by other foreign assistance agencies. We will examine a wide range of topics, such as funding to UN agencies, government-to-government assistance, global health, humanitarian assistance, award management, and implementation of programs around the world, including in the West Bank and Gaza, Ukraine, and Africa.

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<sup>2</sup> As we independently monitor the administration's priorities, changes in foreign assistance programs and operations, congressional interest, investigative referrals, and risks, we may revise the planned engagements included in this plan. These revisions may include modifying the scope of an engagement and adding engagements covering new topics.

<sup>3</sup> We will identify the engagement type (e.g., audit, inspection, or evaluation) for each planned engagement at initiation. One engagement could result in multiple products.

<sup>4</sup> We continue to monitor the status of all four agencies and will adjust our oversight plans if mandatory reporting requirements change.

## Global and Crosscutting

### Ongoing Engagements

- **[Inspections of Food Assistance Warehouses in Djibouti, South Africa, and Texas.](#)** These three engagement objectives are to (1) determine the status of food stored in former USAID Bureau for Humanitarian Assistance (BHA) warehouses and (2) identify plans for the continued storage, transfer, and/or disposal of these goods.
- **[Evaluation of USAID's Transfer of Foreign Assistance Award Information to the Department of State.](#)** Our objective is to determine to what extent USAID shared key information with the Department of State about selected transferred foreign assistance awards. It is critical that the Department has complete information on these awards to ensure continuity of award management and oversight.
- ***Management Advisory for Disposition of Assets Under State Department Administered Foreign Assistance Awards.*** This advisory will highlight key challenges associated with the asset disposition process for foreign assistance awards, challenges that may similarly constrain the Department of State's ability to manage asset disposition and increase the risk of fraud, waste, and abuse.
- **[Review of Key Lessons for Managing Foreign Assistance Awards from Prior OIG Oversight Work.](#)** This review will (1) summarize foreign assistance awards transferred from USAID to State and (2) identify key lessons from prior oversight work related to managing foreign assistance awards. The key lessons learned that we identify will help responsible officials at State and other foreign assistance agencies better manage these awards in the future.

### Planned Engagements

- ***UN Office for the Coordination of Humanitarian Affairs (OCHA) Pooled Funds.*** In December 2025, the Department of State pledged \$2 billion to UN OCHA to reform humanitarian assistance through a new grantmaking model. This shift towards "pooled funding" necessitates robust U.S. oversight to ensure these awards are effectively managed. Our work will examine the management of pooled funds and focus on key risks, such as workforce planning, grant making, monitoring and course correction, compliance mechanisms to prevent diversion of assistance to terrorist organizations, fraud, corruption, and sexual exploitation and abuse.
- ***Review of Key Lessons for Third-Party Monitoring of Foreign Assistance.*** Third-party monitoring (TPM) played an important role in USAID's monitoring and oversight of foreign assistance programs, as on-the-ground observations and reports informed the Agency about program progress and implementation challenges, particularly in nonpermissive areas. However, we have consistently identified shortcomings with the TPM model, including delays receiving required reports and lack of follow-up to address recommendations. We will consolidate our findings and recommendations into key lessons learned to help decision makers enhance future use of TPM.

- **Plans for Programming and Staffing Humanitarian Assistance.** The Department of State faces challenges effectively integrating, managing, and monitoring its expanded humanitarian assistance portfolio, including activities transferred from USAID. Our work will review the staffing and administrative decisions State made to manage and monitor humanitarian assistance activities and the extent to which these activities are working as intended.
- **HIV Prevention Program Outcomes.** The Department of State’s *America First Global Health Strategy* emphasizes the goal of protecting Americans by preventing the outbreak of infectious diseases. To address this challenge, State has assumed responsibility for USAID’s \$900 million HIV-prevention portfolio. This engagement will examine the Department’s implementation and monitoring of these HIV-prevention programs and the extent to which they are achieving their performance goals.
- **Government-to-Government Assistance.** Under the Department of State’s *America First Global Health Strategy*, the anticipated increase in government-to-government funding introduces enhanced requirements for country and ministry eligibility. Our work will assess the extent to which government-to-government assistance agreements implemented statutory eligibility requirements to ensure accountability, compliance, and the effective use of U.S. foreign assistance funds transmitted via foreign governments.
- **Efforts for Preventing and Responding to Sexual Exploitation and Abuse in U.S. Foreign Assistance Programs.** We will assess how the Department of State handled sexual exploitation and abuse allegations received from USAID following the July 2025 transition of the Agency’s foreign assistance programs and operations, the Department’s prevention strategies, and its current incident reporting and response protocols.
- **Department of State’s Suspension and Debarment Process.** USAID invested significant resources to strengthen efforts to suspend and debar bad actors implementing U.S. foreign assistance. USAID OIG works to prevent those bad actors from recirculating across U.S.-funded aid programs, resulting in debarment referrals of numerous UNRWA officials affiliated with Hamas. This engagement will describe the Agency’s transfer of its foreign assistance suspension and debarment functions to the Department of State and identify and provide key lessons learned from our prior oversight work to inform the Department’s suspension and debarment process.

## Middle East

### Ongoing Engagements

- [\*\*Audit of USAID Bureau for Humanitarian Assistance’s Controls Over Cash Assistance in the West Bank and Gaza.\*\*](#) This audit assesses the extent to which USAID’s Bureau for Humanitarian Assistance evaluated fraud risk for multipurpose cash assistance activities in West Bank and Gaza and monitored these activities. Because cash assistance is vulnerable to fraud—especially in high-risk areas like Gaza—strong controls

and oversight are critical. This audit will identify opportunities to strengthen controls to proactively safeguard humanitarian assistance in the future.

- **[Audit of USAID's Partner Vetting in West Bank and Gaza](#)**. This audit will determine the extent to which USAID's partner vetting for selected humanitarian assistance activities in West Bank and Gaza provided assurance that related funding did not support Hamas and other terrorist organizations. Our audit will inform State's efforts to enhance its partner vetting practices for ongoing and future foreign assistance.

### Planned Engagements

- ***Assessing U.S. Readiness for Emerging Global Food Crises***. Recent conflict in the Middle East has disrupted supply chains, stranding critical aid shipments and driving up input costs that threaten agricultural production and increase the risk of widespread food insecurity. Our planned work will examine the extent to which humanitarian aid is being used effectively and impediments to aid delivery are addressed.
- ***Loss of Food and Nonfood Commodities in West Bank and Gaza Through Theft, Diversion, and Spoilage***. Since the onset of the war between Israel and Hamas in October 2023, the U.S. government has provided hundreds of millions of dollars in aid to the Palestinian people. During this time, we have reported on the risks of loss and diversion of U.S. humanitarian aid to Hamas and other foreign terrorist organizations in Gaza. This engagement will seek to quantify the quantity and value of commodities lost in West Bank and Gaza, identify the reason for the loss (e.g., theft, diversion, looting, waste, spoilage, etc.), and describe the actions implementers have taken to mitigate the loss.
- ***Gaza Humanitarian Foundation Award***. Just months before the transfer of USAID awards to the State Department, the Agency signed a \$30 million award with the newly established Gaza Humanitarian Foundation to provide emergency food aid to civilian populations in Gaza. This engagement will (1) assess how the Gaza Humanitarian Foundation award was designed and awarded, (2) determine the extent to which USAID followed pre-award regulations and requirements, and (3) determine the extent to which USAID verified the completion of the award milestones prior to making payments to the foundation.

## Ukraine

### Planned Engagements

- ***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. This loan, along with contributions from other countries, is part of a broader \$50 billion loan commitment intended to support the provision of critical services, assistance, and operations to the Ukrainian people. However, it is unclear how this loan will be managed, or what controls are in place to oversee it, since

the transfer of programming to the Department of State. Our work will review the management and oversight of the loan and assess whether funds are being used for eligible expenditures.

- **Securing Power, Advancing Resilience and Connectivity Activity in Ukraine.** USAID signed a \$439 million, 5-year contract in April 2024 to implement the Securing Power, Advancing Resilience and Connectivity (SPARC) Activity, a follow-on to the Energy Security Project, to provide strategic technical and procurement assistance to the government of Ukraine and enhance the reliability, affordability, and security of Ukraine’s electricity, natural gas, and heating sectors. The Department of State assumed responsibility for SPARC in July 2025. We previously found weaknesses in the Energy Security Project’s procurement procedures; limitations in monitoring equipment and material deliveries; and issues with required inventory, branding, and property transfer documentation. This engagement will (1) assess the SPARC contractor’s compliance with procurement regulations, (2) determine whether costs incurred for these investments were eligible and supported, and (3) determine the extent to which the State Department ensured that energy equipment and materials were successfully delivered to and used by recipients as intended.

## Latin America and the Caribbean

### Planned Engagements

- **Cuba Humanitarian Assistance and Democracy Programming.** USAID transferred the management of six ongoing awards in Cuba, totaling approximately \$17 million, to the Department of State, which will continue to manage these strategic humanitarian programs. USAID OIG and GAO have previously highlighted significant fraud, legal, and implementer security risks in Cuba, particularly related to the statutory requirement that assistance not benefit the Cuban government or entities under its control. This engagement will provide an update on the Department’s integration of these awards into its Cuba portfolio, its monitoring capabilities, and the extent to which it has mitigated programming risks.
- **Foreign-Assistance Funded Strategic Infrastructure Projects in the Western Hemisphere.** To champion American enterprise and infrastructure and compete with adversaries in the region, the Department of State has initiated efforts to fund new “shovel ready” infrastructure projects in the Western Hemisphere with up to \$2 billion in foreign assistance and National Security Investment Program resources. These projects include energy, critical minerals, and AI investments that strategically advance U.S. interests. This engagement will examine the Department’s approach to launching this initiative—from project proposal to breaking ground—and determine the extent to which the Department’s selected infrastructure projects are on track to achieve stated goals.

## Africa

### Ongoing Engagement

- ***Evaluation of USAID’s Bureau for Humanitarian Assistance Oversight of Humanitarian Assistance in Sudan.*** This evaluation is assessing the extent to which USAID effectively monitored humanitarian assistance in Sudan and managed critical monitoring information during the transition of active awards to the Department of State. With more than 25 million people facing acute food insecurity and heightened risks of aid diversion, effective monitoring and information transfer are critical to ensuring continuity in award management, maintaining accountability, safeguarding U.S. funding, and ensuring assistance reaches intended beneficiaries. Our findings will inform future policymakers on these critical issues.

### Planned Engagements

- ***U.S. Contributions to the UN Office for the Coordination of Humanitarian Affairs Pooled Funds in Sub-Saharan African Countries.*** Given the United States’ longstanding financial support to the UN, concerns about efficiency and effectiveness, including bureaucracy, rising costs, and duplication of efforts, underscore the importance of strong oversight. Our engagement will assess how UN OCHA monitors U.S.-funded humanitarian assistance.
- ***Bilateral Health Agreements in Select Sub-Saharan African Countries.*** One of the central features of the *America First Global Health Strategy* is a deliberate shift away from multilateral funding models toward country-specific bilateral agreements. While bilateralism may enhance U.S. strategic oversight, it also introduces risks, such as limited partner country capacity to meet new requirements, delays, and potential fragmentation of efforts. This engagement will seek to assess the extent to which the Department of State is following a defined accountability framework and implementation plan under bilateral health MOUs with selected countries to achieve its global health objectives.
- ***Costs Incurred by Selected Implementers Throughout Sub-Saharan Africa.*** Strong oversight is critical to prevent fraud, waste, and abuse in foreign assistance awards, particularly in light of prior USAID OIG findings identifying recurring weaknesses in award management. These weaknesses include unsupported or ineligible costs, procurement noncompliance, limited subrecipient monitoring, and deficiencies in indirect cost and inventory management practices. Our engagement will assess whether costs incurred by selected implementers are supported, reasonable, eligible, and fairly presented and comply with regulatory and award requirements and accepted accounting standards, such as generally accepted accounting principles.

## Asia

### Planned Engagements

- **Management of Tuberculosis Awards Implemented by Local Entities in Asia.** U.S.-funded tuberculosis programs in Asia rely heavily on local entities to deliver services and advance localization goals. This model can strengthen country ownership and improve reach, but it introduces risks around oversight capacity, financial management, and data reliability, particularly when local partner capacity is limited or award structures are complex. This engagement will assess how the Department of State ensures that funds for tuberculosis programs awarded to local entities are used for their intended purposes and that program results reported by local recipients are accurate and verifiable.
- **U.S. Humanitarian Assistance Delivered Through World Food Programme in Asia.** The UN World Food Programme (WFP) manages over \$500 million in U.S. humanitarian assistance across six Asian countries. Oversight of WFP operations in other regions has revealed systemic risks, including food diversion and procurement fraud, that undermine fiduciary accountability and deprive intended beneficiaries of assistance. Given the scale of funding and these known risks, our engagement will assess both the effectiveness of delivery to intended recipients and the financial safeguards in place in the Asia portfolio.
- **U.S. Global Health HIV/AIDS Activities in Asia and the Pacific.** In 2024, an estimated 6.9 million people were living with HIV in Asia and the Pacific—the world’s second-largest regional epidemic, accounting for 23 percent of new global HIV infections. Despite decades of U.S. assistance, new infection rates in the region have declined by only 17 percent since 2010, well below the 40-percent global target, and are rising in several countries. This engagement will assess whether selected HIV/AIDS activities in Asia and the Pacific are achieving intended and sustainable results.
- **Dioxin Remediation at Bien Hoa Airbase Area Project in Vietnam.** USAID and the government of Vietnam signed a \$450 million bilateral assistance agreement in 2018 to launch the Dioxin Remediation at Bien Hoa Airbase Area Project. The project is expected to remediate roughly 500,000 cubic meters of contaminated soil resulting from dioxin (agent orange) used during the Vietnam War, sustain land use controls, and improve the capacity of the Bien Hoa community to manage the post remediation. Now that this project has been transferred to the Department of State, we plan to assess the project’s progress and whether it is still on target to achieve its intended goals of improving the health and safety of victims of dioxin.

## USAID Operations and Closeout Activities

We have 14 ongoing and 6 planned engagements covering USAID's operations and closeout activities. These engagements will examine the functions needed to support the Agency's remaining operations and its incremental wind-down, such as award terminations and settlements, staffing reductions, information technology, and financial management.

### Ongoing Engagements

- **Audits of the [Disposition of Assets for Terminated USAID Awards](#) in Egypt, Haiti, Pakistan, and Ukraine.** These four audits will determine the status of USAID-funded physical assets procured under selected awards. U.S.-funded assets of terminated awards that are not disposed of properly are at risk of misuse, theft, or seizure by other parties.
- **Management Advisory Regarding the Disposition of Family Planning Commodities Under a Terminated USAID Award.** Initiated following a bipartisan Senate request, this advisory focuses on USAID family planning commodities purchased under a partially terminated award that were stored for global disbursement in Geel, Belgium. It will provide a status update on the commodities and the associated disposition plans, timelines, and costs.
- **[Audit of Chemonics International's Termination Settlement Proposals for Terminated Awards](#).** This audit will determine the allowability, allocability, and reasonableness of costs claimed in a sample of Chemonics International's termination settlement proposals in accordance with Federal regulations. It will help prevent financial mismanagement such as inclusion of unsupported costs based on inadequate evidence, and noncompliance with Federal regulations. It will also prevent USAID from overpaying the contractor by ensuring claimed costs comply with Federal regulations termination clauses.
- **[Audit of USAID's Reduction in Force of U.S. Direct Hire Employees](#).** This audit is assessing whether USAID executed a reduction in force of U.S. direct hires in 2025 in accordance with applicable Federal requirements and internal policies. The audit will identify challenges with the workforce reduction of U.S. direct hires, the impact of any deficiencies, and potential recommendations to ensure State takes the appropriate actions to prevent the risk of noncompliance in future large-scale reductions actions.
- **[Evaluation of USAID's Global Employment Terminations of Locally Employed Staff](#).** USAID employed over 5,200 local staff globally, approximately half of the Agency's total workforce, who performed various functions in award management, monitoring, finance, and contracting. This evaluation will describe USAID's locally employed staff termination actions to provide insight on final separation payments and processes as well as changes to the composition of local staff filling foreign assistance positions. Our insights will inform any future reductions in force.

- **Management Advisory Regarding Increase in Interest Payments to Vendors.** This advisory will examine increases in USAID's interest payments to vendors in calendar year 2025, including the reasons for the increases and implications to the Agency under the Prompt Payment Act and Contract Disputes Act of 1978.
- **Information Briefs on Risk to Foreign Assistance Identified in USAID OIG's Desk Reviews of Non-Federal Audits.** These two products will provide insights into foreign assistance recipients' management of U.S. foreign assistance funds. They will document the results of non-Federal audits of awards made to foreign organizations and government-to-government awards to host-county governments, including questioned costs identified, weaknesses in internal controls, and instances of noncompliance with award terms and applicable laws and regulations.
- **Ongoing Engagements of USAID's Financial Statements, Cybersecurity Controls, and Travel Card Programs.** This includes engagements to meet mandatory reporting requirements.

### Planned Engagements

- **Terminated Award Settlement Agreements.** As USAID closes out thousands of terminated awards worth billions in U.S. taxpayer dollars, we will provide continuous oversight of termination settlement agreements with former USAID implementers. This data-driven approach will quantify award termination information, including termination settlement proposals, final cost and closeout submissions, and final payouts, while identifying high-risk awards and payment categories for further review.
- **Termination and Closeout Procedures for USAID Awards.** With USAID's expedited termination of a significant percentage of its award portfolio, there is increased risk for fraud, waste, and abuse if termination actions and closeout procedures are mishandled. We will determine whether these processes were carried out in accordance with Federal regulations and Agency policies and review final contractor billings.
- **Key Controls Over USAID's Collaboration Workspace.** According to USAID, its IT collaboration workspace will remain operational while the Agency remains in a shutdown posture. We have previously identified known vulnerabilities with the workspace that have not been addressed, thus putting information it contains at risk. Our work will assess the extent to which USAID has implemented key controls to mitigate risks to its collaboration workspace.
- **Mandatory Engagements.** Per our statutory requirements, we will examine USAID's financial statements, purchase card program, information security programs and practices, and conduct non-Federal audit reviews, as necessary.

## MCC, IAF, and USADF Operations and Programs

We have 11 ongoing and 24 planned engagements covering MCC's, IAF's, and USADF's operations and foreign assistance programs. These engagements will examine the agencies' operations, including financial management, IT, and information security, as well as their safeguarding, administration, and management of foreign assistance programs and taxpayer dollars.

### Ongoing Engagements

- ***Audit of MCC's Program Closeout Practices.*** This audit will determine whether MCC ensured that Millennium Challenge Accounts developed required closure plans in line with internal policies and completed all closeout actions for compact programs. The audit will identify opportunities to strengthen MCC's oversight of project and activity closeout—including asset disposition and ongoing monitoring and evaluation—to reduce the risk of fraud during the closeout period.
- ***Management Advisory on the Risks Associated with Lack of Access to USADF Personnel.*** This advisory will discuss risks to USADF's operations and safeguarding of taxpayer-funded resources identified in prior USAID OIG reports and recent mandatory engagements.
- ***Mandatory Engagements of MCC, IAF, and USADF Financial Statements, Cybersecurity Controls, and Purchase Card Programs.***

### Planned Engagements

- ***Mandatory Engagements.*** Per our statutory requirements, we will examine MCC's, IAF's, and USADF's financial statements, monitoring and reporting on improper payments, purchase card program, and information security programs and practices.

### MCC

- ***MCC's Readiness to Absorb Increased Funding.*** MCC's FY 2026 funding increased to \$830 million, up roughly \$100 million (11 percent) from FY 2025. However, since March 2025, the Agency has experienced significant staffing reductions. This work will determine whether MCC (1) has the staffing, contracting capacity, and internal controls in place to effectively manage and oversee the increased level of appropriations and (2) has developed plans for allocating this funding.
- ***MCC's Management of Compacts in Asia.*** MCC compacts are designed to reduce poverty through economic growth in developing countries, but implementation challenges—such as delays, cost overruns, and scope changes—can weaken achievement of intended results and reduce the long-term value of U.S. investments. Without adequate sustainability measures, development gains risk eroding once compact funding ends. This work will assess the extent to which MCC has monitored and adapted its compacts in Asia to achieve intended development results and implemented adequate measures to ensure the sustainability of those investments.

- **MCC's Regional Compacts in Sub-Saharan Africa.** MCC's regional compacts in sub-Saharan Africa target constraints, such as unreliable energy, inadequate transport systems, and limited market access, to stimulate economic growth. This engagement will assess the extent to which select MCC regional compacts are effectively designed and implemented to deliver sustainable outcomes and address persistent economic challenges.
- **Quality Control Reviews of Independent Public Accounting Firms.** Our oversight of MCC includes quality control reviews of non-Federal audits performed by foreign independent public accounting firms of Agency grantees. Our reviews of these audits may result in recommendations to MCC regarding questioned costs, potential funds to be put to better use, and other matters.
- **MCC's Realignment and Expansion in Latin America.** In 2025, MCC realigned its programming and country selection criteria with America First priorities. This resulted in changes in the Agency's programs in Latin America. Specifically, MCC modified its existing \$125 million Belize compact to focus on labor market needs and energy and selected Bolivia, Ecuador, and Guatemala for new compacts. This engagement will examine the extent to which MCC's realigned and expanded work in Latin America has been designed to meet and is achieving U.S. foreign policy goals.
- **MCC's Kosovo Compact.** In July 2022, MCC and the government of Kosovo signed a 5-year compact agreement, which would build on a threshold program that ended that same year. The \$202 million Kosovo compact consists of three projects to respond to the country's unreliable electricity supply. Our work will examine the costs incurred and procurement procedures for the \$147.7 million Energy Storage Project—the largest of the three projects.
- **MCC Premium Travel.** Historically, premium travel has accounted for about 73 percent of MCC's total travel. This engagement will seek to determine whether MCC's internal controls for the authorization and justification for premium travel were effective in preventing waste, fraud, or abuse; use of premium travel was cost-effective; and use of premium travel aligns with the corporation's mission, Federal travel policy, and the policies and practices of the State Department.
- **Systems Used for MCC's Overseas Operations.** MCC relies extensively on IT systems for its operations. This work will seek to determine how MCC uses its systems to support overseas operations and gain an understanding of any related risks.

## USADF

- **USADF's Physical and Financial Assets Overseas.** In 2025, USADF underwent major organizational changes, including a pause on grants and a reduction of staff. At that time, USADF reported holding nearly \$9 million from African governments and organizations in overseas bank accounts and managing \$1.5 million in property and equipment across 17 countries in Africa. This engagement will identify USADF's financial and physical

assets located overseas and the extent to which controls are in place to safeguard these assets.

- **USADF's Capacity to Manage and Administer Grants.** Our prior work has identified deficiencies in the Agency's grants management and administration, including a lack of clear guidance and procedures that led to delayed grant activities and inconsistent implementation. Furthermore, the Agency experienced major organizational upheaval in 2025. This engagement will assess USADF's capacity to manage and administer grants, including the extent to which it has policies and procedures in place to prevent, detect, and respond to fraud, waste, and abuse.

### **IAF**

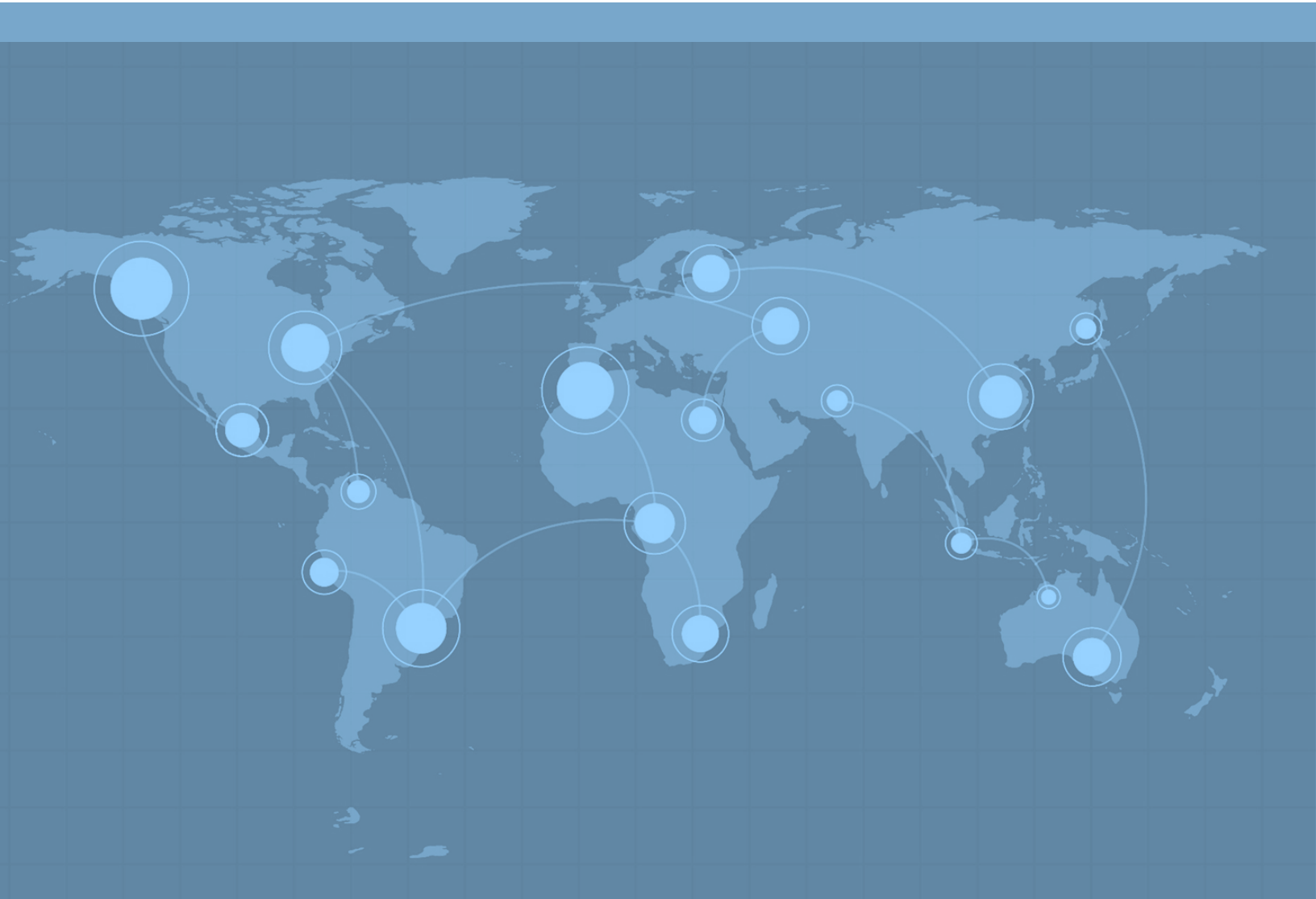
- **IAF's Efforts to Prevent, Detect, and Respond to Fraud, Waste, and Abuse in the Administration of Grants.** Since 1972, IAF has awarded nearly \$1 billion in small grants to nearly 6,000 local organizations across Latin America and the Caribbean. IAF's model emphasizes direct engagement with community leaders, innovators, and entrepreneurs working to strengthen prosperous, peaceful, and democratic communities. This engagement will assess IAF's policies and procedures to determine if they are designed to prevent, detect, and respond to fraud, waste, and abuse in the grant cycle and highlight vulnerabilities that may need to be addressed.

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

The OIGs for USAID and the Departments of War/Defense 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. 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 the U.S. House Foreign Affairs Subcommittee on Oversight and Intelligence, USAID OIG’s Acting Associate Deputy Inspector General provided testimony for the subcommittee hearing on “Waste, Fraud, and Abuse in Foreign Assistance: Lessons Learned and Charting a Path Forward.”



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