

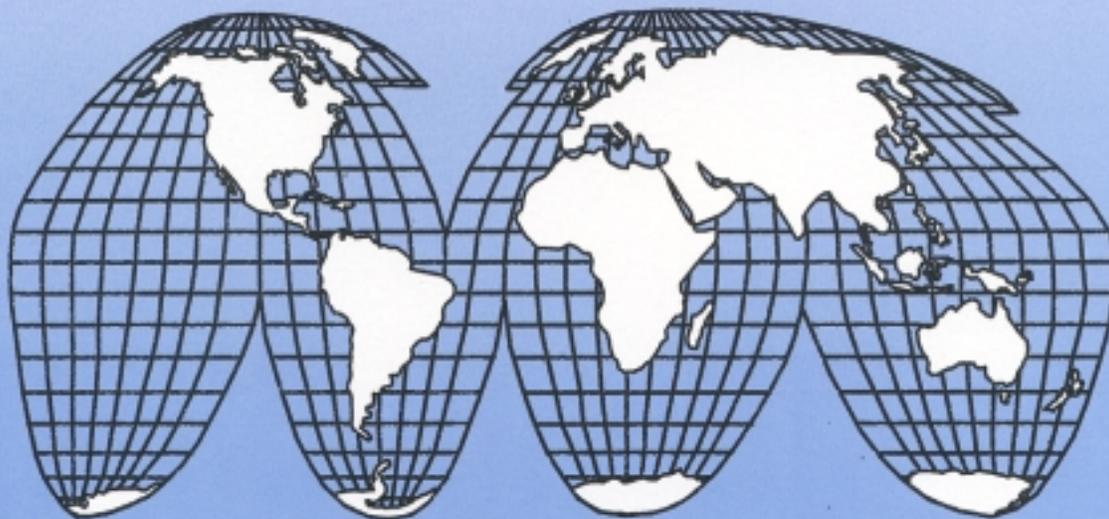
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID's Monitoring of Interagency Arrangements with the Department of State and Other Federal Agencies

Audit Report Number 9-000-01-006-P

September 28, 2001



**U.S. Agency for International Development
Washington, D.C.**



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 28, 2001

MEMORANDUM

FOR: A-AA/M, Richard C. Nygard
AA/PPC, Patrick Cronin
M/OP/OD, Mark S. Ward
M/CFO, Michael T. Smokovich
GC, John Gardner

FROM: AIG/A, Toby L. Jarman /s/

SUBJECT: Audit of USAID's Monitoring of Interagency
Arrangements with the Department of State and Other
Federal Agencies (Report No. 9-000-01-006-P)

This is our report on the subject audit. In finalizing the report, we considered your comments on the draft report. Those comments are included, in their entirety, as Appendix II.

This report includes six audit recommendations. The first five are procedural recommendations, all of which we consider to have received a management decision. Recommendation No. 6, which recommends that the Office of the Chief Financial Officer review \$30.5 million in advances made to other federal agencies under interagency agreements which have expired and either liquidate or recover those advances, is a monetary recommendation for which we have not received a management decision. Please inform us within 30 days of any actions planned or taken to implement this recommendation. Because this is a monetary recommendation, your comments should include a statement as to the amount, if any, of advanced funds that should be recovered.

I appreciate the cooperation and courtesy extended to my staff members during this audit.

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Summary of Results

Section 632(a) of the Foreign Assistance Act of 1961, as amended, allows USAID to transfer or allocate its appropriated funds to other federal agencies to support the purposes of the Act. Section 632(b) of the Act allows USAID to use its appropriated funds to acquire services and commodities from other federal agencies, also in support of the purposes of the Act. Through a variety of arrangements authorized by Sections 632(a) and 632(b), USAID transfers, allocates and disburses a significant percentage of its annual appropriation to other federal agencies, including the Department of State (DOS). (See page 7.)

The audit was designed to determine whether USAID had established adequate management controls for deciding on the use of interagency arrangements, received required financial and performance reports from the DOS, and effectively managed advances under Section 632(b) agreements. (See page 8.)

The principal findings in this audit included:

- USAID did not establish adequate guidance to help managers decide between the use of Section 632(a) allocations and transfers. (See pages 8 through 11.)
- USAID did not receive all the reports that the DOS was required to provide for Section 632(a) allocations and Section 632(b) interagency agreements. Also, the performance reports that the DOS did provide were not useful in helping USAID measure progress toward the anticipated results of Section 632(b) interagency agreements. (See pages 11 through 17.)
- USAID did not effectively manage the liquidation of advances given to the DOS and other federal agencies under Section 632(b) interagency agreements. USAID records showed that 60 interagency agreements that had expired prior to December 31, 2000 still had outstanding advances from USAID totaling \$30.5 million. (See pages 17 through 21.)

This audit report includes five procedural recommendations and one monetary recommendation to address the above problems. The monetary recommendation is that USAID liquidate or recover \$30.5 million in advances under 60 expired interagency agreements. (See pages 8 through 21.)

Management agreed with our findings and plans to implement all six recommendations. According to management, planned actions

for the five procedural recommendations entail revisions or additions to Chapter 306 of USAID's Automated Directives System, scheduled to be updated by September 30, 2002. Based on management's response, we consider all five procedural recommendations to have received a management decision.

Concerning the single monetary recommendation, management agreed to review advances for expired interagency agreements and liquidate or recover outstanding balances, but did not indicate a timeframe for accomplishing the review. Because this is a monetary recommendation, for which management has not yet determined a recoverable amount, we do not consider it to have received a management decision. (See pages 23 through 26.)

Background

Section 632(a) of the Foreign Assistance Act of 1961, as amended, stipulates that the President may allocate or transfer to any agency of the U. S. Government any part of any funds available for carrying out the purposes of the Act. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with the authority granted in the Act or under authority governing the activities of the agencies of the U.S. Government to which such funds are allocated or transferred. When USAID allocates or transfers funds to another federal agency under the authority of Section 632(a), the recipient agency is responsible for obligating the funds and is accountable for their use. The recipient agency is also required to provide financial reports to USAID on the status of obligations under allocations, but not for transfers.

During fiscal year 2000, USAID entered into 139 Section 632(a) allocation or transfer arrangements with the Department of State (DOS) totaling \$740.7 million. Those arrangements consisted of 26 allocations and 113 transfers with total values of \$352.5 million and \$388.2 million, respectively.

Section 632(b) of the Act, as amended, allows any officer of the U.S. Government carrying out functions under the Act to use the services of, or acquire commodities from, any agency of the U.S. Government. Under its Section 632(b) interagency agreements with the DOS, both USAID and the DOS have responsibilities regarding use of the funds. USAID's responsibilities include: (1) obligating the funds, (2) monitoring whether the DOS provides required financial and performance reports, (3) reimbursing the DOS for costs incurred under the agreements, and (4) determining whether activities funded through the interagency agreements are achieving their anticipated results. The DOS's responsibilities include: (1) complying with agreement conditions, (2) awarding contracts or grants to other organizations to implement agreed upon activities, and (3) monitoring these organizations to ensure that they comply with agreement terms, achieve their performance goals, and use funds for authorized purposes.

As of September 30, 2000, USAID had 19 active Section 632(b) interagency agreements with the DOS, with total obligations and expenditures of \$35.3 million and \$9.0 million, respectively.

Audit Objectives

As part of its fiscal year 2001 audit plan, the OIG's Performance Audits Division performed an audit to answer the following questions:

- Did USAID establish adequate management controls for deciding on the use of Section 632(a) and Section 632(b) arrangements?
- Did the Department of State provide financial and performance reports to USAID as required under Section 632(a) allocations and Section 632(b) interagency agreements and were the reports useful to USAID to manage its programs?
- Did USAID effectively manage advances under Section 632(b) interagency agreements?

Appendix I describes the audit's scope and methodology.

Audit Findings**Did USAID establish adequate management controls for deciding on the use of Section 632(a) and Section 632(b) arrangements?**

Although management controls for deciding on the use of Section 632(b) interagency agreements appeared to be adequate, USAID did not establish adequate management controls for deciding on the use of Section 632(a) allocations and transfers.

USAID has issued several documents setting forth policies and procedures for deciding on the use of Section 632(b) interagency agreements. For example, an October 1996 memorandum on the subject, "Revised Delegation of Authority for Interagency Agreements under FAA [Foreign Assistance Act] Section 632(b) and Use Standards," provided specific examples of requirements for using Section 632(b) interagency agreements.

However, as discussed below, we believe that USAID should establish better management controls to help managers decide whether, and which type of, Section 632(a) arrangements would be appropriate.

Need for Better Guidance for Deciding on the Use of Section 632(a) Allocations and Transfers

Contrary to federal requirements, USAID had not established clear guidance and criteria to help its managers decide whether to use Section 632(a) allocations or transfers. The lack of well-communicated, centralized guidance for deciding on the use of Section 632(a) allocations and transfers has resulted in inconsistent practices and confusion among managers.

Section 632(a) of the Foreign Assistance Act of 1961 (Act), as amended, stipulates that the President may transfer or allocate to any agency of the U.S. Government any part of any funds available for carrying out the purposes of the Act. Although the Act does not provide guidance to help managers decide when to use these arrangements, or which arrangement would be preferable, other federal laws and regulations require agencies to develop and document such guidance. For example, the General Accounting Office's "Standards for Internal Controls in the Federal Government," revised November 1999, and the Office of Management and Budget's Circular A-123, "Management Accountability and Control," revised June 1995, require that management controls and all transactions and other significant events be clearly documented.

USAID had not established comprehensive or centralized policies and procedures to help managers decide when to use Section 632(a) arrangements. As a result, USAID managers were using different or no guidance in making such decisions. As shown below, officials in four USAID/Washington bureaus provided varying answers as to the Agency's policies and procedures for deciding on the use of Section 632(a) allocations or transfers.

- Officials representing the Office of Budget in the Bureau for Management and the Bureau for Asia and the Near East were unaware of any documented USAID policies.
- Officials from the Latin America and Caribbean Bureau identified several documents including the following:

ADS 306, "Interagency Agreements," revised May 4, 2000;
and

USAID Program Guidance 94-03, "Administrative
Guidance for Implementing a Part of the [Operating Year

Budget] by Allocating Funds to Another U.S. Government Agency under Section 632(a) of the Foreign Assistance Act of 1961, as Amended," dated May 16, 1994.

- Officials from the Bureau for Europe and Eurasia identified two documents:

ADS 200 Series, "Internal Mandatory Reference" on Sections 632(a) and 632(b) Memoranda of Understanding and Interagency Agreements, revised in September 2000; and

a document entitled, "Comparison of Key Elements of Sections 632(a) and 632(b) Agreements," dated December 5, 1996, which the officials said was prepared by the General Counsel for the Bureau at that time.

Although the documents cited above provided some guidance for administering Section 632(a) allocations and transfers, they were not easily accessible from a central source and did not provide clear criteria to help managers in deciding between use of Section 632(a) allocations or transfers.

USAID officials said that the DOS generally decided whether USAID would transfer or allocate funds to the DOS and that there was no formal USAID requirement that the reasons for these decisions be justified or documented. For example, officials from the E&E Bureau said that the decision to use a transfer or allocation in some cases depended on the ability of the recipient agency to account for funds and report directly to the U.S. Department of Treasury.¹

USAID officials also said that they, OMB, and the DOS were considering using "direct apportionment" in lieu of Section 632(a) allocations and transfers from USAID to the DOS in some cases. Under the direct apportionment process, once USAID and the DOS have determined the amount of funds needed to support DOS objectives, the funds would be directly apportioned to the DOS. The extent to which this alternative process would be used was not known at the time of the audit. In January 2001, OMB sent a memorandum to USAID and the DOS stating that, at the end of

¹ E&E officials indicated that they had an informal agreed-upon practice with the DOS regarding whether to use an allocation or a transfer for Section 632(a) arrangements. If DOS has the appropriate account into which funds can be transferred, then a transfer is used. If DOS does not have an appropriate account, then an allocation is used.

fiscal year 2001, it would assess how well the direct apportionment process worked. If USAID plans to use this alternative interagency funding mechanism, instructions and criteria regarding its use should also be included in the guidance for Section 632(a) allocations and transfers.

In conclusion, USAID needs to improve its management controls for deciding on the use of Section 632(a) allocations and transfers by developing clearer guidance and making that guidance easily accessible from a centralized source.

Recommendation No. 1: We recommend that the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination and the Office of General Counsel, develop clear and centralized guidance for deciding on the use of Section 632(a) allocations and transfers.

Did the Department of State provide financial and performance reports to USAID as required under Section 632(a) allocations and Section 632(b) interagency agreements and were the reports useful to USAID to manage its programs?

The DOS did not provide all financial and performance reports required under its Section 632(a) allocations and Section 632(b) interagency agreements with USAID, and the performance reports provided did not include information needed to assess progress.

As explained below, we believe that USAID needs to:

- develop and document procedures to be followed when recipient agencies do not provide reports required for Section 632(a) allocations and Section 632(b) interagency agreements and
- develop better work statements and reporting requirements so that it can measure progress toward achievement of anticipated results under Section 632(b) agreements.

Need to Develop and Document Procedures for Obtaining Financial Reports for Section 632(a) Allocations

The DOS did not provide the financial reports required by the terms of its Section 632(a) allocations with USAID. This occurred, in part, because USAID had not issued guidance alerting managers to the fact that reports were required or advising them how to proceed when recipient agencies do not submit required reports. In addition, allocation agreements may contain outdated reporting requirements.

We reviewed five Section 632(a) allocations (valued at \$154.4 million as of September 30, 2000) between USAID and DOS. In each case, a Memorandum of Agreement (MOA) had been prepared that required DOS to provide financial reports to USAID. Two of the MOAs required the DOS to report, to the USAID Office of Financial Management, on these funds "... in accordance with regular procedures on reporting on International Organizations and Program Funds." The remaining three MOAs required the DOS to provide USAID with the following reports:

- Quarterly Report on Budget Execution (Standard Form 133), in accordance with Office of Management and Budget (OMB) Circular A-34 and Bulletin 94-02, and a fiscal year-end certification report; and
- A monthly summary of obligations by completing **only** line 8 (obligation incurred) of Standard Form 133.

According to USAID officials, the DOS did not submit a Standard Form 133 or a fiscal year-end certification report for any allocations made in fiscal year 2000. The officials said that there are no formal USAID policies and procedures on (1) what reports are required for recipients of Section 632(a) allocations or (2) how to help ensure that required reports are submitted by recipient agencies. Further, the officials indicated that they do not need the DOS to submit the Standard Form 133 because the requirement is outdated.

The officials also said that they did not know what type of reports were specifically required in reference to (1) the "regular procedures on reporting on International Organizations and Program Funds" and (2) OMB Bulletin 94-02. The officials noted that the DOS does submit monthly "AID Flash Obligations" reports that identify allotments and obligations by appropriation, but not by individual allocation. The officials said that Section

632(a) allocations do not show up on USAID's financial statements and there is no need for USAID to have information on expenditures under the allocations.

In conclusion, USAID does not have documented management controls that identify the specific reports required under Section 632(a) allocations and help ensure that recipient agencies provide these reports.

Recommendation No. 2: We recommend that the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination, the Office of the Chief Financial Officer, and the Office of General Counsel, establish policies and procedures that identify the specific reports required under Section 632(a) allocations. The policies and procedures should be designed to enforce the requirement that recipient agencies provide the required reports.

Need for Follow-up Procedures for Section 632(b) Agreements

The DOS did not provide the financial and performance reports required by its Section 632(b) agreements with USAID and in accordance with management control requirements set forth in OMB Circular A-123. This occurred, in part, because USAID had not issued guidance assigning responsibility for obtaining the reports and advising responsible officials how to proceed when recipient agencies do not submit required reports. Untimely reporting impaired USAID's ability to monitor progress in achieving the anticipated results and to accurately report the status of expenditures under the agreements.

OMB Circular A-123, "Management Accountability and Control," revised as of June 21, 1995, requires agencies and individual federal managers to develop and implement appropriate management controls to reasonably ensure that government resources are used efficiently and effectively to achieve intended program results.

Each of the four Section 632(b) interagency agreements we reviewed required the DOS to provide periodic financial and performance reports and other documents to USAID. However, the DOS did not provide the documents as required. For example:

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- The DOS did not submit any of the required quarterly reports for a Section 632(b) interagency agreement awarded in July 1999 (with obligations of \$9.7 million). As a result, USAID's accounting records did not show any expenditures under this agreement as of May 2001.
 - The DOS did not provide USAID with a work plan, which was due in October 2000, until June 2001. USAID approval of the work plan was prerequisite to the implementation of planned activities under the agreement that had obligations of \$1.5 million.

USAID did not enforce the terms of its agreements with the DOS for several reasons. The most important appeared to be the absence of clear guidance for monitoring and follow-up responsibilities in ADS 306, "Interagency Agreements." For example:

- Although ADS 306 states that the USAID technical officer is responsible for overseeing all technical matters with the participating (recipient) agency, monitoring the effectiveness of services being provided, and keeping management advised of any problems or need for changes, the ADS does not describe these actions, problems, or changes. It also does not advise the technical officer to notify the agreement officer when a recipient agency has not provided required reports in a timely manner or when an agreement should be amended.
- ADS 306 states that (1) technical officers must review and administratively approve billings from recipient agencies and (2) the paying office shall receive billings, forward them to the technical officer for administrative approval, and process payments. However, it does not prescribe responsibilities and procedures to be followed if the recipient agency does not submit the required financial reports when due.

Although inadequate guidance was a contributing factor, in some cases, the responsible USAID officials simply did not believe the reporting requirements were important. For example, program officials responsible for two agreements requiring quarterly performance reports stated that this requirement placed an unacceptable reporting and paperwork burden upon the organizations to which the DOS had awarded contracts or grants. However, the interagency agreements were not amended to change the reporting requirements.

The lack of timely reporting by the DOS under Section 632(b) agreements impaired USAID's ability to monitor progress in achieving anticipated results and to accurately report the status of expenditures under the agreements, as required. Therefore, USAID needs to establish better management controls to help ensure that recipient agencies provide financial and performance reports required under interagency agreements. These controls should emphasize the respective responsibilities of the technical and paying offices.

Recommendation No. 3: We recommend that the Office of Procurement, in cooperation with the Office of the Chief Financial Officer, clearly identify the responsibilities of USAID technical and paying offices to enforce provisions that recipient agencies provide performance and financial reports required under Section 632(b) interagency agreements.

Need for Better Work Statements and Performance Reports

Contrary to federal requirements designed to ensure that government resources are used efficiently and effectively to achieve intended program results, USAID did not ensure that work statements and performance reports for activities funded through Section 632(b) interagency agreements clearly described anticipated and actual results. This occurred, in part, because responsible officials were unaware of relevant USAID guidance. As a result, they and others had limited ability to objectively monitor the progress of activities funded through these agreements.

OMB Circular A-123, "Management Accountability and Control," revised as of June 21, 1995, requires agencies and individual federal managers to develop and implement appropriate management controls to reasonably ensure that government resources are used efficiently and effectively to achieve intended program results.

The ADS 203.3.3 requires operating units to conduct portfolio reviews that cover such issues as sufficiency of inputs, significant differences between planned and actual expenditures, and status of implementation. ADS 202.3.4 requires that outputs be specifically described in Statements of Work and grant agreement program descriptions.

The work statements in the four agreements reviewed did not contain well-defined targets and timeframes to measure progress, even though USAID had already paid approximately \$3.3 million under these agreements. None of the agreements reviewed required the performance reports to compare actual results against what was anticipated for the reporting period. In fact, the reporting requirements in the agreements were so vague that any type of performance report provided by DOS could be considered as meeting the reporting requirements.

For example, the purpose of one agreement (with obligations of \$9.7 million) was to establish partnerships between African and U.S. educational institutions, with goals of improving the participation of girls and women throughout the educational system and more broadly in democracy building. The work statement did not identify specific results to be achieved such as the percentage of girls completing a certain grade level or even how many girls and women were expected to be trained.

Inadequate work statements and performance reports can be attributed to several causes, including the following:

- USAID policies and procedures specifically covering Section 632(b) interagency agreements did not specify that agreements (1) include work statements that clearly defined anticipated results (targets and time frames) to be achieved and (2) require the recipient agency to provide USAID with performance reports that compare actual results against those anticipated.
- USAID officials were not aware of, or did not follow, general USAID policies and procedures for planning and monitoring activities, including those funded through Section 632(b) agreements.

In conclusion, the lack of adequate work statements/work plans and progress reports for Section 632(b) interagency agreements impaired USAID's ability to objectively monitor performance toward accomplishing the agreements' objectives and, in turn, its ability to ensure that USAID funds were efficiently and effectively spent. Therefore, we believe that USAID needs to take action to ensure that well defined work statements, including targets and timeframes, are included in interagency agreements—or work plans for current interagency agreements. It also needs to ensure that recipient agencies report on their progress in achieving those benchmarks.

Recommendation No 4: We recommend that the Office of Procurement, in cooperation with the Bureau for Policy and Program Coordination and the Office of General Counsel, establish requirements that Section 632(b) interagency agreements include well-defined work statements with targets and timeframes for anticipated results; and establish standard provisions for periodic performance reports that identify progress in achieving targets and time frames.

Did USAID effectively manage advances under Section 632(b) interagency agreements?

USAID did not effectively manage advances under Section 632(b) interagency agreements with the DOS, or with other federal agencies. As discussed below, USAID needs to establish better management controls to liquidate advances made under these agreements.

Need for Better Management Controls to Liquidate Advances under Expired Interagency Agreements

USAID policy allows for the provision of advances to other federal agencies that have entered into Section 632(b) interagency agreements with USAID. As of February 28, 2001, USAID records showed that advances totaling \$71.6 million under such agreements were outstanding. Of this amount, \$30.5 million was associated with 60 interagency agreements that had expired prior to December 31, 2000. Expired agreements still had outstanding advances largely because procedures requiring liquidation of outstanding advances were inadequate and because managers did not follow existing procedures for closing out interagency agreements. Delays in recovering funds that recipient agencies no longer needed for agreed-upon purposes precluded the use of those funds for other program priorities.

USAID policies and procedures for providing advances under interagency agreements, the liquidation of advances, and the close-out of interagency agreements are set out in two documents. The first is included in USAID's Automated Directives System (ADS) as an "Internal Mandatory Reference" to Chapter 200, "Introduction to Managing for Results." The second is a USAID General Notice issued in February 2000.

The Mandatory Reference document states that, under Section 632(b) interagency agreements,

- USAID will provide funds to a recipient agency on an advance reimbursement basis; and
- nine months after the completion date of the agreement USAID may unilaterally deobligate funds that have not been disbursed and for which USAID has not received reimbursement requests.

The second source for policies and procedures is a February 2000 USAID General Notice that was issued in response to an OIG audit.² The report noted a significant number of expired interagency agreements needing close-out. The notice, which was not included in the ADS as planned, stated that interagency agreements should be closed out expeditiously after the physical completion of the activity involved. Agreement officers (or other designated officials) were instructed to:

- obtain from the USAID paying office a statement that certifies that final payment documents have been submitted and details the total amount obligated, the total amount expended, and the total amount remaining as unliquidated;
- obtain a statement from the recipient agency that it had submitted all required financial reports to the USAID paying office;
- ascertain that outstanding claims for the unliquidated amount are valid and deobligate any excess unliquidated funds after receiving the requested information; and
- determine on the basis of best available information the amount of funds considered to be excess and take action to deobligate them, if the participating agency does not provide the requested information within 30 days.

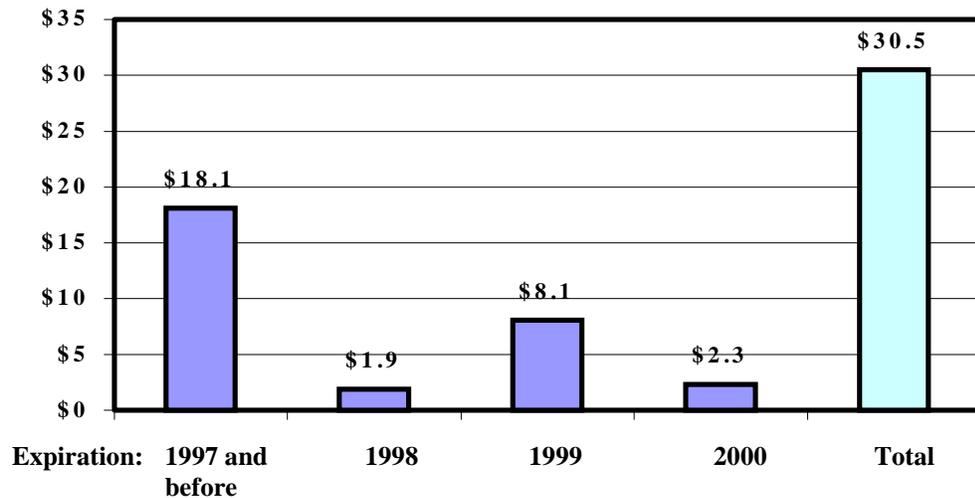
Despite instructions in the General Notice that encouraged prompt close-out of interagency agreements, a report provided by USAID's Office of Financial Management (M/FM) showed nine agreements with the DOS that had expired as of December 31, 2000, with outstanding advances totaling \$6.2 million. The report also indicated that the problem of outstanding advances under

² Audit Report No. 9-000-99-007-P, dated April 15, 1999.

expired agreements was not restricted to USAID's interagency agreements with the DOS. It identified outstanding advances for 60 expired interagency agreements (including those with the DOS) totaling \$30.5 million (see graph below).

Outstanding Advances³ under Expired Section 632(b) Interagency Agreements with Other Federal Agencies by Calendar Year in which they Expired

(In \$ millions)



Untimely close-out of expired agreements was the result of several factors, several of which were interrelated. In some cases, USAID did not initiate timely follow-up with the recipient agency. In other cases, the recipient agency did not respond. Examples include the following:

- One interagency agreement with the DOS expired in September 1994 with an outstanding advance of \$491,815. M/FM had not followed-up on the status of the outstanding advance since October 1999.
- One interagency agreement with the U.S. Information Agency (now part of the DOS) expired in December 1999 with an outstanding advance of \$5.0 million. M/FM had not followed-up on the status of the outstanding advance.
- One interagency agreement with the Department of Treasury expired in December 1996 with an outstanding advance of \$4.3

³ Advance balances (unaudited) were as of February 28, 2001.

million. M/FM had not followed-up with the Department of Treasury since September 1999.

- The Office of Procurement in the USAID Bureau for Management (M/OP) was responsible for closing out three agreements that expired with outstanding advances. M/OP sent out appropriate close-out letters, but did not receive responses for two agreements that had expired in March 1993 and September 1993, respectively. Because its files on the third agreement had been destroyed, M/OP was unable to explain why that agreement, which expired in July 1992 and which M/OP believed had been closed in November 1998 after an unliquidated balance of \$5,088 had been deobligated, was still shown in M/FM records with a outstanding balance of \$5,088.

The prevalence and age of these outstanding advances indicate that USAID's policies and procedures for achieving timely liquidation and close-out of advances under expired interagency agreements need to be clarified. For example, the General Notice, issued in February 2000, states that if a participating agency does not respond to a request for missing financial reports within 30 days, the USAID agreement officer should decide, using the best available information, the amount of excess unliquidated funds that should be deobligated. However, the Notice does not describe the documentation that would be required to make such a determination, nor does it establish a timeframe for deobligating advanced funds that are no longer needed.

Delays in accounting for and recovering unneeded advances under Section 632(b) interagency agreements could preclude the use of funds no longer needed for their original purpose from being used for other activities.

In conclusion, USAID needs to establish and document policies and procedures for the timely accounting of outstanding advances under interagency agreements. USAID also needs to obtain an accurate accounting of outstanding advances—especially for agreements that have already expired—and recover and deobligate advances that are no longer needed.

Recommendation No. 5: We recommend that the Office of Procurement, in coordination with the Office of the Chief Financial Officer, establish and document policies and procedures which include timeframes for

**recovering outstanding advances under expired
Section 632(b) interagency agreements.**

**Recommendation No. 6: We recommend that the
Office of the Chief Financial Officer review
advances made to other federal agencies under the
60 expired interagency agreements identified in
Appendix IV of this report and either liquidate or
recover the reported \$30.5 million in outstanding
balances.**

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Management Comments and Our Evaluation

In its written response to the draft audit report (included in its entirety as Appendix II), USAID management indicated that it concurred with the majority of our findings, conclusions, and recommendations. For the portions of the draft report with which management did not concur, it provided justification for its non-concurrence. Management also suggested some changes and corrections to the draft report, most of which we have incorporated into the final report. Following is a discussion of management's comments and our evaluation.

Overall

Management disagreed with the order in which the findings were presented in the draft report and suggested that the title of the report be changed to reflect the fact that a portion of the audit had been expanded to include interagency agreements with other federal agencies, as well as with the Department of State (DOS). Management also proposed that the audit recommendations be addressed to different USAID offices or bureaus than to those originally addressed and that seven closely related audit recommendations be consolidated into one single recommendation. As a result of management's suggestions we have reordered the findings, changed the title of the report, modified the action office for each recommendation, and reduced the total number of audit recommendations from 13 to 6. Consequently, the presentation of findings and recommendations in the final report differs substantially from that of the draft report and the page numbers cited in management's comments can no longer be used as a guide to finding the relevant discussion in the final report.

The order of the following discussions is based on their order in the draft report and management's comments to that draft report.

Did USAID effectively manage advances under Section 632(b) interagency agreements?

Under the section of the draft report dealing with advances under Section 632(b) interagency agreements, management indicated that it generally agreed with our finding. However, it did not agree that outstanding advances from agreements expiring in 2001 or later should be included in the finding. Based on management's comments, we modified this finding to include only those agreements that had expired prior to 2001. We also reordered the findings in the report so that this section is now presented last.

Draft Report Recommendation No. 1 (Final Report Recommendation No. 5)

Management concurred with this recommendation and indicated that it would establish and document policies and procedures in the next update of Automated Directives System (ADS) 306, by September 30, 2002. Management proposed that the recommendation be addressed to the Office of Procurement, in coordination with the Office of the Chief Financial Officer, rather than the Bureau for Management. We have changed the action office, as proposed, and consider this recommendation to have received a management decision.

Draft Report Recommendation Nos. 2-8 (Final Report Recommendation No. 6)

Management proposed that these seven recommendations be consolidated into a single recommendation addressed to the Office of the Chief Financial Officer, rather than to individual bureaus. Management also indicated that five of the expired agreements in Appendix IV were listed under the wrong bureau. We have consolidated the seven recommendations into one single recommendation addressed to the Office of the Chief Financial Officer. Because this is a monetary recommendation, for which management has not yet determined a recoverable amount, we do not consider it to have received a management decision.

Did USAID establish adequate management controls for deciding on the use of Section 632(a) and Section 632(b) arrangements?

Management agreed that the lack of well-communicated and centralized guidance was a problem and stated that it was already in the process of developing additional centralized guidance to address the issues noted in the draft report. However, management requested that the final report indicate more clearly that, while some guidance was available, it was not adequate to help managers decide when to use Section 632(a) arrangements. Management also disagreed with several basic parts of the findings based on legal interpretations of related laws. For example, management posited that USAID is not legally required to (1) include completion dates or instructions for the disposition of unneeded funds in allocation agreements or (2) document a decision as to why a Section 632(a) funding arrangement was selected for use. Finally, management did not believe that there was a legal

requirement that funds allocated to other federal agencies had to support USAID goals and objectives. We have deleted this section of the report.

Draft Report Recommendation No. 9 (deleted from Final Report)

Draft Report Recommendation No. 10 (Final Report Recommendation No. 1)

Although management indicated that it has already prepared a model allocation agreement that is currently available in the ADS, it concurred with this recommendation and stated that further guidance would be provided in the upcoming revision of ADS 306, by September 30, 2002. Management proposed that the action office be changed from the Bureau for Management to the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination and the Office of General Counsel. We have changed the action office, as proposed, and consider this recommendation to have received a management decision.

Did the Department of State provide financial and performance reports to USAID as required under Section 632(a) allocations and Section 632(b) interagency agreements and were the reports useful to USAID to manage its programs?

Draft Report Recommendation No. 11 (Final Report Recommendation No. 2)

Management concurred with this recommendation and indicated that it would develop applicable policies and procedures in the next update of ADS 306, by September 30, 2002. Management proposed that the action office be changed from the Office of Financial Management to the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination, the Office of the Chief Financial Officer and the Office of General Counsel. We have changed the action office, as proposed, and consider this recommendation to have received a management decision.

Draft Report Recommendation No. 12 (Final Report Recommendation No. 3)

Management concurred with this recommendation and indicated that it would clearly identify the responsibilities, as recommended, in the next update of ADS 306, by September 30, 2002.

Management proposed that the action office be changed from the Bureau for Management to the Office of Procurement, in coordination with the Office of the Chief Financial Officer. We have changed the action office, as proposed, and consider this recommendation to have received a management decision.

Draft Report Recommendation No. 13 (Final Report Recommendation No. 4)

Management concurred with this recommendation and indicated that it would establish the recommended requirements in the next update of ADS 306, by September 30, 2002. Management proposed that the action office be changed from the Bureau for Management to the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination and the Office of General Counsel. We have changed the action office, as proposed, and consider this recommendation to have received a management decision.

Scope and Methodology**Scope**

The USAID Office of Inspector General, Performance Audits Division performed an audit, in accordance with generally accepted government auditing standards, to determine the following:

- Did USAID establish management controls for deciding on the use of Section 632(a) and Section 632(b) arrangements?
- Did the Department of State provide financial and performance reports to USAID as required under Section 632(a) allocations and Section 632(b) interagency agreements and were the reports useful to USAID to manage its programs?
- Did USAID effectively manage advances under Section 632(b) interagency agreements?

The audit covered Section 632(a) allocation and transfer arrangements issued to the Department of State in fiscal year 2000 and Section 632(b) interagency agreements that were active as of September 30, 2000. This universe included: 26 Section 632(a) allocations valued at \$352.5 million, 113 Section 632(a) transfers valued at \$388.2 million, and 19 Section 632(b) agreements with total obligations and expenditures of \$35.3 million and \$9.0 million respectively.

After reviewing the number of expired Section 632(b) agreements between USAID and the Department of State, we found that a number of them still had outstanding advances from USAID. We decided to expand the scope of this portion of the audit to include expired agreements with other federal agencies, as well as the Department of State. The universe of all USAID Section 632(b) agreements that had expired prior to January 1, 2001, and still had outstanding advances, included 60 agreements with several different federal agencies. The total balance of outstanding advances under such agreements, as of February 28, 2001, was \$30.5 million.

The audit was conducted at USAID/Washington from April through September 2001.

To accomplish the audit's objectives, we reviewed applicable federal laws and regulations as well as other management controls at USAID/Washington to obtain a sufficient understanding of the

relevant management control policies and procedures. Examples include:

- Section 632(a) and Section 632(b) of the Foreign Assistance Act of 1961 (as amended);
- OMB Circular A-123, "Management Accountability and Controls";
- "Standards for Internal Controls in the Federal Government" issued by the Comptroller General of the United States;
- OMB Circular A-34, "Instructions on Budget Execution"; and
- USAID Automatic Directives System 200 Series, "Managing for Results," and 306, "Interagency Agreements."

However, we did not assess the reliability of data provided by USAID officials regarding the number and values of Section 632(a) allocation and transfers and Section 632(b) interagency agreements or the number and amounts of outstanding advances under interagency agreements. We did not contact DOS officials to determine the reasons for directing or requesting USAID to provide Section 632(a) allocations or transfers. We also did not contact DOS officials to determine whether they had actually provided the performance and financial reports that could not be located by USAID officials. In each case, we relied on records and statements provided us by USAID/Washington officials.

Methodology

Based on records provided by USAID/Washington's Office of Financial Management, we judgmentally selected seven Section 632(a) allocations and transfers to the DOS (valued at \$222.2 million), from a universe of 139 Section 632(a) allocations and transfers (valued at \$740.7 million) that were made in fiscal year 2000. The allocations and transfers selected were authorized by several USAID bureaus.

Based on records provided by USAID/Washington's Office of Procurement officials, we also judgmentally selected four active Section 632(b) interagency agreements with total obligations of \$15.8 million, from a reported universe of 19 agreements with the Department of State, with total obligations of \$35.3 million (as of September 30, 2000). Thus, obligations for the agreements selected

represented 45 percent of the total obligations for such agreements with the DOS.

We reviewed copies of the Section 632(a) transfer and allocation documents and the Section 632(b) interagency agreements. We reviewed performance and financial reports submitted by the DOS under these agreements and compared them to the reporting requirements in the applicable agreement. In addition, we reviewed other documents provided to us that related to the audit objectives. We discussed all documents, guidance, and our findings and recommendations with USAID officials. We reviewed previous audit reports issued by the USAID Office of Inspector General that related to our audit objectives.

After reviewing USAID's controls for managing outstanding advances under interagency agreements with the DOS, we expanded the audit scope to include advances made to other federal agencies because it appeared that the problems we noted were systemic. For example, the lack of written USAID policies and procedures for accounting for and recouping outstanding advances under expired agreements would be applicable to all interagency agreements.

Because the audit primarily focused on the adequacy of USAID policies and procedures, a materiality threshold for compliance was not relevant for the audit objectives.

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Management Comments



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 25, 2001

MEMORANDUM

TO: AIG/A, Toby L. Jarman

FROM: Acting AA/M, Richard C. Nygard /s/

SUBJECT: Draft Report on the Audit of USAID's Monitoring of Interagency Arrangements with the Department of State

Thank you for the opportunity to respond to the subject draft report. The following comments were collected from the addressees of the draft report and consolidated into one USAID response. Our comments are provided within the context of the appropriate section of the report.

Summary of Results

We have had several conversations with the audit staff regarding the scope changes during this audit, and how the scope and findings are reflected in the draft audit report. Specifically, the original scope was limited to agreements with the Department of State, and was later expanded to include the management of advances under 632(b) agreements with other federal agencies. The draft report reflects the issue of management of advances first, as if it is the most significant finding from the audit. We feel that the issues in the areas of proper policies, procedures, guidance and reporting are the most significant findings of this audit, and improvements in these areas will lead to more effective management of all agreements. Since the scope was expanded beyond Interagency Agreements with State, the title of the report should be changed.

On page 3, please make the following changes:

Second bullet – substitute “did not adequately communicate” for “had not established”.

Last paragraph - substitute the word "address" for the word "correct".

Did USAID effectively manage advances under Section 632(b) interagency agreements with the DOS?

We generally agree with your finding that advances under Section 632(b) agreements should be more effectively managed. However, we do not agree that outstanding advances from 632(b) agreements expiring in 2001 or later should be included in this universe. Appendix IV details and asks us to address only the advances from 60 agreements totaling \$30.5 million with expiration dates prior to 2001. However, your narrative of the issue and your bar graph on page 7 reflect a universe of 81 agreements totaling \$71.6 million.

1300 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20523

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Recommendation 1:

The draft report proposes the following recommendation:

"We recommend that USAID Bureau for Management establish and document policies and procedures which include timeframes for recovering outstanding advances under expired interagency agreements."

USAID proposes the following recommendation:

We recommend that the Office of Procurement, in coordination with the Office of the Chief Financial Officer, establish and document policies and procedures which include timeframes for recovering outstanding advances under expired 632(b) interagency agreements.

Management Decision: We concur with this recommendation and will establish and document the policies and procedures for recovering outstanding advances under expired 632(b) interagency agreements in the next update of ADS 306. We expect to have ADS 306 updated by September 30, 2002.

Recommendations 2 - 8 and Appendix IV:

Recommendations 2 - 8 require that the regional bureaus deobligate any of the outstanding advances no longer needed from the agreements identified in Appendix IV. The Office of the Chief Financial Officer (M/CFO) is responsible for making the advances, posting payments to liquidate the advances, and following up on the outstanding advances. Deobligation cannot occur on the portion of the obligation that has an outstanding advance. The bureaus cannot take action on these recommendations as they are currently presented. We propose that you eliminate recommendations 2-8 and substitute a single recommendation assigned to M/CFO to take action on these advances. USAID proposes the following:

We recommend that the Office of the Chief Financial Officer review the outstanding advances identified in Appendix IV, and take action to liquidate or recover those amounts.

We do not feel that additional recommendations should be made at this time to examine whether it is possible to deobligate additional funds from these agreements. As mentioned above, it is not practical for the bureaus to identify amounts for deobligation until the work on the advances is complete. Also, there has been great improvement over the last few years in USAID's management of obligations, and deobligation of excessive amounts. For example, of the \$30.5 million in outstanding advances noted, \$26.6 million (87%) comes from agreements managed by the E&E Bureau. Our review of these indicates that only two of 37 obligations with outstanding advances have excess funds that could be deobligated. This amounts to only \$213,000 and is already on the bureau's list of pending deobligations.

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Some of the agreements in Appendix IV are listed under the wrong Bureau. Specifically, on the M Bureau list, only item six, Naval Command Control, is managed by the M Bureau. Items three and five, both Library of Congress, belong to PPC; and items one, two and four, Judicial Conference of the US, National Science Foundation, and Department of Agriculture, are the responsibility of the G Bureau. Also, item one, Judicial Conference of the US, has a completion date of March 2004, not March 1997. It should be removed from Appendix IV.

Did USAID establish management controls for deciding on the use of Sections 632(a) and (b) arrangements?

The draft report indicates that management controls for the use of 632(b) agreements appear to be adequate, but information does not exist that would help managers decide whether, and which type of, 632(a) arrangement would be appropriate. In previous discussions with the auditors it was established and agreed that the report should indicate that some guidance on 632(a) agreements is available. Although we believe this guidance must be improved, no significant adverse consequences occurred because of any deficiencies in the guidance. The current draft does not reflect this. We believe that the lack of well-communicated, centralized guidance is an issue, and we are already in the process of developing additional guidance to address the issues noted in this audit report, especially with respect to 632(a) agreements. Also, as much as possible, we plan to centralize the guidance on both 632(a) and (b) agreements in ADS 306.

Page 11 states: "Furthermore, allocation arrangements did not state how the Department of State (DOS) should dispose of funds that might not be needed to complete the planned activity." It should be noted that allocation arrangements do not, as a practical matter, need to state how the Department of State should dispose of funds that it might not need for a planned activity because the Department of State is required by law to use the funds to "[carry] out the purposes of [the Foreign Assistance Act of 1961, as amended ('FAA')]." If funds allocated to the Department of State are not obligated for such purposes by the end of period of availability, they must be returned to the U.S. Treasury. We will consider whether guidance is needed to specifically inform the Department of State on how its must dispose of unneeded funds. The comments in this paragraph also apply to the text at the top of page 13 and at the top of page 14.

Page 11 also states: "These conditions occurred in part because USAID does not believe that is has decision-making authority for Section 632(a) arrangements with the DOS" While some USAID employees may individually have such a view, it is not the view of the Agency.

In the first line of page 12, we recommend that you insert the word "adequate" in front of "guidance."

Page 12 states that "not all Section 632(a) allocation agreements required that the allocated funds be used for activities that supported USAID goals and objectives nor did they provide for the disposition of funds that remained unexpended at the termination date of the

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agreement or had been spent for unauthorized purposes.” We do not agree that the allocated funds must be used specifically for “USAID goals and objectives.” The authority to allocate funds to other agencies rests ultimately with the President, who may choose to allocate FAA funds to another agency (e.g. State). Under the statute there is no requirement that he use the funds for “USAID goals and objectives,” only that he use them “for the purposes of the FAA.” Once the funds are allocated to State under Section 632(a), State is responsible to account for those funds, with or without specific instructions or requirements from USAID, and is fully empowered to recover unexpended funds or funds expended for unauthorized purposes from the contractors or grantees financed with the allocated funds.

Page 12 of the draft report goes on to relate the guidance identified by each bureau for deciding on the use of 632(a) allocations or transfers. It fails to note the agreed upon practice that the E&E bureau and the Department of State have been using. E&E and State have distinguished between transfers and allocations as follows: If State has the appropriate account into which funds can be transferred, then a 632(a) transfer is used. If State does not have an appropriate account, then a 632(a) allocation is used, and the funds remain on USAID’s books for accounting purposes only. Responsibility for program management remains with State and there is no benefit to USAID, in either the transfer or allocation.

We believe that while USAID must comply with applicable statutes and regulations in making Section 632(a) allocations or transfers, there is no legal requirement to document a decision to use an allocation versus a transfer. In other words, while an allocation must meet the requirements for an allocation, we do not agree that we must document why we decided not to do a transfer. The draft report should be revised to avoid such an implication.

On pages 13 and 14 of the draft report, there is mention of “completion dates” for Section 632(a) allocation agreements. There is no legal requirement for “completion dates” for allocations. It should be recalled that a Section 632(a) allocation may be accomplished simply through the execution of Standard Form 1151, “Nonexpenditure Transfer.” While USAID often elects to specify obligation deadlines in Section 632(a) allocations and will no doubt elect to do so in the future, USAID is not legally required to specify a “completion date” for the activity actually financed by the receiving agency. The obligation deadline used in some Section 632(a) allocations allows USAID to recover the funds if the receiving agency has not obligated them by that date and to obligate them directly itself. We emphasize, however, obligation deadline is not legally required and the audit report should not imply otherwise.

There is an erroneous assumption underlying the proposed conclusion that “DOS Decision-Making Meant that Allocations Did Not Always Support USAID Programs.” This section of the draft audit report appears to be based on a misreading of OMB Circular A-34. We have had a number of discussions with the auditors on this issue and continue to disagree with their interpretation of OMB Circular A-34. OMB Circular A-34 addresses the budgetary treatment (e.g., obligation and expenditure) of both transferred and allocated funds. It recognizes that a transfer will increase the budgetary level of the account into which the funds are transferred and to that extent “benefit” that account. In contrast, under an allocation, the funds remain in the original account and such account thereby “benefits.”

The budgetary treatment of transfers versus allocations will generally drive the decision on which approach to use. The issue of benefit to agency programs is simply not relevant.

Recommendation 9:

We do not agree with recommendation 9 and the conclusions on which it is based and ask that they be withdrawn from this report.

Recommendation 10:

The draft report proposes the following recommendation:

"We recommend that the Bureau for Management develop standard provisions that must be included in Section 632(a) allocation documents."

USAID has already prepared a model Section 632(a) allocation agreement that is currently available in the ADS. Further guidance will be provided in the upcoming revision of ADS 306.

USAID proposes the following recommendation:

We recommend that the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination and the Office of General Counsel, develop clear guidance regarding the use of Section 632(a) allocations, which includes model allocation agreements.

Management Decision: We concur with this recommendation. As mentioned above, we have already developed a standard format for allocation agreements. We will continue to fine tune this document and include it in the next update of ADS 306. We expect to have ADS 306 updated by September 30, 2002.

Did the Department of State provide financial and performance reports to USAID as required under Section 632(a) allocations and Section 632(b) interagency agreements and were the reports useful to USAID to manage its programs?

Recommendation 11:

The draft report proposes the following recommendation:

"We recommend that the USAID Office of Financial Management establish documented policies and procedures that identify the specific reports required under Section 632(a) allocations and to develop a system to help ensure that recipient agencies provide these reports."

USAID proposes the following recommendation:

We recommend that the Office of Procurement, in coordination with the Bureau for Policy and Program Coordination, the Office of the Chief Financial Officer and the Office of General Counsel, establish policies and procedures that identify the specific reports required under Section 632(a) allocations. The policies and procedures should also be designed to enforce the requirement that recipient agencies provide the reports.

Management Decision: We concur with this recommendation and will develop the policies and procedures in the next update of ADS 306. We expect to have ADS 306 updated by September 30, 2002.

Recommendation 12:

The draft report proposes the following recommendation:

"We recommend that the USAID Bureau for Management revise Automated Directives System 306 to clearly identify the responsibilities of USAID technical and paying offices to help ensure that recipient agencies provide performance and financial reports required under Section 632(b) interagency agreements."

USAID proposes the following recommendation:

We recommend that the Office of Procurement, in cooperation with the Office of the Chief Financial Officer, clearly identify the responsibilities of USAID technical and paying offices to enforce provisions that recipient agencies provide performance and financial reports required under Section 632(b) interagency agreements.

Management Decision: We concur with this recommendation and will clearly identify the responsibilities in the next update of ADS 306. We expect to have ADS 306 updated by September 30, 2002.

Recommendation 13:

The draft report proposes the following recommendation:

"We recommend that USAID Bureau for Management establish/clarify requirements to ensure that Section 632(b) interagency agreements include (1) well-defined work statements with targets and time frames for anticipated results and (2) standard provisions for periodic reports that identify progress in achieving the targets and time frames."

USAID proposes the following recommendation:

We recommend that the Office of Procurement, in cooperation with the Bureau for Policy and Program Coordination and the Office of General Counsel, establish requirements that Section 632(b) interagency agreements include well-defined work statements with

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targets and timeframes for anticipated results; and standard provisions for periodic performance reports that identify progress in achieving targets and timeframes.

Management Decision: We concur with this recommendation and will establish these requirements in the next update of ADS 306. We expect to have ADS 306 updated by September 30, 2002.

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Section 632(a) Allocations and Transfers and Section 632(b) Interagency Agreements Reviewed

Section 632(a) Allocations

FC-2000-0025A – Originating bureau: Bureau for Management. An allocation of \$109.6 million to be used as a contribution on a grant basis to the United Nations Children’s Fund (UNICEF).

FC-2000-0081A – Originating bureau: Bureau for Management. An allocation of \$11.0 million to be used to provide support for victims of the Holocaust and related programs, particularly to make the U.S. contribution to the Nazi Persecutee Relief Fund.

FC-2000-0002 - Originating bureau: Bureau for Latin America and the Caribbean. An allocation of \$2.0 million for election security support to strengthen the reconstituted civilian police authority’s capability to provide a stable and secure environment for the infrastructure supporting an upcoming election in Haiti. The funds were to be used to supply communication, logistics support and other materials to the Haitian National Police and the Provisional Electoral Council to ensure a safe and secure environment for the upcoming elections.

FC-2000-0085 – Originating bureau: Bureau for Asia and the Near East. An allocation of \$14.0 million to fund cash payments to the Pacific Island States party in accordance with the Treaty on Fisheries and implementing agreements and the South Pacific Tuna Act of 1988.

FC-2000-0043 – Originating bureau: Bureau for Europe and Eurasia. An allocation of \$17.8 million to be used for transportation and related expenses for humanitarian assistance for the New Independent States (NIS) and for administrative costs of the Office of the Coordinator of U.S. Assistance to the New Independent States.

Section 632(a) Transfers

FC-2000-0034 - Originating bureau: Bureau for Europe and Eurasia. A transfer of \$67.0 million to be used to provide assistance to the United Nations Interim Administration Mission in Kosovo (UNMIK) International Police; fund training and equipping of new members of the Kosovo Police Service; and fund continued assistance to development of a criminal justice system for Kosovo.

FC-2000-0027 - Originating bureau: Bureau for Europe and Eurasia. A transfer of \$750,000 to be used to support additional assistance to the non-governmental sector in Belarus through the Democracy Funds Small Grants Program, which is administered by the Public Diplomacy Section of the U.S. Embassy in Minsk.

Section 632(b) Interagency Agreements

ECG-R-00-00-00003 – Originating bureau: Bureau for Global Programs. The interagency agreement provided total funding of \$1.5 million. This agreement supports the U.S.-Israel Cooperative Development Research Program (CDR), which is a partnership that encourages Israeli and developing country scientists to collaborate in solving development problems in less developed countries.

936-5544-G-00-4556 – Originating bureau: Bureau for Global Programs. The interagency agreement provided total funding of \$2.6 million. This agreement supports the U.S.-Israel Cooperative Development Research Program (CDR), which is a partnership that encourages Israeli and developing country scientists to collaborate in solving development problems in less developed countries.

ECG-P-00-98-00004 – Originating bureau: Bureau for Global Program. The interagency agreement provided total funding of \$2.1 million. This agreement supports the U.S.-Israel Cooperative Development Research Program (CDR), which is a partnership that encourages Israeli and developing country scientists to collaborate in solving development problems in less developed countries.

AFR-P-00-99-00002 – Originating bureau: Bureau for Africa. The interagency agreement provided total funding of \$9.7 million. The agreement funds the Education for Development and Democracy Initiative that was to establish strategic partnerships between African and U.S. educational institutions including universities, primary and secondary schools, and civic and professional education groups. It was also to develop a public-private partnership with the U.S. technology industry. The main themes are to strengthen the relevance of educational and civil society institutions to national development, and improve the participation of girls and women throughout the educational system and more broadly in democracy building.

**Status of Outstanding Advances under Section 632(b) Interagency
Agreements**
(expired as of 12/31/2000)

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

| No. | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---------------|-------------------------|--------------------------|--|---------------------------------|
| 1 | NTIA | 5980822G00602900 | Dec-97 | \$2,328 |
| 2 | Dept of Agriculture | LAC-P-00-97-00010 | Sep-00 | \$199,450 |
| 3 | Dept of Commerce | LAC-P-00-98-00009 | Mar-99 | \$1,069 |
| 4 | Dept of Agriculture | LAC-P-00-98-00011 | Jan-00 | \$76,241 |
| 5 | Dept of Agriculture | LAC0654RAG100400 | Sep-93 | \$3,845 |
| TOTAL: | | | | \$282,933 |

BUREAU FOR POLICY AND PROGRAM COORDINATION

| No. | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---------------|-------------------------|--------------------------|--|---------------------------------|
| 1 | Library of Congress | AEP-P-00-99-00008 | Dec-98 | \$191,373 |
| 2 | Library of Congress | PPC-P-00-00-00001 | Dec-99 | \$230,633 |
| TOTAL: | | | | \$422,006 |

BUREAU FOR MANAGEMENT

| No. | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---------------|-------------------------|--------------------------|--|---------------------------------|
| 1 | Naval Command, Control | MGT-P-00-97-00001 | Jun-98 | \$9,149 |
| TOTAL: | | | | \$9,149 |

BUREAU FOR HUMANITARIAN RESPONSE

| No. | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---------------|-------------------------------------|--------------------------|--|---------------------------------|
| 1 | U.S. Department of Commerce | AOT-P-00-97-00316 | Jul-97 | \$10,000 |
| 2 | Federal Emergency Management Agency | FDA-P-00-98-00019 | Sep-98 | \$100,000 |
| 3 | Federal Emergency Management Agency | MU0009900025920 | May-99 | \$100,000 |
| TOTAL: | | | | \$210,000 |

BUREAU FOR GLOBAL PROGRAMS, FIELD SUPPORT AND RESEARCH

| No. | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---------------|---------------------------------|--------------------------|--|---------------------------------|
| 1 | NASA | 9365554G00615000 | Dec-97 | \$34,000 |
| 2 | USDA - NFC | DAN4109PAG908600 | Jul-92 | \$5,088 |
| 3 | U. S. Department of Agriculture | ECG-P-00-99-00001 | Mar-00 | \$983 |
| 4 | National Institute of Health | HRN-P-00-95-00012 | Sep-00 | \$2,642 |
| 5 | Judicial Conference of the US | 9365466G00576500 | Mar-97 | \$40,576 |
| 6 | National Science Foundation | 9365556G00562400 | Sep-96 | \$120,000 |
| 7 | Dept of Agriculture | DHR5555RAG103100 | Mar-93 | \$54,729 |
| TOTAL: | | | | \$258,018 |

BUREAU FOR EUROPE AND EURASIA

| | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|----|------------------------------------|--------------------------|--|---------------------------------|
| 1 | Department of State | 1100001G00354200 | Dec-93 | 65,000 |
| 2 | U. S. Department of Agriculture | 1100003G00439600 | Sep-99 | 249,000 |
| 3 | Department of State | 1100005G00250400 | Sep-94 | 491,815 |
| 4 | U. S. Department of Agriculture | 1100006G00514900 | Sep-97 | 100,000 |
| 5 | U. S. Department of Agriculture | 1100006G00657000 | Sep-99 | 150,483 |
| 6 | US Department of Treasury | 1100009G00411000 | Jun-96 | 2,637,119 |
| 7 | US Department of Treasury | 1100009G00569500 | Sep-98 | 1,334,750 |
| 8 | Department of State | 1100012G00325500 | Sep-94 | 25,000 |
| 9 | US Department of Treasury | 1100012G00413400 | May-97 | 25,466 |
| 10 | Library of Congress | 1800019G00273000 | Apr-94 | 16,886 |
| 11 | U. S. Department of Agriculture | 1800024G00224500 | Mar-94 | 105,709 |
| 12 | U. S. Department of Agriculture | 1800024G00274300 | Sep-93 | 64,069 |
| 13 | U. S. Department of Agriculture | 1800024G00323900 | Mar-96 | 617,785 |
| 14 | U. S. Department of Agriculture | 1800024G00469100 | Mar-96 | 2,327,912 |
| 15 | U. S. Department of Agriculture | 1800024G00571400 | Sep-97 | 100,000 |
| 16 | Department of State | 1800026G00225400 | Jun-94 | 74,328 |
| 17 | Department of State | 1800026G00325700 | Dec-94 | 197,656 |
| 18 | Department of State | 1800026G00326600 | Dec-95 | 199,883 |
| 19 | US Department of Treasury | 1800027G00226000 | Sep-94 | 166,272 |
| 20 | Securities and Exchange Commission | 1800027G00226100 | Jun-96 | 65,366 |
| 21 | US Department of Treasury | 1800027G00226200 | Sep-94 | 22,689 |
| 22 | US Department of Treasury | 1800027G00275000 | Sep-94 | 2,926 |
| 23 | US Department of Treasury | 1800027G00327300 | Dec-94 | 576,865 |
| 24 | US Department of Treasury | 1800027G00483000 | Dec-96 | 4,348,460 |
| 25 | US Department of Treasury | 1800027G00583100 | Dec-97 | 2,188,222 |
| 26 | US Department of Energy | 1800031G00383100 | Sep-95 | 2,074,881 |
| 27 | US Department of Labor | 1800033G00237500 | Sep-95 | 358,954 |
| 28 | US Customs Service | 1800052G00373100 | Dec-95 | 312,519 |
| 29 | USIA | 2330002G00478600 | Dec-99 | 4,999,263 |
| 30 | USDA/FAS/ICD | ENI-P-00-97-00001 | Sep-00 | 2,057,212 |
| 31 | USDA/FAS/RSED | ENI-P-00-97-00006 | Jun-98 | 250,000 |
| 32 | U. S. Department of Agriculture | ENI-P-00-98-00017 | Sep-99 | 70,000 |
| 33 | U. S. Department of Agriculture | ENI-P-00-98-00018 | Sep-99 | 50,000 |
| 34 | EPA | MD1183003 | May-96 | 70,232 |
| 35 | US Department of Treasury | MD1183143 | Sep-94 | 107,281 |
| 36 | U. S. Department of Agriculture | MD1183605 | Mar-94 | 126,894 |
| 37 | Center for Disease Control | CCN-P-HC-00075 | Jun-98 | 5,164 |
| | TOTAL: | | | 26,636,062 |

BUREAU FOR ASIA AND THE NEAR EAST

| | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---|-------------------------|--------------------------|--|---------------------------------|
| 1 | Not Identified | ANE0158PAG9011 | Sep-93 | 3,894 |
| 2 | Department of State | 2980382G0046210 | Sep-95 | 102,819 |
| 3 | OPIC | 4990015G0035520 | Dec-97 | 251,559 |
| | TOTAL: | | | 358,272 |

BUREAU FOR AFRICA

| | Recipient Agency | Obligation Number | Date of Obligation Completion | Outstanding Advances |
|---------------|---------------------|-------------------|-------------------------------------|-------------------------|
| 1 | Department of State | 6980565G00621100 | Sep-99 | \$19,144 |
| 2 | HHS | AFR-P-00-98-00012 | Sep-99 | \$2,275,000 |
| TOTAL: | | | | \$2,294,144 |

GRAND TOTAL: 60 Interagency Agreements

\$30,470,585

Auditor's Note # 1: The outstanding advances were as of February 28, 2001. Responsible USAID bureaus were identified by records maintained by the USAID Office of Financial Management or by management's letter to the OIG, dated September 25, 2001.

Auditor's Note # 2: Shadowed lines represent Section 632(b) Interagency Agreements with DOS. The US Information Agency is included as part of DOS.