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

July 13, 2026
Report 4-000-26-001-A

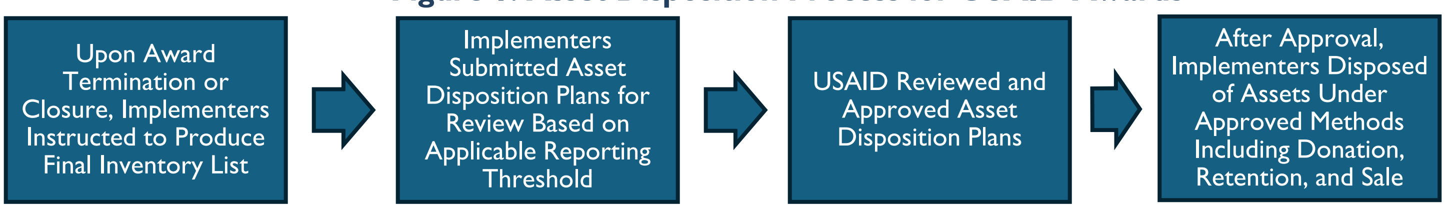
Key Observations: Disposing of Assets for Foreign Assistance Awards

The USAID Office of Inspector General (OIG) is highlighting key observations and challenges associated with managing the asset disposition process for foreign assistance awards. In our recent work, we determined that USAID and its implementers generally disposed of assets as intended. However, we observed issues that impacted USAID's efforts to manage the disposition of assets by implementers. They include unique consideration needed for the disposition of sensitive or high-value assets, limited staff from USAID and implementers, unclear guidance, incomplete inventories, and the need for closeout audits to strengthen oversight. As of July 1, 2025, more than 1,000 awards had been transferred from USAID to the Department of State (State). Of those awards, approximately 700—valued at $45 billion—support development and humanitarian activities.[1] With many of these awards scheduled to end in calendar year 2026, State may face similar issues managing asset disposition. Addressing these issues could mitigate the potential for fraud, waste, and abuse of U.S.-funded assets.

Asset Disposition Requirements

Implementers may procure assets under foreign assistance awards and are subject to specific requirements for these assets when closing the awards. Throughout the lifecycle of these awards, implementers typically procure physical assets, including vehicles and IT hardware, to support project objectives. While closing an award, Federal regulations require implementers to submit disposition lists for assets over specific thresholds to ensure the best use of program-funded resources, and document that assets are disposed of in compliance with requirements.[2] USAID's process for disposing of assets is shown in Figure 1.

Figure 1. Asset Disposition Process for USAID Awards



State policy has similar requirements for implementers to report applicable U.S.-funded inventory and submit a disposition plan for this inventory for State's approval.

Key Observations for Asset Disposition

We recently examined USAID's asset disposition processes for terminated awards in Egypt, El Salvador, Haiti, the Philippines, Southern Africa, and Thailand.[3] In multiple locations we found that most assets were approved for disposition using allowable methods including retention, donation, and sale. However, we also identified issues with managing these processes which are described in more detail below.

[1] Some of the over 1,000 transferred awards that do not directly fund development or humanitarian assistance activities include support services like telecommunications, maintenance, and software licensing.

[2] Disposition lists are required for assets with a per-unit fair market value over $10,000 purchased under grants and cooperative agreements, per the requirements of 2 Code of Federal Regulations (CFR) § 200.313(e), "Equipment," *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. For contracts, USAID guidance required lists of assets with a purchase price of $500 or more. See 48 CFR § 752.245-71, USAID Acquisition Regulation, "Title to and care of property."

[3] Our audits of the disposition process for terminated awards in Pakistan and Ukraine are ongoing.

Key Observations	*How We Got There*
Certain Assets May Require Unique Consideration for Disposition	In some locations, we found that high-value and unique assets required extra attention for disposition. For example, armored vehicles require disposition methods that are based on the vehicle's security level. However, in Haiti USAID approved disposition plans for armored vehicles without confirming the security level. In Haiti activities, we also found that $566,000 in assets remained in warehouses in the United States due to ongoing settlement negotiations, and it was unclear who would pay for the costs of warehousing or shipping. Additionally, we found that $784,000 of health commodities for terminated awards remained in an implementer's warehouse because the Haitian ministry of health did not have room in their warehouses to receive them. Finally, in Egypt we identified $2 million in specialized equipment was at risk of waste since it was donated to two organizations that did not receive training needed to use it.
Limited Staff May Prevent Confirmation of Asset Disposition	We consistently identified staffing as a challenge to ensuring that assets were not at a heightened risk of fraud, waste, and abuse. USAID staff in multiple locations who managed terminated awards were placed on administrative leave and unable to perform asset disposition tasks. We found that remaining Agency staff did not have sufficient knowledge of the awards they were assigned, including asset disposition and other requirements applicable to the awards. For example, in Southern Africa, we found that the limited mission staff available had to rely on implementer-generated records to understand the inventory of assets that needed to be disposed of. The process in place to verify implementer asset records was dependent on the programmatic knowledge of the originally assigned staff. The remaining staff tasked with managing the asset disposition process had limited knowledge of the awards and therefore performed little verification of submitted inventory lists. Furthermore, some implementers were unavailable or had limited staff to confirm that asset disposition took place as planned. After receiving stop work orders for foreign assistance, some implementers removed staff or shut down operations.
Incomplete or Missing Asset Inventories Limit Accountability of Asset Disposition	In multiple instances, we found that asset inventories the implementers submitted were incomplete or contained discrepancies. For example, in Southern Africa, we found that some asset lists submitted to USAID were not complete. Further, in some instances, we found that lists the implementers submitted did not match those on file with USAID. Our work in Thailand identified similar discrepancies, including incomplete asset lists submitted by implementers for three awards.
Insufficient and Unclear Guidance Increases the Risk That Assets Are Not Disposed of as Intended	In multiple instances, we found that USAID's guidance related to asset disposition was insufficient and unclear. For example, in Haiti, a lack of clear approval procedures led to USAID approving disposition plans for armored vehicles without first confirming the security level of the vehicles in accordance with requirements. Our audit in Southern Africa found that a lack of detailed guidance to maintain asset lists made mission staff overly reliant on historical knowledge of programs they managed to account for asset disposition, leaving assets at risk of not being accounted for. In El Salvador, we found that USAID headquarters issued evolving guidance during the asset disposition process that created confusion, and that clearer guidance for managing asset disposition for terminated awards could have helped to mitigate risks to priority assets.[4] In the Philippines, three implementers informed us that they needed additional instructions from the mission to dispose of 32 high-value or critical security assets because initial guidance made it unclear if these assets could be transferred to another program or donated.
Closeout Audits of Awards Can Enhance Accountability During Asset Disposition	USAID and Federal regulations may require an independent third party to conduct a closeout audit—a non-Federal audit which typically examines whether the award recipient complied with award terms and applicable laws and regulations. Inventory and asset expenditures and disposition are included as part of these audits, serving as a control that could be used to mitigate the risks summarized above. It is unclear whether foreign assistance awards transferred from USAID to State will be subject to closeout audits.

[4] USAID defined four priority asset categories for expedited disposition: critical security risk, high-value, reputationally sensitive, and program commodities.

Conclusion

The amount of assets purchased under awards transferred from USAID to State is likely significant. During our audits of USAID's terminated awards, we identified $35.9 million in assets for 65 foreign assistance awards at missions in Egypt, Haiti, and Southern Africa alone. Over 700 foreign assistance awards were transferred to State. Sensitive items like armored vehicles and IT equipment are particularly susceptible to fraud, waste, and abuse, and thus require unique consideration to ensure they are disposed of as intended. Additionally, since many of the awards transferred to State are scheduled to end in calendar year 2026, the Department will be managing asset disposition for many awards simultaneously. As State closes these awards, safeguards to account for assets could help mitigate heightened risks of fraud, waste, and abuse.

We encourage State to examine its readiness to incorporate our key observations of USAID's efforts to dispose of U.S.-funded assets purchased under its terminated awards. Otherwise, the Department may experience obstacles to ensuring that assets are disposed of as intended for awards ending this calendar year and beyond. This could include verifying the disposition status, such as whether the assets were not donated as approved or sold to ineligible recipients or entities countering U.S. interests. Not fully accounting for the disposition of assets would weaken accountability over U.S. taxpayer dollars.

Scope and Methodology

We conducted this work from March to June 2026 in accordance with the Council of the Inspectors General for Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*. We reviewed the findings, recommendations, and considerations from OIG performance audits of asset disposition for terminated awards at six USAID missions. We also reviewed related requirements including the Code of Federal Regulations, USAID Acquisition Regulation, and State guidance.

Related OIG Products

- Terminated USAID Awards in Egypt: USAID Approved Disposition Plans and Implementers Generally Donated Assets, but Some Assets Could Not Be Used as Intended (8-263-26-002-P), May 2026.
- Terminated USAID Awards in El Salvador: Assets Were Disposed of According to USAID-Approved Plans (1-000-26-001-P), February 2026.
- Terminated USAID Awards in Haiti: USAID Approved Disposition Plans for Selected Assets, but Some Approval Procedures Were Unclear and Disposition Was Incomplete (1-000-26-002-P), May 2026.
- Terminated USAID Awards in the Philippines: USAID Approved Disposition Plans and Implementers Started Disposing Assets Largely Through Donations (5-000-26-001-P), March 2026.
- Terminated USAID Awards in Southern Africa: Unapproved Plans and Limited Controls Over Disposition Leave High Value Assets at Risk (4-674-26-001-P), April 2026.
- Terminated USAID Awards in Thailand: Implementers Have Disposed of Assets by Donating and Selling Them as Approved (5-000-26-002-P), March 2026.