

Semiannual Report to Congress

April 1, 2026 - September 30, 2026

U.S. Agency for International Development
Office of Inspector General

Our Mission

The USAID Office of Inspector General safeguards and strengthens U.S. foreign assistance across multiple agencies through timely, relevant, and impactful oversight.

Report Fraud, Waste, and Abuse

Our statutorily mandated Hotline receives allegations of fraud, waste, and abuse affecting U.S. foreign assistance programming. The allegations may include but are not limited to fraud, corruption, diversion of aid to terrorist organizations, and sexual exploitation and abuse.

Report Fraud, Waste, and Abuse

OIG Hotline
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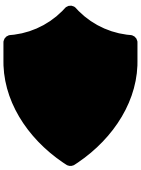
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By the Numbers

April 1, 2026–September 30, 2026

Investigative Results



20
investigations opened

19
investigations closed

$2,500,387
in monetary results



4
prosecutorial referrals

11
convictions

4
arrests



26
administrative actions, including

22
government-wide suspensions and debarments

Audit Results



$882 million
in funds audited[1]



16
performance and financial audits, evaluations, inspections, and agile products



10
recommendations to improve programs and operations[2]

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[1] Funds audited included dollar amounts from reported total estimated costs or obligations within the scope of an engagement's objectives.
[2] We also performed desk reviews of USAID's and MCC's non-Federal audit program. During the past 6 months, we reviewed **23** audit reports totaling **$385,284,979** in funds audited that included **$184,201** in questioned costs and **12** recommendations.

Message From the Acting Deputy Inspector General

I am pleased to present the USAID Office of Inspector General (OIG) Semiannual Report to Congress for the second half of fiscal year 2026.

With the significant changes to the foreign assistance architecture that have taken place over the reporting period, USAID OIG's seasoned criminal investigators and audit professionals have remained committed to our mandate: to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.

Despite ongoing access challenges from both within the Federal government and external parties, USAID OIG has nonetheless achieved significant results over the reporting period. Our work informs Congress of the challenges affecting ongoing U.S. foreign assistance and USAID close out efforts, while identifying and investigating fraud that harms American taxpayers and the intended recipients of U.S. foreign assistance. For example, USAID OIG criminal investigators recently led a field operation in Kenya focused on identifying diverted U.S.-funded medical commodities. The operation resulted in multiple arrests and the seizure of thousands of illicit U.S.-funded medical commodities. USAID OIG also continues to lead U.S. efforts to prevent the recirculation of terrorists through the aid sector, with ongoing investigations leading to government-wide debarments of four United Nations Relief and Works Agency for Palestine Refugees staff members found to have participated in the October 7th terrorist attacks in Israel.

Further, USAID OIG's audit work continues to play a vital role in informing Congress and the executive branch about risks to U.S. foreign assistance at the outset, based on lessons learned from our past oversight work in similar environments. We have published several products highlighting for the Department of State current risks and areas for improvement in responding to Ebola crises, government-to government assistance, and managing the asset disposition process for terminated USAID awards. OIG also continues to provide independent oversight of USAID's close out of 5,000+ terminated awards and works to bring to the attention of Congress the issues concerning past and current Agency closeout operations. Finally, our oversight of the Millennium Challenge Corporation, the Inter-American Foundation, and the U.S. African Development Foundation (USADF) continues, including recent fieldwork across Africa to account for millions of dollars in USADF assets.

This Semiannual Report summarizes these and other activities conducted by our office between April 1, 2026, and September 30, 2026. We deeply appreciate Congress' longstanding bipartisan support and interest in our independent oversight activities. We hope you find this report informative.



Van Nguyen
Acting Deputy Inspector General
Performing the duties of the Inspector General

About USAID OIG

Under the authority of the Inspector General Act of 1978, as amended, we conduct independent audits, evaluations, and investigations that promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse in U.S. foreign assistance programs. We provide oversight of ongoing foreign assistance programming across multiple Federal agencies as well as oversight of the operations and personnel of the U.S. Agency for International Development (USAID), Millennium Challenge Corporation (MCC), Inter-American Foundation (IAF), and U.S. African Development Foundation (USADF). In coordination with the Inspectors General for the Departments of Defense/War and State, our work also includes oversight of overseas contingency operations in Afghanistan, Iran, Iraq, Ukraine, and Syria as well as four new OCOs to include Operation Epic Fury, and Operation Southern Spear, which often involve foreign assistance, humanitarian aid, and stabilization activities.

Our independent oversight goals are aligned with U.S. foreign assistance priorities and the interests of our stakeholders. We provide the results of our work to agency leaders, Congress, and the public.

History, Mandates, and Authority

1980	**USAID OIG Is Established** USAID OIG was established by Public Law 96-533, an amendment to the Foreign Assistance Act of 1961.
1981	**USAID OIG Brought Under the Inspector General Act** The International Security and Development Cooperation Act of 1981 brought the USAID Inspector General under the Inspector General Act of 1978.
1999	**Oversight of IAF and USADF** OIG assumed audit and investigative oversight of IAF and USADF under the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Appendix G of Public Law 106-113.
2004	**Oversight of MCC** OIG assumed oversight of MCC under the Millennium Challenge Act of 2003, Division D, Title VI of Public Law 108-199.
2013	**Oversight of Overseas Contingency Operations** OIG was charged with joint, coordinated oversight of overseas contingency operations under the National Defense Authorization Act for Fiscal Year 2013, Public Law 112-239.
2026	**Oversight Jurisdiction for Foreign Assistance Programs** The Consolidated Appropriations Act, 2026 (Public Law 119-75) affirmed OIG's continued oversight jurisdiction for foreign assistance programs administered by the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.).

Investigative Activities and Reporting

USAID OIG has statutory law enforcement authority to investigate misconduct impacting U.S. foreign assistance programs as well as the internal operations of the agencies we oversee. With investigators posted in El Salvador, Thailand, Israel, Ukraine, and South Africa—and planned offices to open in Jordan and Kenya, we are able to swiftly identify schemes impacting foreign assistance programs. We leverage our global investigative capacity to arrest, indict, convict, extradite, and recover funds from those who defraud the American people, deprive intended beneficiaries of critical assistance, and undermine U.S. strategic objectives overseas.

The Overseas Contingency Operations (OCO) unit—which is responsible for statutorily mandated quarterly reporting to Congress on seven declared OCOs (Operation Atlantic Resolve, Operation Enduring Sentinel, Operation Inherent Resolve, Operation Southern Spear, Operation Southern Guard, Operation Epic Fury, and a classified OCO)—also sits in the Office of Investigations.

Investigative Summaries

To access press releases or investigative summaries for our ongoing criminal, civil, and administrative matters, please visit https://oig.usaid.gov/our-work/ investigations. Investigative results for matters during this reporting period include the following:

Investigations Result in Government-Wide Debarments

Continuing Investigation Leads to Referral of 105 Current and Former UNRWA Staff Linked to Hamas for Suspension/Debarment

Between April 1, 2026, and September 30, 2026, USAID OIG referred for suspension/debarment consideration 105 current or former staff at the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) for participation in the October 7, 2023, terrorist attacks and/or affiliation with the military wing (al-Qassam Brigades) of Hamas.

OIG independently referred these subjects to the U.S. Department of State for consideration of suspension and/or debarment action to exclude them from working across future U.S.-funded aid organizations. This referral includes individuals who were previously submitted for suspension/debarment consideration and for whom additional information has since been identified that, in our view, warranted a supplemental referral.

Referrals include individuals who were UNRWA school principals, teachers, security personnel, attendants, psychosocial counselors, and medical professionals. Three of our referrals have recently resulted in final debarment action for the following individuals:

- Rami Mohammad Sabbah, a former UNRWA school teacher and Hamas military operative in the Deir el Balah Battalion, who engaged in kidnapping operations during the October 7, 2023, terror attacks in Israel.
- Mamdouh Husain Al Qaq, a former UNRWA school teacher and operative of the Rafah Brigade of the Palestinian Islamic Jihad, who participated in the October 7, 2023, attacks.
- Yusuf Zedan El Hawajri, a former UNRWA school teacher and Hamas operative for the Deir el Balah Battalion, who allegedly collaborated with other individuals involved in receiving and holding civilian hostages beginning on October 7, 2023.

Additional referrals to the Department of State are expected as well as potential criminal referrals to the Department of Justice. Our efforts previously led to the government wide debarment of Hafez Mousa Mohammed Mousa, an operative of the Hamas East Jabaliya Battalion, who was found to have coordinated communications with other suspected Hamas members during the October 7 attacks while serving as an UNRWA school principal. That action represented the first known debarment by the U.S. of a terrorist affiliated with a UN agency responsible for humanitarian assistance programming.

Debarment of Guyanese National and Company for Global Health Diversion Scheme in Kenya

During the reporting period, USAID debarred Guyanese national Davendra Rampersaud and his company for three years following an OIG investigation into the diversion of U.S.-funded medical commodities from Kenya to Guyana.

OIG's multiyear international investigation revealed that Rampersaud conspired with Kenyan national Eric Ndungu Mwangi and his company to steal and resell HIV test kits and other medical supplies intended for the Kenya Medical Supplies Authority (KEMSA), which received a $650 million USAID award. Rampersaud paid Mwangi for stolen commodities, which he resold to the Guyanese government. The investigation resulted in charges against both individuals and Rampersaud's conviction, three years of supervised release, and a fine.

OIG's findings also contributed to USAID's decision to reprogram more than $32 million away from KEMSA and forgo an additional award worth hundreds of millions of dollars. Following OIG's referral, USAID issued three-year debarments, barring Rampersaud and his company from participating in U.S. government contracts and assistance programs.

Debarment of Former Non-Profit President and Affiliates for Sexual Exploitation of Beneficiaries in Colombia

OIG initiated an investigation into allegations that Luis Meneses, Founder and former President of the Colombian non-profit FUVADIS, engaged in sexual exploitation and abuse in connection with a USAID/Colombia funded cooperative agreement.

FUVADIS provided aid services to Venezuelan migrants , members of the lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) community, and people living with human immunodeficiency virus (HIV), among others.

The ensuing investigation revealed allegations that Meneses engaged in sexual quid-pro-quos with program participants for benefits and committed fraud by diverting free donor-provided HIV medications intended for FUVADIS beneficiaries and selling them for personal financial gain. During the investigation, OIG also discovered that at least six organizations operating in the region had discontinued their professional relationship with FUVADIS because of the number of allegations received against Meneses from their beneficiaries and partner organizations.

OIG referred Meneses for suspension and debarment consideration, as well as FUVADIS for failing to properly mitigate and address the allegations of sexual exploitation and fraud against Meneses. Leonardo Meneses, Luis Meneses' brother and current Legal Representative of FUVADIS, was also referred given his role in the organization.

On September 22, 2026, USAID issued notices of five-year debarments for Luis Meneses, FUVADIS, and Leonardo Meneses based on the alleged misconduct OIG's investigation revealed.

Office of Investigations Joins Forces With Other Law Enforcement

Joint Investigation Leads to Government-Wide Debarment of Former Embassy Employee Sentenced for Rape of Minors in Burkina Faso

A joint investigation by OIG and the U.S. Department of State's Diplomatic Security Service Office of Special Investigations has led to the 10-year, government-wide debarment of Fode Sitafa Mara, a former American embassy employee. On November 18, 2025, a Federal jury in the District of Maryland convicted Mara of four counts of aggravated sexual abuse of a minor as well as one count each of attempted coercion and enticement of a minor and attempted obstruction of justice. On February 26, 2026, Mara received a life sentence, and on May 15, 2026, the State Department debarred him from participating in all U.S. contracting and grant activities for 10 years.

Joint Investigation Finds No Fraud in Allegations Involving Former U.S. Law Enforcement Personnel and Current Government Employee

USAID's Office of Inspector General (OIG) and the Department of the Interior OIG conducted a joint investigation into purported bribery and kickback schemes involving two U.S.-based entities and former U.S. law enforcement officers connected to a USAID procurement. The investigation did not find evidence of criminal misconduct.

Investigations Find Diversion of U.S.-Funded Foreign Assistance

USAID OIG Proactively Targets Diversion of United States-Funded Medical Commodities In Kenya

OIG led a field operation in Kenya focused on identifying diverted U.S.-funded medical commodities within the country's commercial pharmaceutical supply chain. The operation was conducted in coordination with Kenya's Pharmacy and Poisons Board (PPB), Kenya's Directorate of Criminal Investigations (DCI), the National Association of Boards of Pharmacy (NABP), and the U.S. Embassy in Nairobi, with instrumental support from its Regional Security Office (RSO).

The OIG-led operation targeted 18 pharmaceutical premises across Kenya. Enforcement actions included 2 arrests, 11 individuals being compelled to report for further investigative or court proceedings, and the closure and/or sealing of at least 4 pharmacies for various illegal schemes and regulatory violations.

OIG and its investigative partners seized thousands of medical commodities, including more than 2,000 tablets of co-trimoxazole antibiotics that investigators identified as appearing to originate from the Kenya Medical Supplies Authority (KEMSA) but were recovered outside their intended distribution channels. Investigators also seized hundreds of other expired, defective, unregistered, improperly distributed, or otherwise noncompliant prescription tablets, capsules, and diagnostic test strips. Some of the seized commodities are suspected of having been diverted from U.S.-funded foreign assistance and global health programs, including those implemented by United Nations agencies. Investigators also identified indicators of cross-border diversion involving medical commodities recovered in Kenya that were intended for distribution outside the country. OIG investigators and their counterparts were able to identify and trace certain diverted commodities from their retail location further upstream in the supply chain, which resulted in additional inspections, seizures, and collection of business and supply chain records.



USAID OIG criminal investigator works with Kenyan local law enforcement to identify potentially diverted U.S.-funded medical commodities at a pharmacy in Kenya.

This operation demonstrates how existing partnerships and collaboration across law-enforcement, regulatory, diplomatic, and technical organizations can support coordinated investigative and enforcement efforts wherever U.S. foreign assistance is at risk.

U.S.-Funded Food Commodities Diverted to Online Marketplace in Ethiopia

In early 2025, OIG received reports that USAID-branded Ready-to-Use Supplementary Food (RUSF) and Ready-to-Use Therapeutic Food (RUTF) were being sold on a publicly accessible e-commerce platform in Ethiopia. OIG opened an investigation to determine the source of the food diversion.

Through a review of online marketplaces operating overseas, OIG identified 25 online listings appearing to offer USAID-branded RUTF sachets (pouches); the total quantity and authenticity of the commodities could not be independently verified. However, approximately half of the pictures posted showed tens or even hundreds of sachets stacked on top of each other and available for sale. Each sachet was sold for approximately $0.43.

During the course of the investigation, OIG conducted multiple interviews with those involved in the Ethiopian RUSF/RUTF supply chain; reviewed relevant reports and documentation; and conducted open-source searches of producers, suppliers, and online listings. In doing so, the investigation identified indicators of potential vulnerabilities across multiple stages of the supply chain that could allow for diversion. The pharmaceutical manufacturer, several implementers, and USAID reported that they are taking ongoing measures to prevent or reduce food diversion and committed to communicating any future incidents of theft, diversion, and looting to OIG.

OIG Uncovered Evidence of Houthi Seizure of U.S.-funded Assets From an Aid Organization in Yemen

An OIG investigation found that Ansar Allah (a.k.a. the Houthis)—a designated Foreign Terrorist Organization based in Yemen—confiscated approximately $122,000 worth of U.S. government-funded equipment from a USAID-funded aid organization.

The investigation found evidence that, after the termination of the aid organization's USAID-funded award, it ceased operations in Yemen and sought to donate its U.S.-government-funded assets, to include vehicles and other physical inventory, in accordance with award requirements. However, Houthi representatives required the awardee to inventory and transfer the assets to the Houthis. The awardee complied due to concerns about the safety of its local and international staff.

Investigations Uncover Financial Fraud Schemes in U.S.-Funded Foreign Assistance

U.S.-Funded NGO Finance Director Engaged in Tax Fraud Scheme in Zimbabwe

OIG's investigation into an allegation of embezzlement impacting a U.S.-funded implementer in Zimbabwe determined that the implementer's Country Director and Finance Director embezzled Pay As You Earn (PAYE) taxes from the salaries of local employees. Instead of remitting the PAYE funds to the appropriate local authorities as required, the directors diverted the money for their own use.

Although local authorities arrested and charged the Finance Director with theft (among other charges), the Country Director fled, and their location remains unknown.

The Department of Justice declined to pursue Federal prosecution. OIG also referred the individual to USAID for consideration of suspension and debarment action; however, no action was taken.

Investigation Recovers $193,295 in U.S. Government Funds Embezzled by Senior Finance Officer at Zambian Nonprofit

An investigation into a Senior Finance Officer in Zambia who allegedly embezzled approximately $193,295 found the individual unlawfully altered bank account transactions and modified vendor information within the nonprofit's payment system to embezzle funds from USAID, the Centers for Disease Control Prevention, U.S. Navy, and National Institute of Health. After the nonprofit learned about the breadth of the fraud, it reimbursed the U.S. government for the diverted funds, and the individual signed a repayment agreement with the nonprofit.

The Department of Justice Office of Foreign Litigation and U.S. Attorney's Office for the District of Colombia declined to pursue Federal or local prosecution.

OIG referred the individual to USAID for consideration of suspension and debarment action, which was ultimately declined.

Former NGO Human Resources Vice President Sentenced to Four Years Probation, Forfeiture of $425,000, False Claims Civil Settlement of $160,000, and Three-Year U.S. Government Debarment

A joint OIG and Department of State OIG investigation revealed Carleena Graham, former Vice President of Human Resources for World Learning, defrauded the organization of approximately $425,000, of which approximately $272,500 was directly or partially funded by the U.S. government.

Beginning in approximately 2016 and continuing until the middle of 2022, Graham orchestrated a scheme to defraud World Learning of hundreds of thousands of dollars. As part of the scheme, Graham arranged for goods and services to be delivered to third-party organizations, and then fraudulently arranged for World Learning to pay for these goods and services via electronic transfers from its Vermont bank account. Graham falsified invoices vendors submitted for payment of the goods and services to make them appear as though World Learning was the recipient of the goods and services. Additionally, Graham often misused her access to World Learning's credit cards causing World Learning to pay the expenses incurred by the third-party organizations.

On March 8, 2024, Graham was sentenced in federal court to four years of probation following a guilty plea to one count of wire fraud. Graham was also ordered to pay $425,000 in restitution as part of her plea agreement. Following sentencing, Graham was debarred from receiving U.S. government funds for a period of three years. On July 17, 2026, Graham entered into a civil settlement with the Department of Justice and agreed to pay $160,000 to resolve allegations that she violated the False Claims Act by submitting fraudulent claims for payment to the U.S. government. The civil settlement concludes our investigation.

USAID OIG Compelled to Close Investigation Into Foreign Assistance Fraud in Venezuela Due to Lack of Cooperation From UN OCHA

OIG initiated an investigation into an allegation that a Venezuelan organization implementing two United Nations (UN) Office for the Coordination of Humanitarian Affairs (OCHA) projects in 2021 and 2022, valued at $900,000, engaged in fraud resulting in approximately $393,000 in loss of funds for programming in Venezuela. During the investigation, OIG sought additional information from OCHA and the UN Office of Internal Oversight Services (OIOS) to independently assess the allegation and pursue potential investigative leads.

Despite repeated formal and informal requests, OIG did not receive information and records necessary to identify subjects and develop additional investigative leads to support its investigation. OIOS maintained that withholding the identifying information of the individuals implicated was necessary to protect their due process rights and that, under its established framework, it was not authorized to provide OIG with the requested information. OCHA similarly maintained that it was not authorized to provide the requested records or information.

Without the information necessary to pursue additional investigative leads, OIG could not continue its investigation or determine whether criminal, civil, or administrative action was warranted. OIG therefore determined that the investigation could not proceed.

Of note, OIG learned that OIOS did refer findings of criminality in this case to the Maduro-led Venezuelan government sometime before June 2025, despite longstanding international concerns regarding the independence of Venezuela's judiciary. OIOS did so while declining to provide USAID OIG with identifying information, citing process concerns.

Situational Alerts

USAID OIG Investigative Findings and Implications for U.S. Government-to-Government Award to Kenya

OIG issued a situational alert, on April 28, 2026, stating it had previously identified challenges associated with government-to-government (G2G) awards, particularly in the global health sector, where host government systems are used for procurement, warehousing, and distribution of health commodities.

On December 4, 2025, the U.S. Department of State and the Republic of Kenya announced a $2.5 billion bilateral health cooperation framework establishing a G2G partnership for the detection, prevention, and response to emerging and existing infectious disease threats. Under this proposed framework, Kenya intends to utilize the Kenya Medical Supplies Authority (KEMSA), a state-run corporation under the Kenyan Ministry of Health, for procurement, warehousing, and distribution. Past OIG investigations into a $650 million USAID award to KEMSA identified significant vulnerabilities in KEMSA's core business processes.

Given the systemic risks associated with G2G awards and KEMSA's proposed role in the newly announced health cooperation framework, OIG alerted the Department of State to previously identified vulnerabilities in KEMSA's capacity to warehouse and distribute U.S.-funded health commodities.

Risk of Sexual Exploitation and Abuse in the U.S. Response to the Ebola Outbreak in Africa

OIG published a situational alert on June 24, 2026, stating that it has consistently led efforts in preventing sexual exploitation and abuse (SEA) within U.S. foreign assistance programs. SEA has been a longstanding challenge within U.S.-funded foreign assistance given the inherent power disparity between aid workers and those they interact with in-country. Global health emergencies, including the current Ebola outbreak, involve conditions that further heighten the risk of SEA—including the need for rapid mobilization, weakened oversight mechanisms, and heightened vulnerabilities among affected populations. Critical to the deterrence of SEA is preventing the recirculation of perpetrators throughout the aid sector, which requires the cooperation of nongovernmental organizations, UN agencies, and contractors to swiftly respond and report allegations to OIG.

Given the reported prevalence of SEA allegations in previous Ebola outbreaks, and OIG's continued concerns about the capacity of implementers to safeguard and address allegations of SEA, we provided information to inform the U.S. government's response to the current crisis.

Task Force and Committee Participation

We worked with several law enforcement task and strike forces as well as operational working groups to further the global reach of our finite investigative resources. Examples include:

- **Joint Task Force 10-7** (JTF 10-7), led by senior DOJ and Federal Bureau of Investigation (FBI) officials and supported by specialized agents, analysts, and international partners. JTF 10-7 targets, charges, and prosecutes the perpetrators and leaders of the October 7, 2023, terrorist attacks in Israel as well as individuals and entities that finance or support Hamas and related entities. It also coordinates investigations, victim assistance, and international collaboration to dismantle Hamas, hold its supporters accountable, and combat terrorist-led antisemitism.
- **Operation African Star**, a collaborative effort of U.S., European, and African law enforcement and regulatory partners to disrupt the illicit trade in health products, pharmaceutical prescriptions, and medical devices and equipment. Since June 2024, our Office of Investigations has partnered with Operation African Star to train and collaborate with international law enforcement and administrative partners on detecting and disrupting the diversion of pharmaceuticals and medical supplies from U.S. government–funded global health supply chains. Based on our input, the second phase of Operation African Star focused enforcement efforts on countering the diversion of medicines and medical supplies from donated medical supply chains.
- **Joint Task Force Vulcan**, an initiative aimed at disrupting, dismantling, and ultimately destroying Mara Salvatrucha, known as MS-13, and Tren de Aragua.
- **Joint Task Force Alpha**, an initiative to combat transnational human smuggling and trafficking networks in Northern Central America and Mexico.
- **Procurement Collusion Strike Force Global**, an effort to tackle potential collusion in bids for billions of dollars in U.S. funds spent abroad.
- **U.S. Secret Service Miami Digital Evidence Forensics Lab Task Force**, a collaborative effort with the Secret Service, other law enforcement agencies, and organizations from various sectors to combat electronic crimes through information sharing, resource support, joint investigations, policy development, advocacy, and training initiatives. We participated in one search-and-arrest warrant related to cybercrime and financial fraud investigations during the reporting period. Through these partnerships, we gain access to advanced forensic tools.
- **Donor Safeguarding Investigations Working Group**, a United Kingdom-led effort that coordinates bilateral oversight bodies' response to allegations of sexual exploitation and abuse affecting foreign assistance programs.
- **Suspicious Activity Report Working Group**, a collaborative effort by DHS, FBI, and state, local, tribal, and territorial law enforcement partners to gather information on behaviors and incidents associated with crimes and establish processes for reporting suspicious financial activities.

- **National Intellectual Property Rights Coordination Center**, composed of Federal agencies and industry experts, the Intellectual Property Rights Coordination Center develops initiatives, coordinates enforcement actions, and shares information related to intellectual property theft. It also stops predatory, illegal trade practices that threaten the public's health and safety, the U.S. economy, and national security.

We are also members of the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, PRAC Law Enforcement Subcommittee, and the COVID-19 Fraud Enforcement Task Force Corporate and Large Business Subcommittee. Under the PRAC Fraud Task Force, which brings together agents from 20 OIGs, our office investigated and prosecuted fraud allegations involving COVID-19 relief programs, allowing us to make a broader contribution to the oversight community. We currently have 8 open investigations and thus far, our participation has directly led to the arrest of 12 subjects, resulting in prison time, 10 convictions, and nearly $5 million recovered in court-ordered restitution and seizures.

Fraud Awareness Briefings

Due to difficulties accessing staff responsible for managing U.S.-funded government assistance and award recipients, OIG presented only 10 fraud awareness briefings to 381 attendees during third and fourth quarters of FY 2026. Limited access to staff due to State Department restrictions meant that OIG provided significantly fewer fraud awareness briefings than previous years. During the same reporting period in FY 2024, we conducted 128 such briefings for 4,724 people.

We also attempted to engage with UN agencies and staff as well as aid organizations across the world to inform them of the need to make timely and transparent reports of misconduct to OIG's Hotline and to protect the rights of whistleblowers.

Overseas Contingency Operations

We continued our statutorily mandated oversight of U.S. government-funded foreign assistance activities associated with the U.S. overseas contingency operations (OCOs), reporting quarterly on Operation Atlantic Resolve (Ukraine), Operation Enduring Sentinel (Afghanistan), and Operation Inherent Resolve (Iraq and Syria) in coordination with the OIGs for the Departments of War (DOW) and State. These quarterly reports provide Congress and the public with independent assessments of U.S. government response efforts, including the use of taxpayer funds, progress toward strategic objectives, and challenges, risks, and related oversight activities. In 2026, four additional OCOs were designated covering U.S. contingency operations in Iran (Operation Epic Fury), Guantanamo Bay, Cuba (Operation Southern Guard), the Caribbean and Latin America (Operation Southern Spear), and a classified operation. However, our ability to fulfill oversight responsibilities has been hindered by a lack of timely and substantive responses to information requests. Since July 2025, USAID has not provided substantive responses to inquiries concerning operations in Afghanistan, Iraq, Syria, and Ukraine. We have sent similar inquiries to State across these operations and others to include Operation Southern Spear. State's responses have been inconsistent, with numerous responses delayed, incomplete, or not provided at all.

Audits, Inspections, Evaluations, and Agile Products

OIG's independent work is designed to improve the efficiency and effectiveness of U.S. foreign assistance programs and operations across ultimate agencies.

Generally, this oversight includes:

- Conducting performance audits, inspections, and evaluations of programs and management systems as well as issuing agile products such as management advisories.[3]
- Overseeing mandated engagements, such as agency financial statements and information security audits performed by independent public accounting firms.
- Performing quality control over non-Federal audits required of USAID and MCC grantees.[4]

During the reporting period, we completed 16 audits, inspections, evaluations, and agile products covering funds totaling $882 million.

Our library of audits, inspections, evaluations, recommendations, investigations, testimonies, and other reports is available at https://oig.usaid.gov/.

[3] Audits are conducted in accordance with generally accepted government auditing standards (Yellow Book). Inspections and evaluations must meet Blue Book standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). We issue flexible agile products, including information briefs, that we perform in accordance with CIGIE's *Quality Standards for Federal Offices of Inspector General* (Silver Book).

[4] To complete these audits, USAID relies on non-Federal independent public accounting firms, the Defense Contract Audit Agency, and the supreme audit institutions of host governments, while MCC relies on non-Federal independent public accounting firms. We typically perform desk reviews and quality control reviews of supporting workpapers for select audits to determine whether these audits meet professional standards for reporting and other applicable laws, regulations, or requirements. We issue transmittal memos based on our review, which may include recommendations to the agency, including the third-party auditor's identification of questioned costs and funds to be put to better use.

Performance Audits

West Bank and Gaza: USAID Did Not Identify Key Fraud Risks for Cash Assistance and Relied on Nongovernmental Organization Assessments and Remote Monitoring

Report No. 9-000-26-002-P
May 21, 2026

Why We Did This Audit

Israel declared war on Hamas after the U.S.-designated terrorist organization invaded the country on October 7, 2023, killing more than 1,200 people and seizing 253 hostages. To respond to urgent humanitarian needs resulting from the war, USAID's Bureau for Humanitarian Assistance (BHA) provided food and healthcare to help support displaced and conflict-affected populations in West Bank and Gaza. BHA also provided support through multipurpose cash assistance (MPCA)—cash distributions through one-time or monthly transfers that help with the average household's basic needs, such as food, rent, and water during an emergency. In fiscal year 2024, USAID awarded about $36 million for MPCA activities to four nongovernmental organizations (NGOs) in West Bank and Gaza.

Although providing cash can be flexible and more cost effective than providing in-kind commodities, it is also susceptible to fraudulent activity such as misappropriation and theft. Having controls over cash assistance is important for mitigating risks of fraud in humanitarian aid programming, such as diversion to U.S.-designated terrorist organizations.

We conducted this audit to assess the extent to which BHA evaluated fraud risk for MPCA activities implemented by NGOs in West Bank and Gaza and monitored these activities.

What We Found

BHA did not identify key fraud risks for cash assistance in West Bank and Gaza. Specifically, the bureau did not develop a fraud risk assessment and profile or response risk profile for its humanitarian assistance in the complex emergency to identify key risks related to MPCA. These risks included cash liquidity challenges, vendor fees, price gouging, and diversion to unauthorized recipients and terrorist groups. The bureau also did not have a permanent, dedicated risk management advisor assigned to support and conduct response risk profiles and had limited staff. Nonetheless, without a fraud risk assessment and profile and response risk profiles for West Bank and Gaza, BHA was unable to demonstrate how it identified or addressed key risks to providing cash assistance in Gaza—a high-risk area for diversion and misuse of U.S. foreign assistance.

BHA monitored cash assistance activities. BHA reviewed and relied on NGOs' risk assessment and management plans before issuing awards to NGOs. Due to the nonpermissive environment, BHA did not monitor MPCA activities directly. Instead, it relied on multiple methods of monitoring, including a third-party monitor, biweekly and monthly

reports, and post distribution monitoring reports from NGOs. According to BHA, these reports provided the bureau with insights into operational challenges to the flow of cash or supplies.

What We Recommend

To strengthen procedures for identifying and mitigating fraud risks, we suggest that current decision makers implement a fraud risk management policy for humanitarian assistance responses in nonpermissive environments, including completing a fraud risk assessment and profile and a response risk profile before or soon after initiating the response.

West Bank and Gaza: Selective Partner Vetting, Policy Exemptions, and Information Shortfalls Could Increase the Risk of Diverting Humanitarian Assistance Funding to Entities Associated With Terrorism

Report No. 8-294-26-003-P

May 14, 2026

Why We Did This Audit

Between January 2023 and October 2024, the period under review, USAID had 18 active humanitarian assistance awards, valued at $650 million, in West Bank and Gaza to address urgent needs like food security, healthcare, and lack of shelter.

To mitigate the risk of diversion of humanitarian assistance to U.S.-designated terrorist organizations in West Bank and Gaza, USAID used partner vetting, which involved checking the names and other identifying information of its implementers and beneficiaries against public and nonpublic databases for any associations with terrorism. We have previously reported concerns about USAID's ability to deliver humanitarian assistance in conflicts involving designated terrorist organizations. For example, in July 2024, we issued an advisory notice highlighting challenges in USAID's oversight mechanism to prevent humanitarian assistance from being diverted by Hamas and other U.S.-designated terrorist organizations.

We conducted this audit to determine the extent to which USAID's partner vetting for selected humanitarian assistance awards in West Bank and Gaza provided assurance that related funding did not support entities associated with terrorism.

What We Found

USAID selectively vetted organizations and individuals in West Bank and Gaza for humanitarian assistance awards, deeming the majority of them eligible. The individuals included principal officers, deputy officers, program managers, chiefs of party, and other people with significant responsibilities for the administration of USAID-funded activities or resources. We reviewed USAID's vetting records from January 2023 to October 2024 for four selected awards and found that the Agency deemed 622 of 627 entities eligible for assistance. Five were ineligible, but the Agency did not disclose the reasons for ineligibility.

USAID's policy exempted United Nations (UN) staff and other groups receiving assistance from the vetting process. Although USAID/West Bank and Gaza's Mission Order 21 provided specific partner-vetting requirements and detailed guidance, it also exempted certain entities. For example, UN staff and ultimate beneficiaries receiving less than a $1,000 worth of humanitarian assistance were not subject to vetting, according to the order. The order also exempted any non-U.S. contractor or subcontractor that received less than $25,000 in total USAID funding in a 12-month period. The last update of the vetting exemptions was in 2007, nearly 20 years ago. Not assessing whether its vetting policies and procedures meet needs and legal requirements weakens the U.S. government's ability to detect potential terrorist affiliations among UN staff, prospective implementers, and beneficiaries.





Left to right: OIG auditors conducted site visits to the World Food Programme facility and NGO offices in Jerusalem, Israel. Photo credit: OIG.

USAID's partner vetting relied on implementer self-reporting and had information shortfalls. Such weak internal controls limited oversight and data quality in USAID's partner vetting program. For example, USAID did not independently verify the vetting information it received from implementers' self-reporting, and Agency vetting records included duplicate entries and multiple variations of the same name across entries. Assessing whether vetting policies are appropriate and addressing information shortfalls would enhance the U.S. government's ability to ensure humanitarian assistance is not diverted to designated terrorists.

What We Recommend

For ongoing and future U.S. foreign assistance awards, we suggest that the administration consider reviewing exemptions to partner vetting policies and enhancing procedures and other internal controls for vetting partners, including the UN, that receive U.S.-funds to conduct programming in West Bank and Gaza.

USAID Asset Disposition Audits

On January 20, 2025, Executive Order 14169 directed a government-wide pause and review of U.S. foreign assistance. As of March 2025, USAID had terminated over $76.5 billion out of a total of $159 billion (about 50 percent) in foreign assistance awards. As a result, implementers began disposing of government-funded assets. In response to the award terminations, we initiated a series of audits examining asset disposition processes for eight USAID missions around the world.[5]

Terminated USAID Awards in Haiti: USAID Approved Disposition Plans for Selected Assets, but Some Approval Procedures Were Unclear and Disposition Was Incomplete

Report No. 1-000-26-002-P

May 13, 2026

Why We Did This Audit

The objective of this audit was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in Haiti. We reviewed 8 out of a total of 32 awards with activities in Haiti that USAID terminated as a result of the foreign assistance review. These 8 awards included priority assets, such as armored vehicles, port construction materials, and health commodities—with a total purchase value of $4.2 million. USAID defined four priority asset categories for expedited disposition: critical security risk, high-value, reputationally sensitive, and program commodities. We selected these specific types of assets given their heightened security, reputational, and diversion risks and high-dollar value compared to other types of priority assets in Haiti. We reviewed asset disposition activities through August 31, 2025, due to the closure of USAID's mission in Haiti and separation of Agency Staff.

What We Found

USAID approved implementers' disposition plans to donate, transfer, or retain selected assets, but approval procedures for armored vehicles were unclear. USAID implemented expedited procedures to dispose of approximately $4.2 million in priority assets for the eight selected terminated awards. As of August 31, 2025, USAID had requested, received, and approved disposition plans for the selected assets. However, USAID approved disposition plans for armored vehicles without confirming the security level, which was necessary to determine appropriate disposition methods.

Implementers completed disposition of all armored vehicles and some health commodities, but $1.4 million of selected assets remained undisposed. By August 31,

[5] Three audits were concluded during the previous reporting period (El Salvador, Philippines, and Thailand) and two are ongoing (Pakistan and Ukraine).

2025, implementers had disposed of about two-thirds of the selected assets but not approximately $566,000 of port rehabilitation materials and $784,000 of health commodities. The closure of the USAID Mission for Haiti, lack of clarity on responsibilities transferred to the Department of State, and risks related to unanticipated costs and possible theft, waste, and abuse raise concerns about the delayed final disposition actions for these assets.

What We Recommend

We recommended that USAID implement plans to ensure the complete and appropriate disposal of port rehabilitation materials and health commodities that implementers procured under USAID terminated awards in Haiti and were pending disposition as of August 31, 2025. We also recommended that USAID clarify procedures for determining armored vehicles' security levels prior to approving disposition plans.

Terminated USAID Awards in Egypt: USAID Approved Disposition Plans and Implementers Generally Donated Assets, but Some Assets Could Not Be Used as Intended

Report No. 8-263-26-002-P
May 06, 2026

Why We Did This Audit

The objective of this audit was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in Egypt. We identified 44 programmatic awards the USAID Mission for Egypt (USAID/Egypt) managed that were terminated between January 20, 2025, and March 12, 2025. Of these awards, the mission reported that 11 awards had priority assets, such as vehicles and lab equipment, valued at $13.3 million.

What We Found

USAID/Egypt approved disposition plans and implementers generally donated assets, but certain assets could not be used as intended. Mission personnel said they approved disposition plans that implementers had submitted for the 11 awards we selected to review. We inspected 1,900 assets, valued at over $3 million, in the disposition plans for six of the

awards and found that they matched associated inventory lists. These assets included IT equipment, lab equipment, and vehicles.





Left and center: OIG staff analyzes assets, such as assistive technology equipment and laptops, stored in an apartment due to termination of an award. Right: Lab equipment was donated to local universities. Photo credits: OIG.

We found that beneficiaries could not use some assets, valued at approximately $2 million, as intended because the training needed to use the assets was canceled when USAID terminated two of the awards. Because of USAID's operating status and the subsequent transfer of certain foreign assistance functions to the Department of State, USAID/Egypt was unable to identify factors necessary to ensure assets would be used as intended before the awards were terminated.



A vehicle donated to the host government. Photo Credits: OIG.

What We Recommended

As the administration considers the future of foreign assistance, particularly efforts to dispose of physical assets under awards USAID formerly managed, we suggest that decision makers identify and monitor factors that affect the use of disposed assets as terminated award closeouts are completed to ensure that assets are used as intended.

Terminated USAID Awards in Southern Africa: Unapproved Plans and Limited Controls Over Disposition Leave High Value Assets at Risk

Report No. 4-674-26-001-P
April 22, 2026

Why We Did This Audit

The objective of this audit was to assess USAID's disposition process for high-value assets procured under terminated awards in Southern Africa. We reviewed all 51 programmatic awards with high value assets USAID Southern Africa (USAID/SA) managed that were terminated between January 20 and April 9, 2025. We selected a judgmental sample of 16 of these awards and visited 7 implementation sites to verify the presence of assets and assess the completeness of inventory lists. We reviewed asset disposition activities as of May 1, 2025, because access to implementing partner staff, office space, and physical assets was limited after this time.

What We Found

USAID Southern Africa had not approved over half of implementer disposition plans for high-value assets and had limited controls in place to ensure inventory accuracy. In response to the extensive termination of foreign assistance programs, USAID/SA expedited the disposition of $28.7 million in assets implementers purchased for 51 terminated programmatic awards. As of May 1, 2025, 30 of 51 programmatic awards lacked approved disposition plans, leaving assets idle and at risk. Among the 16 selected awards we reviewed, implementers reported $15.1 million in purchased assets, which included 614 high-value assets, and mainly proposed to retain, donate, or sell the assets. The mission had approved implementers to dispose of only 94 assets. USAID/SA relied heavily on implementer-generated records and mission officials' program knowledge and performed little verification of inventory lists. This limited oversight contributed to discrepancies including missing assets in inventory lists. As a result, high-value assets procured under USAID/SA terminated awards were at risk of misappropriation, loss, or fraud.

What We Recommended

We made two recommendations to USAID to approve remaining asset disposition plans for USAID/SA awards and implement controls to verify high-value assets implementers purchased.

Inspections of USAID Warehouses Storing Food Aid

USAID stored millions of dollars in food aid and emergency non-food items in prepositioned warehouses around the world as part of its responsibility to lead and coordinate the U.S. government's disaster assistance efforts overseas. The food aid included shelf-stable items to prevent and treat malnutrition and to rapidly address crises around the world. According to USAID, the prepositioned warehouses decreased the amount of time it took to deliver food aid by an average of 3 months. On January 20, 2025, the administration initiated a pause and review of all U.S. foreign assistance, including USAID programs. On March 28, 2025, the Department of State announced that USAID would cease operating as an independent agency. As of July 1, 2025, USAID food assistance programs transferred to the Department of State.

We conducted inspections of USAID warehouses storing food aid in Durban, South Africa; Djibouti City, Djibouti; and Houston, Texas to determine the status of food aid remaining.

Emergency Food Assistance: USAID Durban Warehouses Were Generally in Good Condition, but Limited Storage Gaps May Increase the Risk of Contamination or Spoilage

Report No. E-000-26-003-M
June 16, 2026

Why We Did This Inspection

For the inspection of the Durban warehouses, we examined the (1) characteristics of food aid in the warehouses and (2) food aid storage and inventory conditions. The scope of the inspection was food aid stored as of June 20, 2025.

What We Found

USAID stored over $4 million in vegetable oil and sorghum in the Durban warehouses. At the time of our inspection in June 2025, USAID had allocated the vegetable oil for shipment to a specific country and a food aid provider but not the sorghum, which accounted for about 92 percent of the total value of food aid. By September 2025, the warehouse contractor reported that the vegetable oil and sorghum had been distributed.

Durban food aid storage and inventory conditions generally met contractual requirements. For example, we observed adequate security systems, equipment and materials to respond to fires, and traps for pest control. Furthermore, we observed minimal inventory discrepancies when we compared the food aid present in the two warehouses to the USAID inventory report. However, there were instances of deviations from contract requirements, such as vegetable oil stored near batteries, food with dust and damaged packaging, and bird droppings. While these instances were limited, any deviations from contractual requirements for storage conditions may compromise food aid and increase the

risk of contamination or spoilage. This could result in a waste of U.S. funds spent to purchase the aid and for other associated costs.

What We Recommend

We suggest that responsible officials at the Department of State require the Durban warehouse contractor to address the observed deviations from food aid storage requirements, including food stored near items that could pose a hazardous risk to the food aid.

Emergency Food Assistance: Most of USAID's $21 Million Djibouti Inventory Was at Risk of Not Being Usable and $2.9 Million Had Already Spoiled

Report No. E-000-26-004-M
June 16, 2026

Why We Did This Inspection

For the inspection of the Djibouti warehouses, we examined the (1) characteristics of food aid in the warehouses and (2) food aid storage and inventory conditions. We inspected food aid in the warehouses as of June 30, 2025.

What We Found

Of the $21 million of food aid stored in Djibouti warehouses as of June 30, 2025, more than $17 million was not allocated to an emergency food provider for distribution. This included $10 million of food aid at risk of reaching its best-used-by date prior to arriving at its intended destination. Furthermore, at the time of our inspection, $2.9 million of food aid had already spoiled due to significant packaging defects by the vendor. As of November 30, 2025, the spoiled food remained at the warehouses, incurring more than $460,000 in storage costs since its initial arrival in January 2024.

USAID did not fully enforce contractual food aid storage and inventory requirements, contributing to $1.5 million in infested food. For example, USAID did not enforce temperature control requirements, contributing to an estimated $1.5 million in infested food, which required fumigation and resulted in additional costs. In addition, USAID did not ensure that warehouse inventory records had the correct best-used-by dates for food and did not track changes to warehouse ownership.

What We Recommend

We suggest that responsible officials at the Department of State take eight actions to strengthen the U.S. government's management and storage of humanitarian food aid at the Djibouti warehouses.

Emergency Food Assistance: USAID Stored Over $18 Million of Food in Houston Warehouses, but Deficiencies in Storage and Inventory Conditions May Increase Risk of Waste

Report No. E-000-26-002-M
June 16, 2026

Why We Did This Inspection

For the inspection of the Houston warehouses, we examined the (1) characteristics of food aid in the warehouses and (2) food aid storage and inventory conditions. We inspected food aid stored as of June 13, 2025.

What We Found

USAID stored over $18.8 million of food aid in its Houston warehouses, and all inventory with upcoming best-used-by dates had been allocated for shipment. Specifically, when we inspected the three warehouses in June 2025, USAID had allocated more than $3.4 million (18 percent) of the total inventory for shipment. The remaining $15.4 million in food aid had not been assigned for shipment to a specific country, and all had time remaining before reaching the best-used-by date. By mid-September 2025, the remaining food aid had been allocated for shipment.

USAID did not fully enforce food aid storage and inventory requirements. Specifically, during our June 2025 inspection, we observed pest activity, irregularities in storage and warehouse conditions, and infrequent warehouse and commodity inspections. These deviations from requirements may compromise the safety and quality of food aid and increase the risk of its damage or waste. In addition, there were discrepancies between the inventory in the warehouses and USAID's inventory report that may have limited the Agency's ability to manage food aid effectively and efficiently.

What We Recommend

We suggest that responsible officials at the Department of State enforce contract requirements for food aid storage at the Houston warehouses and establish procedures to ensure that the warehouse contractor maintains accurate inventory records.

Evaluations

Sudan: USAID Did Not Continuously Monitor Humanitarian Assistance or Share Unresolved Fraud and Other Allegations and Key Documents With the Department of State

Report No. E-650-26-001-M
June 01, 2026

Why We Did This Evaluation

Sudan is facing the world's largest displacement and hunger crisis, with more than 25 million people experiencing acute food insecurity and famine conditions. In 2024, the United States was Sudan's largest humanitarian donor, providing $880.3 million in assistance; over half of that funding supported emergency food assistance. As of June 2025, USAID was responsible for implementing and monitoring 31 active humanitarian assistance awards in Sudan. By the end of June 2025, USAID had transferred the administration and oversight of all the active awards to the State.

The complex, unstable environment in Sudan limited USAID's ability to safely and directly oversee humanitarian assistance and increased the risk of theft and diversion. As a result, USAID relied on remote and third-party monitors to oversee its awards. Our office also received complaints of fraud, waste, and abuse, including theft and diversion of the humanitarian aid provided under USAID-funded awards in Sudan, including those implemented by public international organizations and nongovernmental organizations. Given these concerns, we conducted this evaluation to determine the extent to which USAID (1) monitored humanitarian assistance to Sudan and (2) managed key monitoring information during the transition of active awards to State.

What We Found

USAID did not continuously implement planned monitoring activities for its humanitarian assistance in Sudan. The Agency did not complete all 21 planned site visits to monitor $1.04 billion in humanitarian assistance awards in Sudan between January and June 2025. The third-party monitor conducted 11 of the 21 planned site visits in January, May, and June 2025 covering health, nutrition, food security, protection, and shelter and settlement activities. However, it did not conduct the remaining 10 site visits during the reporting period. As of the end of June 2025, four site visits had been canceled, and six were pending completion. Further, USAID did not consistently follow its internal procedures for reviewing reports for the 11 completed site visits. As a result, USAID did not have reasonable assurance that the awards were implemented as intended and may not have identified all program irregularities or taken corrective actions. In addition, USAID's ability to confirm and use monitoring results to identify and address implementation issues in a timely manner was limited.

USAID did not share unresolved program irregularities during the transfer of active humanitarian assistance awards to State or preserve key award documents. USAID maintained a tracker of reported irregularities in humanitarian programs in Sudan, including over 45 open, unresolved irregularities as of June 2025, but did not share this tracker with State. In addition, USAID had several documents describing individual monitoring activities, such as the field monitoring protocol for third-party monitoring activities, but these did not constitute a comprehensive country monitoring plan for Sudan. The Agency did not share a country monitoring plan with State. Finally, USAID did not preserve key monitoring documents needed to transition its active awards to State. As a result, State does not have the information it needs to fully monitor these awards.

What We Recommend

We made three recommendations to USAID to provide the program irregularities tracker and the country monitoring plan for its former humanitarian response in Sudan to cognizant officials at State and ensure that transferred award files are complete and include key monitoring information. We also suggest that cognizant State officials implement processes and procedures to monitor and preserve information on humanitarian assistance responses.

Management Advisories

Severance Payments: USAID Should Find, Preserve, and Share Complete Financial Records and Payment Statements for Terminated Locally Employed Staff With the Department of State

Report No. 1-000-26-004-A
September 22, 2026

As part of OIG's ongoing evaluation of USAID's locally employed staff terminated in 2025, we found that financial records for approximately $10 million in severance payments the Agency made directly to the staff in Mozambique and the Philippines were incomplete, and supporting documentation for certain payments made to those staff was missing.

Given USAID's operating status and the transition of its responsibilities to State, it is unclear to us whether financial records and supporting documentation do not exist or are not accessible to USAID and State officials. Without such records and statements, the U.S. government cannot verify that severance payments made to locally employed staff were authorized and disbursed appropriately.

On March 28, 2025, State formally notified Congress that USAID would cease operating as an independent agency, and it would assume responsibility for many of the Agency's functions and its ongoing programming by July 1, 2025. As part of this transition, nearly all non-statutory positions at USAID were eliminated, and all missions closed. On April 9, USAID announced that all locally employed staff would be separated from the Agency no later than August 15, 2025.

We made one recommendation to USAID to find and preserve financial records and supporting documentation for terminated locally employed staff.

Family Planning Commodities: USAID Should Provide Final Disposition Instructions to Stop Accruing Storage Costs for $8 Million in Unusable Items and $1.7 Million in Nearly Expired Items in Belgium

Report No. 1-000-26-003-A
June 10, 2026

OIG issued a management advisory to alert USAID about the need to provide final disposition instructions to its contractor, Chemonics International, for $9.7 million in family planning commodities stored in Belgium. We estimated that USAID had paid over $360,000 in storage and transportation costs for these commodities since January 2025 and will continue to incur monthly storage costs of over $24,000 under the now-terminated award until final disposition is complete. Further, absent disposition instructions, commodities valued at $1.7 million may expire, and USAID risks paying additional costs due to a prolonged award closeout process.

We initiated work on this management advisory in response to a bipartisan request from Senators Murkowski and Shaheen, who asked the USAID and Department of State Offices of Inspector General to examine "the disposition of $9.7 million in family planning commodities, which were stored for global disbursement at a warehouse in Geel, Belgium."

USAID leadership did not respond to our inquiries regarding their decision to retain the family planning commodities or their delay in completing final disposition. We emphasized the importance of providing Chemonics with timely final disposition instructions for the family planning commodities stored in Belgium. This will allow USAID to mitigate the risks of accruing costs, approaching expiration dates, and a prolonged award closeout.

U.S. African Development Foundation's Lack of Responsiveness to Oversight Matters Limits Transparency Into Agency Operations and Management of Funds

Report No. A-ADF-26-005-A
May 29, 2026

OIG issued a management advisory to USADF alerting it that between March/April 2025 and May 2026, the Agency was nonresponsive to OIG information requests for two statutorily mandated assessments critical to ensuring controls over information technology systems and safeguarding taxpayer funds. The required fiscal year (FY) 2026 assessment of USADF's information security program and the audit of its financial statements were due July 31, 2026, and November 16, 2026, respectively.

Between March/April 2025 and January 2026, USADF leadership did not provide the information we needed to complete these assessments for FY 2025.In addition, USADF has not addressed 11 of our 12 open recommendations, some dating back as far as August 2024, related to addressing fraud risks in the Agency's grants management activities. A senior USADF career official attributed the non-responsiveness to changes in USADF staff structure and access to information systems and records.

We highlighted that lack of timely information from USADF obstructs OIG's oversight and limits visibility into the Agency's operations and programming. It also exposes taxpayer dollars and sensitive U.S. government information to significant and ongoing risks.

USAID's Interest Payments to Vendors in Calendar Year 2025

Report No. 1-000-26-002-A
May 05, 2026

OIG issued a management advisory about an increase in the amount of interest payments, or late charges, USAID paid to vendors in calendar year (CY) 2025. The Prompt Payment Act (PPA) requires Federal agencies to pay their bills on time and pay interest penalties to vendors when payments are late. If the debt remains unpaid after 12 months, the vendor may file a claim under the Contract Disputes Act of 1978 (CDA).

According to our analysis of the Agency's financial data, USAID's interest payments to vendors accelerated sharply in CY 2025, exceeding $8.9 million. USAID finance officials attributed the sharp increase to several factors. These included changes to payment processes and uncertainties due to Agency-wide staff shortages, which reduced USAID's ability to make payments on time, even for approved expenses. Furthermore, in March 2025, USAID terminated over 5,000 awards as part of the Department of State's review of U.S. foreign assistance and prioritized processing award terminations over making outstanding payments to vendors. As a result, more vendors could become eligible to file claims under the CDA as time passes.

We urged USAID to take steps to minimize PPA violations as the Agency continues to close out awards and wind down its operations. Further delays will result in the Agency continuing to accrue interest on outstanding payments.

Mandated Financial and Information Technology Engagements

In addition to our discretionary work, we provide oversight of Agency financial, information technology, and other controls, as required by statute.

Payment Integrity Information Act of 2019

The Payment Integrity Information Act of 2019 (Public Law 116-117) requires Inspectors General to review Federal agencies' payment integrity reporting for compliance and issue a report on compliance with PIIA per the information published in the Agency's Annual Financial Report (AFR). Because USAID did not issue an AFR in fiscal year 2025, the Agency was not in compliance, and we were unable to conduct the mandatory review. Given USAID's current operating status, we are not making any recommendations at this time.

We contracted with the independent certified public accounting firm RMA Associates LLC (RMA) to review the Millennium Challenge Corporation's (MCC) compliance with PIIA in fiscal year (FY) 2025. We made no recommendation.

- *Review of USAID's Payment Integrity Information Act of 2019 for Fiscal Year 2025* Report No. 0-000-26-009-C, July 29, 2026
- *MCC Complied in Fiscal Year 2025 With the Payment Integrity Information Act of 2019* Report No. 0-MCC-26-007-C, July 16, 2026

Government Charge Card Abuse Prevention Act of 2012

The Charge Card Act (Public Law 112-194) requires OIGs to conduct periodic risk assessments of agency charge card programs to assess the risk of illegal, improper, or erroneous purchases and payments. We contracted with independent public accountants to conduct a risk assessment of the charge card programs at MCC, and we conducted the risk assessment for USAID. We made one recommendation to address a weakness in the USAID's charge card report and no recommendations in the MCC report.

- *Charge Card Risk Assessment: MCC's Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2025* Report No. 0-MCC-26-008-C, July 07, 2026
- *Travel Card Program: USAID Complied With the Charge Card Act in Fiscal Year 2024 but Lacked Required Risk Profile* Report No. 0-000-26-001-P, June 30, 2026

Agile Products

Information Brief: Non-Federal Audits Helped Provide Oversight of Government-to-Government Awards

Special Report No. 8-000-26-003-A, September 17, 2026

USAID used non-Federal audits (NFAs)—typically performed by supreme audit institutions or foreign accounting firms—to monitor U.S. assistance. This included assistance dispersed directly to foreign governments, known as government-to-government (G2G) awards. G2G awards can reduce costs and timelines by avoiding unneeded intermediaries, encouraging foreign governments to take greater responsibility for their own development, and building foreign government capacity throughout the duration of the award. However, these awards do not come without considerable risk. From October 2023 to March 2026, NFAs of G2G awards disproportionally identified questioned costs, weaknesses in internal controls, and noncompliance when compared to related audits of other types of USAID awards.

We suggested that the Department of State consider addressing OIG's open recommendations related to questioned costs, internal control weaknesses, and instances of noncompliance identified in NFAs of G2G awards, including recovering funds as appropriate. We also suggested the Department continue efforts to strengthen the capacity of supreme audit institutions conducting NFAs of these awards.

Information Brief: Non-Federal Audits Helped Identify Millions in Questioned Costs to U.S. Foreign Assistance

Special Report No. 8-000-26-002-A, August 24, 2026

USAID used its non-Federal audit (NFA) program to monitor implementing partners' use of U.S. assistance funding for contracts, cooperative agreements, and other foreign assistance awards. From October 2023 through March 2026, independent public accounting firms audited nearly $3 billion in expenditures of USAID foreign assistance awards around the world. The NFAs identified over $50 million in ineligible or unsupported questioned costs as well as weaknesses in internal controls and noncompliance with laws, regulations, and award provisions.

While the NFA program helped USAID oversee its foreign assistance awards, USAID OIG identified some weaknesses in the program and suggested improvements should a similar approach be used in the future. Now that the Department of State has greater responsibility for foreign assistance awards, including those USAID previously managed, the Department could leverage USAID's NFA approach to help ensure it has sufficient tools in place to monitor those awards.

Key Observations: Disposing of Assets for Foreign Assistance Awards

Report No. 4-000-26-001-A, July 13, 2026

OIG highlighted 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.

Other Mission-Critical Activities

Outreach and External Engagement

OIG has extensive relationships with global oversight counterparts at the UN and with bilateral donors, international NGOs, and senior Federal officials. We also conduct outreach and participate regularly in external engagements to give our congressional stakeholders, oversight partners, aid organizations, and the public timely and relevant information related to our oversight of U.S. foreign assistance programs.

Organizational products relating to these issues included:

Oversight of U.S. Government Ebola Responses and Emerging Global Health Threats
Correspondence, June 24, 2026

This memo highlights insights and lessons from OIG's audits and investigations of American responses to the Ebola outbreaks in 2014 and 2019, which can inform the Department of State, Congress, and other key decision makers in executing the current response.

Strengthening Oversight of U.S. Voluntary Contributions to the United Nations
Correspondence, May 18, 2026

OIG has been at the forefront of conducting aggressive investigations and related oversight of U.S. voluntary contributions to UN agencies. This includes investigations into UNRWA-linked Hamas terrorists and perpetrators of the October 7 attacks in Israel, World Health Organization doctors that sexually abused women and girls in the Democratic Republic of Congo, and numerous investigations into fraud, corruption, and diversion of humanitarian assistance funded through UN agencies.

Addressed intentionally by Congress and/or agencies responsible for administering foreign assistance programs, the items outlined in this memorandum would work to strengthen future award design and enhance the U.S. government's capacity to manage funds directed to UN agencies.

Priority Reforms for Strengthened United Nations Transparency and Accountability
Correspondence, May 18, 2026

OIG shared a consolidated shortlist of reform areas that we have identified as most critical to strengthening the United Nations' capacity to conduct meaningful oversight and to engage substantively with U.S. oversight bodies to ensure maximum accountability and transparency over U.S. voluntary contributions.

Congressional Engagements

We provided over 30 congressional briefings during this reporting period on the following topics:

- **Partnership With National Association of Boards of Pharmacy (NABP).** We provided bicameral and bipartisan briefings to our authorizing and appropriations committees of jurisdiction on our innovative partnership with NABP, designed to allow for the rapid detection of potential diversion, resale, or other corruption that prevents global health commodities from reaching those in need.
- **Gaza Oversight.** We discussed our ongoing investigations designed to prevent the recirculation of Hamas terrorists across Gaza, including those affiliated with UNRWA.
- **UN Accountability.** Drawing on our unique expertise, we provided numerous briefings on UN accountability and oversight mechanisms and provided technical assistance to Congress to support the development of associated legislation.
- **Transition of USAID Programming to the Department of State.** We discussed the challenges associated with the transition. We also provided initial observations on the new foreign assistance programs announced by the Department of State, including contributions to UN Office for the Coordination of Humanitarian Affairs and the bilateral global health memorandums of understanding.
- **U.S. African Development Foundation.** We discussed OIG's ongoing oversight of USADF, including our current evaluation of the Agency's drawdown contracts and asset accountability.
- **Continued Oversight of USAID.** We provided briefings on our continued oversight of USAID functions and operations, including concerns about high closeout costs, increases in the amount of interest payments owed to vendors, and the asset disposition process for terminated awards.
- **Access Limitations.** We provided briefings, upon request, on the current barriers we are facing in executing our FY 2026-2027 Oversight Plan.
- **Oversight of Humanitarian and Development Assistance to Ukraine.** We provided briefings to the staff of two U.S. Senators in advance of their travel to Ukraine. We covered our recent oversight findings related to Ukraine, fraud prevention efforts, and our on-the-ground coordination with Ukrainian partners, including our partnerships with key Ukrainian anti-corruption and law enforcement bodies.

Engagements With UN Organizations, Foreign Governments, the International Aid Sector, and Educational Institutions

- **U.S. Mission to the United Nations.** We met in New York with Ambassador Jeffrey Bartos, U.S. Representative for U.N. Management and Reform, to discuss OIG's longstanding work in identifying vulnerabilities within U.S. voluntary contributions to UN agencies.
- **World Food Programme (WFP).** We are in the process of finalizing a memorandum of understanding with WFP, designed to foster information sharing and cooperation on investigations involving U.S. funds.
- **United Nations Children's Fund (UNICEF).** We attended UNICEF's Member State Roundtable on Managing Risk. We had several positive discussions concerning UNICEF's integrity disclosure policy.
- **United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) Integrity Briefing.** We attended biannual integrity briefing held by UNRWA's Deputy Commissioner-General. UNRWA provided operational, financial, and oversight updates. We also separately met with UNRWA Commissioner General Ad Interim Christian Saunders and discussed UNRWA's response to our ongoing investigation into UNRWA staff linked to Hamas, and other U.S. designated terrorist organizations, and participation in the October 7 terrorist attacks in Israel.
- **United Nations Development Programme (UNDP).** We met with UNDP representatives to discuss the potential for updates to the existing information-sharing memorandum OIG has with UNDP's Office of Audit and Investigations. OIG also proposed a second memorandum of understanding with UNDP directly.
- **UN Office for the Coordination of Humanitarian Affairs (OCHA).** We met with OCHA personnel regarding our continued oversight of U.S. foreign assistance provided via OCHA pooled funding mechanisms.
- **UN Office of Legal Affairs (OLA).** We met with the Assistant Secretary-General for Legal Affairs and several other leaders in OLA to discuss OIG's oversight of U.S. funding to the UN, the organization's privileges and immunities, and our ongoing efforts to negotiate information sharing memorandums of understanding with UN agencies.

- **European Anti-Fraud Office (OLAF) InvestigAID Conference.** OIG senior leaders attended the annual InvestigAid conference hosted by the Dutch Ministry of Foreign Affairs and OLAF, alongside 20+ bilateral investigative and oversight counterparts. OIG welcomed the opportunity to exchange knowledge, share investigative successes, and enhance collaborative approaches to investigating misconduct in humanitarian and development assistance.



USAID OIG officials attend a global investigative conference in the Hague, Netherlands.

- **Malaria No More**. At Malaria No More's "Convening on the Future of U.S. Leadership Against Malaria," OIG presented on the critical role of oversight and accountability in the implementation of global health programs, based on our decades of experience overseeing USAID's malaria response.

- **International Gaza Support Center (IGSC) Israel.** OIG senior leadership met with various stakeholders involved in the implementation of U.S. funded humanitarian assistance in Gaza. The visit, which included a trip to the IGSC (formerly the Civil Military Coordination Center), provided valuable on the ground perspectives and informed OIG's understanding of the current operational challenges and risks to programming in the area. Our visit to Israel also included high-level meetings with senior Israeli officials related to oversight of U.S.-funded aid programs in Gaza, and a debrief on our ongoing oversight and investigative work with Ambassador Huckabee.
- **Board of Peace.** In meetings with Board of Peace officials, OIG senior leaders shared knowledge and insights from years of experience providing oversight of humanitarian assistance to Gaza, including ongoing concerns about implementer and staff vetting for ties to designated terrorist organizations.

Peer Reviews

Peer Reviews Conducted of OIG as of September 30, 2026

CIGIE requires OIGs to conduct and undergo periodic external peer reviews, and the Inspector General Act of 1978 requires the results of these peer reviews to be published in each Semiannual Report to Congress.

Audits, Inspections, and Evaluations

The Office of Audits, Inspections, and Evaluations underwent a peer review of its audit function in this reporting period for the three-year period ending September 20, 2025. The U.S. Department of Agriculture OIG conducted the peer review. OIG received an External Peer Review rating of "pass."

Peer Reviews Conducted by OIG as of September 30, 2026

We conducted peer reviews of the inspections and evaluations function at the Architect of the Capitol OIG for the period ending March 31, 2025; the Pension Benefit Guaranty Corporation OIG's Office of Investigations for the period ending September 30, 2024; and the General Services Administration OIG's Office of Audit for the period ending March 31, 2024. We had no recommendations, and all three organizations received an External Peer Review rating of "pass."

Whistleblower Protection

Ensuring individuals' rights to report wrongdoing without fear of reprisal is essential to our mission. Our work includes:

- Assessing, responding to, and, when warranted, investigating allegations of whistleblower retaliation.
- Advising on whistleblower retaliation protections afforded to those who report allegations of misconduct. We share this information through fraud awareness briefings, meetings with management and staff from the agencies we oversee and with grantees/contractors, and communications and presentations to internal and external stakeholders.
- As of September 30, 2026, OIG is reviewing and investigating 10 whistleblower complaints around the world. During the reporting period of April 1, 2026, through September 30, 2026, OIG received 3 new complaints and closed 14 complaints.

USAID OIG's Whistleblower Protection Coordinator

Our statutorily designated Whistleblower Protection Coordinator, located in the Office of General Counsel, conducts the following activities:

- Educates agency employees on their legal right to disclose fraud, waste, abuse, and other misconduct, free from reprisal.
- Delivers information and materials on whistleblower protections to USAID employees.
- Works with our Office of Investigations to ensure that employees of U.S.-funded awardees receive information on whistleblower rights and remedies.

We also provide information about whistleblower protection on our public website. For more information, contact our Whistleblower Protection Coordinator at oigombud@oig.usaid.gov.

Inspector General Act Reporting Requirements

The following page references information throughout the report as required by the Inspector General Act of 1978, as amended, and other requirements, for the reporting period April 1, 2026, through September 30, 2026. Requirements for which we have nothing to report this period are also noted in the table below.

Additional information regarding activity during the current period for reports and recommendations can be found in separate appendixes to this document. These appendixes are available on our website under https://oig.usaid.gov/our-work/semiannual-report. The appendixes provide information on audits, inspections, evaluations, and agile products (AIEA) and on non-Federal audits (NFA).

Appendixes

A. AIEA Reports and Recommendations Issued During Reporting Period (Including Management Decision Status)

B. NFA Reports and Recommendations Issued During Reporting Period (Including Management Decision Status)

C. AIEA Reports and Recommendations Issued Before Reporting Period Without Final Action (Including the Potential Costs Savings), as of September 30, 2026

D. NFA Reports and Recommendations Issued Before Reporting Period Without Final Action (Including the Potential Costs Savings), as of September 30, 2026

E. AIEA Reports and Recommendations Issued Before Reporting Period (With Management Decision During Reporting Period), as of September 30, 2026

F. NFA Reports and Recommendations Issued Before Reporting Period (With Management Decision During Reporting Period), as of September 30, 2026

Summary of Investigative Activities

April 1, 2026-September 30, 2026

Table 1. Investigative Workload

Action	Number
Investigations Opened	20
Investigations Closed	19
Investigative Reports Issued[1]	35

[1] This number includes all final reports of investigation, any interim reports referred for possible action, and any fraud alert or advisory issued as a result of investigative findings.

Table 2. Prosecutive Referrals and Actions

Action	Number
Persons Referred to DOJ[1]	4
Persons Referred to State or Local Prosecutors[2]	0
Criminal Indictments / Informations[3]	0
Arrests	4
No-Knock Warrants Served or No-Knock Entries Made[4]	0
Convictions	11

[1] This number includes all criminal and civil referrals to DOJ for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported represents referrals for both individuals and/or legal entities.

[2] This number includes all referrals to state or local prosecutorial bodies for a prosecutorial decision whether they were ultimately accepted or declined. The number reported represents referrals for both individuals and/or legal entities.

[3] The number of indictments reported include both sealed and unsealed.

[4] Section 10(c) of Executive Order 14074 states that Federal law enforcement agencies shall issue annual reports to the President—and post the reports publicly—setting forth the number of no-knock entries that occurred pursuant to judicial authorization; the number of no-knock entries that occurred pursuant to exigent circumstances; and disaggregated data by circumstances for no-knock entries in which a law enforcement officer or other person was injured in the course of a no-knock entry.

Table 3. Administrative Referrals and Actions

Action	Number
Number of Entities and Individuals Referred for Administrative Action	132
Suspensions or Debarments[1]	22
Personnel Resignation, Curtailment, Removal, Suspension, or Termination[2]	4
Award or Contract Suspension or Termination[3]	0
New Rule, Policy, or Procedure Based on Investigative Findings[4]	0

[1] Suspensions include the temporary disqualification of firms or individuals from receiving U.S. government awards. Debarments include proposed actions and actions taken by a debarring official to exclude a contractor or grantee, or individual from government contracting and assistance awards for a specified period.

[2] Includes terminations, resignations, and curtailments from assignments while under and/or in lieu of investigation and any adverse action based upon investigative findings to include security clearance suspension or revocation. This also includes both personal services contractors and institutional services contractors hired to directly support agencies OIG oversees. This does not include contractors or others working for third parties on agreements with the agencies we oversee.

[3] Terminations include instances in which a contract, grant, or cooperative agreement was terminated in response to OIG investigative findings. Contract or grant terminations are frequently accompanied by a financial recovery. Suspensions include instances in which ongoing, pending, and planned activities under a specific award are suspended based upon investigative findings until a prescribed remedial or administrative action is concluded.

[4] These include new procedures, rules, policies, agreement clauses, or regulations implemented by the responsible Federal agency to address systemic weaknesses revealed during an OIG investigation or other investigative work.

Table 4. Monetary Results

Action	Number
Criminal Fines, Restitutions, Recoveries, Penalties, Assessments, or Forfeitures[2]	$2,340,387
Civil Fines, Restitutions, Recoveries, Penalties, Damages, or Forfeitures	$160,000
Non-Judicial Restitutions, Recoveries, Forfeitures, Revocations, Seizures, or Settlements[1]	$0
Fraud Loss Prevented or Saved Based on Investigative Findings[3]	$0

[1] Includes funds that were already distributed and for which the agency formally issued a bill of collection or other recovery mechanism after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused; funds recovered as part of a settlement that did not require judicial intervention; and any funds or valued property forfeited as part of an investigation prior to judicial intervention.

[2] This includes any agreements (e.g., deferred prosecution agreements), regardless of inability to pay.

[3] Includes funds that were obligated, but not yet distributed, to be spent as part of an agency's award that were preserved and made available for better uses after an OIG investigation revealed evidence that those funds were vulnerable to fraud or waste; and funds that were not yet obligated and subsequently set aside and made available for other uses as a result of an OIG investigation.

Reporting Requirements and Location in This Report

Reporting requirements under the Inspector General Act of 1978, as amended.

Table 5. Reporting Requirements

Section	Action	Page in Report
§5(a)(1)	Significant problems, abuses, and deficiencies	Throughout this report
§5(a)(2)	Prior unimplemented recommendations	Appendixes C and D
§5(a)(3)	Significant investigations closed	Nothing to report
§5(a)(4)	Number of convictions	pp. 1, 13,39
§5(a)(5); 5(h)	Reports and recommendations issued during the reporting period	Appendixes A and B
§5(a)(6)	Management decisions made during the period on previously issued audits	Appendixes E and F
§5(a)(7)	Compliance with Federal Financial Management Improvement Act	Nothing to report
§5(a)(8)	Peer reviews conducted of USAID OIG	p. 37
§5(a)(9)	Peer review recommendations	p. 37
§5(a)(10)	Peer reviews conducted by USAID OIG	p. 37
§5(a)(11)	Statistical table of investigative reports and referrals	pp. 39–40
§5(a)(12)	Audit and investigative reporting metrics	pp. 42–43
§5(a)(13)	Substantiated misconduct of senior government employees	Nothing to report

Section	Action	Page in Report
§5(a)(14)	Instances of whistleblower retaliation	Nothing to report
§5(a)(15)	Interference with USAID OIG independence	Nothing to report
§5(a)(16)	Closed but undisclosed audits and investigations of senior government employees	Nothing to report

Table 6. Other Reporting Requirements

Other Reporting Requirements	Description	Page in Report
Significant Findings From Contract Audit Reports	The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, section 845) requires Inspectors General to submit information on contract audit reports, including grants and cooperative agreements, that contain significant audit findings in semiannual reports to Congress.	p. 30

Audit Terms and Investigative Metrics Defined

In the appendixes to this Semiannual Report to Congress, we present information on the status of recommendations from prior audit reports. We use several key terms to describe their status and how they can help the agencies we oversee save taxpayer dollars. Potential cost savings refer to dollar amounts identified in audit recommendations based on an examination of agency expenditures and referred to agency managers as either "questioned costs" or funds to be "put to better use." While some questioned costs are identified by independent public accountants, it is solely the prerogative of Agency managers to determine whether to allow or disallow such costs. Monetary recommendations are those that identify either questioned costs, such as unsupported or ineligible costs, or funds recommended to be put to better use. An agency decision, or management decision, to

sustain all or a portion of the total amount of a recommendation signals the agency's intent to recoup or reprogram the funds. Once agency managers make such a decision, we acknowledge the dollar amount the agency has agreed to recoup as the most accurate representation of dollars to be saved. These are known as sustained costs. When available, we reflect sustained costs in the appendixes, adding them to those monetary recommendations that have yet to receive a management decision. This results in an adjusted figure that most accurately reflects potential savings, shown as adjusted potential cost savings.

Audit Terms Defined

We use two terms to describe audit recommendations that can help save taxpayer dollars:

- **Questioned Costs.** Potentially unallowable costs due to reasons such as inadequate supporting documentation or an alleged violation of a law, regulation, or award term.
- **Funds for Better Use.** Funds that could be used more efficiently if management took actions to implement OIG recommendations.

Investigative Metrics

In the tables on pages 39-40, we present information on our investigative work and results for the reporting period. Metrics used in the tables are defined below:

- Fraud loss prevention refers to Federal funds that were obligated and because of an OIG investigation were set aside or deobligated and made available for other uses. This includes instances in which the awarding agency made substantial changes to the implementation of a project based on an OIG referral, whether the funds were awarded to a subsequent entity, or restructured another way.
- The number of investigative reports issued includes all final reports of investigation, any interim reports referred for possible action, and any fraud alert or advisory issued because of investigative findings.
- The number of persons referred to DOJ includes all criminal and civil referrals to DOJ for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported represents referrals for both individuals and legal entities.



U.S. Agency for International Development
Office of Inspector General