



# **OFFICE OF INSPECTOR GENERAL SEMIANNUAL REPORT TO THE CONGRESS**

***October 1, 2008—March 31, 2009***



OFFICE OF INSPECTOR GENERAL  
SEMIANNUAL REPORT TO THE CONGRESS

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# MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the *Semiannual Report to the Congress* for the 6-month period ending March 31, 2009. This report, issued in accordance with the requirements of the Inspector General Act of 1978, as amended, features highlights of oversight functions of the Office of Inspector General (OIG) for the U.S. Agency for International Development (USAID), the United States African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Millennium Challenge Corporation (MCC).

During the reporting period, OIG activities resulted in:

- 225 audits issued
- \$19,881,987 in recommendations
- 55 cases opened and 47 cases closed
- 1 arrest, 2 indictments, and 2 convictions
- 19 administrative actions
- \$67,988,044 in investigative recoveries
- 42 fraud awareness briefing sessions and 1,214 attendees
- Financial management training sessions in 4 countries and approximately 350 attendees

The efforts of our employees around the world demonstrate our commitment to improving foreign assistance programs. Sustainable development is a key instrument in America's efforts to address the global issues of health, hunger, poverty, rule of law, and political and economic instability. Our work seeks to ensure that American taxpayers' dollars are being spent wisely and effectively and that these investments are making a beneficial difference in people's lives.

Among our top priorities is oversight of activities in Afghanistan, where our work since 2002 has paralleled the evolution of USAID's programs from relief and stabilization to reconstruction to sustainable development. Programs there attempt to create economic growth, effective and representative governance, and the human capital base that will eliminate conditions that contribute to extremism. OIG also provides continuing oversight of programs in Iraq, where reconstruction and development programs focus on community stabilization, economic governance, and national capacity building. In February 2009, in testimony to the Commission on Wartime Contracting in Iraq and Afghanistan, I described OIG's oversight activities in these countries as well as the challenges we continue to face. In Pakistan, development programs aim to improve the lives of the poor and build support for Pakistan's decision to join international efforts to thwart further terrorist recruitment. Another priority area for OIG is oversight of programs to combat HIV/AIDS, malaria, and tuberculosis. Our recommendations have involved strengthening contract oversight, addressing security concerns, and improving data integrity and quality.

In addition to working toward improving USAID programs and operations, we have a responsibility to prevent fraud, waste, and abuse in U.S. foreign assistance programs. Our investigators have worked diligently to ensure that appropriate action is taken against those who would illegally divert U.S. Government funds—a problem of increasing importance in today's environment of global economic uncertainty and limited Federal resources.

Within OIG, we recognize that we must work also to improve our own programs and initiatives by continually reexamining our strategies and goals and by taking advantage of technologies that enable us to better implement programs and respond to our stakeholders.

This report further describes OIG activities and achievements and includes comprehensive statistics and data regarding our efforts. OIG continues to pursue a collaborative, proactive, and results-oriented approach in support of USAID, USADF, IAF, and MCC programs and operations. We look forward to working with the Congress and our partners and stakeholders to continue to improve the efficiency and effectiveness of U.S. foreign assistance programs.

Donald A. Gambatesa



# INTRODUCTION

## ***History and Mandated Authority***

USAID's OIG was established on December 16, 1980, by statutory amendment to the Foreign Assistance Act of 1961.<sup>1</sup> On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981,<sup>2</sup> bringing the USAID Inspector General under the purview of the Inspector General Act of 1978.<sup>3</sup> OIG assumed audit and investigative oversight of USADF and IAF in 1999,<sup>4</sup> and of MCC in 2004.<sup>5</sup>

The Inspector General Act of 1978, as amended, authorizes the Inspector General to conduct and supervise audits and investigations. OIG's mission is to protect and enhance the integrity of U.S. foreign assistance programs and operations administered by USAID, USADF, IAF, and MCC. Some of our work is mandated by statute or other requirements, and other work is performed at the discretion of OIG. Each decision to perform specific work is made after considering the risks associated with the agencies' programs and assessing potential vulnerabilities in internal controls.

## ***Areas of Responsibility***

OIG manages and conducts its audit and investigative oversight from its headquarters in Washington, DC, and six regional offices located in Baghdad, Iraq; Cairo, Egypt; Dakar, Senegal; Manila, Philippines; Pretoria, South Africa; and San Salvador, El Salvador. We are in the process of establishing permanent presence postings in Afghanistan and Pakistan.

Audit activities include performance audits of programs and management systems, financial statement audits required under the Chief Financial Officers Act of 1990,<sup>6</sup> audits related to financial accountability of grantees and contractors and audits of information technology systems. Investigations of criminal, civil, and administrative violations cover all facets of these worldwide operations. OIG also conducts financial management training, proactive investigations and fraud awareness training, develops and distributes fraud awareness literature and audiovisual aids, and offers advice on antifraud strategies.

## ***Joint Work and Partners***

OIG participates on task forces and cooperates with other interagency groups. In this reporting period, OIG contributed to task forces to provide oversight for accountability and transparency in USAID operations in Afghanistan and Pakistan and to assist the Department of Justice in addressing procurement and grant fraud, especially in Iraq and Afghanistan.

USAID Afghanistan/Pakistan Task Force. The USAID Afghanistan/Pakistan Task Force seeks to make USAID assistance to U.S. Government reconstruction and development efforts in Afghanistan and Pakistan as effective as possible by providing analyses, strategies, and recommendations and by cultivating interagency

1. International Security and Development Cooperation Act of 1980, Public Law 96-533; Foreign Assistance Act of 1961, Public Law 87-195.
2. Public Law 97-113.
3. Public Law 95-452.
4. Admiral James W. Nance and Meg Donovan Foreign Relations Authorizations Act, Fiscal Years 2000 and 2001, Public Law 106-113, Appendix G.
5. Millennium Challenge Act of 2003, Public Law 108-199, Division D, Title VI.
6. Public Law 101-576.

coordination and cooperation. The task force includes an OIG representative to respond to the Agency's oversight needs and to promote accountability and transparency in these two countries critical to U.S. foreign policy. Recently, the Inspector General, the Deputy Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, and a representative from the Government Accountability Office addressed the task force. They explained their coordinated oversight strategies and responded to questions from task force members.

National Procurement Fraud Task Force. For the past 2 years, OIG has participated on two Department of Justice task forces—the National Procurement Fraud Task Force (NPFTF) and the International Contract and Corruption Fraud Task Force (ICCTF). The mission of both task forces is to promote the early detection, prevention, and prosecution of procurement and grant fraud associated with increased contracting activity for national security and other Government programs. OIG's participation in the NPFTF has required the full-time participation of some Washington-based investigators. OIG's participation in the ICCTF has required that we increase our coverage of Iraq and Afghanistan by adding one investigator to our Baghdad office and one to our Manila office. As a result of our participation, our investigators have increased their contributions in the execution of search warrants and other law enforcement activities worldwide.

### ***OIG Program Areas and Priorities***

OIG structures its work to achieve progress in worldwide programs that address the following priorities:

- Peace and security
- Just and democratic government
- Investment in people
- Economic growth and prosperity
- Humanitarian assistance

OIG audits have also included recommendations to improve the infrastructure of USAID systems and operations to increase the efficiency of the work the Agency undertakes.

*SEMIANNUAL REPORT TO THE CONGRESS  
FOR  
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)  
UNITED STATES AFRICAN DEVELOPMENT FOUNDATION (USADF)  
AND  
INTER-AMERICAN FOUNDATION (IAF)*



# SIGNIFICANT ACCOMPLISHMENTS—USAID

## PEACE AND SECURITY

### ***Afghanistan/Pakistan***

**Audit of USAID/Afghanistan's Higher Education Project.** In 2005, Afghanistan had one of the world's lowest percentages of citizens who had achieved an education beyond high school—less than 0.15 percent. In the past 25 years, veteran Afghan high school teachers have had few opportunities to improve their teaching methods and course content. Younger high school teachers rarely have had advanced degrees; many had graduated only from the secondary school in which they were teaching. Because few in either group possessed strong skills in a second, international language, the teachers were unable to access current educational materials and research. No university had what might be considered a minimally acceptable number of books for a university library.

USAID/Afghanistan's Higher Education Project seeks to strengthen the Afghan educational system and to improve access to higher education throughout the country. In January 2006 USAID/Afghanistan awarded a 5-year, \$38 million cooperative agreement to build Afghanistan's sustainable capacity to deliver high-quality education for secondary school teachers. The training would take place at 16 professional development centers at 4-year universities in Afghanistan as well as in programs abroad. At the end of the 5-year project, the centers would take full responsibility for the reformed systems and leadership in teacher training and support. OIG conducted an audit of the project to determine whether it had succeeded in establishing the centers and improving the teaching capabilities of secondary school teachers.

The audit found that the project had achieved some of its objectives. The project had provided training in teaching methods and basic information technology skills, as well as graduate-level courses in education, to faculties at the professional development centers. In addition, the project had presented workshops and seminars on institutional and leadership development and trained faculty members abroad in U.S. and third-country certificate and graduate degree programs. High school teachers who participated in the project's different activities were exposed to new and more effective teaching methodologies. They also improved their English-language skills through the English courses provided and thus became better able to use educational materials beyond those available in their local language. However, the project did not meet its objectives of enhanced collaboration between the Ministry of Education and the Ministry of Higher Education or of improved mechanisms for review and modification of a curriculum for teacher preparation.

OIG recommended that the mission define critical performance indicators and ensure that the implementer's indicators are aligned with those of the mission. The mission should intervene with the Ministry of Education and Ministry of Higher Education to reach an agreement on collaboration to further the Higher Education Project. Technical oversight of the project had not complied with the requirements of USAID's policies, and the mission should bring its oversight into alignment with these policies. The mission also should develop an exit strategy so that key services of professional training will continue after the project ends.

The report included four recommendations. Management decisions have been reached on all four recommendations, and final action was taken on one.

*(Audit Report No. 5-306-09-002-P)*

USAID Employee Resigns in Lieu of Termination for Contract Fraud. A USAID employee responsible for purchasing equipment and supplies for the mission in Afghanistan resigned after an investigation uncovered conflicts of interest and fraud. The employee was found to be conducting business with people to whom he was personally connected, and he produced false records from a nonexistent business as proof of various business transactions. Some transactions were cancelled as a result of the investigation, saving USAID over \$500,000.

Savings Mount to \$14 Million in Case Against Contractor. OIG previously reported that a contractor responsible for building small-scale infrastructure projects in Afghanistan, under a cooperative agreement with USAID, had withdrawn more than \$6 million from a USAID letter of credit without explanation and had spent an additional \$1.7 million without authorization. Further, some projects were not completed, and others had defects and warranty issues, including some life-threatening oversights. Projects had numerous design errors, repairs left undone, and equipment and materials never installed that had been billed as completed. During this reporting period, in response to the investigation, the contractor was ordered to pay an additional \$612,870 in bills for collection, and USAID saved close to \$14 million through cancellation of contracts related to the cooperative agreement.

USAID Subcontractors Arrested and Suspended Indefinitely From Business With the U.S. Government. Pursuant to indictments previously reported, four USAID subcontractor principals were suspended from doing business with the U.S. Government. They had been charged with conspiracy, major fraud, and wire fraud in connection with rebuilding efforts in a high-risk country. The subcontractors defrauded USAID by obtaining reimbursement for inflated expenses purportedly incurred for rental vehicles, fuel, and security personnel. These false invoices inflated the amounts the contractor actually paid for rental vehicles and fuel.

The USAID contractor, its owners, and two former employees had been indicted for conspiring to defraud USAID of approximately \$3 million during the performance of the contract. Subsequent to the indictment, the owners and a former employee were arrested. The remaining former employee, a local citizen, is serving a 2-year sentence for his involvement with the fraud. In addition, USAID suspended indefinitely all four employees and the corporation from doing business with the Government.

Audit of USAID/Pakistan's Earthquake Reconstruction Activities. In October 2005, residents of northern Pakistan experienced a 7.6 magnitude earthquake that claimed more than 74,000 lives, destroyed 272,000 buildings, and left more than 3.5 million people homeless. The Islamic Republic of Pakistan established the Earthquake Reconstruction and Rehabilitation Authority to coordinate and oversee all reconstruction activities. To help Pakistan recover and to provide immediate assistance to earthquake-affected areas, in January 2006, the U.S. Government and the Pakistani Government signed a \$200 million grant agreement.

OIG conducted an audit of USAID/Pakistan's earthquake reconstruction activities to determine whether the mission had succeeded in providing effective assistance and helped those affected by the earthquake. OIG focused on two activities under the earthquake reconstruction program: efforts to improve livelihoods and the construction of earthquake-resistant schools and health clinics.

USAID/Pakistan's activities to improve livelihoods and to construct schools and health facilities achieved most, but not all, of their intended results. The program achieved its goals for the percentage of change in rural income of the targeted population and for the number of individuals who received U.S. Government-supported, short-term agricultural training. For example, the mission established a dairy association to link milk producers to buyers. The dairy association has about 1,200 members, a majority of whom are women. Also, activities aimed at developing agriculture and tourism resulted in supporting about 1,800 new

and existing enterprises that employ more than 8,500 people. Results were not as strong for reconstruction of schools and health facilities. Although the mission succeeded in engaging local communities in these construction projects, actual construction was delayed or hampered by factors such as lack of mission staff, lack of suitable sites, design flaws, unanticipated additional work, problems with subcontractors, and rising prices. Since the reasons for the delay either were resolved or were beyond the mission's control, this audit did not make any recommendations on this issue.



Temporary school site on land donated by the community in the Bagh District in Pakistan. (Photo by RIG/Manila)



A girls' school under construction in the Bagh District in Pakistan. (Photo by RIG/Manila)

Thus, the program's impact was mixed. The livelihoods activities program did contribute to increasing rural incomes by about 38 percent but, because the mission had not completed any construction of schools or health facilities, the impact of these facilities on local communities could not be assessed. Moreover, the mission did not perform the evaluations of contractor performance and data quality and did not approve plans to manage the contractor's performance—actions that could have ensured better acquisition decisions and superior products and services.

OIG recommended that USAID/Pakistan's contracting office document contracting processes and provide training to its contracting staff; evaluate the implementing contractor's performance; change a mission policy to make specific staff responsible for approving partner and contractor performance management plans; and perform a data quality assessment on the earthquake reconstruction activities.

The report included four recommendations, and management decisions have been reached on all of the recommendations.

*(Audit Report No. 5-391-09-001-P)*

### ***Iraq***

Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq. USAID relies on private security contractors (PSCs) to provide a variety of security services for its programs in Iraq, including protection of individuals, nonmilitary transport convoys, and buildings. By providing needed security for reconstruction and stabilization activities in Iraq, PSCs contribute an essential service and are viewed as vital to efforts to bring peace to this country. Nevertheless, the use of armed contractors to perform security tasks, coupled with prior incidents involving these contractors, has raised concerns about the level of accountability and oversight of these firms.

USAID/Iraq does not maintain any direct contracts with private security contractors—security services are procured by the mission's implementing partners (contractors and grantees) who have primary responsibility for oversight. This audit was conducted to determine whether USAID/Iraq had managed its contracts and grant agreements to ensure that such oversight was being exercised.

The audit found that USAID's implementing partners were not adequately overseeing the PSCs' reporting of serious incidents to ensure that such incidents were reported properly. This was the case at all three of the implementing partners visited, as evidenced by the partners' lack of familiarity with the prescribed reporting procedures as well as the limited records on file to document previously reported incidents. Often relying on the PSCs to report these incidents, partners often felt little need to become involved in overseeing the reporting process. As a result, partners were not in a position to detect reporting deficiencies—such as the ones identified by the audit—allowing some incidents to be reported improperly or, in one case, not reported at all. The audit also noted that incident reports issued by the PSCs were often not received by USAID/Iraq. To address these issues, the OIG report contained two recommendations for USAID/Iraq to require its implementing partners to (1) establish procedures for monitoring the reporting of serious incidents and (2) report future incidents directly to the mission in conjunction with its normal incident reporting procedures.

Management decisions have been reached on both recommendations.

*(Audit Report No. E-267-09-002-P)*

Audit of USAID/Iraq's National Capacity Development Program. The emerging Government of Iraq inherited a governance apparatus that lacked transparency, accountability, and inter-ministerial coordination because it was composed of disorganized institutions with poorly managed civil servants. The Iraqi ministries lacked interagency coordination or effective outreach to the public. Key ministries could not make effective policies or deliver core services to the Iraqi people. To help the Government of Iraq improve public administration and strengthen the capabilities of key ministries, by training and mentoring officials at selected ministries, USAID awarded a \$339.5 million contract to implement the National Capacity Development Program.

The audit was conducted to determine whether the program was succeeding in improving the broad managerial capacity of selected key ministries. However, 2 years into the 3-year program—although the program was achieving some of its planned results—there was insufficient evidence to measure whether the overall goal of capacity building was being achieved.

At the time of the audit, some key program activities had not been carried out—for example, the program had not been able to place advisers in two ministries, and the Ministry of Oil had not developed a capacity building plan and remained unlikely to do so. OIG also observed that the response rate to post-training surveys was so low that program officials could not ascertain whether Iraqi trainees had found their training valuable in improving their ministry or unit. Moreover, security concerns have prevented program officials from achieving results as rapidly as they had planned.

However, the audit did note progress in other areas. The program provided training to almost 3,000 Iraqi civil servants, awarded scholarships for postgraduate study abroad, and established 3 regional training centers. Despite the security challenges, the contractor used alternative communication methods to establish working relationships with most ministries and institutions. Nevertheless, the program lacked data to show that these and other activities were contributing to the overall goal of increasing the managerial capacity of Iraqi ministries.

OIG recommended that USAID/Iraq include outcome indicators in the performance management plan to measure whether key ministries have improved management and delivery of core services; direct the contractor to work with the Ministry of Oil to draft a capacity development plan or an equivalent substitute; implement a plan to increase the survey response rate to provide data to measure results; and add an indicator to the performance management plan to determine how many graduate-level scholarships are actually being used to send students for study abroad.

Management decisions have been reached on all recommendations.

*(Audit Report No. E-267-09-001-P)*

## **West Bank/Gaza**

OIG's Oversight Activities Continue in the West Bank and Gaza. OIG's oversight activities in the West Bank and Gaza included audits of USAID's cash-transfer program to the Palestinian Authority and continuing audits of USAID's contractors and grantees. USAID contracted with independent public accounting firms to conduct concurrent audits of cash transfers to the Palestinian Authority; financial audits; and examinations of contractors', grantees', subcontractors', and subgrantees' processes. These audits help ensure the validity of costs claimed and compliance with Executive Order 13224<sup>7</sup> regarding blocking assistance to terrorist organizations. During this period, OIG issued four final reports. The reports identified questioned costs of approximately \$100,000 of the \$9.8 million audited. In addition, the reports identified areas for improvement in internal controls and instances of noncompliance with agreements.

OIG oversight activities during this period did not identify any instances in which terrorist organizations received USAID funds.

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7. Executive Order No. 13224, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (September 23, 2001).

## **JUST AND DEMOCRATIC GOVERNMENT**

### **Democracy**

Chief of Party Removed From Project for Abuse of Position. A former high-ranking government official in a Southeast Asian nation became the head of a USAID environmental project in that country. OIG investigated allegations of abuse and confirmed that the chief of party had misused the position in several ways. The subject had used an official U.S. Government vehicle for personal errands and directed staff to conduct her personal business during business hours. The official had accepted a laptop computer from a nongovernmental organization (NGO) that was created during her previous tenure in her country's government, and she had requested funding for this NGO in relation to her USAID project. The official was removed from the project and subsequently terminated.

Former Employee of USAID Grantee Convicted of Embezzlement. An OIG investigation led to the conviction of a former chief of staff for a USAID grantee that receives USAID funds to promote democracy in Cuba. The former employee pleaded guilty in U.S. District Court to one count of theft from a program receiving Federal funds. The subject had engaged in a 2-year scheme to defraud the grantee of USAID funds by overcharging for equipment purchases, resulting in a net profit of nearly \$580,000. The subject paid \$646,731 in restitution plus interest to the grantee, which forwarded the money to USAID.

### **Human Rights**

Audit of USAID/Colombia's Human Rights Program. Colombia's internal armed conflict has pitted security forces, paramilitaries, and guerrilla groups against one another for several decades. Although violence has decreased since 2002 and the human rights situation has improved, attacks on civilians continue. Former paramilitaries continue to operate under new names, using threats and violence to accomplish their objectives. The USAID Human Rights Program in Colombia is the largest such USAID program in the world. The main implementing partner was awarded a \$38.8 million contract beginning in 2006 and running for up to 5 years. As of October 31, 2008, approximately \$14.9 million has been spent under the program.

As part of the FY 2009 audit plan, OIG audited USAID/Colombia's Human Rights Program activities to answer the following questions:

- Did USAID/Colombia's Human Rights Program activities achieve planned results and what impact has the program made?
- Did USAID/Colombia's reporting on its Human Rights Program provide stakeholders with complete and accurate information on the progress of the program and the results achieved?

USAID/Colombia and its implementing partner achieved planned results for one of the six main areas of the program (strengthening the Ministry of Interior and Justice) and partially achieved planned results for five (strengthening the Office of Human Rights in the National Police, strengthening the Early Warning System (EWS), supporting development of the National Action Plan for human rights, assisting at-risk communities, and strengthening civil society organizations). Of particular note was the increase in the number of regional analysts in the Colombian Government's EWS for human rights from 13 in 2006 to 22 in 2007.

USAID/Colombia also provided support for the design of an overall strategy for the human rights office of the National Police. Another success was the draft National Action Plan on human rights, agreed to by 25 different entities within the Colombian Government. Input from civil society organizations will be needed to advance the plan.

USAID/Colombia can strengthen the program by increasing the independence of the EWS; helping to restart work on the National Action Plan; reprogramming funds from a stalled contingency plan activity for at-risk communities; finalizing and implementing a performance monitoring plan; strengthening data reporting; and improving reporting under USAID's Training Results and Information Network.

The report included nine recommendations with management decisions being reached on all recommendations.

*(Audit Report No. I-514-09-007-P)*

## **ECONOMIC GROWTH AND PROSPERITY**

### ***Fiscal Reform***

Audit of USAID/Jordan's Fiscal Reform Project. As part of its national agenda, the Government of Jordan has sought to raise living standards by encouraging growth in private enterprises and by implementing sound economic and fiscal policies. The agenda emphasized broadening the tax base to increase revenue and establishing a results-oriented budget. To assist the Government of Jordan in its efforts to reform the national fiscal and tax system, USAID/Jordan awarded a 3-year, \$14 million contract in May 2006. The four major components of the Fiscal Reform Project address reforms in tax policy, tax administration, and budget management, as well as a campaign to inform the public of the new tax policies.

OIG's audit determined that, midway through the 3-year term, the project had achieved planned results in its tax policy and budget management activities but not in its tax administration and public awareness activities. The Jordanian Government benefited from training in tax policy and budget management. Further, the tax policy reform generated a series of analyses for decision makers, including a synthesis of all existing tax legislation. For the first time, the government produced a results-oriented budgeting capacity. However, the government has not yet implemented a new, comprehensive tax code, and until the tax legislation is passed, the public awareness campaign will not be implemented.

The project achieved planned results for only 31 of 50 of its performance indicators. Those that did not achieve planned results included promoting public awareness of new tax laws, automating portions of the tax collection process, and building an internal audit capability.

In addition to the performance indicators, OIG identified the following issues: the performance monitoring and evaluation plan needed updating, questioned costs identified from contractor's invoices should be reviewed, and management controls should be strengthened. OIG recommended that USAID/Jordan direct the contractor to update the performance monitoring and evaluation plan to address changing conditions and determine whether two separate questioned cost issues, totaling over \$41,000, are allowable. Because USAID/Jordan had already taken action to strengthen management controls, OIG did not make a recommendation on that issue.

The report contained three recommendations. A management decision and final action have taken place on one recommendation and are pending on the remaining two.

*(Audit Report No. 6-278-09-003-P)*

Audit of the USAID/Honduras Trade, Investment, and Competitiveness Program. Honduras signed the Dominican Republic–Central America–United States Free Trade Agreement (DR-CAFTA) with six other countries on August 5, 2004. Under DR-CAFTA, Honduras is required to undertake reforms to liberalize markets and provide greater transparency in customs administration, protection of intellectual property rights, investment, financial services, government procurement, and maintain basic rules and standards for food safety and the protection of human, animal, and plant health.

The Foundation for Investment and Development of Exports (FIDE) implements the USAID-funded Trade, Investment, and Competitiveness Policy (TIC) Program, a 4-year program ending in March 2009. USAID obligations as of June 30, 2008, were \$4.5 million, and expenditures were \$3.7 million. The program's components include research and reporting within FIDE and direct support to the Honduran Government in implementing DR-CAFTA. As part of its FY 2009 audit plan, OIG performed this audit to determine whether FIDE had achieved the TIC program's planned results and to assess the program's impact on trade and investment reforms in Honduras.

FIDE performed well in terms of conducting studies and analyses and presenting findings to interested parties. FIDE did not perform as well with respect to influencing the Honduran Government to make needed reforms to comply with DR-CAFTA requirements. USAID/Honduras officials and FIDE officials had markedly different understandings of FIDE's role in the TIC program. Current USAID/Honduras officials were frustrated that FIDE has not devoted more attention and energy to trying to influence the Government of Honduras to undertake needed reforms, but FIDE officials thought that such pressure would be unproductive or perhaps even counterproductive. Additionally, performance measurement and reporting needed to be strengthened. The program reported too much on lower-level results than on achievement of higher-level priorities. Also, much of the reported data was too unreliable to be useful for drawing conclusions regarding the program's performance.

The report included eight recommendations for USAID/Honduras. Final action has been taken on one recommendation, and management decisions are pending for the other seven.

*(Audit Report No. I-522-09-006-P)*

### ***Economic Security***

USAID Contractor Indicted for Bank Fraud. An OIG investigation revealed that an employee of a USAID contractor had committed bank fraud by deliberately falsifying shipping documents to inflate the costs of USAID-funded transactions, valued at over \$1 million. The contractor was an export supplier participating in the USAID Commodity Import Program in Cairo, which promotes private sector investment in Egypt. An Egyptian importer was buying polypropylene, which the enterprise used to produce sturdy fabric bags for transporting and storing products such as crushed stone, sand, cement, chemicals, or animal feed. The contractor employee delayed shipments and backdated shipping documents to take advantage of falling polypropylene prices without renegotiating the agreed-upon prices or passing the savings on to the importer. The scheme increased the supplier's profit margin and the amount of the sales representative's commissions. The contractor later pleaded guilty to felony false use of shipping documents.

## **INVESTMENT IN PEOPLE**

### **Health**

Audits of Procurement and Distribution of Commodities for the President's Emergency Plan for AIDS Relief (PEPFAR) in Haiti and Mozambique. In his 2003 State of the Union address, President George W. Bush made a 5-year, \$15 billion commitment in the fight against HIV/AIDS, focusing \$10 billion in 15 countries for treatment, prevention, and care. On July 30, 2008, President Bush authorized appropriations for FY 2009–13 by signing into law the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008.

Audits were conducted in Haiti and Mozambique to determine whether PEPFAR commodities were procured, deployed, and warehoused and whether the programs' efforts achieved important targets on the number of individuals tested for HIV and the number of individuals on antiretroviral (ARV) therapy. On the whole, USAID/Haiti and USAID/Mozambique procured, deployed, and warehoused the commodities to help achieve intended results.

*Haiti.* Haiti is the Caribbean nation most affected by HIV/AIDS, with 3.8 percent of adults living with HIV. Haiti received over \$28 million in PEPFAR funds in FY 2004. Funding for the fight against HIV/AIDS has increased progressively—\$78.3 million of funding in FY 2007 and an allocation of \$90.6 million for FY 2008. USAID/Haiti's efforts made a substantial impact by testing 310,900 individuals for HIV, exceeding the target for FY 2007, and by helping 12,900 individuals to receive ARV therapy. ARV therapy allows those living with HIV/AIDS to live longer, healthier lives.

However, USAID/Haiti needs to strengthen the program by:

- Moving commodities requiring cold storage to a new, suitably equipped warehouse.
- Ensuring that the new warehouse has all the proper fire safety features.
- Reducing the amount of expired commodities.
- Working to mitigate the effect of irregularities in the supply of electricity.
- Improving the procurement of Oraquick test kits.
- Finalizing and implementing a performance monitoring plan for the Partnership for Supply Chain Management.
- Formalizing arrangements for lending and donating commodities to the Global Fund.

The report included eight recommendations. Final action has been taken on three and management decisions have been reached on the remaining five.

*Mozambique.* In FY 2007, USAID/Mozambique procured 46 percent of its planned procurement of commodities reported in the 2007 country operational plan. The mission budgeted \$11.7 million to procure ARV drugs and HIV test kits, and it procured \$5.4 million worth of these commodities. PEPFAR-funded activities of the selected partners have made a positive impact on the communities served. USAID/Mozambique's annual progress report of September 2007 reported that, of the targeted 110,000 individuals, over 78,000 were receiving ARV therapy. Also, in settings other than prevention of mother-to-child transmission of HIV, the mission reported that 422,000 individuals had received counseling and testing for HIV.

Although the results in Mozambique are noteworthy, the mission needs to coordinate more closely with USAID/Washington staff responsible for administering the centrally managed commodity management contract to establish policies and procedures for identifying and disposing of expired drugs, improve

warehouse storage conditions, and coordinate donor efforts in procuring and distributing essential ARV drugs.

The report recommended that USAID/Mozambique:

- Issue guidance that expired commodities should not be used.
- Collaborate with implementing partners to improve commodity storage conditions.
- Develop a monitoring and evaluation plan for commodity storage to ensure that commodities are stored in accordance with applicable guidelines.
- Provide a Portuguese translation of the storage guidelines and conduct inventory management training.
- Conduct periodic site visits to health centers and warehouses.
- Develop procedures for improved access to Mozambique's Ministry of Health project sites.
- Develop procedures for validating partner data.
- Verify partner compliance with USAID branding requirements.

The report included eight recommendations and management decisions have been reached on all.

*(Audit Report No. 1-521-09-001-P and Audit Report No. 4-656-09-001-P)*

Audit of USAID/Ukraine's Displaced Children and Orphans Fund Activities. USAID's Displaced Children and Orphans Fund provides financial support for programs that help families and communities improve the well-being of vulnerable children. In 2004, the Fund agreed to provide \$3.2 million to support USAID/Ukraine's Families for Children Program. The goal of the Families for Children Program is to develop sustainable and replicable services for children who otherwise would be institutionalized or living on the street. The program seeks to build a continuum of services in areas such as family preservation, domestic adoption, and foster care. As of FY 2007, the program's funding level was approximately \$3.2 million.

OIG conducted an audit to determine whether USAID's Displaced Children and Orphans Fund activities in Ukraine are achieving their goals and improving the well-being of vulnerable children and families.

The audit determined that, from October 2006 through June 2008, USAID/Ukraine's Families for Children Program completed most of the activities included in its work plans. These activities focused on four major areas: community mobilization and capacity building, institutional reform, national-level technical assistance, and a grant program. During FY 2007, the program successfully completed 29 of 32 planned activities; during the first three quarters of FY 2008, the program successfully completed 37 of 40 planned activities.

Although the program completed most of the activities in the work plans, USAID/Ukraine had difficulty in assessing the program's progress or overall impact because of changes in the program's emphasis and weaknesses in monitoring and reporting. While Agency, bureau, and Federal guidance emphasize the need for missions to compare planned results with actual achievements, USAID/Ukraine did not collect and analyze such performance data for the program. Changes to the objectives were not discussed with the USAID responsible officer, and USAID/Ukraine did not develop new objectives against which program progress could be measured. As a result, USAID/Ukraine could not adequately assess the progress regarding targets and objectives, the achievement of planned results for each year, or the program's overall impact.

OIG recommended that USAID/Ukraine develop a comprehensive mission order on activity monitoring that requires the periodic evaluation of planned and actual progress toward the goals and objectives of grants and contracts.

The report included one recommendation, and a management decision was reached on this recommendation.

*(Audit Report No. 9-000-09-002-P)*

Audit of EngenderHealth's Management of Activities Financed by USAID/Bolivia. Bolivia has one of the region's highest maternal mortality rates. To help the Bolivian Government improve maternal health services, USAID/Bolivia entered into a 3-year Associate Award cooperative agreement with EngenderHealth in September 2006 with an estimated cost of \$6 million. The intent was to support implementation of an integrated package of maternal health services and build the capacity of institutions to provide these services effectively. The Associate Award cooperative agreement was managed by USAID/Bolivia. The recipient also implemented a global health agreement managed by USAID/Washington, under which it has received \$3.7 million of additional funding for activities in Bolivia since 2003.

OIG conducted an audit at USAID/Bolivia's request to determine whether the recipient managed USAID-financed activities efficiently and followed sound procurement practices in accordance with Federal regulations, agreement requirements, and its own policies and procedures.

The recipient did not in all cases manage USAID-financed activities efficiently or in accordance with applicable requirements, policies, and procedures. The audit identified questioned costs in relation to unsupported expenditures, cost share contributions, and staffing issues. Some of the questioned costs concerned, for example, requests for payment without sufficient proof that the work had been performed; staff working only 35 hours a week, instead of the 40 hours specified in EngenderHealth's own policies and procedures; and a local employee who used office space as living quarters without reimbursing about \$1,700 in unauthorized costs to USAID. Also, employees hired for full-time work under the locally awarded cooperative agreement performed work for the global agreement, meaning not only that salaries were billed to the local agreement for global work but also that the employees devoted less time to their locally assigned work. While the grantee did follow sound procurement practices for most procurements of goods and services, the recipient did not use competitive procedures to hire consultants at a cost of more than \$672,000 and violated conflict of interest rules by giving a \$4,000 job to the son of the project head and then not using the products received from the consultant. Overall, these problems took time and money away from the activities, making them less effective in attaining the project's goals.

OIG made six recommendations for USAID/Bolivia to determine whether more than \$940,000 in questioned costs is allowable and two recommendations for USAID/Washington to determine whether over \$500,000 in questioned costs is allowable. OIG also recommended that USAID recover the unallowable amounts.

The report included eight recommendations. Management decisions have been reached on the six recommendations directed to USAID/Bolivia and are pending on the two directed to USAID/Washington.

*(Audit Report No. 1-511-09-004-P)*

## **Education**

Audit of USAID/Sudan's Education Activities. USAID/Sudan's primary goal is to nurture the achievement of peace through the successful implementation of the 2005 Comprehensive Peace Agreement. The education portfolio contributes to this goal.

OIG conducted an audit to determine whether selected USAID/Sudan's education activities were achieving results for their key indicators for student enrollment and teacher training in USAID-sponsored education programs.

OIG determined that two of USAID/Sudan's eight education indicators had achieved their intended results. For the six remaining indicators, it was not possible to determine whether they had achieved results because the data reported for those indicators were not reliable. However, USAID/Sudan's education program has made a positive impact on Sudan's educational system. For example, administrators and officials as well as teachers and educators were trained, students were enrolled in USAID-supported schools, textbooks and other teaching materials were provided by USAID assistance, and laws, policies, and regulations were developed or modified.

OIG recommended that USAID/Sudan develop and implement a plan to train implementing partners to record and report program results and maintain supporting documents. OIG further recommended that USAID/Sudan establish procedures to ensure that reported results from implementing partners meet USAID standards for validity, reliability, and timeliness.

The report included six recommendations. Final action was taken on one and management decisions have been reached on the remaining five recommendations.

*(Audit Report No. 4-650-09-002-P)*

Audit of USAID/Tanzania's Basic Education Program. Tanzania is one of the world's poorest countries, with a substantial Muslim population. The potential encroachment of radical Islam in a country made vulnerable by economic hardship requires special attention to preserve Tanzania's political stability and beneficial leadership in regional African affairs. This program's goal has been to promote the interrelated objectives of prosperity, security, and stability in Tanzania as part of the U.S. outreach to Muslim and pastoralist communities to forge effective antiterrorism coalitions. The program sought to strengthen student performance in English, math, and sciences among underserved communities, with special emphasis on increasing educational opportunities for girls. This audit sought to determine whether USAID/Tanzania's basic education program achieved its intended results and to ascertain whether it has improved educational opportunities and performance in underserved communities. As of September 30, 2008, the program had obligations totaling \$5.8 million.

The audit determined that USAID/Tanzania's basic education program achieved one out of four intended results for fiscal years 2007 and 2008, as measured by the mission's performance indicators. For the remaining three indicators, valid and reliable data were not available or indicator definitions were incorrectly applied. Consequently, the audit was not able to conclude whether intended results had been achieved for those three indicators. However, despite these data quality and reporting issues, the program did have some positive effects, including increased preschool education in Zanzibar; instruction in remote areas and more acceptance of early childhood education; teacher training; and science camp sponsorship. These achievements expanded educational opportunities for girls, particularly in Muslim communities. Some of the program initiatives, such as school management committees, have strengthened civil society by eliciting community input and support, and the program overall has helped lay a foundation for sustainable economic growth.

The audit identified several areas for improvement in the effectiveness and administration of the program. These areas included increasing the utilization of program activities, particularly the percentage of enrolled students actually attending classes; determining whether the environmental education activity is consistent with the core objectives of the basic education program; improving the quality of reported results; updating the performance management plan and including outcome-oriented indicators; documenting the basis for selecting performance targets; and ensuring that the provision regarding the prohibition on terrorist financing is included in all subawards.

Management decisions were reached on seven recommendations and are pending on the remaining three.

*(Audit Report No. 4-621-09-005-P)*



Exterior improvements made to a primary school in Mtwara in southern Tanzania. (Photo by RIG/Pretoria)

## **MANAGEMENT CAPABILITIES**

### **Financial Management**

Audit of USAID's Financial Statements for FY 2008 and 2007. Pursuant to the Government Management Reform Act of 1994,<sup>8</sup> USAID is required to submit audited financial statements to the Office of Management and Budget (OMB) annually. OIG conducted the audit to determine whether USAID's principal financial statements fairly presented the assets, liabilities, net position, net costs, changes in net position, and budgetary resources for FY 2008 and 2007. OIG issued an unqualified opinion on USAID's FY 2008 and 2007 financial statements, reported one material weakness, and noted four significant deficiencies in internal controls.

OIG reported a material weakness in that USAID did not reconcile its fund balance with the U.S. Treasury. Additionally, significant deficiencies were reported as follows: inadequate processes for reconciling loans receivable, ineffective controls for estimating and recording accounts payable and accrued expenses, inaccurate and incomplete recording of financial transactions in the general ledger, and unreconciled intragovernmental transactions.

OIG recommended that USAID:

- Implement a process to perform and document monthly reconciliation of its fund balance with the Treasury.
- Implement procedures to reconcile loan receivable balances.
- Implement procedures to ensure that responsible officers review and validate the quarterly accounts payable and accrued expenses amounts before that information is recorded in the general ledger.
- Implement an overall plan to identify and correct errors in its accounting codes and maintain, update, and test these codes periodically.

The report included four recommendations and management decisions have been reached on all recommendations.

*(Audit Report No. 0-000-09-001-C)*

OIG Identified \$21 Million in Questioned Costs. OIG oversees and reviews work conducted by Federal and non-Federal auditors who perform audits of U.S.-based and foreign-based USAID contractors and grantees. During this period OIG reviewed 205 audit reports that identified \$21 million in questioned costs, covering about \$4.8 billion audited. OIG also issued 5 quality control review reports, covering about \$100 million audited.

For example, at USAID/Kenya, OIG reviewed an agency-contracted closeout audit of a project that was intended to ensure adequate rehabilitation and medical, psychological, and economic support to primary and secondary victims of the Nairobi bomb blast beyond the immediate crisis period. OIG recommended that USAID/Kenya recover, as appropriate, about \$900,000 in questioned costs, and correct six internal control weaknesses and seven instances of material noncompliance. Management decisions are pending on all recommendations.

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8. Public Law 103-356.

In Pakistan, OIG reviewed a recipient-contracted audit of an agreement that was intended to improve the quality of education through teacher training, faculty development, and family literacy. OIG recommended that USAID/Pakistan recover, as appropriate, over \$750,000 in a combination of a cost-sharing shortfall and questioned costs and correct six internal control issues and seven material instances of noncompliance. Management decisions have been reached on all recommendations.

OIG Conducts Financial Management Training. USAID's contracts and grants define the types of costs that can be charged in support of various programs. To increase awareness and compliance with cost principles, OIG conducts financial management training for overseas USAID staff, contractors, grantees, and others. The training provides a general overview of both U.S. Government cost principles and audit requirements. It also provides examples of concepts such as reasonableness of costs and allowable and unallowable costs.

During this period, OIG provided financial management training in 4 countries to about 350 individuals.

### ***Management Accountability***

Mission Director Suspended for Ethics Violations. An OIG investigation determined that a mission director pressured subordinates to waive or greatly reduce charges for excessive weight in the shipment of effects from another country. The director also used rank, as well as Government time and resources, to promote a family member's art business—specifically, directing a Government employee to set up a private social event for the purpose of selling the family member's artwork and using the mission's e-mail to publicize the event. The mission director was suspended for 45 days for ethics violations.

Mission Director Resigns Over Travel Irregularities. An investigation confirmed allegations that a mission director had used a Government driver and vehicle for personal use and submitted multiple claims for reimbursement for lodging not actually incurred. Upon receipt of USAID's proposal for termination, the mission director resigned.



## SIGNIFICANT ACCOMPLISHMENTS—USADF

Audit of African Development Foundation's Financial Statements for Fiscal Years 2008 and 2007. A non-Federal audit firm under OIG oversight performed an audit of USADF's financial statements for the fiscal year ending September 30, 2008. The audit firm issued an unqualified opinion on USADF's financial statements. In addition, the audit firm found the following: No instances of material weakness in the internal controls over financial reporting; a significant deficiency in USADF's internal control in management of grants; no instances of noncompliance with selected provisions of applicable laws and regulations; and no instances of substantial noncompliance with Federal financial management systems requirements. OIG oversight disclosed no instances in which the audit firm did not comply, in all material respects, with applicable standards.

*(Audit Report No. 0-ADF-09-002-C)*



## SIGNIFICANT ACCOMPLISHMENTS—IAF

Audit of Inter-American Foundation's Financial Statements for Fiscal Years 2008 and 2007. A non-Federal audit firm under OIG oversight performed an audit of IAF's financial statements for the fiscal year ending September 30, 2008. The audit firm issued an unqualified opinion on IAF's financial statements. In addition, the audit firm found the following: (1) No instances of material weaknesses in the internal control over financial reporting; no instances of significant deficiency in IAF's internal control; no instances of noncompliance with selected provisions of applicable laws and regulations; and no instances of substantial noncompliance with Federal financial management systems requirements. OIG oversight disclosed no instances in which the audit firm did not comply, in all material respects, with applicable standards.

*(Audit Report No. 0-IAF-09-003-C)*



*APPENDIX I*  
*REPORTING REQUIREMENTS*  
*USAID, USADF, AND IAF*



## FINANCIAL AUDIT REPORTS ISSUED—USAID

October 1, 2008—March 31, 2009

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>PROGRAMS AND OPERATIONS</b>				
0-000-09-001-C	11/14/08	Audit of USAID's Financial Statements for Fiscal Years 2008 and 2007		
<b>FOREIGN-BASED ORGANIZATIONS</b>				
0-000-09-001-R	12/12/08	Audit of Tearfund for the Year Ended March 31, 2007	18 15	QC UN
0-111-09-002-R	11/14/08	Audit of Mission Armenia NGO's Support for Soup Kitchens Project, Under Cooperative Agreement No. 111-A-00-04-00010-00 for the Year Ended December 31, 2007		
0-118-09-003-R	01/16/09	Audit of Moscow Public Science Foundation's Programs Under USAID Cooperative Agreement No. 118-A-00-02-00135-00 for Fiscal Year Ended December 31, 2007		
0-118-09-004-R	11/14/08	Audit of the Krasnodar Regional Nonprofit Organization—Southern Regional Resource Center's Programs Under USAID Cooperative Agreement No. 118-A-00-04-0009 for the Year Ended December 31, 2007		
0-118-09-005-R	02/24/09	Audit of Inter-regional Public Foundation "Siberian Civic Initiatives Support Center" Programs under USAID Cooperative Agreement No. 118-A-00-03-00127 and 118-A-00-04-00055/01 for Fiscal Year Ended December 31, 2007		
0-121-09-006-R	03/31/09	Audit of the International Charitable Organization "Center for Ukrainian Reform Education" (CURE) Under USAID Cooperative Agreement No. 121-A-00-02-00002-00, for Fiscal Year Ended December 31, 2007		
0-121-09-007-R	03/23/09	Audit of Municipal Development Institute Under USAID Cooperative Agreement No. 121-A-00-05-00710 for Fiscal Year Ended December 31, 2007		
0-118-09-008-R	03/20/09	Audit of Institute for Family Health Under USAID Cooperative Agreement No. 118-A-00-06-00077-00 for Fiscal Year Ended December 31, 2007		
0-118-09-009-R	03/17/09	Audit of Center for Fiscal Policy, Programs under USAID Cooperative Agreement No. 118-A-00-03-00084 and Contract No. 118-C-00-06-00048 for Fiscal Year Ended December 31, 2007		
0-118-09-010-R	03/31/09	Audit of the Institute for the Fund for Sustainable Development, Program Under USAID Cooperative Agreement No. 118-A-00-06-00060, for Fiscal Year Ended December 31, 2007		
0-118-09-011-R	03/19/09	Audit of the Foundation for Information Policy Development, Programs under USAID Cooperative Agreement No. 118-A-00-04-00061, for Fiscal Year Ended December 31, 2007		
0-118-09-013-R	03/31/09	Audit of Moscow Helsinki Group Under USAID Cooperative Agreement No. 118-A-00-02-00183 for Fiscal Year Ended December 31, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

Appendix I

0-118-09-014-R	03/31/09	Audit of Foundation for Independent Radio Broadcasting Under USAID Cooperative Agreement No. 118-A-00-04-00075 for Fiscal Year Ended December 31, 2007		
0-118-09-015-R	03/31/09	Audit of the Institute for the Economy in Transition, Program Under USAID Cooperative Agreement No. 118-A-00-00-00130-00, for Fiscal Year Ended December 31, 2007	I	QC
0-118-09-016-R	03/31/09	Audit of Regional Society of Disabled People, Under USAID Cooperative Agreement No. 118-A-00-03-00085 for Fiscal Year Ended December 31, 2007		
1-526-09-001-R	10/06/08	Audit of Programs No. 526-A-00-01-00074-00, Civil Society and No. 526-A-00-01-00100-00, Health Decentralization and Community Participation, and 526-A-00-07-00052-00, Improving the Paraguayan Health Information System Managed by the Fundacion Comunitaria Centro de Informacion y Recursos Para El Desarrollo for the Year Ended December 31, 2007		
1-520-09-002-R	10/06/08	Audit of the Fund Accountability Statement of the Program to Strengthen Entrepreneurial Competitiveness, Cooperative Agreement No. 520-A-00-06-00103-00, Managed by the Asociacion Nacional del Cafe, for the Period From June 8, 2006 to December 31, 2007		
1-527-09-003-R	10/06/08	Financial Audit of the Projects Financed by the United States Agency for International Development (USAID) Administered by the PRISMA Benevolent Association and the PRISMA Benevolent Association Institutional Financial Statements, for the Year Ended December 31, 2007		
1-520-09-004-R	10/06/08	Audit of the Fund Accountability Statement of Cooperative Agreement No. 520-A-00-05-00084-00 "Sustainability Program," Asociacion Pro-Bienestar de la Familia de Guatemala, for the Year Ended December 31, 2007		
1-598-09-005-R	10/15/08	Financial Statement Audit of the Projects LAG-A-00-02-00001-00 "Promoting Human Rights Through Inclusion, Conflict Prevention and Democratization in Latin America," EDG-A-00-02-00030-00 "Psychological Support for Victims of Torture," and CA-518-A-00-06-00053-00 "Technical Assistance to Ecuador's Tribunal Supremo Electoral," Managed by the Inter-American Institute of Human Rights, for the Year Ended December 31, 2006		
1-512-09-006-R	10/09/08	Audit of the USAID Agreement No. 512-A-00-03-00026-00 Alpha Grant Agreement, Managed by Instituto Internacional de Educacao de Brasil for the Period From October 1, 2004 to September 30, 2006	1,706 1,692	QC UN
1-526-09-007-R	10/08/08	Close-Out Audit of Program No. 526-A-00-02-00073-00 Managed by Instituto de Estudios Comparados en Ciencias Penales y Sociales for the Nine Months Ended September 30, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

Appendix I

I-520-09-008-R	10/08/08	Closeout Audit of the Fund Accountability Statement of the Project for Food Assistance for Families Affected by Hurricane Stan, Agreement No. USAID/FFP-A-00-06-00042-00, Managed by the Asociacion SHARE Guatemala, for the Period From April 17, 2006 to December 31, 2007		
I-596-09-009-R	12/19/08	Audit of the Fund Accountability Statement of the USAID Cooperative Agreement No. 596-A-00-06-00092-00, Administered by the Secretariat for Economic Integration of Central America (SIECA), for the Period From June 1, 2006 to December 31, 2007		
I-596-09-010-R	12/19/08	Audit of the Fund Accountability Statement of the USAID Cooperative Agreement No. 596-A-00-06-00071-00, Administered by the Secretariat for Economic Integration of Central America, for the Period From May 23, 2006 to December 31, 2007		
I-511-09-011-R	10/09/08	Audit of the Fund Accountability Statement for the Rural Roads Project, Strategic Objective USAID Grant Agreement No. 511-0660, Integral Development Program—ID, for the Year Ended December 31, 2007		
I-518-09-012-R	10/10/08	Audit of the Fund Accountability Statement of the Cooperative Agreement Nos. 518-A-00-01-00010-00 “Program for Community Strengthening Initiatives in Northern Ecuador;” 518-A-00-07-00067-00 “Municipal Integrated Development Program—MIDP;” and 518-A-00-06-00077-00 “Program to Combat Trafficking in Persons in Ecuador;” Managed by the International Organization for Migration—IOM, for the Periods Between January 1, 2007 to December 31, 2007		
I-511-09-013-R	10/10/08	Financial Audit of Integral Health Coordination Program, USAID Cooperative Agreement No. 511-A-00-05-00113-00, NGO Paraguas: Communitarian Health Project for the Year Ending on December 31, 2007	4	QC
I-519-09-014-R	10/10/08	Audit of the Fund Accountability Statement of the Project “Strengthening Health Care and Basic Education” Cooperative Agreement No. 519-A-00-06-00033-00 Between the United States Agency for International Development (USAID), Mission in El Salvador, and Fundacion Empresarial Para el Desarrollo Educativo, for the Year Ended December 31, 2007		
I-532-09-015-R	10/10/08	Closeout Audit of the Fund Accountability Statement of the Caribbean Centre of Excellence for Teacher Training Project Under Cooperative Agreement No. EDG-A-00-02-00038-00, for the Period August 1, 2005 to September 30, 2006	85 27	QC UN
I-526-09-016-R	10/10/08	Closeout Audit of the Fund Accountability Statement of Cooperative Agreement No. 526-A-00-04-00027-00 “Paraguay Good Governance and Anti-Corruption Program,” Alter Vida Association, for the Year Ended December 31, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

Appendix I

I-511-09-017-R	10/15/08	Independent Auditor's Report for the Year Ended December 31, 2007; Rural Roads Project Strategic Objective for Alternative Development USAID Grant Agreement No. 511-0643		
I-522-09-018-R	10/23/08	Financial Audit of the Rural Water and Sanitation Program Under the Municipal Development Activity of the Reconstruction Program by the Hurricane, Implementation Letter No. 522-0410.03-193 and No. 522-0410.05-137, Administered by the Fondo Hondureno de Inversion Social Through the Major Infrastructure Division, for the Period From October 1, 2005 Through September 30, 2006 and From October 1, 2006 Through September 30, 2007		
I-527-09-019-R	10/16/08	Closing Audit of Grant Agreement No. 527-G-00-04-0080-00, "Acciones de Prevencion y Atencion de la Salud Mental y los Derechos Humanos en el Marco del Programa Integral de Reparaciones" Managed by Centro de Atencion Psicossocial for the Period From January 1, 2007 to March 31, 2008		
I-511-09-020-R	10/20/08	Audit of the Fund Accountability Statement of the Sustainable Technologies Promotion Center, Grant Agreement USAID No. 511-A-00-02-00282-00, for the Year Ended December 31, 2007		
I-538-09-021-R	10/20/08	Fund Accountability Statement Audit of Grant Agreement Nos. 538-009-01 and 538-010-01, Managed by the Caribbean Community Secretariat, for the Year Ended December 31, 2007		
I-527-09-022-R	10/20/08	Financial Statement Audit of Strategic Objective Agreement No. 527-0407, Managed by the National Institute of Natural Resources for the Period From January 1, 2006 to December 31, 2007	838 814	QC UN
I-518-09-023-R	10/20/08	Closeout Audit of the Fund Accountability Statement of the Program of Financial Sustainability and Strategic Alliances Agreement No. 518-A-00-98-0000187-00, and the Program to Strengthen Local Governments in Ecuador Agreement No. 518-A-00-98-00-04-00-00142-00, Managed by Fundacion Esquel—Ecuador, for the Periods Between January 1, 2007 to February 29, 2008		
I-522-09-024-R	10/22/08	Audit of the Fund Accountability Statement of the "Expanding Access to Family Planning for Marginalized Rural Populations" Program, Cooperative Agreement No. 522-0433-3-05005, Managed by the Asociacion Hondurena de Planificacion de Familia, for the Period From January 1 to December 31, 2007		
I-517-09-025-R	10/22/08	Closeout Audit of the Reproductive Health Services Project No. 517-G-00-01-00115-00, Managed by the Asociacion Dominicana de Planificacion Familiar, Inc., for the Period January 1, 2003 to September 3, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

Appendix I

I-522-09-026-R	10/23/08	Audit of the Fund Accountability Statement of USAID/Honduras Resources, Under the EDUCATODOS Program, Under Grant Agreement No. 522-0436, Managed by the Secretariat of Education, for the Period January 1 to December 31, 2007	238 238	QC UN
I-523-09-027-R	10/22/08	Report on the Fund Accountability Statement for the Agreement Between Fondo Mexican para la Conservacion de la Naturaleza, A.C. and the United States Agency for International Development (USAID) Corresponding to the Grupo Cuencas Environmental Initiative Program (NEEM) for the Period March 1, 2007 to December 31, 2007		
I-527-09-028-R	10/23/08	Close-out Financial Audit of USAID Grant Agreement No. 527-0391, Confronting the Threats of Emergent and Re-Emergent Diseases "Project VIGIA," Managed by the National Institute of Health, for the Periods From January 1 to December 31, 2007, and From January 1 to July 31, 2008	1,350 8	QC UN
I-527-09-029-R	10/23/08	Close-out Financial Audit of USAID Grant Agreement No. 527-0375, "Coverage with Quality" Project, Managed by the Health Ministry, for the Period From January 1 to December 31, 2007	35 35	QC UN
I-522-09-030-R	10/29/08	Close-out Audit of the Fund Accountability Statement of USAID Under the Program No. 522-0433.00, Investing in People: "Health Activity," Managed by the National Autonomous Water and Sewerage Service, for the Period June 1, 2006 to December 31, 2007	1	QC
I-511-09-031-R	10/29/08	Independent Auditor's Report of USAID Cooperative Agreement No. 511-A-00-04-00298-00, Managed by Centro de Investigacion, Educacion y Servicios, for the Period From January 1 to December 31, 2007		
I-518-09-032-R	10/20/08	Audit of the Fund Accountability Statement of the Program for Strengthening Democracy in Ecuador, Cooperative Agreement No. 518-A-00-03-00054-00, Managed by the Citizen Participation Corporation, for the Year Ended December 31, 2007	2 2	QC UN
I-527-09-033-R	11/21/08	Close-out Financial Audit of USAID Grant Agreement No. 527-0412, "Improve Health for High Risk Population" Project, Managed by the Health Ministry, for the Period From January 1 to November 30, 2007	2	QC
I-517-09-034-R	11/21/08	Audit of USAID/DR Resources Managed by Asociacion Dominicana Pro-Bienestar de la Familia, Inc. (PROFAMILIA) Under the Grant Agreement for the Reproductive Health Services in the Dominican Republic, USAID Grant Agreement No. 517-G-00-01-00114-00, for the Period January 1, 2005 Through December 31, 2007		
I-527-09-035-R	11/21/08	Close-out Audit of the Fund Accountability Statement of the Sub Agreement Frame "Reinforcement of PDA" Program, Managed by Proyecto Especial de Control y Reduccion de los Cultivos de Coca en el Alto Huallaga, USAID Grant Agreement CDOE 527-0404, for the Year Ended December 31, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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I-527-09-036-R	11/25/08	Financial Statement Audit of Strategic Objective Agreement No. 527-0404, Managed by the Comision Nacional Para el Desarrollo y Vida Sin Drogas for the Period From January 1 to December 31, 2007	18	QC
I-512-09-037-R	12/09/08	Audit of the USAID Agreement No. 512-A-00-01-00016-00 Despertar Grant Agreement Managed by Bem-Estar Familiar no Brasil (BEMFAM) for the Period From October 1, 2001 to June 30, 2006	1,025 939	QC UN
I-517-09-038-R	12/11/08	Closeout Audit of the Fund Accountability Statement of the “Improving the Quality of Life for Vulnerable Children Living in the Streets of Santo Domingo (Project NINA);” Cooperative Agreement No. 517-A-00-04-00114-00, Managed by Catholic Relief Services/ Dominican Republic, for the Period From September 1, 2004 to February 29, 2008		
I-598-09-039-R	12/17/08	Financial Statements Audit of the Projects LAG-A-00-02-00001-00 “Promoting Human Rights Through Inclusion, Conflict Prevention and Democratization in Latin America,” EDG-A-00-02-0030-00 “Psychological Support for Victims of Torture,” and Cooperative Agreement CA 518-A-00-06-00053-00 “Technical Assistance to Ecuador’s Tribunal Supremo Electoral” Managed by the Inter-American Institute of Human Rights, for the Year Ended December 31, 2007		
I-522-09-040-R	12/17/08	Audit of the Financial Statements of the Trust Fund Agreement of the Government of Honduras, Managed by USAID/Honduras, for the Period From October 1, 2005 to September 30, 2007		
I-520-09-041-R	12/17/08	Financial Audit of the “Quality Assurance and Small Business Development” Program,” USAID Cooperative Agreement No. 520-A-00-06-00105-00, Managed by Fundacion Apoyo a la Generacion de Ingresos Locales (Fundacion AGIL) for the Year Ending December 31, 2007		
I-520-09-042-R	01/06/09	Audit of the Fund Accountability Statement of USAID Resources “MYAP—Multiyear Assistance Program” Under PL-480 Title II, Cooperative Agreement No. FFP-A-00-07-00010-00, Managed by the Asociacion SHARE de Guatemala, During the Period From October 1, 2006 to September 30, 2007		
I-522-09-043-R	01/15/09	Audit of the Grant Agreement No. 522-0433 “Investing in People: Healthier and Better Educated People,” Managed by the Unidad de Extension de Cobertura y Financiamiento Under the Honduran Secretariat of Health for the Period From October 1, 2006 to December 31, 2007	157 156	QC UN
I-511-09-044-R	01/20/09	Fund Accountability Statement Audit of Asociacion de Proteccion a la Salud (PROSALUD) Santa Cruz—Bolivia; Social marketing— Cooperative Agreement No. 511-A-00-02-00295-00 and Partners for Development—Cooperative Agreement No. 511-A-00-02-00261-00; Independent Audit Report for the Year Ended December 31, 2007	124 124	QC UN

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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I-521-09-045-R	02/04/09	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by the Groupe Haitien d'Etude du Sarcome de Kaposi et des Infections Opportunistes Centers Under Cooperative Agreement No. 521-A-00-04-00010-00 for the Period From March 15, 2004 to March 31, 2008		
I-521-09-046-R	02/24/09	Financial Statements Audit of Funds Provided by the United States Agency for International Development, Mission in Haiti (USAID/Haiti) for the Resources Managed by Fondation Haitienne de l'Enseignement Prive (FONHEP) CA No. 521-A-00-99-00070-00 under the Education 2004 Project, For the Period of August 1, 2006 to September 30, 2007	99 91	QC UN
I-527-09-047-R	03/06/09	Close-Out Audit on the Fund Accountability Statement of Grant Agreement No. 527-G-00-99-00321-00 "Houses for Homeless Children and Adolescents," for the Period October 1, 2006 to September 30, 2007 and Cooperative Agreement No. 527-A-00-06-00017-00 "Sustainable Development Without Coca in Peruvian Coca Growers Valleys," for the Period January 1, 2007 to February 29, 2008, Managed by Centro de Informacion y Educacion Para la Prevencion del Abuso de Drogas (CEDRO)		
I-518-09-048-R	03/09/09	Close-out Audit of Cooperative Agreement No. 518-A-00-06-00046-00, "Promotion and Demand of Political and Labor Rights for Handicapped People in Ecuador Program," Managed by the Federacion Nacional de Ecuatorianos con Discapacidad Fisica—FENEDIF, for the Period January 1 to June 30, 2008		
I-527-09-049-R	03/12/09	Close-Out Audit on the Consolidated Fund Accountability Statement for the Programs "Program Opportunities for Regional Economic Development to Reduce Social Exclusion," Under the Grant Agreement FFP-A-00-02-00023-00 for the Period January 1 Through December 31, 2007 and "Emergency Humanitarian Aid," Under the Grant Agreement 527-A-00-07-00062-00 for the Period August 23 Through December 15, 2007, Financed by the United States Agency for International Development and Administered by CARITAS del Peru	163 70	QC UN
I-522-09-050-R	03/13/09	Audit of the USAID Resources for the Program Strengthening the Democratic Process in Honduras; Cooperative Agreement No. 522-A-00-06-00302-00 Administered by the Federacion de Organizaciones Para el Desarrollo de Honduras From October 1, 2006 through December 31, 2007		
4-615-09-001-N	10/15/08	Audit of USAID Resources for Orphans and Vulnerable Children Scholarships Program Managed by PricewaterhouseCoopers (PwC) under Contract No. 623-C-00-06-00007-00 for the period December 6, 2005 to September 30, 2007	4 1	QC UN
4-663-09-001-R	10/09/08	Audit of the Disaster Prevention and Preparedness Agency's Strategic Objective Grant Agreement (SOAG) No. 663-011 for the period July 01, 2002 to June 30, 2003	44 1	QC UN

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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4-611-09-002-N	10/15/08	Close-Out Audit of USAID Resources Managed by Zambia Chamber of Small and Medium Business Association (ZCSMBA) under Cooperative Agreements No. 690-A-00-01-00117-00 and 690-A-00-03-00173-00 for the period July 1, 2001 to June 30, 2005	583 527	QC UN
4-617-09-003-N	10/30/08	Audit of USAID Resources Managed by Deloitte & Touche under Contract No. 617-C-00-07-00004-00 for the period May 8, 2007 to December 31, 2007	9	QC
4-656-09-004-N	12/11/08	Agency Contracted Closeout Audit of USAID Resources Managed by Etica Moçambique under Cooperative Agreement No. 656-A-00-04-00025-00 for the period June 8, 2004 to June 30, 2006	367 319	QC UN
4-663-09-004-R	10/09/08	Audit of USAID Resources Managed by the Amhara Regional Agricultural Research Institute (ARARI) under Strategic Objective Grant Agreement (SOAG) No. 663-007 for the Period July 8, 2003 to February 28, 2005	13	QC
4-650-09-005-N	12/11/08	Agency Contracted Audit of USAID Resources Managed by Express Travel Group under Contract No. 623-C-00-04-00045-00 for the Period January 1, 2005 to December 31, 2007	83 63	QC UN
4-663-09-005-R	10/10/08	Audit of the Amhara National Regional State Bureau of Agriculture and Rural Development (BOARD) under Strategic Objective Grant Agreement (SOAG) No. 663-007 for the period July 08, 2003 to February 28, 2005	27 21	QC UN
4-615-09-006-N	12/12/08	Agency Contracted Closeout Audit of USAID Resources Managed by Adventist Development Relief Agency (ADRA) under Nairobi Bomb Survivors Follow-up Services Program Award No. 623-G-00-99-00044-00 for the period May 14, 1999 to September 30, 2002	914 842	QC UN
4-663-09-006-R	10/10/08	Audit of USAID Resources Managed by the Amhara National Regional State Bureau of Agriculture and Rural Development (BOARD) under Strategic Objective Grant Agreement (SOAG) No. 663-016 for the period June 30, 2005 to November 30, 2005		
4-615-09-007-N	12/18/08	Agency Contracted Audit of USAID Resources Managed by the Intermediate Technology Development Group (ITDG) under Cooperative Agreement No. 623-A-00-04-00018-00 for the period March 31, 2004 to July 31, 2007	47 44	QC UN
4-663-09-007-R	10/10/08	Audit of Amhara National Regional State Food Security Coordination Program and Disaster Prevention Office (AFSCDPO) Under Strategic Objective Grant Agreement (SOAG) No. 663-016 for the year ended December 31, 2005	21 16	QC UN
4-615-09-008-N	01/14/09	Agency Contracted Closeout Audit of USAID Resources Managed By the K-Rep Development Agency (KDA) Under Cooperative Agreement No. 623-A-00-97-00039-00 for the Period May 1, 2001 to December 31, 2003	322 291	QC UN

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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4-663-09-008-R	10/30/08	Audit of USAID Resources Managed by the Ministry of Federal Affairs Peace Building Activities under Limited Scope Grant Agreement (LSGA) No. 663-03-03 for the period July 8, 2003 to July 7, 2005	6	QC
4-615-09-009-N	01/15/09	Agency Contracted Closeout Audit of USAID Resources Managed by the Institute of Policy and Analysis Research (IPAR) under the Democracy and Governance Program, Cooperative Agreement No. 623-A-00-00-00181-00 for the Period September 25, 2000 to June 30, 2006	797 662	QC UN
4-663-09-009-R	10/30/08	Audit of USAID Resources Managed by the Ministry of Federal Affairs Peace Building Activities under Limited Scope Grant Agreement (LSGA) No. 663-03-03 for the period July 8, 2005 to July 7, 2006		
4-615-09-010-N	01/21/09	Agency Contracted Audit of USAID Resources for Restructuring and Reform Program Managed by the Directorate of Public Prosecutions (DPP) under Development Assistance Grant Agreement No. 615-006 for the period May 19, 2004 to June 30, 2007		
4-623-09-010-R	11/26/08	Audit of USAID Resources Managed by the Common Market for East and Southern Africa (COMESA) under Strategic Objective Grant Agreement (SOAG) Nos. 6231005.01-3-30001 and 6231006.01-3-30002 for the year ended December 31, 2006	87 85	QC UN
4-663-09-011-N	03/30/09	Agency Contracted Audits of USAID Resources Managed by Relief Society of Tigray (REST) Under the Cooperative Agreement Nos. 663-A-00-02-00366-00 and FFP-A-00-05-00028-00 and Agency Contracted Closeout Audits of USAID Resources Managed by REST Under the Cooperative Agreement No. 663-A-00-05-00406-00 and Grant Agreement No. DFD-G-00-04-00162-00 for the Period January 1, 2006 to December 31, 2007	16 16	QC UN
4-674-09-011-R	11/28/08	Audit of USAID Resources Managed by the Mindset Network's Public Private Alliance in Education under Cooperative Agreement No. 674-A-00-04-00071-00 for the period August 27, 2004 to December 31, 2005	97 97	QC UN
4-663-09-012-R	12/11/08	Recipient Contracted Audit of USAID Resources Managed by the Amhara National Regional State Food Security Coordination and Disaster Prevention Office under Strategic Grant Agreement (SOAG) No. 663-016 for the year ended December 31, 2006	1	QC
4-621-09-013-R	12/11/08	Recipient Contracted Audit of USAID Resources Managed by the Women in Law and Development in Africa (WiLDAF) under Cooperative Agreement No. 621-A-00-06-00015-00 for the Period October 1, 2006 to December 31, 2007		
4-612-09-014-R	12/18/08	Closeout Audit of USAID Resources Managed by the National Smallholder Farmers Association of Malawi (NASFAM) under Cooperative Agreement No. 690-A-00-04-00087-00 for the period October 1, 2006 to March 31, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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4-674-09-015-R	12/18/08	Recipient Contracted Audit of USAID Resources Managed by the National Health Laboratory Services (NHLS) under Grant Agreement No. 674-0320-G-00-5053 for the period March 15, 2002 to February 28, 2006	644 644	QC UN
4-674-09-016-R	01/09/09	Recipient Contracted Audit of USAID Resources Managed by The University of Kwa-Zulu Natal under Grant Agreement No. AOT-G-00-97-00375-00 and Cooperative Agreement No. HFM-A-00-02-00065-00 for the Period January 1, 2005 to December 31, 2006	461 62	QC UN
4-615-09-017-R	01/13/09	Audit of USAID Resources Managed by the Export Promotion Council (EPC) under Limited Scope Grant Agreement (LSGA) No. 615-007-LSGA-003 Implementation Letter No. 3 Amendment No. 2 for the period July 1, 2006 to September 30, 2007	4	QC
4-663-09-018-R	01/15/09	Audit of USAID Resources Managed by the Food Security Coordination Bureau (FSCB) Capacity Building for Productive Safety Net Program under Limited Scope Grant Agreement (LSGA) No. 663-04-01 for the period July 8, 2005 to July 7, 2006	16	QC
4-621-09-019-R	01/16/09	Audit of USID Resources Managed by the Ministry of Health and Social Welfare—Center for Educational Development in Health Arusha under the Strategic Objective Grant Agreement No. 621-0011.01, Implementation Letters No. 3 and 5 for the period July 1, 2006 to June 30, 2007		
4-615-09-020-R	01/28/09	Recipient Contracted Audit of USAID Resources Managed by the Centre for Governance and Development (CGD) under Grant Nos. 623-G-00-99-00293-00, 623-G-00-01-00127-00, and 623-A-00-04-00088-00 for the period September 17, 1999 to October 2, 2007	853 742	QC UN
4-623-09-021-R	01/29/09	Audit of USAID Resources Managed by the Common Market for Eastern and Southern Africa (COMESA) under Strategic Objective Grant Agreement (SOAG) Nos. 6231005.01-3-30001, 6231006.01-3-30002 and 62300010.0260100-10 and Limited Scope Grant Agreement (LSGA) Nos. 623-1005.01-3-50079 and 623-LSGA0010.02-3-60078 for the year ended December 31, 2007	2	QC
4-623-09-022-R	02/09/09	Closeout Recipient Contracted Audit of USAID Resources Managed under Cooperative Agreement Number 623-A-00-02-00095-00 for the period January 1, 2007 to September 30, 2007 and Recipient Contracted Audit of USAID Resources Managed under Cooperative Agreement Number 623-A-00-06-00082-00 for the period October 1, 2006 to December 31, 2007, both by Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA)	53	QC
4-673-09-023-R	02/09/09	Audit of USAID Resources Managed by ORT Namibia Trust Under Cooperative Agreement Number 690-A-00-05-00150-00, Helping Young People & Their Families Overcome the Impact of HIV/AIDS in Namibia—Skills, Opportunities, Self-reliance (SOS) Program for the Year Ended December 31, 2007	18	QC

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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4-623-09-024-R	02/10/09	Closeout Audit of USAID Resources Managed by the Inter-Governmental Authority on Development (IGAD) under Limited Scope Grant Agreement (LSGA) No. 6231006.01-40002 and Audit of USAID Resources Managed by the IGAD/Conflict Early Warning and Response Mechanism (CEWARN) under LSGA No. 6230009.02-03-600082 for the Periods January 1, 2007 to September 30, 2007 and January 1, 2007 to December 31, 2007, respectively	307 307	QC UN
4-663-09-025-R	02/17/09	Audit of USAID Resources Managed by Hamlin Fistula Welfare and Research Trust, Addis Ababa Fistula Hospital, (Fistula Hospital) USAID Support for Fistula Identification, Referral and Treatment in Ethiopia, under Grant Agreement No. 663-G-00-06-00418-00 for the period from June 20, 2006 to June 30, 2007	1	QC
4-623-09-026-R	02/19/09	Close-out Audit of USAID Resources Managed by the Centre for African Family Studies (CAFS) under Cooperative Agreement No. 623-A-00-02-00107-00, for the year ended December 31, 2007	44 44	QC UN
4-674-09-027-R	02/20/09	Audit of USAID Agreements U62/CCU223540/ CFDA#93.941, GHH-A-00-07-00019-00 and PI321A0027 with Mothers 2 Mothers 2 Be for the Year Ended December 31, 2007	208 201	QC UN
4-663-09-028-R	02/20/09	Closeout Audit of USAID Resources Managed by the Ethiopian Children's Fund under Integrated Rural Development Center of Children, Youth and Women, (Ethiopian Children's Fund) under Cooperative Agreement No. 663-A-00-02-00382 for the period August 30, 2002 to January 31, 2007	10 8	QC UN
4-615-09-029-R	02/20/09	Close-out Audit of USAID Resources Managed by Kenya Medical Supplies Agency (KEMSA) under Development Assistance Grant Agreement (DAGA) No. 615-003, Implementation Letter No. 3 for the period April 21, 2004 to April 21, 2007	107 24	QC UN
4-615-09-030-R	02/25/09	Close-out Audit of USAID Resources Managed by Transparency International Kenya Anti-Corruption Advocacy Program under Grant Agreement No. 615-GR615-0266-G-00-00-00105 for the Period September 29, 2000 to May 31, 2004	296 296	QC UN
4-615-09-031-R	03/02/09	Close-out Audit of USAID Resources Managed by Transparency International Kenya National Policy Advocacy/Monitoring Program under Grant Agreement No. 615-GR623-A-00-04-00087 for the Period October 3, 2004 to October 2, 2007	4	QC
4-621-09-032-R	03/04/09	Audit of USAID Resources Managed by the Ministry of Health and Social Welfare—Kigoma Zonal Training Centre under the Strategic Objectives Grant Agreement Nos. 621-001-01 and 621-0011-01, Implementation Letters Nos. 77, 7 and 4 for the period July 1, 2005 to June 30, 2007		
4-621-09-033-R	03/06/09	Audit of USAID Resources Managed by Selian AIDS Control Programme under Agreement No. 621-A-00-07-00001-00 for the Period October 10, 2006 to December 31, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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4-663-08-034-R	10/09/08	Audit of the Ethiopian Orthodox Church Development and Inter-Church Aid Commission (EOC/DICAC) under the USAID Food Security Program (FSP) PL 480 Title II Development Activity Proposal, Cooperative Agreement No. FSP-A-00-98-00032-05, for the year ended December 31, 2003	2 1	QC UN
4-000-09-034-R	03/10/09	Audit of USAID Resources Managed by Genesis Trust under the Cooperative Agreement No. GHH-A-00-07-00014-00 for the year ended December 31, 2007	63 63	QC UN
4-663-08-035-R	10/09/08	Closeout Audit of the Ethiopian Orthodox Church Development and Inter-Church Aid Commission (EOC/DICAC) under the USAID Food Security (FSP) Program PL 480 Title II Development Activity Proposal, Cooperative Agreement No. FSP-A-00-98-00032-05, for the year ended December 31, 2004	60	QC
4-617-09-035-R	03/10/09	Audit of USAID Resources Managed by Inter-Religious Council of Uganda (IRCU) under Contract Nos. CRTA-06-10, UPHOLD 102-2005, UGA/087/IRCU/001 and 617-C-00-06-00292-00 and IRCU 060101 BB For the Year Ended December 31, 2007		
5-492-09-001-R	10/06/08	Financial Audit of the Program titled "Linking Initiatives and Networking to Control Tuberculosis," USAID/Philippines Cooperative Agreement No. 492-A-00-06-00032-00, Managed by the Philippine Business for Social Progress (PBSP), for the Period from October 1, 2006, to September 30, 2007		
5-492-09-002-R	10/29/08	Closeout Audit of the Program Titled "Provision of Flood Early Warning to Flood Vulnerable Communities in the Lower Mekong River Basin," USAID/Philippines Cooperative Agreement No. 492-A-00-03-00003-00, Managed by The Mekong River Commission (MRC), for the Period from January 1, 2006 to April 30, 2008		
5-493-09-003-R	10/30/08	Financial Audit of the Accelerating Economic Recovery in Asia (AERA) Program, Managed by Kenan Foundation Asia (Kenan), USAID Cooperative Agreement No. 442-A-00-99-00072-00, for the Year Ended September 30, 2007	25	QC
5-367-09-004-R	10/30/08	Closeout Financial Audit of Improving the Policy Environment for Agricultural Trade, Production and Marketing in Nepal, USAID/Nepal Cooperative Agreement No. 367-A-00-04-00021-00, Managed by Agro Enterprises Centre/Federation of Nepalese Chamber of Commerce and Industry (AEC/FNCCI), for the Period from November 25, 2003, to December 31, 2007	1	QC
5-442-09-005-R	11/25/08	Financial Audit of USAID Funds Managed by the Khmer HIV/AIDS NGO Alliance (KHANA), for the Year Ended December 31, 2007		
5-391-09-006-R	12/15/08	Financial Audit of the Interactive Teaching and Learning Program in Pakistan, USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00, Managed by the Children's Resources International Pakistan (G) Limited (CRI Pakistan), for the Period from March 1, 2006, to June 30, 2007	763 351	QC UN

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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6-263-09-001-N	10/27/08	Financial Audit of the Statement of Inflows and Releases of the Government of Egypt Special Accounts, for the Period July 1, 2004, to June 30, 2005		
6-263-09-001-R	11/10/08	Financial Audit of USAID Resources Managed by the Egyptian Foundation for Enterprise Development (LEAD), Cooperative Agreement No. 263-A-00-03-00049-00, Fund Accountability Statement, for the Year Ended December 31, 2006	1	QC
6-263-09-002-R	11/23/08	Financial Audit of the National Law Commission, Financial Sector Modernization Program, Competitive Environment for Investment, Under USAID Agreement Number 263-0289-02, Implementation Letter No. 3, for the Period From September 1, 2006, to September 30, 2007	2	QC
6-263-09-003-R	11/24/08	Financial Audit of the Egyptian Banking Institute, Cooperative Agreement No. 263-A-00-05-00018-00, High Level Training for Egyptian Bankers and Central Bank of Egypt Staff, for the Period September 1, 2005, through December 31, 2006	1	QC
6-263-09-004-R	11/26/08	Financial Audit of the Ministry of Foreign Trade and Industry, Industry and Trade Advisory Support Unit, Implementation Letter No. 5, Agreement No. 263-0284, for the Period January 1, 2007, Through December 31, 2007	1	QC
6-294-09-005-N	03/30/09	Audit of the Fund Accountability Statement of USAID Resources Managed by Catholic Relief Services, Under Cooperative Agreement Number 294-A-00-04-00217-00, "Palestinian Infrastructure for Needed Employment," for the Period From October 1, 2005, to September 26, 2006	1	QC
6-263-09-005-R	01/27/09	Financial Audit of USAID Resources Managed and Expenditures Incurred by Financial Sector Modernization Program, Financial Services Project, Mortgage Finance Authority Experts, USAID/Egypt Grant Agreement No. 263-0289.01, Implementation Letter No. Four, for the Period From September 1, 2005, to December 31, 2006		
6-263-09-006-N	03/31/09	Financial Audit of the Government of Egypt Dollar Separate Accounts, Under USAID Sector Policy Reform Program, for the Period From July 1, 2004, through June 30, 2005		
6-263-09-006-R	01/27/09	Financial Audit of USAID Resources Managed and Expenditures Incurred by Customs Reform Unit, USAID/Egypt Grant Agreement Number 263-0284, Implementation Letter No. Three, for the Period From July 1, 2007, to June 30, 2008		
6-263-09-007-N	03/31/09	Financial Audit of the Government of Egypt Dollar Separate Accounts, Under USAID Sector Policy Reform Program, for the Period From July 1, 2005, through June 30, 2006		
6-263-09-007-R	01/27/09	Financial Audit of USAID Resources Managed by the Egyptian Foundation for Enterprise Development, Cooperative Agreement No. 263-A-00-03-00049-00, for the Period From January 1, 2007, Through December 31, 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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6-263-09-008-R	01/28/09	Financial Audit of the Statement of Revenues and Expenses for the Small and Emerging Business Enterprise Project, Under Project Grant No. 263-0228, Cooperative Agreement No. 263-A-00-03-00020, for the Period From January 1, 2005, Through December 31, 2005	2	QC
6-263-09-009-R	01/28/09	Financial Audit of USAID Resources to Credit Guarantee Company, Small and Emerging Business Development Program, Financing Agreement No. 263-0228 and Cooperative Agreement No. 263-A-00-03-00020, for the Period From January 1, 2006, Through December 31, 2007		
6-278-09-010-R	03/30/09	Audit of the Fund Accountability Statement of USAID Resources Managed by Business Development Center Under Cooperative Agreement Number 278-A-00-06-00311-00, "TATWEER" Program, for the Period From December 1, 2007, to November 30, 2008		
7-685-09-001-R	01/30/09	Audit of USAID and KFW Resources Managed by the Agency for the Development of Social Marketing (ADEMAS) under the Cooperative Agreement No. 685-A-00-03-00118-00 in Senegal for the Period January 1, 2005 to December 31, 2007 and the KFW Program No. 2002 65 033 for the Period January 1, 2007 to December 31, 2007		
7-624-09-002-R	02/27/09	Consolidated Audit of USAID and Other Donor Resources Granted to the Permanent Interstate Committee for Drought Control in the Sahel for the Period January 1, 2007 to December 31, 2007	108 46	QC UN
7-624-09-003-R	03/25/09	Audit of USAID Resources Granted to the West and Central African Council for Agriculture Research and Development (CORAF/WECARD) for the Period February 1, 2007 to December 31, 2007	5	QC
7-688-09-004-R	03/31/09	Audit of the Expenditures Made by the Administrative and Finance Directorate of the Ministry of Agriculture under the USAID Accelerated Economic Growth Program No. 688-009 in Mali for the Period From January 1, 2004 through December 31, 2006	50 50	QC UN
<b>LOCAL CURRENCY TRUST FUND</b>				
5-492-09-001-N	11/07/08	Financial Audit of USAID/Philippines' Peso Trust Fund for Operating Expenses, for the Period from January 1, 2007 to December 31, 2007		
<b>U.S.-BASED CONTRACTORS</b>				
0-000-09-001-D	01/07/09	Report on Audit of Associates in Rural Development Fiscal Year 2005 Incurred Costs		
0-000-09-002-D	01/12/09	Associates in Rural Development, Report on Audit of Fiscal Year 2006 Incurred Costs	504	QC
0-000-09-003-D	01/09/09	Mendez England and Associates, Supplement to Report on Audit of Fiscal Year 2000 Incurred Costs	2 2	QC UN
0-000-09-004-D	01/09/09	Mendez England and Associates, Supplemental Report on Audit of Fiscal Year 1997 Incurred Costs	74	QC
0-000-09-005-D	01/09/09	Mendez England and Associates, Supplement to Report on Audit of Fiscal Year 2001 Incurred Costs	2	QC

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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0-000-09-006-D	01/16/09	Abt Associates, Inc. (ABT), Report on Adequacy and Compliance of ABT Disclosure Statement Revision No. 7, dated April 2, 2005		
0-000-09-008-D	01/16/09	Abt Associates, Inc. (ABT), Report on Adequacy and Compliance of ABT Disclosure Statement Revision No. 6, dated April 1, 2001		
0-000-09-009-D	01/23/09	Datex, Inc. Report on Audit of Fiscal Year 1999 Incurred Costs		
0-000-09-010-D	01/23/09	Datex, Inc. Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-09-011-D	01/23/09	Datex, Inc. Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-09-012-D	01/30/09	Management Sciences for Development, Inc., Supplement to Report on Audit of Fiscal Year 2001 Incurred Costs	905	QC
0-000-09-013-D	01/30/09	Management Sciences for Development, Inc., Supplement to Report on Audit of Fiscal Year 2002 Incurred Costs	93	QC
0-000-09-014-D	02/11/09	Deloitte Touche Tohmatsu Emerging Markets Group, Ltd., Supplemental Report on Incurred Costs for Fiscal Year 1999		
0-000-09-015-D	02/06/09	Deloitte Touche Tohmatsu Emerging Markets Group, Ltd., Supplemental Report on Incurred Costs for Fiscal Year 2001		
0-000-09-016-D	02/11/09	The Service Group, Inc., Report on Audit of Incurred Costs for Fiscal Year 2002	175	QC
0-000-09-017-D	02/11/09	The Service Group, Inc., Report on Audit of Incurred Costs for Fiscal Year 2003	48	QC
0-000-09-018-D	02/18/09	Bechtel National, Inc., Report on Audit of Incurred Costs for Fiscal Year 2004	361	QC
0-000-09-019-D	02/19/09	Deloitte Touche Tohmatsu Emerging Markets Group, Ltd. (DTTEMG), Supplemental Report on Audit of Incurred Cost for Fiscal Year 2000	5 5	QC UN
0-000-09-020-D	02/20/09	Abt Associates, Inc., Report on Audit of Incurred Costs for Fiscal Year 2004	353	QC
0-000-09-022-D	03/04/09	TCG International, LLC (TCGI), Report on Audit of Incurred Costs for Fiscal Years 2000, 2001, and 2002		
0-000-09-023-D	03/04/09	Bechtel Group, Inc. and Bechtel Systems and Infrastructure, Inc., Report on Audit of Incurred Costs for Fiscal Year 2004		
0-000-09-024-D	03/05/09	Creative Associates International, Inc., Report on Audit of Incurred Costs for Fiscal Year 2004	5	QC
0-000-09-025-D	03/17/09	Advanced Engineering Associates International, Audit of Fiscal Years 2004 and 2005 Incurred Costs		
0-000-09-026-D	03/12/09	CDM Constructors, Inc., Report on Adequacy of Initial Disclosure Statement Effective November 25, 2003		
0-000-09-027-D	03/13/09	CDM Constructors, Inc., Report on Adequacy of Disclosure Statement Revision No. 1		
0-000-09-028-D	03/20/09	Bankworld, Inc. Supplement to Report on Audit of Fiscal Year 2004 Incurred Costs		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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6-294-09-003-N	02/12/09	Audit of the Cost Representation Statement of USAID Resources Managed by Associates in Rural Development, Under Contract Number 294-C-00-02-00211-00, "Emergency Services Delivery Through NGOs," for the Period From October 1, 2004, to February 9, 2006	84	QC
6-294-09-008-N	03/31/09	Examination of American Intercontinental Constructors' Compliance with Terms and Conditions of USAID-Funded Contract No. 294-C-00-04-00216-00, "Eastern Hebron Bulk Water Supply Project," for the Period From January 1, 2006, to December 31, 2006		
E-267-09-004-D	11/14/08	Audit of Costs Incurred and Billed by Management Systems International (MSI) under USAID Contract No. DFD-I-01-05-00221-00 for the Period July 27, 2006, through September 30, 2007	363 309	QC UN
E-267-09-005-D	11/14/08	Audit of Costs Incurred and Billed by The Services Group, Inc. under Contract No. 267-C-00-04-00435-00 for the Period of October 1, 2006 through September 30, 2007	4	QC
E-267-09-006-D	01/27/09	Audit of the Costs Incurred and Billed by Development Alternatives, Inc. (DAI) under USAID Contract No. RAN-C-00-04-00002-00 for the Period July 1, 2006 through December 31, 2006	199 36	QC UN
E-267-09-008-D	03/08/09	Audit of Costs Incurred and Billed by Louis Berger Group, Inc. (LBGI) under Contract No. 267-C-00-07-00500-00 for the period from May 14, 2007 to May 13, 2008	41	QC
<b>U.S.-BASED GRANTEES</b>				
0-000-09-001-E	02/10/09	Report on Audit of the Polish American Enterprise Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-001-T	01/28/09	Review of Audit Reports of World Learning, Inc. for Fiscal Years Ending June 30, 2005, June 30, 2006 and June 30, 2007		
0-000-09-002-E	02/05/09	Report on Audit of the Czech and Slovak American Enterprise Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-002-T	02/03/09	Review of Audit Reports of Management Sciences for Health for Fiscal Years Ending June 30, 2004, June 30, 2005, June 30, 2006, and June 30, 2007		
0-000-09-003-E	02/10/09	Report on Audit of the U.S. Russia Investment Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-003-T	02/12/09	Review of Audit Reports of Catholic Relief Services for Fiscal Years Ending September 30, 2005, September 30, 2006, and September 30, 2007		
0-000-09-004-E	02/10/09	Report on Audit of the Bulgarian American Enterprise Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-004-T	02/12/09	Review of Audit Reports of CHF International, Related Entities and Combined Entity for Fiscal Years Ending September 30, 2006 and September 30, 2007	64 34	QC UN

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-09-005-E	02/10/09	Report on Audit of the Baltic-American Enterprise Fund for the Fiscal Years Ended September 30, 2004 and September 30, 2003		
0-000-09-006-E	02/10/09	Report on Audit of the Baltic-American Enterprise Fund for the Fiscal Years Ended September 30, 2005 and September 30, 2004		
0-000-09-007-D	01/22/09	Population Service International (PSI) Report on Review of Incurred Direct Costs for the period September 29, 2005 under Cooperative Agreement No. 623-A-00-05-00346-00	713 1	QC UN
0-000-09-007-E	02/10/09	Report on Audit of the Baltic American Enterprise Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-008-E	02/12/09	Report on Audit of the Romanian American Enterprise Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-009-E	02/12/09	Report on Audit of the Albanian-American Enterprise Fund for the Fiscal Years Ended September 30, 2007 and September 30, 2006		
0-000-09-010-E	02/12/09	Report on Audit of the Baltic-American Enterprise Fund for the Fiscal Years Ended September 30, 2006 and September 30, 2005		
0-000-09-011-E	02/12/09	Report on Audit of the Hungarian American Enterprise Fund for the Fiscal Year Ended September 30, 2007		
0-000-09-021-D	02/26/09	The American Council on Education, Report on Audit of Incurred Costs for Fiscal Year 2006		
6-294-09-002-N	11/18/08	Close-Out Audit of the Fund Accountability Statement of USAID Resources Managed by National Democratic Institute Under Award No. 294-A-00-05-00203-00, West Bank & Gaza International Observation of Palestinian Presidential and Local Elections Program, for the Period From December 10, 2004, to June 30, 2006	17	QC
6-263-09-004-N	02/19/09	Financial Audit of Locally Incurred Costs, by CARE International Egypt Office, for the New School Program, Under Cooperative Agreement No. 263-A-00-00-00009-00, For the Calendar years 2005 and 2006	11	QC
E-267-09-001-D	11/14/08	Audit of the Costs Incurred and Billed by International Relief and Development, Inc. (IRD) under USAID Cooperative Agreement No. 267-A-00-06-00503-00 for the Period May 29, 2006, through September 30, 2007	61 31	QC UN
E-267-09-003-D	11/14/08	Audit of Costs Incurred and Billed by International Relief & Development, Inc. under Cooperative Agreement No. AFP-A-00-03-00002-00 from November 1, 2005 through March 31, 2007	110 4	QC UN
E-267-09-007-D	01/28/09	Audit of Costs Incurred and Billed by Save the Children Federation, Inc. under Cooperative Agreement No. AFP-A-00-03-00005-00 for the Period from August 1, 2004 to April 1, 2006	50 38	QC UN

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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## FINANCIAL AUDIT REPORTS ISSUED—USADF

October 1, 2008—March 31, 2009

PROGRAMS AND OPERATIONS				
0-ADF-09-002-C	11/17/08	Audit of the U.S. African Development Foundation's Financial Statements for Fiscal Years 2008 and 2007		

## IAF

PROGRAMS AND OPERATIONS				
0-IAF-09-003-C	11/14/08	Audit of the Inter-American Foundation's Financial Statements for Fiscal Years 2008 and 2007		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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## PERFORMANCE AUDIT REPORTS ISSUED—USAID

October 1, 2008—March 31, 2009

ECONOMY AND EFFICIENCY				
I-521-09-001-P	10/16/08	Audit of USAID/Haiti's Procurement and Distribution of Commodities for the President's Emergency Plan for AIDS Relief		
I-524-09-002-P	11/19/08	Audit of USAID/Nicaragua's Education Activities		
I-517-09-003-P	12/16/08	Audit of USAID's Anticorruption Activities in the Dominican Republic		
I-511-09-004-P	01/15/09	Audit of Engender Health's Management of Activities Financed by USAID/Bolivia	1,448 260	QC UN
I-512-09-005-P	01/22/09	Audit of USAID/Brazil's Environment Program		
I-522-09-006-P	02/26/09	Audit of the USAID/Honduras Trade, Investment, and Competitiveness Program		
I-514-09-007-P	03/06/09	Audit of USAID/Colombia's Human Rights Program	397	BU
4-656-09-001-P	12/18/08	Audit of USAID/Mozambique's Procurement and Distribution of Commodities for the President's Emergency Plan for AIDS Relief		
4-650-09-002-P	01/21/09	Audit of USAID/Sudan's Education Activities		
4-674-09-003-P	01/29/09	Audit of USAID/Southern Africa's Audit Management Program		
4-613-09-004-P	03/27/09	Audit of USAID/Zimbabwe's Compliance with the Federal Information Security Management Act for Fiscal Year 2009		
4-621-09-005-P	03/30/09	Audit of USAID/Tanzania's Basic Education Program		
5-391-09-001-P	11/25/08	Audit of USAID/Pakistan's Earthquake Reconstruction Activities		
5-306-09-002-P	12/04/08	Audit of USAID/Afghanistan's Higher Education Project		
6-278-09-001-P	10/28/08	Audit of USAID/Jordan's Democracy and Governance Activities	333	BU
6-268-09-002-P	11/09/08	Audit of USAID/Lebanon's Democracy and Governance Activities		
6-278-09-003-P	11/30/08	Audit of USAID/Jordan's Fiscal Reform Project	42 13	QC UN
6-263-09-004-P	03/30/09	Audit of USAID's Office of Middle East Programs		
7-660-09-001-P	11/13/08	Audit of USAID/Democratic Republic of Congo's Democracy and Governance Activities		
9-000-09-001-P	10/08/08	Audit of USAID's Manage-to-Budget Initiative		
9-000-09-002-P	11/20/08	Audit of USAID/Ukraine's Displaced Children and Orphans Fund Activities		
9-000-09-003-P	12/04/08	Audit of USAID's Microfinance Activities		
9-000-09-004-P	03/25/09	Audit of USAID's Management of Real Property		
9-000-09-005-P	03/30/09	Worldwide Audit of USAID's Democracy and Governance Activities		
A-000-09-001-P	01/30/09	Audit of USAID's Level of Assurance Provided by Electronic Signatures in the E2 Solutions Travel System		
E-267-09-001-P	11/25/08	Audit of USAID/Iraq's National Capacity Development Program		
E-267-09-002-P	03/04/09	Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq		

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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PERFORMANCE AUDIT REPORTS ISSUED—USADF and IAF  
October 1, 2008—March 31, 2009

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
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*NOTHING TO REPORT*

## MISCELLANEOUS AUDIT REPORTS ISSUED—USAID

October 1, 2008—March 31, 2009

QUALITY CONTROL REVIEWS (QCRs)				
0-000-09-001-Q	12/11/08	Quality Control Review of Gelman, Rosenberg & Freedman, CPAs, Audit of PACT, Inc., Fiscal Year Ended September 30, 2007		
4-613-09-001-Q	01/13/09	Quality Control Review of Close-out Audit of USAID Resources Managed by Transparency International Zimbabwe under Cooperative Agreement No. 690-A-00-05-00104-00 for the Thirty Months Ended December 15, 2007		
6-263-09-001-Q	11/05/08	Quality Control Review of BDO Khaled & Co. Audit Report of USAID Resources Managed by the Egyptian Foundation for Enterprise Development (LEAD), Cooperative Agreement No. 263-A-00-03-00049-00, Fund Accountability Statement, for the Year Ended December 31, 2006		
6-294-09-002-Q	02/12/09	Quality Control Review of El Wafa Co. for Financial Consulting & Accounting Services Audit of USAID Resources Managed by American Near East Refugee Aid, Under Cooperative Agreement No. 294-A-00-04-00222-00, Palestinian Infrastructure for Needed Employment, for the Period From September 28, 2004, to September 30, 2005		
6-294-09-003-Q	02/23/09	Quality Control Review of Deloitte & Touche, M.E. for Audit of the Fund Accountability Statement of USAID Resources Awarded to CARE International Under Cooperative Agreement No. 294-A-00-05-00235-00, "Emergency Medical Assistance Program—Phase III" (EMAP III), for the Period From October 1, 2005, to September 30, 2006		

## USADF and IAF

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<i>NOTHING TO REPORT</i>				

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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## AFGHANISTAN AND IRAQ AUDIT REPORTS ISSUED—USAID

October 1, 2008—March 31, 2009

AFGHANISTAN				
IRAQ				
E-267-09-001-D	11/14/08	Audit of the Costs Incurred and Billed by International Relief and Development, Inc. (IRD) under USAID Cooperative Agreement No. 267-A-00-06-00503-00 for the Period May 29, 2006, through September 30, 2007	61 31	QC UN
E-267-09-003-D	11/14/08	Audit of Costs Incurred and Billed by International Relief & Development, Inc. under Cooperative Agreement No. AFP-A-00-03-00002-00 from November 1, 2005 through March 31, 2007	110 4	QC UN
E-267-09-004-D	11/14/08	Audit of Costs Incurred and Billed by Management Systems International (MSI) under USAID Contract No. DFD-I-01-05-00221-00 for the Period July 27, 2006 through September 30, 2007	363 309	QC UN
E-267-09-005-D	11/14/08	Audit of Costs Incurred and Billed by The Services Group, Inc. under Contract No. 267-C-00-04-00435-00 for the Period of October 1, 2006 through September 30, 2007	4	QC
E-267-09-006-D	01/27/09	Audit of the Costs Incurred and Billed by Development Alternatives, Inc. (DAI) under USAID Contract No. RAN-C-00-04-00002-00 for the Period July 1, 2006 through December 31, 2006	199 36	QC UN
E-267-09-007-D	01/28/09	Audit of Costs Incurred and Billed by Save the Children Federation, Inc. under Cooperative Agreement No. AFP-A-00-03-00005-00 for the Period from August 1, 2004 to April 1, 2006	50 38	QC UN
E-267-09-008-D	03/08/09	Audit of Costs Incurred and Billed by Louis Berger Group, Inc. (LBGI) under Contract No. 267-C-00-07-00500-00 for the period from May 14, 2007 to May 13, 2008	41	QC
E-267-09-001-P	11/25/08	Audit of USAID/Iraq's National Capacity Development Program		
E-267-09-002-P	03/04/09	Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq		

### USADF and IAF

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
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### NOTHING TO REPORT

BU—Better Use of Funds

QC—Questioned Costs

UN—Unsupported Costs

Note: UN is part of QC

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UNSUPPORTED, QUESTIONED, OR DISALLOWED COSTS OF OVER \$10 MILLION OR OTHER  
SIGNIFICANT FINDINGS—USAID, USADF, and IAF  
October 1, 2008—March 31, 2009

Reports	Number of Audit Reports	Dollar Value
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*NOTHING TO REPORT*

**AUDIT REPORTS OVER 6 MONTHS OLD WITH NO MANAGEMENT DECISION—USAID**  
**As of March 31, 2009**

Report Number	Auditee	Issue Date	Current Recommendation Status	Desired Decision Target Date
9-000-08-001-P	USAID	11/06/07	<p><u>Recommendation No. 5:</u> Pursuant to the provisions of the Privacy Act of 1974 (5 U.S.C. 552a), USAID established a new system of records entitled the “Partner Vetting System” (PVS). The information collected would be used to conduct screening to ensure that USAID funds and USAID-funded activities are not purposefully or inadvertently used to provide support to entities or individuals deemed to be a risk to national security. On November 6, 2007, the OIG made a recommendation to USAID’s Office of Security (SEC) to develop a plan to expand and then implement its antiterrorism vetting database for worldwide use.</p> <p>SEC is waiting for a final decision to implement the PVS. On January 2, 2009, USAID issued a final rule in the Federal Register that exempts portions of the PVS from one or more provisions of the Privacy Act and with the requirement that decisions to implement the PVS will be made by the Obama administration. The effective date for the PVS Final Rule was February 2, 2009. However, pursuant to a January 20, 2009, White House memorandum, agencies were asked to examine regulatory actions and consider extension of effective dates of Final Rules for 60 days from the date published in the Federal Registry. The effective date for the PVS Final Rule was extended to April 2, 2009. Furthermore, a 30-day comment period was added to run concurrently in the first 30 days of the extension. Excluding any additional extension, the Final Rule will become effective on April 3, 2009. As of March 18, 2009, the Acting Administrator directed another extension of the Rule for an additional 90 days, which will place the new effective date at roughly July 3.</p>	Unknown

**USADF and IAF**

Report Number	Auditee	Issue Date	Current Recommendation Status	Desired Decision Target Date
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***NOTHING TO REPORT***

## SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION—USAID

As of March 31, 2009

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
4-615-06-011-P	USAID/Kenya's Compliance with Financial Audit Requirements Regarding Foreign Recipients	07/31/06	5	10/13/06	04/09
4-656-06-015-P	USAID/Mozambique's Compliance with Financial Audit Requirements Regarding Foreign Recipients	09/22/06	4	09/22/06	05/09
A-000-07-004-P	Audit of USAID's Pre-Deployment Activities for Its Global Acquisition System	07/19/07	1 2	07/19/07 07/19/07	06/09 06/09
I-527-08-003-P	Follow-up Audit of USAID/Peru's Alternative Development Program	03/25/08	1	07/02/08	07/09
			5	03/27/09	03/10
			6	07/02/08	07/09
			7	03/27/09	03/10
E-267-08-003-P	USAID/Iraq's Management of Its Official Vehicle Fleet	06/24/08	2	06/24/08	05/09
5-306-08-009-P	USAID/Afghanistan's Accelerating Sustainable Agriculture Program	08/08/08	2	08/08/08	08/09
			3	08/08/08	08/09
			5	08/08/08	08/09
			6	08/08/08	04/09
			13	08/08/08	08/09
			14	08/08/08	08/09
A-000-08-009-P	USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2008	09/29/08	1	09/29/08	04/09
			2	09/29/08	04/09
			3	09/29/08	04/09
			4	09/29/08	04/09
			5	09/29/08	04/09
			6	09/29/08	04/09
			7	09/29/08	04/09
			8	09/29/08	04/09
			9	09/29/08	09/09
			10	09/29/08	04/09
			11	09/29/08	11/09
			12	09/29/08	04/09
			13	09/29/08	06/09
			14	09/29/08	09/09
			15	09/29/08	09/09
			16	09/29/08	09/09
			17	09/29/08	09/09
			18.1	09/29/08	04/09
			18.2	09/29/08	04/09
18.3	09/29/08	04/09			
18.4	09/29/08	04/09			
18.5	09/29/08	04/09			
18.6	09/29/08	04/09			
19	09/29/08	05/09			

4-654-08-006-P	USAID/Angola's Democracy and Governance Activities	09/30/08	3	09/30/08	09/09
I-598-08-006-P	Compliance with Forward Funding Requirements by Mission in the Latin America and the Caribbean Bureau	07/29/08	1.5	10/29/08	10/09
			1.6	09/22/08	06/09
			1.9	12/19/08	06/09
			2.1	11/21/08	07/09
			2.9	10/29/08	04/09
			2.10	09/22/08	04/09

**SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION—USADF**

As of March 31, 2009

7-ADF-08-006-P	Follow-up Audit of the Awarding and Monitoring of Grants by the African Development Foundation	06/12/08	1	06/12/08	07/09
			2	06/12/08	07/09
			3	06/12/08	04/09
			4	06/12/08	05/09
			5	06/12/08	07/09
			6	06/12/08	07/09
			7	06/12/08	05/09
			8	06/12/08	04/09
			9	06/12/08	06/09
			10	06/12/08	04/09
			11	06/12/08	06/09
			12	06/12/08	06/09
			13	06/12/08	05/09
			14	06/12/08	04/09
			15	06/12/08	06/09
			16	06/12/08	07/09
			18	06/12/08	07/09
			7-ADF-08-007-P	African Development Foundation/Ghana Project Activities	09/17/08
2	09/17/08	04/09			
3	09/17/08	05/09			
4	09/17/08	05/09			
5	01/27/09	07/09			
6	09/17/08	04/09			
7	09/17/08	07/09			
8	09/17/08	05/09			
9	01/27/09	04/09			
10	09/17/08	04/09			
11	09/17/08	04/09			
12	09/17/08	05/09			
13	09/17/08	07/09			
14	09/17/08	07/09			
15	09/17/08	04/09			
16	09/17/08	05/09			
17.1	09/26/08	06/09			
17.2	09/26/08	06/09			
17.3	09/26/08	06/09			
17.4	09/26/08	06/09			
18	09/17/08	05/09			
A-ADF-08-008-P	U.S.African Development Foundation's Compliance with Provisions of the Federal Information Security Management Act for FY 2008	09/23/08	1	09/23/08	07/09
			2	09/23/08	09/09
			3	09/23/08	05/09
			4	09/23/08	11/09

**SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION—IAF**

As of March 31, 2009

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
A-IAF-08-007-P	Inter-American Foundation's Compliance with Provisions of the Federal Information Security Management Act for FY 2008	09/11/08	1	09/11/08	04/09

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS—USAID  
 October 1, 2008—March 31, 2009

A. For which no management decision had been made as of October 1, 2008	33	31,488,541 <sup>2,3</sup>	22,097,321 <sup>2,3</sup>
B. Add: Reports issued October 1, 2008, through March 31, 2009	93	19,151,705 <sup>4</sup>	10,769,801 <sup>4</sup>
Subtotal	126	50,640,246	32,867,122
C. Less: Reports with a management decision made October 1, 2008, through March 31, 2009	76 <sup>5</sup>	39,934,085 <sup>6</sup>	27,508,882 <sup>6</sup>
i. Value of recommendations disallowed by Agency officials		17,663,795	14,528,156
ii. Value of recommendations allowed by Agency officials		22,270,290	12,980,726
D. For which no management decision had been made as of March 31, 2009	50	10,706,161 <sup>7</sup>	5,358,240 <sup>7</sup>

1. Unsupported costs are included in questioned costs, but are provided as additional information as required by the Inspector General Act Amendments of 1988 (Public Law 100–504).
2. The ending balance at September 30, 2008, for questioned costs totaling \$27,196,672 and for unsupported costs totaling \$22,046,175 was increased by \$4,291,869 and \$51,146, respectively, to reflect adjustments in recommendations from prior periods.
3. Amounts include \$3,577,241 in questioned costs and \$1,228,655 in unsupported costs for audits performed for OIG by other Federal audit agencies.
4. Amounts include \$4,068,772 in questioned costs and \$426,701 in unsupported costs for audits performed for OIG by other Federal audit agencies.
5. Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here are again counted in the figure below it.
6. Amounts include \$3,779,859 in questioned costs and \$1,268,643 in unsupported costs for audits performed for OIG by other Federal audit agencies.
7. Amounts include \$3,888,643 in questioned costs and \$386,713 in unsupported costs for audits performed for OIG by other Federal audit agencies.

**REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS—USADF**  
**October 1, 2008—March 31, 2009**

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs* (\$)
A. For which no management decision had been made as of October 1, 2008	1	489,305	
B. Add: Reports issued October 1, 2008, through March 31, 2009			
Subtotal	1	489,305	
C. Less: Reports with a management decision made October 1, 2008, through March 31, 2009	1	489,305	
i. Value of recommendations disallowed by Agency officials			
ii. Value of recommendations allowed by Agency officials			
D. For which no management decision had been made as of March 31, 2009			

\* Unsupported costs are included in questioned costs, but are provided as additional information as required by the Inspector General Act Amendments of 1988 (Public Law 100-504).

**IAF**

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs* (\$)
<i>NOTHING TO REPORT</i>			

*NOTHING TO REPORT*

REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE—USAID  
 October 1, 2008—March 31, 2009

Reports	Number of Audit Reports	Amounts (\$)
A. For which no management decision had been made as of October 1, 2008	1	41,149,819
B. Add: Reports issued October 1, 2008, through March 31, 2009	2	730,282
Subtotal	3	41,880,101
C. Less: Reports with a management decision made as of October 1, 2008, through March 31, 2009	3	41,880,101
i. Value of recommendations agreed to by Agency officials		14,007,517
ii. Value of recommendations not agreed to by Agency officials		27,872,584
D. For which no management decision had been made as of March 31, 2009		

USADF and IAF

Reports	Number of Audit Reports	Amounts (\$)

*NOTHING TO REPORT*



*APPENDIX II*  
*SUMMARY TABLES—USAID, USAIDF, AND IAF*



The following tables show summary data related to OIG’s audits and investigations.

**SUMMARY OF AUDITS CONDUCTED AND THE RESULTS**  
**As of March 31, 2009**

<b>Financial Audits</b>		
USAID Programs and Operations	1	
Foundations’ Programs and Operations	2	
U.S.-Based Contractors	32	3,217,961
U.S.-Based Grantees	11	1,027,231
Quality Control Reviews	1	
Foreign-Based Organizations	135	13,416,709
Quality Control Reviews	4	
Enterprise Funds	11	
<b>Performance Audits</b>		
USAID Economy and Efficiency	27	2,220,086
Foundations’ Economy and Efficiency		
<b>Other</b>	1	

\* Monetary recommendations include questioned costs and funds put to better use.

## SUMMARY OF INVESTIGATIVE ACTIVITY AND RESULTS—USAID

As of March 31, 2009

### INVESTIGATIVE ACTIONS

Workload			Civil	
Cases Opened	55		Civil Referrals	4
Cases Closed	47		Civil Declinations	
			Complaints	
			Judgments / Recoveries	
			Settlements	
Criminal			Administrative	
Prosecutive Referrals	8		Reprimands / Demotions	1
Prosecutive Declinations	3		Personnel Suspensions	3
Arrests	1		Resignations / Terminations	13
Indictments	2		Other Administrative Actions	1
Convictions	2		Recoveries	1
Sentencing	1		Procurement	
Fines	1		Suspensions / Debarments	9
Restitutions			Savings	8
			Recoveries	1
			Systemic Changes	1

### INVESTIGATIVE RECOVERIES

Judicial Recoveries	\$10,000
Administrative Recoveries	\$613,416
Savings	\$67,364,628
<b>Total Investigative Savings / Recoveries</b>	<b>\$67,988,044</b>

## FRAUD AWARENESS BRIEFINGS CONDUCTED WORLDWIDE

As of March 31, 2009

OCT	San Salvador, El Salvador	1	22	USAID contractors
	Washington, DC	1	30	USAID contractors
NOV	Baghdad, Iraq	5	68	USAID contractors
	Phnom Penh, Cambodia	3	220	USAID personnel
	Washington, DC	2	44	USAID personnel
	West Bank/Gaza	2	154	USAID contractors
	Kabul, Afghanistan	1	21	USAID contractors
DEC	Baghdad, Iraq	1	6	USAID personnel
	Rangoon, Burma	1	27	USAID personnel
	Cotonou, Benin	1	22	USAID personnel
JAN	Windhoek, Namibia	3	45	USAID personnel
	Tashkent, Uzbekistan	3	44	USAID personnel
	Cairo, Egypt	1	6	USAID personnel
FEB	Santo Domingo, Dominican Republic	1	25	USAID personnel
	Kabul, Afghanistan	4	97	USAID contractors
	Washington, DC	1	41	USAID personnel
MAR	Washington, DC	2	63	USAID personnel
	Pretoria, South Africa	2	30	USAID personnel
	Cotonou, Benin	2	44	USAID personnel
	Manila, Philippines	1	42	USAID personnel



*SEMIANNUAL REPORT TO THE CONGRESS  
FOR  
MILLENNIUM CHALLENGE CORPORATION*



## EXECUTIVE SUMMARY

MCC has been operating for over 5 years, and many compacts are well underway across an array of countries. Important conclusions are being documented by audits of the ongoing programs. The audits of U.S. taxpayer monies granted to compact recipients continue to receive OIG's utmost attention. With the assistance of independent public accounting firms, OIG issued 13 audit reports covering approximately \$91.3 million held by compact recipients. The audits identified questioned costs in the amount of \$214,000.

OIG work on the second compact signed (Cape Verde) and the third compact signed (Honduras) has produced some important findings. The MCC's original compact development process, commodity price changes, and capped budgets are having consequences on compacts, as projects must be redesigned. OIG's audit of the Millennium Challenge Account-Cape Verde (MCA-CV) activities found that it was not achieving all targets, whereas the audit of MCA-Honduras (MCA-H) activities revealed that MCC had ensured that MCA-H established proper performance milestones and targets.

On March 26, 2009, MCC announced its intent to expand its options for conducting financial audits overseas and to improve the effectiveness of the audits. OIG's participation in MCC's financial audit program played an important role in this initiative. Previously, audits were conducted by independent accounting firms based overseas. Henceforth, MCC will seek expressions of interest from U.S.-based audit firms and individuals.

Although MCC has continued to receive an unqualified audit opinion, difficulties in producing timely and reliable financial statements for audit continue to exist. OIG identified significant deficiencies in MCC's financial statements, including one material weakness. These deficiencies were related to MCC's inability to provide timely submission of complete and reliable financial statement information. Specifically, beginning balances for FY 2008 were unreliable, and necessary quality control reviews were not performed. The failure to exert sufficient controls over financial reporting created the potential for misstatement in the financial statements. As a result, MCC's inability to identify and report reliable financial information was reported as a material weakness.

At the close of the reporting period, although MCC had set forth a plan to respond to the recommendation and had taken full responsibility for the financial statements, it had not yet taken all steps needed to reach final action on the OIG recommendation.

OIG continues to provide fraud awareness briefings to compact recipients. In December 2008, OIG staff provided a briefing for U.S. and foreign government officials, private sector accountants, and others in Morocco.



# SIGNIFICANT ACCOMPLISHMENTS—MCC

## **ECONOMIC GROWTH AND PROSPERITY**

### **Compact Programs**

The compact is the chief grant instrument for MCC. Compact recipients must ensure that certain conditions are met after the agreement is signed, which can take several months to resolve. When the agreement conditions are met, the agreement timeline begins and the agreement is said to “enter into force.” According to MCC officials, “entry into force” is the point at which a binding commitment is recognized and compact funds are obligated. Each compact recipient identifies an agency or entity that will manage the compact funds or accounts. Such organizations are usually called “Millennium Challenge Accounts” (MCA) and refer to the funds of the compact.

Audit of MCC Compact Programs in Cape Verde. On July 4, 2005, MCC and the Government of Cape Verde signed a 5-year agreement totaling approximately \$110 million, which entered into force on October 17, 2005. The goals of the compact are to encourage economic growth and reduce poverty by increasing agricultural production in key areas, increase integration of the internal market, reduce transportation costs, and develop the private sector. The Cape Verdean Government designated the MCA-CV as the accountable entity that would have the legal authority to oversee the compact during the compact period.

The audit team found that MCA-CV is not achieving all of its targets. Specifically, although MCA-CV has begun implementing the Watershed Management and Agricultural Support (WMAS) Project, the project has experienced several limitations that may imperil the project’s success. For example, farmers may not be able to benefit fully from the project’s drip irrigation system if they are unable to receive water from the dikes and reservoirs. In addition, because the monitoring and evaluation plan does not measure the success of the program, MCC may have difficulty in determining the effectiveness of the compact programs, and program management may suffer. The infrastructure projects experienced problems during compact implementation because an initial due diligence process failed to identify faulty road designs. The design flaws later caused significant delays and, ultimately, a reduction of the number of roads constructed—although the compact was budgeted to fund five roads, MCC will now fund only three. With the exception of the financial data presented in the Quarterly Status Report and the chief executive officer’s report, MCC appears to have provided complete and accurate reporting of its program in Cape Verde to its stakeholders. However, incorrect dates were used to report the financial data in the Quarterly Status Report, which could confuse or misinform the public.

The report includes seven recommendations to MCC’s vice president of compact implementation and the Congressional and Public Affairs Departments:

- Require the Government of Cape Verde to provide a formal statement showing how it will fund the remaining portions of the WMAS project.
- Require MCA-CV to revise its current head-of-household list and include all local residents who are eligible to apply for the loans.
- Request that MCA-CV develop—and provide to MCC—a set of requirements to prevent farmers from obtaining loans for drip irrigation if they do not have adequate access to water.
- Provide documentation on the location or spending of \$73,864 that was obligated to the microfinance institution, Soldifogo.
- Develop a policy to clarify the modification of the Indicator Tracking Tables and the Monitoring and Evaluation plan.

- Develop a policy to conduct a prefeasibility study prior to entry into force.
- Specify, in its Quarterly Status Report, the dates that the cumulative disbursements represent.

In finalizing the report, OIG received and considered MCC's response to the draft audit report. In its comments, MCC concurred with seven recommendations. OIG considers management decision and final action to have been reached for recommendations 1, 2, 3, 4, and 6 because MCC has provided OIG with documentation as evidence of their improvement. In addition, management decision was reached for recommendations 5 and 7 but final action will not be taken until MCC provides additional documentation as support of its improvement.

*(Audit Report No. M-000-09-002-P)*

Audit of MCC Programs in Honduras. On June 13, 2005, MCC and the Government of Honduras signed a 5-year, \$215 million agreement. The compact entered into force on September 29, 2005, with a goal of alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs. The Honduran Government designated the MCA-H as the accountable entity that would have the legal authority to oversee the implementation of the compact programs during the compact period.

The audit team found that, for the most part, MCC had ensured that MCA-H established proper performance milestones and targets, but some indicators did not reflect revised project activities. MCA-H achieved 3 of 10 performance milestones and targets reviewed, and the transportation project has encountered budget shortfalls due to an increase in costs and redesign of Highway CA-5. Furthermore, MCC did not document differences between the expected and actual results; however, with the exception of the differences between the expected and actual results, MCC appears to have provided complete and accurate reporting of its program in Honduras to its stakeholders.

This report included five recommendations to MCC's vice president of compact implementation:

- Revise the two indicators—percentage of MCA-H loan portfolio at risk and funds lent from MCA-H to financial institutions—to reflect MCC's and MCA-H's revision of the Farmers Access to Credit activity.
- Analyze the Rural Development Project's Farmer Training and Development activity to explain the increased income of beneficiaries and document the analysis.
- Develop a strategy to resolve budget shortfalls when they occur.
- Clarify MCC's expectations on roles and responsibilities of the MCA monitoring and evaluation function, specifically on the use of monitoring as a management tool.
- Issue guidance by December 31, 2008, on reporting requirements for performance deviations from the targets established in its monitoring and evaluation plans.

In finalizing the report, OIG received and considered MCC's response to the draft audit report. In its comments, MCC concurred with recommendations 1, 3, 4, and 5. However, MCC did not concur with recommendation 2. Therefore, OIG considers management decision to have been reached on recommendations 1, 3, 4, and 5. Management decision has not been reached on recommendation 2 because MCC did not provide a detailed analysis to support how the Rural Development Project caused the increase in farm and employment income.

*(Audit Report No. M-000-09-001-P)*

### ***Economic Security***

Three USAID Contractors Terminated for Accepting Kickbacks (Philippines). Pursuant to an OIG investigation, a local Philippines MCC Threshold Program contractor employee, who had served as a procurement specialist, was terminated for taking kickbacks. Specifically, the employee had favored certain vendors and had taken measures to ensure that his preferred vendors won, including changing and omitting competitive bids. The investigation also disclosed that the employee had been accepting kickbacks from vendors. In addition, a chief of party and a director of procurement, both U.S. citizens, were terminated for the lax contract oversight that had led to the kickback arrangements. Finally, the procurement specialist and two vendors were suspended from conducting business with the U.S. Government.

## **MANAGEMENT CAPABILITIES**

### **Financial Management**

Audit of MCC's Financial Statements, Internal Controls, and Compliance for the Periods Ending September 30, 2008, and 2007. OIG contracted with an independent public accounting firm to conduct an audit of MCC's financial statements, internal controls, and compliance with laws and regulations for the periods ending September 30, 2008, and September 30, 2007.

The audit found that MCC's financial statements are presented fairly in all material respects and in conformity with generally accepted U.S. Government accounting principles. However, with respect to MCC's internal controls over financial reporting and its operations, the audit disclosed the following:

- Four significant deficiencies in the internal controls over financial reporting and its operation, one of which is considered a material weakness.
- No instances of material noncompliance with laws and regulations.

The four significant deficiencies in the internal controls over financial reporting and its operation are listed below:

- Absence of quality controls over financial reporting for the Threshold Program (material weakness).
- Authorization for personnel actions inconsistent with stated policies and procedures.
- Transactions not always recorded in the period they occurred.
- Lack of adequate review for accuracy and duplication prior to processing and recording transactions in General Ledger.

In finalizing the report, OIG received and considered MCC's response to the draft audit report. In its comments, MCC concurred with all of the recommendations. Therefore, management decision was reached on all four audit recommendations.

*(Audit Report No. M-000-09-001-C)*

### **Fund Accountability Statements**

Fund Accountability Statement Audits. OIG's financial audit team is responsible for reviewing and issuing semiannual fund accountability statement audits of accountable entities. The audits are conducted by independent public auditors as required by compact agreements. The team also performs limited-scope audits of accountable entities different from those performed by independent public auditors, reviews the quality of audit work performed by independent public auditors (quality control reviews), and approves audit firms to ensure their eligibility to conduct audits of compact funds. This section discusses the audit reports issued and the supporting work under the financial audit program.

Under the terms of MCC's compacts, funds expended by a recipient country are required to be audited at least annually but are usually audited twice a year. The recipient establishes a fund—often titled “MCA”—and produces financial statements documenting account activity. The audit of the fund accountability statement is conducted by a firm that OIG has approved. The audits include four elements that may or may not be applicable in all compacts. The main elements are as follows:

- Expressing an opinion on the fund accountability statement produced by the entity that oversees the financial aspects of compact administration.

- Evaluating and obtaining an understanding of the entity's internal control structure and issuing findings of internal control deficiencies that may be of such size or scope as to potentially influence the financial statements, making them material.
- Determining whether the compact complies with its terms and applicable laws and regulations and issuing findings of noncompliance.
- Determining whether cost-sharing contributions were provided and accounted for in accordance with the terms of the compact and supplemental agreements, where applicable.

The auditor issues an opinion on whether the financial statements present fairly, in all material respects, the program revenues and costs incurred and reimbursed in conformity with the terms of a compact agreement and related supplemental agreements for the period being audited. The auditor is required to employ generally accepted U.S. Government auditing standards in performing the audits. All audit reports are reviewed and issued by OIG.

During the reporting period, audits of incurred costs were issued for MCC-funded programs in Armenia, Benin, Cape Verde, El Salvador, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Nicaragua, and Vanuatu.

Armenia.<sup>9</sup> The MCA-Armenia audit covered fund balances of nearly \$7.2 million for the period from January 1 to June 30, 2008. The \$237.7 million, 5-year compact will focus on reducing rural poverty through a sustainable increase in the economic performance of the agricultural sector.

The fund accountability statement presents fairly, in all material respects, the program revenues as well as costs incurred and reimbursed during the period from January 1 to June 30, 2008.

The audit noted the following internal control weaknesses:

- Payment request forms and payment request processing forms were not always properly authorized by MCA-Armenia or the authorized representative of the fiscal agent.
- In isolated instances during the reporting period, invoices to be paid by the fiscal agent did not include detailed cost breakdowns of items, so that the fiscal agent could not determine whether the costs to be reimbursed were allowable.

The audit disclosed the following noncompliance practices:

- Average monthly salary for the purposes of vacation pay was incorrectly calculated.
- The taxable portion of lodging expenses incurred by MCA-Armenia employees was incorrectly determined.
- MCA-Armenia concluded a contract with a vendor on payment terms that contradicted the prompt-payment terms stipulated in the fiscal accountability plan.

*(Audit Report No. M-000-09-008-N)*

Quality Control Review—Armenia. OIG conducted a review of the audit performed by the local audit firm in Armenia. The audit report had been adequately planned and the work was performed in accordance with generally accepted U.S. Government auditing standards. Two issues were discussed with the audit firm.

*(Quality Control Review No. M-000-09-002-Q)*

9. Due to democratic governance concerns, MCC has suspended assistance for the rehabilitation of rural roads, which the Government of Armenia is now funding. MCC is continuing its assistance program for irrigation infrastructure, which is well underway. The suspension was reviewed by MCC at its Board of Directors meeting held March 11, 2009.

Benin. The MCA-Benin audit covered incurred costs of nearly \$7.5 million for the period from January 1 to June 30, 2008. The 5-year compact for approximately \$307 million addresses key constraints to economic growth and poverty reduction.

The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenue and costs incurred for the period audited. OIG questioned \$8,313 of airfare associated with two French journalists who traveled February 13–17, 2008, to Benin at the request of MCA-Benin. The airfare was deemed unreasonable and not eligible to be charged to the MCA-Benin compact.

OIG also documented an internal control deficiency, in that fully adequate travel policies and procedures were not prepared and adopted. In addition, MCA-Benin did not comply with its existing travel policies and procedures because some international travel expenditures were not adequately supported with appropriate documentation.

*(Audit Report No. M-000-09-005-N)*

Cape Verde. The MCA-CV audit covered incurred costs of \$4.1 million for the period from July 1 to December 31, 2007. The 5-year compact for \$110 million supports watershed management, agriculture, infrastructure, and private sector development.

The audit disclosed ineligible costs of \$23,542 for interest penalties for late payments by vendors. OIG recommended that MCA-CV reimburse MCC for that amount. The recommendation is pending MCC action.

The audit identified internal control deficiencies in the following five areas:

- Value-added tax reimbursement (repeated finding)
- Bank reconciliation (repeated finding)
- Government contribution report (fiscal agent—repeated finding)
- Quarterly report (repeated finding)
- Authorized signatures

The audit also identified three areas of noncompliance:

- Property and equipment (repeated finding)
- Deadline for payment to suppliers
- Tax refund (repeated finding)

*(Audit Report No. M-000-09-009-N)*

El Salvador. The MCA-El Salvador audit covered incurred costs of nearly \$2.9 million for the period from January 1 to June 30, 2008. The 5-year compact for \$460.9 million contains projects to increase human and physical capital, expand production and employment, and reduce travel time and costs.

The MCA-El Salvador audit disclosed \$56,804 in ineligible costs relating to inadequate documentation. The audit also found an internal control deficiency caused by insufficient oversight of the procurement process.

Six compliance issues were identified as follows:

- Minimum numbers of bids were not obtained.
- Vetting of potential providers against eligibility lists was not documented.
- Standard solicitation documents were not utilized.
- Awards of contracts were not posted on Web sites.
- MCA did not provide evidence that quotes received in shipping procurements were opened at the deadline.
- MCA did not provide evidence that the list of bidders and their respective questions were sent to all participating bidders.

*(Audit Report No. M-000-09-004-N)*

Georgia. The MCA-Georgia (MCG)<sup>10</sup> audit covered incurred costs of nearly \$14.5 million for the period from January 1 to June 30, 2008. The 5-year, \$294.7 million compact funds projects in following areas:

- Samtskhe–Javakheti Road
- Energy rehabilitation
- Regional infrastructure development
- Georgian Regional Development Fund
- Agribusiness development

The fund accountability statement presents fairly, in all material respects, program revenues as well as costs incurred and reimbursed.

The audit found the following internal control deficiencies:

- MCG did not fully document milestone achievements by grantees.
- Asset management practices did not fully comply with requirements.

The audit found the following noncompliance issues:

- A letter of credit issued by the Bank of Georgia on behalf of the MCG did not have the required approval.
- The Bank of Georgia did not remit interest to the designated account on time.
- The manager's request for a reimbursement of costs from the Georgian Regional Development Fund did not meet established criteria.

*(Audit Report No. M-000-09-011-N)*

Quality Control Review—Georgia. OIG conducted a quality control review of work by the audit firm that conducts the routine audits of compact funds in Georgia. The review found that the audit work was adequately planned and that the working papers supported the audit report conclusions in accordance with generally accepted Government auditing standards and other guidelines. Two matters were discussed with the firm to improve future reports.

*(Quality Control Review No. M-000-09-001-Q)*

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10. "MCG" is the correct abbreviation for MCA-Georgia.

Ghana. The Millennium Development Authority (MiDA)-Ghana audit covered incurred costs totaling \$5.3 million for the period from January 1 to June 30, 2008. The 5-year compact for \$547 million addresses enhancing the profitability of cultivation, services to agriculture, and product handling; reducing transportation costs affecting agricultural commerce; and strengthening rural institutions that provide services complementary to and supportive of agricultural and agribusiness development.

The MiDA-Ghana fund accountability statement presents fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit.

The audit report issued a recommendation requesting that MCC have MiDA-Ghana correct the repeated instances of internal control deficiencies and noncompliance previously reported in Report No. M-000-08-019-N, dated August 8, 2008, but not implemented. OIG further recommended that MCC verify that corrective action has taken place to follow up on these previous audit recommendations.

*(Audit Report No. M-000-09-002-N)*

Honduras. The MCA-Honduras audit covered incurred costs of \$6 million for the period from January 1 to June 30, 2008. The 5-year compact for approximately \$215 million supports rural development and improvements in transportation.

The audit disclosed no deficiencies in internal control or compliance.

*(Audit Report No. M-000-09-010-N)*

Lesotho. OIG issued its first audit report of the compact with MCA-Lesotho covering incurred costs of \$2.2 million for the period of July 23 through June 30, 2008. The 5-year compact for \$362.6 million will address poverty reduction by improving the health system, removing barriers to foreign and local private sector investment, and providing a water supply for industrial and domestic use.

The auditors reported that, except for unsupported questioned costs of \$56,009, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The questioned costs pertained to failure on the part of MCA-Lesotho to produce supporting documents.

On the basis of its review of the audit report, OIG recommended that the responsible MCC official make a management decision on the \$56,009 questioned (unsupported) costs and recover any amounts determined to be unallowable.

*(Audit Report No. M-000-09-012-N)*

Madagascar.<sup>11</sup> The MCA-Madagascar audit covered incurred costs of \$14.3 million for the period from January 1 to June 30, 2008. The 4-year compact for \$110 million will address poverty reduction by focusing on three areas: property rights, the financial sector, and agricultural business investment.

The MCA-Madagascar fund accountability statement presents fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit.

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11. On March 20, 2009, MCC placed a hold on the Madagascar program because of the country's political instability. In its press release, MCC noted that it had disbursed over half of the grant to Madagascar.

No internal control or compliance problems were reported.

*(Audit Report No. M-000-09-003-N)*

*Mali.* OIG issued its second audit report of the compact with MCA-Mali, covering incurred costs of nearly \$6.2 million for the period of January 1 through June 30, 2008. The 5-year compact for \$460.8 million is designed to reduce poverty and promote economic growth in the Republic of Mali.

The auditors reported that, except for unsupported questioned costs of \$20,975, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The questioned costs pertained to the purchase of a multipurpose photocopier.

The independent auditors reported a significant internal control deficiency in that procurement procedures were not followed.

OIG made the following recommendations on the basis of its review of the audit report:

- MCC should request that MCA-Mali submit a corrective action plan to correct the internal control deficiency.
- MCC should make a management decision on the \$20,975 in questioned costs as reflected on the fund accountability statement and recover any amounts determined to be unallowable.

*(Audit Report No. M-000-09-013-N)*

*Nicaragua.*<sup>12</sup> The MCA-Nicaragua audit covered incurred costs of \$9.1 million for the period from January 1 to June 30, 2008. The 5-year compact for approximately \$175 million seeks to increase investment by strengthening property rights; reduce transportation costs; and increase profits and wages of farms and enterprises. The MCA-Nicaragua fund accountability statement presents fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit.

The audit found the following significant deficiencies in internal control:

- Need for improvement and formalization of policies and procedures to control incoming and outgoing goods and supplies.
- Weaknesses in the control system for the Rural Business Project.
- Lack of authorization and communication of IT systems security policy.
- Lack of formal and documented contingency plan.
- A matter affecting the physical security of environmental control.

In addition, the auditors identified a noncompliance matter that had been previously reported for correction and had only been partially implemented. This matter involves the noncompliance of procedures for the use and control of transportation equipment assigned to the Technical Secretariat of Proyecto de Ordenamiento de la Propiedad (PRODEP).

*(Audit Report No. M-000-09-006-N)*

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12. In December 2008, MCC suspended assistance for all new activities not yet under contract. It also suspended the property regularization project being implemented by the Government of Nicaragua. The suspension was upheld at the MCC Board of Directors meeting of March 11, 2009.

*Quality Control Review—Nicaragua.* The review of the audit report and the working papers found that the audit was adequately planned and the working papers generally supported the audit report conclusions in accordance with generally accepted U.S. Government accounting standards and required guidelines. No significant deficiencies were identified, but several matters received comments.

*(Quality Control Review—M-000-09-002-Q)*

*Vanuatu.* The MCA-Vanuatu audit covered \$552,389 for the period from July 1 to December 31, 2007. The 5-year compact for \$65 million will strengthen transportation infrastructure and institutions.

The MCA-Vanuatu audit disclosed ineligible costs of \$2,966 and unsupported costs of \$2,388. The ineligible costs had been paid but not used by December 31, 2007. The unsupported costs relate to assets not insured as required by the compact.

In addition, OIG questioned \$38,045 for employee bonuses that were not supported by documentation to validate that the bonuses were based on employee performance.

Internal control deficiencies include:

- No evidence of petty cash count.
- Reimbursement of imprest has not been allocated to the correct account.
- Airfare expenditure that was paid but subsequently cancelled was treated as an expense for the period.

Compliance deficiencies documented in the report include:

- Not all assets were insured as required by the compact.
- Steering committee meeting minutes were not posted to MCA-Vanuatu's Web site.
- Quarterly internal audits have not been undertaken since commencement of the program expenditure.

OIG has recommended that MCC make a management decision related to the ineligible and unsupported costs.

*(Audit Report No. M-000-09-001-N)*

A second audit for MCA-Vanuatu was issued, covering total costs of \$11.4 million for the period from January 1 to June 30, 2008.

The audit disclosed ineligible costs of \$5,354:

- Surplus entertainment account funds of \$2,646.
- Unused airline ticket of \$2,708, paid but not used.

The audit also identified two instances of noncompliance:

- A Web master has not been appointed by the fiscal agent.
- Steering Committee was not posted to the MCA-Vanuatu Web site.

The audit disclosed insignificant deficiencies in internal control.

*(Audit Report No. M-000-09-007-N)*



*APPENDIX III*  
*REPORTING REQUIREMENTS—MCC*



## FINANCIAL AUDIT REPORTS ISSUED—MCC

October 1, 2008—March 31, 2009

PROGRAMS AND OPERATIONS				
M-000-09-001-C	11/17/08	Audit of MCC's Financial Statements, Internal Controls, and Compliance for the Periods ending September 30, 2008, and 2007		
FOREIGN GOVERNMENT ENTITIES				
M-000-09-001-N	10/10/08	<u>Vanuatu</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Vanuatu (MCA-Vanuatu), under the Compact Agreement Between the MCC and the Government of Vanuatu from July 1, 2007 to December 31, 2007	41,011 2,369	IE US
M-000-09-002-N	10/29/08	<u>Ghana</u> : Audit of the MCC Resources Managed by Millennium Challenge Authority-Ghana (MiDA-Ghana), Under the Compact Agreement Between the MCC and the Government of the Republic of Ghana from January 1, 2008, to June 30, 2008		
M-000-09-003-N	11/10/08	<u>Madagascar</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Madagascar (MCA-Madagascar), Under the Compact Agreement Between the MCC and the Government of the Republic of Madagascar from January 1, 2008, to June 30, 2008		
M-000-09-004-N	11/24/08	<u>El Salvador</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-El Salvador (MCA-El Salvador), Under the Compact Agreement Between the MCC and the Government of El Salvador from January 1, 2008, to June 30, 2008	56,804	US
M-000-09-005-N	11/24/08	<u>Benin</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Benin (MCA-Benin), Under the Compact agreement between the MCC and the Government of Benin from January 1, 2008, to June 30, 2008	8,313	IE
M-000-09-006-N	12/02/08	<u>Nicaragua</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Nicaragua (MCA-Nicaragua), Under the Compact Agreement Between the MCC and the Government of Nicaragua from January 1, 2008, to June 30, 2008		
M-000-09-007-N	12/02/08	<u>Vanuatu</u> : Audit of the MCC Resources Managed by the Millennium Challenge Account-Vanuatu (MCA-Vanuatu), Under the Compact Agreement Between the MCC and the Government of Vanuatu from January 1, 2008, to June 30, 2008	5,354	IE

IE—Ineligible costs: Explicitly questioned because they are unreasonable; prohibited by the compact and related agreements or applicable laws and regulations or are not program related.

US—Unsupported costs: Costs that are questioned because at the time of the audit the costs are not supported by adequate documentation.

Report Number	Date of Report	Report Title	Amount of Findings (\$)	Type of Findings
M-000-09-008-N	12/22/08	<u>Armenia</u> : Audit of the MCC Resources Managed by the Millennium Challenge Account-Armenia S.N.C.O. (MCA-Armenia), Under the Compact Agreement Between the MCC and the Government of Armenia from January 1, 2007 to June 30, 2007		
M-000-09-009-N	12/23/08	<u>Cape Verde</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Cape Verde (MCA-Cape Verde), Under the Compact Agreement Between the MCC and the Government of Cape Verde from July 1, 2007 to December 31, 2007	23,542	IE
M-000-09-010-N Rev. I	12/24/08	<u>Honduras</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Honduras (MCA-Honduras), Under the Compact Agreement Between the MCC and the Government of the Republic of Honduras from January 1, 2008, to June 30, 2008		
M-000-09-011-N	01/29/09	<u>Georgia</u> : Audit of the Millennium Challenge Corporation (MCC) Resources managed by Millennium Challenge Fund Georgia (MCG), Under the Compact Agreement Between the MCC and the Government of Georgia from January 1, 2008, to June 30, 2008		
M-000-09-0121-N	03/17/09	<u>Lesotho</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Lesotho (MCA-Lesotho), Under the Compact Agreement Between the MCC and the Government of Lesotho from July 23, 2007 to June 30, 2008	56,009	US
M-000-09-013-N	03/19/09	<u>Mali</u> : Audit of the MCC Resources Managed by Millennium Challenge Account-Mali (MCA-Mali), Under the Compact Agreement Between the MCC and the Government of Mali from January 1, 2008 to June 30, 2008	20,975	US

IE—Ineligible costs: Explicitly questioned because they are unreasonable; prohibited by the compact and related agreements or applicable laws and regulations or are not program related.

US—Unsupported costs: Costs that are questioned because at the time of the audit the costs are not supported by adequate documentation.

Appendix III

## PERFORMANCE AUDIT REPORTS ISSUED—MCC

October 1, 2008—March 31, 2009

Report Number	Date of Report	Report Title	Amount of Findings (\$)	Type of Findings
M-000-09-001-P	12/24/08	Audit of the MCC Programs in Honduras		
M-000-09-002-P	03/31/09	Audit of the Millennium Challenge Corporation's Programs in Cape Verde		

MISCELLANEOUS AUDIT REPORTS ISSUED—MCC

October 1, 2008—March 31, 2009

QUALITY CONTROL REVIEW				
M-000-09-001-Q	10/03/08	<u>Georgia</u> : Quality Control Review of “Audit of the Fund Accountability Statement of the MCC Resources Managed by MC-Georgia, Under the Compact Agreement dated September 12, 2005, Between MCC and the Government of Georgia for the period from July 1, 2007 to December 31, 2007”		
M-000-09-002-Q	10/07/08	<u>Armenia</u> : Quality Control Review of “Audit of the Fund Accountability Statement of the MCC Resources Managed by MCA-Armenia, Under the Compact Agreement dated March 27, 2006 Between MCC and the Government of Armenia for the period from July 1, 2007 to December 31, 2007”		
M-000-09-003-Q	03/25/08	<u>Nicaragua</u> : Quality Control Review of “Audit of the Fund Accountability Statement of the MCC Resources Managed by MCA-Nicaragua, Under the Compact Agreement dated July 14, 2005 Between MCC and the Government of the Republic of Nicaragua for the period from January 1, 2008, to June 30, 2008”		

UNSUPPORTED, QUESTIONED, OR DISALLOWED COSTS OF OVER \$10 MILLION OR OTHER  
SIGNIFICANT FINDINGS—MCC  
October 1, 2008—March 31, 2009

Reports	Number of Audit Reports	Dollar Value
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*NOTHING TO REPORT*

**AUDIT REPORTS OVER 6 MONTHS OLD WITH NO MANAGEMENT DECISION—MCC**  
**As of March 31, 2009**

Report Number	Auditee	Issue Date	Current Recommendation Status
M-000-08-008-N	MCA-Cape Verde	04/25/08	<p>This audit of the fund accountability statement contained one recommendation. The recommendation requires a corrective action plan to address certain internal control and noncompliance issues.</p> <p>Working with MCA management, MCC has developed the corrective action plan.</p> <p>MCC is preparing the formal documents to transmit the corrective action plan. MCC will submit the required memorandum in April 2009.</p>
M-000-08-012-N	MCA-Benin	06/23/08	<p>This audit of the fund accountability statement contained two recommendations.</p> <p><u>Recommendation No. 1</u> requested a corrective action plan to correct the significant deficiency in internal control documented in the audit section, "Report on Internal Control."</p> <p><u>Recommendation No. 2</u> requested that MCC verify that the compact fund managers have corrected certain issues related to noncompliance.</p> <p>Working with MCA, MCC resolved the issues as documented by a subsequent fund accountability statement audit.</p> <p>MCC is preparing a formal memorandum to document the management decision and final action.</p> <p>MCC will submit the required memorandum in April 2009.</p>
M-000-08-014-N	MCA-Vanuatu	07/03/08	<p>This fund accountability statement audit contained two recommendations.</p> <p><u>Recommendation No. 1</u> requested a corrective action plan to correct the material noncompliance contained in the audit section, "Independent Auditor's Report on Compliance."</p> <p>Working with MCA, MCC has resolved the issues as documented by a subsequent fund accountability statement audit.</p> <p>MCC is preparing a formal memorandum defining the basis for the management decision and final action. MCC will submit the required memorandum in April 2009.</p> <p><u>Recommendation No. 2</u> concerned questioned costs in the amount of \$3,184; final action was recorded in January 2009.</p>

Report Number	Auditee	Issue Date	Current Recommendation Status
M-000-08-015-N	MCA-Cape Verde	07/28/08	<p>This fund accountability statement audit contained a recommendation requesting a corrective action plan to address recurring findings of noncompliance. This recommendation is related to an earlier report, M-000-08-008-N of April 25, 2008.</p> <p>Working with MCA, MCC resolved the outstanding issues as documented by a subsequent fund accountability statement audit.</p> <p>MCC is preparing formal documents to establish the management decision and final action. MCC plans to complete the required actions during April 2009.</p>
M-000-08-016-N	MCA-Nicaragua	07/28/08	<p>This fund accountability statement audit contained a recommendation requesting a corrective action plan to address internal control deficiencies documented in the section, "Report on Internal Control."</p> <p>MCC stated that the issues were resolved, working with MCA, as documented by a subsequent fund accountability statement audit.</p> <p>MCC is preparing formal documents to establish the management decision and final action. MCC plans to complete the required actions during April 2009.</p>
M-000-08-017-N	MCA-Madagascar	07/28/08	<p>This fund accountability statement audit contained two recommendations.</p> <p><u>Recommendation No. 1</u> requested a corrective action plan to correct the material noncompliance contained in the audit section, "Independent Auditor's Report on Compliance."</p> <p><u>Recommendation No. 2</u> concerned \$40,350 in ineligible costs and \$57,012 in unsupported costs.</p> <p>MCC has received the necessary information from MCA and is preparing a formal submission on the management decision and final action for these recommendations. MCC plans to complete the required actions during April 2009.</p>
M-000-08-019-N	MiDA-Ghana	08/08/08	<p>This fund accountability statement audit contained three recommendations.</p> <p><u>Recommendation No. 1</u> requested a corrective action plan to address significant internal control deficiencies documented in the section, "Report on Internal Control" and material instances of noncompliance described in the section, "Report on Compliance."</p> <p><u>Recommendation No. 2</u> addressed recurring instances of internal control and noncompliance.</p> <p><u>Recommendation No. 3</u>, concerning questioned costs, reached a management decision and final action in January 2009.</p> <p>MCC received relevant information when it resolved the third recommendation and has prepared a corrective action plan for the outstanding recommendations. MCC expects to complete the required actions and forward the corrective action plan to OIG by the end of May 2009.</p>

**SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION—MCC**  
**As of March 31, 2009**

<b>Report Number</b>	<b>Subject of Report</b>	<b>Rec. Number</b>	<b>Issue Date</b>	<b>Management Decision Date</b>	<b>Final Action Target Date</b>
M-000-08-004-P	Audit of the MCC's Compliance with the Provisions of the Federal Information Security Management Act for Fiscal Year 2007	2 8 9 12 13 14	09/26/08	09/26/08 09/26/08 09/26/08 09/26/08 09/26/08 09/26/08	09/09 09/09 09/09 09/09 09/09 09/09
M-000-08-008-N	Audit of the MCC Resources Managed by MCA-Cape Verde, Under the Compact Agreement Between the MCC and the Government of Cape Verde from July 1, 2006 to December 31, 2006	1	04/25/08	Pending	04/09
M-000-08-012-N	Audit of the MCC Resources Managed by MCA-Benin Under the Compact Agreement Between MCC and the Government of Benin from July 1, 2007 to December 31, 2007	1 2	06/23/08	Pending Pending	06/09 06/09
M-000-08-014-N	Audit of the MCC Resources Managed by MCA-Vanuatu Under the Compact Agreement Between MCC and the Government of Vanuatu from January 1, 2007 to June 30, 2007	1	07/03/08	Pending	07/09
M-000-08-015-N	Audit of the MCC Resources Managed by MCA-Cape Verde Under the Compact Agreement Between MCC and the Government of Cape Verde from January 1, 2007 to June 30, 2007	1	07/28/08	Pending	07/09
M-000-08-016-N	Audit of the MCC Resources Managed by MCA-Nicaragua Under the Compact Agreement Between MCC and the Government of Nicaragua from July 1, 2007 to December 31, 2007	1	07/28/08	Pending	07/09
M-000-08-017-N	Audit of the MCC Resources Managed by MCA-Madagascar Under the Compact Agreement Between MCC and the Government of Madagascar from July 1, 2007 to December 31, 2007	1 2	07/28/08	Pending	07/09
M-000-08-017-N	Audit of the MCC Resources Managed by MCA-Madagascar Under the Compact Agreement Between MCC and the Government of Madagascar from July 1, 2007 to December 31, 2007	1 2	07/28/08	Pending Pending	07/09 07/09
M-000-08-019-N	Audit of the MCC Resources Managed by MiDA-Ghana Under the Compact Agreement Between MCC and the Government of Ghana from January 1, 2007 to December 31, 2007	1 2	08/08/08	Pending Pending	08/09 08/09

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS—MCC  
 October 1, 2008—March 31, 2009

Reports	Number of Audit Reports	Questioned Costs <sup>1</sup> (\$)	Unsupported Costs <sup>2</sup> (\$)
A. For which no management decision had been made as of October 1, 2008	3	2,343,480	269,874
B. Add: Reports issued October 1, 2008, through March 31, 2009	7	214,377	174,202
Subtotal	10	2,557,857	444,076
C. Less: Reports with a management decision made October 1, 2008, through March 31, 2009	5	2,351,656	310,080
i. Value of recommendations disallowed by Agency officials		2,061,521	28,265
ii. Value of recommendations allowed by Agency officials		290,135	281,815
D. For which no management decision had been made as of March 31, 2009	5	206,201	133,996

1. Questioned costs less than \$1,000 are not included.
2. Unsupported costs are included in questioned costs, but are provided as additional information as required by the Inspector General Act Amendments of 1988 (Public Law 100-504).

REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE—MCC  
October 1, 2008—March 31, 2009

Reports	Number of Audit Reports	Amount (\$)
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*NOTHING TO REPORT*

*APPENDIX IV*  
*SUMMARY TABLE—MCC*



## FRAUD AWARENESS BRIEFINGS CONDUCTED FOR MCC

As of March 31, 2009

OCT	Washington, DC	1	25	MCC personnel
NOV		<i>NOTHING TO REPORT</i>		
DEC	Rangoon, Burma	1	64	MCC and MCA personnel
JAN	Managua, Nicaragua	2	74	MCC and MCA personnel
FEB		<i>NOTHING TO REPORT</i>		
MAR		<i>NOTHING TO REPORT</i>		



*APPENDIX V*  
*ABBREVIATIONS*



## ABBREVIATIONS

ARV	antiretroviral
DR-CAFTA	Dominican Republic–Central America–United States Free Trade Agreement
EWS	Early Warning System
FIDE	Foundation for Investment and Development of Exports
FY	fiscal year
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
IAF	Inter-American Foundation
ICCTF	International Contract and Corruption Fraud Task Force
IE	ineligible costs
IG	Inspector General
IT	information technology
MCA	Millennium Challenge Account Fund
MCA-CV	Millennium Challenge Account-Cape Verde
MCA-H	Millennium Challenge Account-Honduras
MCC	Millennium Challenge Corporation
MCG	Millennium Challenge Account-Georgia
MiDA	Millennium Development Authority
NGO	nongovernmental organization
NPFTF	National Procurement Fraud Task Force
OIG	Office of Inspector General
OMB	Office of Management and Budget
PEPFAR	President’s Emergency Plan for AIDS Relief
PSC	private security contractors
RIG	regional inspector general
TIC	Trade, Investment, and Competitiveness
US	unsupported costs
USADF	United States African Development Foundation
USAID	U.S. Agency for International Development
WMAS	Watershed Management and Agricultural Support





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The *Semiannual Report to the Congress* is available on the Internet at  
[www.usaid.gov/oig/public/semiann/semiannual\\_recent.htm](http://www.usaid.gov/oig/public/semiann/semiannual_recent.htm)