



Office of Inspector General

**SEMIANNUAL REPORT TO
THE CONGRESS**

April 1–September 30, 2011

OFFICE OF INSPECTOR GENERAL

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Inspector General

HOTLINE

The hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement, or misconduct in the programs and operations of the United States Agency for International Development (USAID), the Inter-American Foundation (IAF), the United States African Development Foundation (USADF), and the Millennium Challenge Corporation (MCC). Employees of USAID, IAF, USADF, and MCC, contractors, program participants, and members of the general public may report allegations directly to the Office of Inspector General (OIG). Complaints may be submitted electronically by using e-mail or OIG's online complaint form.

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The Inspector General Act of 1978, as amended, and other laws protect persons making hotline complaints. Individuals who contact the hotline are not required to identify themselves and may request confidentiality when submitting allegations. However, OIG encourages those who report allegations to identify themselves so that they can be contacted if OIG has additional questions.

OIG will not disclose the identity of an employee of USAID, IAF, USADF, or MCC who provides information unless that employee consents or unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation.

Contents

Message from the Inspector General.....	1
Introduction.....	3
Semiannual Report to the Congress.....	4
United States Agency for International Development	
United States African Development Foundation	
Inter-American Foundation	
Reporting Requirements.....	6
Summary Table of Audits Conducted.....	8
Significant Findings–USAID.....	9
<i>Peace and Security</i>	9
Afghanistan.....	9
Pakistan.....	14
Iraq.....	17
West Bank and Gaza.....	19
<i>Just and Democratic Government</i>	20
Good Governance.....	20
Rule of Law and Human Rights.....	21
<i>Economic Growth and Prosperity</i>	22
Economic Security.....	22
<i>Environment</i>	23

<i>Investment in People</i>	25
Humanitarian Assistance.....	26
Education.....	28
Food Security.....	30
Health.....	32
<i>Management Capabilities</i>	43
Employee Misconduct.....	44
Financial Management.....	46
Expanding Accountability.....	47
Accountability Over Contractors and Grantees.....	48
Significant Findings–USADF and IAF.....	52
Significant Recommendations Described Previously Without Final Action.....	53
Investigative Activities.....	58
Fraud Awareness Briefings Conducted Worldwide.....	59
Incidents in Which OIG Was Refused Assistance or Information.....	62
Statistical Reports.....	63
<i>Financial Audits</i>	63
<i>Performance Audits</i>	98
<i>Miscellaneous Reports</i>	102
<i>Reports With Questioned and Unsupported Costs</i>	107
<i>Reports With Recommendations that Funds Be Put to Better Use</i>	109

Reports Over 6 Months Old With No Management Decision.....	111
Significant Revisions of Management Decisions.....	113
Management Decisions With Which the Inspector General Disagrees.....	114
Noncompliance With the Federal Financial Management Improvement Act of 1996....	114
Significant Findings From Contract Audit Reports.....	115
Peer Reviews.....	116
Semiannual Report to Congress–Millennium Challenge Corporation.....	117
Introduction.....	119
Significant Findings–MCC.....	121
<i>Economic Growth and Prosperity</i>	121
Economic Security.....	121
<i>Management Capabilities</i>	122
Information Technology.....	122
Financial Management.....	122
Fund Accountability Statements.....	123
General Management Capability.....	129
Significant Recommendations Described Previously Without Final Action.....	132
Investigative Activities.....	134
Incidents in Which OIG Was Refused Assistance or Information.....	135
Statistical Reports.....	136
<i>Financial Audits</i>	136
<i>Performance Audits</i>	139

<i>Miscellaneous Reports</i>	141
<i>Reports With Questioned and Unsupported Costs</i>	143
<i>Reports With Recommendations that Funds Be Put to Better Use</i>	144
Reports Over 6 Months Old With No Management Decision.....	145
Significant Revisions of Management Decisions.....	147
Management Decisions With Which the Inspector General Disagrees.....	148
Noncompliance With the Federal Financial Management Improvement Act of 1996.....	149
Significant Findings From Contract Audit Reports.....	150
Peer Reviews.....	150
Abbreviations.....	151

Message From the Acting Inspector General

I am pleased to present the Semiannual Report to the Congress for the period April 1–September 30, 2011. This report features highlights of oversight activities of the Office of Inspector General (OIG) for the United States Agency for International Development (USAID), the United States African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Millennium Challenge Corporation (MCC).

During this reporting period:

\$78.3 million in questioned costs and funds recommended to be put to better use

\$5.8 million in investigative recoveries and savings

1 conviction

23 administrative actions

Our audits and investigations focus on programs and operations that are at the greatest risk for fraud, abuse, or mismanagement—e.g., those in high-risk environments and those that employ funding mechanisms that may limit oversight.

During this reporting period, we testified before Congress about the need to improve

accountability in foreign assistance programs.¹ OIG works in partnership with foreign assistance agencies and implementing partners to further this goal.

Sustainability is a key aspect of the success of all foreign assistance programs, and OIG’s oversight work examines whether programs are likely to continue and succeed once assistance funding has been completed. Several of our reports this reporting period address sustainability issues, including our audits of health programs in Afghanistan, Namibia, and Guinea; family planning activities in India; community rehabilitation efforts in Pakistan; and microfinance activities in Iraq.

In general, we have centered our operations on foreign assistance programs that are particularly important to the Congress and the administration, including oversight of efforts in Afghanistan and Pakistan, civil society programs in the Middle East, humanitarian aid in Haiti, and worldwide programs addressing HIV/AIDS, malaria, and tuberculosis.

We are pleased to report that USAID has seen positive results from its Palestinian Authority Capacity Enhancement Program and Centers of Excellence initiative in the West Bank. USAID’s activities have upgraded service centers for

¹ See “USAID: Following the Money,” May 11, 2011. http://www.usaid.gov/oig/whoweare/testimony_051111.pdf

citizens, partnered with ministries to conduct self-assessments, and empowered government employees to identify needs and reforms. The program has received support from all levels of the ministries in which it operates and is likely to be sustained.

Although our audit of HIV/AIDS activities in Southern Africa found managerial and data collection problems, we note that USAID's efforts in this area have increased the number of new patients enrolled in treatment. In addition, clinic staff members said that the program was helping change the social stigma associated with HIV and ensuring that patients adhere to treatment regimens.

In other instances, we have uncovered areas for improvement. Our recent audit of the Afghan Civilian Assistance Program—an initiative designed to assist Afghan families and communities that have suffered losses as a result of military operations against insurgents and the Taliban—disclosed problems with food that was being stored in unhygienic conditions, making it virtually unusable for those it was intended to help.

Our audit of efforts to provide shelter in Haiti found substantial delays in construction. We will continue to make Haiti a priority for oversight and focus on accountability as programs in that country move from humanitarian assistance to reconstruction.

We have seen notable developments as a result of our investigative work, such as a recent \$5 million settlement agreement with a major implementer of foreign assistance programs in Afghanistan and Pakistan for false claims charges. In this case, the implementer was cited for problems with adhering to contract specifications and properly supervising activities, for not reporting defects in internal controls, and for potential corruption among its subcontractors.

OIG continues to issue financial audits to verify how U.S. taxpayers' funds are being spent, actively investigate allegations of fraud all over the world, and educate our partners about the risk of fraud and how to identify it. As a result of these efforts, the agencies for whom we provide oversight have recovered millions of dollars in funds that can be put to better use.

We support agencies' efforts to improve their own processes—such as USAID's recent efforts in procurement reform—and we provide guidance as these processes are being implemented. This semiannual report further describes our activities and achievements and includes comprehensive statistics and data regarding our work.

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.

Introduction

History and Mandated Authority

USAID's OIG was established on December 16, 1980, by statutory amendment² to the Foreign Assistance Act of 1961.³ On December 29, 1981, the International Security and Development Cooperation Act of 1981⁴ brought the USAID Inspector General under the purview of the Inspector General Act of 1978.⁵ OIG assumed audit and investigative oversight of USADF and IAF in 1999⁶ and of MCC in 2004.⁷

The Inspector General Act authorizes the Inspector General to conduct and supervise audits and investigations. Our 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; other work is performed at the discretion of OIG. When identifying and prioritizing appropriate audit and investigative activity, we consider stakeholder

interests and needs, alignment with strategic goals, program funding levels, and the risks associated with the agency programs, including potential vulnerabilities in internal controls.

Areas of Responsibility

Audits. OIG audits activities relating to worldwide foreign assistance programs and agency operations of USAID, USADF, IAF, and MCC. Audit activities include performance audits and reviews of programs and management systems, financial statement audits required under the Chief Financial Officers Act of 1990,⁸ and audits related to financial accountability of grantees and contractors.

Investigations. OIG investigates allegations of fraud, mismanagement, and misconduct relating to the foreign assistance programs and agency operations of our client agencies. Investigations of criminal, civil, and administrative violations cover all facets of these worldwide operations. OIG also works proactively by providing fraud awareness training and literature, audiovisual aids, and advice on fraud prevention strategies for agency personnel and employees of foreign assistance implementers worldwide.

² International Security and Development Cooperation Act of 1980, Public Law 96-533.

³ Public Law 87-195.

⁴ Public Law 97-113.

⁵ Public Law 95-452.

⁶ Consolidated Appropriations Act, 2000, Public Law 106-113, Division B, Section 1000(a)(7), Admiral James W. Nance and Meg Donovan Foreign Relations Authorizations Act, Fiscal Years 2000 and 2001.

⁷ Consolidated Appropriations Act, 2004, Public Law 108-199, Division D, Title VI, Millennium Challenge Act of 2003.

⁸ Public Law 101-576.

Locations of OIG Offices. OIG carries out its audit and investigative work in about 100 countries from offices in:

- Baghdad, Iraq
- Cairo, Egypt
- Dakar, Senegal
- Islamabad, Pakistan
- Kabul, Afghanistan
- Manila, Philippines
- Port-au-Prince, Haiti
- Pretoria, South Africa
- San Salvador, El Salvador
- Tel Aviv, Israel
- Washington, DC

Joint Work and Partners

OIG participates on task forces and cooperates with other interagency groups. In this reporting period, for example, 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.

Southwest Asia Joint Planning Group. This group, formed to coordinate oversight activities in Afghanistan and other countries in the region, issued its most recent Comprehensive Audit Plan for Southwest Asia in March 2011. The group comprises representatives of the Offices of Inspector General for USAID and the

Department of State, the Government Accountability Office (GAO), the Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, the U.S. Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, and the Defense Contract Audit Agency.

Iraq Council of Inspectors General.

Oversight organizations operating in Iraq meet quarterly to discuss ongoing and planned activities and to share information, resolve conflicts, and avoid duplication. The Special Inspector General for Iraq Reconstruction chairs the meetings, which are attended by representatives of the Offices of Inspector General for USAID and the Departments of State and Defense, as well as by representatives of other oversight offices in the Department of Defense.

Department of Justice Task Forces. OIG actively participates on two Department of Justice task forces—the National Procurement Fraud Task Force and the International Contract Corruption Task Force. 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.

OFFICE OF INSPECTOR GENERAL

**SEMIANNUAL REPORT
TO THE CONGRESS**

**UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT**

**UNITED STATES AFRICAN DEVELOPMENT
FOUNDATION**

AND

INTER-AMERICAN FOUNDATION

Reporting Requirements

The Inspector General Act of 1978, as amended (5 U.S.C. Appendix 3), and other public laws set forth congressional reporting requirements for the Offices of Inspector General. There are 15 general categories of reporting requirements.

The summaries of significant findings, starting on page 13, respond to Requirements 1 and 2; responses to the remaining requirements follow the summaries.

1. Significant problems, abuses, and deficiencies uncovered.
2. Recommendations for corrective action identified.
3. Recommendations described previously for which corrective action has not been completed.
4. Investigative activities, including matters referred to prosecutive authorities.
5. Reports of incidents in which OIG was refused assistance or information.
6. Questioned costs (QC), unsupported costs (UN), and the dollar value of recommendations that funds be put to better use (BU).
7. A summary of each particularly significant report.
8. Statistical tables showing:
 - (a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of questioned and unsupported costs associated with these reports.
 - (b) The total number of reports during the reporting period, including the total dollar value of questioned costs and unsupported costs associated with these reports.
 - (c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of disallowed costs and the dollar value of costs allowed.
 - (d) The total number of reports for which no management decision has been made by the end of the reporting period.
9. Statistical tables showing:

- (a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of recommendations that funds be put to better use.
 - (b) The total number of reports issued during the reporting period, including the total dollar value of funds put to better use.
 - (c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of recommendations that were agreed to by management, and the dollar value of recommendations that were not agreed to by management.
 - (d) The total number of reports for which no management decision has been made by the end of the reporting period.
10. Reports previously issued for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.
 11. Revisions of management decisions, including a description and explanation of the reasons.
 12. Management decisions with which the Inspector General is in disagreement.
 13. Noncompliance with the Federal Financial Management Improvement Act of 1996.
 14. Significant audit findings from contract audit reports.
 15. Peer review results, including the following:
 - (a) Reviews conducted on OIG during the reporting period, or the date of its last peer review and any unimplemented recommendations.
 - (b) A list of reviews conducted by OIG during the reporting period.
 - (c) A list of outstanding recommendations made by OIG during the reporting period.

Summary Table of Audits Conducted USAID, USADF, and IAF April 1–September 30, 2011		
Type of Report	Number of Reports	Amount of Recommendations (\$)
Financial Audits		
USAID programs and operations	0	0
Foundations' programs and operations	0	0
U.S.-based contractors	15	6,822,172
Quality-control reviews	0	0
U.S.-based grantees	46	1,956,506
Quality-control reviews	1	0
Foreign-based organizations	149	12,893,969
Quality-control reviews	10	0
Enterprise funds	2	0
Performance Audits		
USAID economy and efficiency	33	32,474,785
Foundations' economy and efficiency	0	0
Other	7	8,965,791
Total	263	63,113,223

Significant Findings

USAID

Peace and Security

Afghanistan

Review of USAID/Afghanistan's Afghan Civilian Assistance Program (Report No. [F-306-11-005-S](#)).

The Afghan Civilian Assistance Program was designed to assist Afghan families and communities that have suffered losses as a result of military operations against insurgents and the Taliban. The program is implemented through a \$76 million, 4½-year cooperative agreement with the International Organization for Migration (IOM).

Beneficiaries under the program are generally given in-kind assistance, often in the form of kits that include food, household items, school supplies, or tools and equipment for agriculture or small business activities. So far as OIG could determine, IOM did not adopt any specific criteria or guidelines for commodity management under the program, and as a result, multiple problems were found. For example, because of a lack of inventory records, IOM staff members were never able to quantify what materials were in the warehouses.

As for the quality of products provided, at various warehouses auditors found large quantities of flour, beans, rice, tomato sauce, and cooking oil

that had expired, some with dates as far back as 2004. Rats had gnawed open dozens of food bags, and auditors noted feces inside and around the bags. Further, expired and contaminated food items were mixed together with food that was fit for use. Other items such as wheelbarrows and shovels were stored in disorganized piles or even kept outside.



Rodent feces mix with spilled beans on the floor of the IOM food warehouse in Lashkar Gah (photo by OIG).

In addition to problems with the commodities, there were also difficulties with verifying reported beneficiaries. A report commissioned by IOM to confirm assistance concluded that at least 34 percent of the beneficiaries could not be verified, most likely because of fraud. Moreover, the report's authors believed that program personnel were actively working to undermine the results of their investigation. Other funds



Wheelbarrows in an unusable tangle at an IOM warehouse in Kabul (photo by OIG).

were misspent when IOM used more than \$3.6 million in program funds to purchase cars for beneficiaries without USAID's approval. Furthermore, OIG determined that \$180,000 embezzled by field staff had not been properly reimbursed to USAID.

OIG made seven recommendations and identified more than \$8.3 million in questioned costs, of which over \$2.6 million was for expired or contaminated food. Management decisions have been made on three recommendations, and final action has been taken on two. OIG investigators are reviewing the allegations of fraud.

Suspension of Afghan Construction Company With Connections to Terrorist Organizations. On September 30, 2010,

International Relief and Development Incorporated (IRD) and USAID OIG received information from the U.S. Army that it had detained and arrested the president of the Ahsan Aman Construction Company (AACC) for supporting and facilitating Taliban attacks in Kandahar, Afghanistan.

After confirming AACC was a subcontractor on the USAID-funded and IRD-implemented Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program, OIG worked with the U.S. Army and the USAID Office of Security to confirm the company's president was a known insurgent sympathizer and material supporter. From OIG's referral, AACC and its president were subsequently debarred from any

involvement with U.S. Government programs as of May 25, 2011.

Review of USAID/Afghanistan's Portion of the Embassy Air Program (Report No. [E-306-11-004-S](#)).

On January 4, 2010, USAID awarded Aircraft Charter Solutions, Inc., a 2-year, \$361 million contract to supply air transportation in Afghanistan. The contractor is providing aircraft, personnel, equipment, tools, material, maintenance, spare parts, and supervision for transportation to and from various locations in the country. The aircraft provided by the contractor includes seven 18-passenger Beechcraft 1900s, three 8-passenger Beechcraft Super King Air 200s, two Bell 412 helicopters, and four MI-8 helicopters.

OIG's review found that the USAID-funded portion of the Embassy Air Program is providing safe and reliable air service in support of provincial reconstruction teams and other U.S. Government development assistance programs in Afghanistan; however, the review identified many opportunities for improvement.

For instance, between February 2010 and January 2011, 20 percent of passengers (almost 10,000 people) with reservations on Embassy Air did not appear for their flights but did not cancel 24 hours in advance as required. If these passengers had canceled their reservations as required, their seats could have been offered to others. In addition, unapproved international

travel by Aircraft Charter Solutions personnel led to more than \$525,000 in questioned costs.

Furthermore, Aircraft Charter Solutions did not provide the mission with required work plans, performance management plans, or progress reports that would detail problems encountered or resolved, best practices, flights or activities completed, or performance standards. Without these reports, the mission was unable to effectively monitor the program.

OIG also noted that USAID markings were missing from all of the aircraft and that environmental requirements for the contract were ambiguous and needed to be updated.

Management decisions have been reached on five of eight recommendations, with final action taken on three.

Audit of USAID/Afghanistan's On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Services Program (Report No. [F-306-11-004-P](#)).

In 2008, USAID signed an implementation letter with the Government of the Islamic Republic of Afghanistan to provide the mission's first core-budget funding assistance to the Ministry of Public Health (MoPH) in support of the Partnership Contracts for Health Services Program.

Under this program, the mission planned to provide MoPH with up to \$236 million in budget assistance over 5 years to support the delivery of standardized health services in more than a dozen target provinces. In 2009, MoPH awarded \$80 million in contracts to ten nongovernmental organizations (NGOs). These NGOs were responsible for providing standardized health services in more than 500 health facilities and 5,500 health posts⁹ throughout the target provinces.

OIG's audit found that sustainability of the program was a concern. The government's extremely low contribution to health care raised questions about the long-term viability of health services. With shrinking donor support in the foreseeable future, the Afghan Government's ability to increase health care coverage to 90 percent of the population appears unlikely, while its ability to sustain the current level of coverage remains uncertain. Unless the Afghan government is able to generate sufficient revenue to cover its health care costs, the health sector's dependency on donor support will continue.

Although the program has contributed to increasing access and use of health services, OIG noted deficiencies in quality at all health facilities

⁹ Health posts each serve approximately 100–150 rural families, equal to 1,000–1,500 people. Posts are ideally staffed by a male and a female community health worker, delivering services from their homes.

visited. Doctors and staff at several facilities complained that the volume of patients was up to double their capacity to handle. Patients would sometimes have to wait up to 5 hours before



The waiting room at a basic health center in Badakhshan Province (photo by OIG).

receiving medical services, and others would go home without receiving treatment. Some of the health facilities had old equipment that needed repair or replacement. One health facility had a newly donated anesthesia machine, but the responsible NGO ignored repeated staff requests for training on the equipment. Several of the buildings were in poor condition, requiring repairs, renovation, and painting.

Program management also needs to be improved. Confusion over who responds to MoPH's technical inquiries has led to delayed responses or inadequate feedback from USAID. In addition, the mission has limited experience in managing on-budget assistance activities.

In fact, when trying to resolve the problem of consistently late payments to the NGOs, Ministry and USAID staff had difficulty explaining the

lengthy and complicated process, and OIG could not find anyone who could explain the process from start to finish. Staff attempted to explain the process within their own areas of responsibility, but they contradicted one another, and most were not sure what happened outside of their own areas.

OIG made 13 recommendations, and management decisions have been reached on 12 of them.

Audit of USAID/Afghanistan’s Support to the Electoral Process and Support for Increased Electoral Participation in Afghanistan Programs (Report No. [F-306-11-003-P](#)).

To help strengthen Afghanistan’s electoral system, USAID/Afghanistan has provided assistance through two programs: the Support to the Electoral Process (STEP) Program implemented under a contract with the International Foundation for Electoral Systems, and the Increased Electoral Participation in Afghanistan (IEP) Program implemented through a cooperative agreement with the Consortium for Election and Political Process Strengthening.

The STEP program has achieved many short-term objectives—in particular, those dealing with civic education and outreach, training, and staffing of the Independent Election Commission (IEC) and the Electoral Complaints Commission (ECC). The program has helped to increase the capacity of both commissions to administer

elections and has contributed to the credibility of elections themselves.

The IEP program has also performed well, training tens of thousands of Afghans who participated in elections as political party or coalition members and election observers. Furthermore, IEP implemented civil and voter education programs that reached hundreds of thousands of people.

Despite these accomplishments, however, no persuasive evidence exists that these short-term results have produced increased citizen awareness of the electoral process or a stronger democratic political party system.

The auditors reported several longer-term issues that need to be addressed to better ensure credible elections, including legal reforms to protect the independence of the IEC and ECC, reform of the “single nontransferable vote” system of representation in favor of a system in which votes and electoral results have a more predictable and proportional relationship, actions to make Afghanistan’s electoral system more sustainable, and a more reliable voter registry.

Moreover, costs could have been reduced by consolidating consortium expenses. Specifically, each consortium participant had its own Kabul-based home office, living quarters, and support functions such as security, human resources, and information technology. Combining these costs

would have saved the mission from \$6 million to \$8 million.

Management decisions have been reached on five of nine OIG recommendations.

Pakistan

Audit of USAID/Pakistan's Road Rehabilitation and Reconstruction Activities Under the Quick Impact Projects in South Waziristan (Report No. [G-391-11-005-P](#)).

In 2009, the Governments of Pakistan and the United States signed a strategic agreement that provided a commitment to help generate broad-based economic growth through infrastructure development. According to the agreement, USAID is providing \$55 million directly to the Federally Administered Tribal Areas (FATA) Secretariat to implement Quick Impact Projects—i.e., rebuild roads, develop water infrastructure, and improve power systems.

OIG conducted an audit of these activities in South Waziristan, part of FATA. Despite some difficulties OIG noted with mission operations, auditors determined that the road rebuilding efforts were on track. Two sections of road totaling 215 kilometers were completed to specifications and had met all requirements for reimbursement by USAID.

Although security issues caused some delays, work progressed on schedule. Multiple site visits

by officials from the local satellite office in Peshawar have strengthened the management of the road activities, and the use of fixed-amount reimbursement agreements has reduced financial risk to the program.

The FATA Secretariat hired the Frontier Works Organization (Frontier Works) of Pakistan to carry out road activities. For additional support, Frontier Works subcontracted with the Pakistani engineering firm National Engineering Services Pakistan Limited (NESPAK).

Both Frontier Works and NESPAK have extensive experience in building roads and other infrastructure projects, and both will work on all the Quick Impact Projects in South Waziristan, including the water infrastructure and power systems. OIG found that these two entities contributed to the initial success of the road activities.

Despite early successes, however, OIG found room for improvement. The scope of work for the contractor selected to build the capacity of the FATA Secretariat was too broad, and subsequent changes caused deliverables to be far behind schedule. Contract files were missing critical documentation such as branding and marking plans; site visit reports; meeting notes; and correspondence with contractors, including documentation related to extensions and justifications.

Environmental assessments did not meet regulations and caused delays of up to 5 months. In addition, although no ethical problems arose, neither the mission nor the contractor had ethics procedures or policies in place in accordance with federal regulations.

Management decisions have been made on all nine OIG recommendations to improve various aspects of the program. Final action has been taken on six.

Guilty Pleas of Four Pakistanis in Kickback Scheme Related to USAID Project in the Federally Administered Tribal Areas. In July 2011, Pakistan's National Accountability Bureau (NAB) announced that four men entered voluntary pleas for their roles in a bid-rigging scheme related to the USAID-funded Federally Administered Tribal Areas Livelihood Development Program (FATA LDP). The goal of FATA LDP was to provide social and economic stabilization in FATA.

The \$150 million cooperative agreement with the Academy for Educational Development (AED) was terminated for cause by USAID in June 2010 after an ongoing investigation by OIG and the FBI revealed indications of widespread fraud. Under Article 25(A) of the NAB Ordinance (1999), the four men returned Rs 12 million (approximately \$140,000) as part of their agreement. The recovered funds will be returned to USAID.

Audit of USAID/Pakistan's Community Rehabilitation Infrastructure Support Program (Report No. [G-391-11-006-P](#)).

One of the many problems facing Pakistan is poor infrastructure for delivering basic human services such as education, health care, water supply, sanitation, electricity, and transportation. To address these issues, USAID/Pakistan signed a 5-year, \$150 million cooperative agreement with Winrock International to implement the Community Rehabilitation Infrastructure Support Program.

OIG found that Winrock made very little progress toward achieving any of the main goals of the program. Although tasked with rebuilding or renovating up to 2,000 schools and constructing up to 350 small to medium-size infrastructure projects, the program was far behind schedule. Specifically, more than 2 years after signing the agreement, the mission had completed only six career centers, four minor renovations of universities, and two design projects. It had also conducted two feasibility studies and procured furniture and equipment for a children's health institute.

Part of the program's lack of progress was due to poor program design. Although Winrock is the main implementer, 70 percent of the award's budget was implemented by subcontractors, who in turn employed subcontractors. Employing multiple subcontractors led to duplicate layers of construction oversight. According to the mission,

Winrock did not have the staff or technical expertise to monitor subcontractors' management of the projects effectively.

In the few cases where projects were completed, the mission often did not consider whether they could be sustained. For instance, \$900,000 worth of furniture and equipment was delivered to the Khyber Institute of Child Health in Peshawar, but a year after its delivery, most of the material remained in storage, unused.

The institute's director said that the institute did not have the funding to support the operations of the facility, adding he could not even pay the monthly electric bill. By not ensuring that the institute was viable, the mission spent more than \$900,000 that could have been put to better use.

Furthermore, according to the program's activity approval document, projects above \$500,000 required written consent. However, nearly \$13 million in projects were implemented without such approval. The report also described other improvements needed in internal controls.

Management decisions have been made on all ten recommendations, and final action has been taken on two.

Personnel Terminations Related to Corruption in Pakistan Disaster Relief Projects. During the spring and summer of 2011, the USAID OIG Pakistan Anti-Fraud Hotline received more than 200 complaints

regarding problems with service delivery or criminal misconduct by employees of the Sindh Rural Support Organization (SRSO). SRSO is a recipient of subcontracts from USAID implementing partners executing flood relief efforts for USAID's mission in Pakistan, Office of Foreign Disaster Assistance, and Office of Food for Peace.

To date, the OIG investigation has revealed significant issues with internal controls for the distribution of cash and relief goods, as well as the distribution of food and nonfood items to undesignated areas. As a result of the investigation, the NGO has terminated 21 employees to date.

Audit of USAID/Pakistan's Management of Preaward Assessments (Report No. [G-391-11-004-P](#)). The Enhanced Partnership with Pakistan Act of 2009 authorized \$7.5 billion in U.S. Government assistance over 5 years to promote an enhanced strategic partnership with Pakistan and its people. In authorizing these funds, the act encourages the U.S. President, as appropriate, to use Pakistani firms and NGOs to work with local leaders to build local capacity. To facilitate this strategy, USAID estimated that approximately 50 percent of fiscal year 2010 funding, or \$750 million, would go through Pakistani federal and provincial agencies and local organizations.

OIG found that mission's preaward process did provide a reasonable basis for identifying significant financial management vulnerabilities; however, OIG noted weaknesses in the mission's management of the preaward process. For instance, the mission did not prioritize or follow up on significant vulnerabilities identified in assessments. Of the 28 assessment reports completed during fiscal year 2010, the 8 selected for testing noted over 250 weaknesses in the potential recipients' ability to properly manage funds.

The mission did include 55 of the reported weaknesses in the recipients' agreements and stipulated that the weaknesses should be adequately addressed. However, the mission did not include or otherwise address the remaining 195 weaknesses. In addition, for two of the eight audited assessments that contained special award conditions, the mission disbursed \$204 million to the Government of Pakistan before it obtained any evidence that conditions had been met and weaknesses resolved.

OIG made four recommendations to help the mission improve various aspects of the process. Management decisions have been made on all of them, and final action has been taken on three.

Iraq

Audit of USAID/Iraq's Agribusiness Program (Report No. [E-267-11-002-P](#)). In May 2007, USAID/Iraq awarded a \$343 million

contract to the Louis Berger Group (LBG) to expand the competitiveness of the private sector in the agriculture and agribusiness sectors.

Program goals included increasing agricultural sector productivity and total sales of USAID-assisted enterprises by at least \$300 million; increasing and monitoring the value of financial resources raised by assisted enterprises (i.e., agribusiness loans); and generating at least 40,000 new agricultural and agribusiness jobs: 20,000 full time and 20,000 part time. Despite its contractual obligations, LBG fell short on all of its goals.

In almost all cases, LBG did not measure results, report results, or show adequate documentation. The lack of supportable agribusiness program results was attributed to several factors, mismanagement being foremost. The mission proposed a rigorous methodology for measuring results of the program, but neither USAID nor the contractor focused on managing for results.

Numerous problems existed with program implementation. Although over the 3-year period this contract had five different contracting officer's technical representatives (COTRs), USAID could not explain why the performance monitoring plan was not used. The last two COTRs both stated that the performance monitoring plan was not useful—one calling it an inflexible document and the other acknowledging that it needed to be revised.

Documentation that was essential to project oversight—such as proof of any of the COTRs’ inspection and receipt or acceptance of deliverables and copies of other performance records—was not included in any program files.

Because of these problems, USAID/Iraq did not track whether the agribusiness program goals were on or behind schedule. In addition, subcontracts lacked adequate documentation and were susceptible to fraud. Grants with special conditions, as well as grants awarded to microfinance institutions, were not monitored and were also susceptible to fraud.

The audit report made 17 recommendations to the mission. Management decisions were reached on eight and final action taken on three. Three of the recommendations pending management decisions involved \$23 million in questioned costs.

Audit of USAID/Iraq’s Microfinance Activity Under Its Provincial Economic Growth Program (Report No. [E-267-11-003-P](#)).

In Iraq, collateral requirements are high, and many poor and low-income individuals are excluded from bank services. Microfinance institutions were established in Iraq starting in 2003 with funds from the U.S. Government to provide financial services to members of this population who would otherwise be unable to secure loans.

USAID/Iraq’s current microfinance activity began in January 2008 with the Provincial Economic Growth Program. Contracted to LBG, it is expected to cost \$174 million and be in operation through January 2013. The Provincial Economic Growth Program includes seven program areas, one of which is microfinance. Under the microfinance activity, LBG has provided funding and technical assistance and training to nine microfinance institutions,¹⁰ and as of December 2010, the USAID-supported microfinance institutions have provided 257,209 loans valued at \$593 million.

Although OIG was unable to confirm any loans with borrowers because of security restrictions, the auditors determined that the mission’s microfinance activity had increased access to sustainable financial services. The contractor had also had made progress in promoting institutional development.

OIG found that multiple improvements could be made, however. The contract with LBG did not specifically require a focus on loans to the poor, and the activity did not have indicators to measure such lending, despite statutory and regulatory direction to do so. In addition, LBG did not consistently calculate the number of jobs that were sustained at firms receiving microloans. As the contractor changed the methodology for

¹⁰ According to the contractor, three additional microfinance institutions received technical assistance and training, but did not receive grants.

calculating jobs from year to year and the mission neither verified data nor conducted a data quality assessment, OIG questioned the reliability of the reported number of jobs.

OIG made three recommendations for improvements in performance monitoring and data quality assessments, and management decisions have been reached on all of them.

West Bank and Gaza

OIG's Oversight Activities in the West Bank and Gaza.

During this period, OIG issued 42 final audits of contractors and grantees in the West Bank and Gaza. The reports identified questioned costs of approximately \$2 million of the \$22 million audited. In addition, the reports identified areas for improvement in internal controls and instances of noncompliance with agreements.

Audit of USAID/West Bank and Gaza's Infrastructure Needs Program I: Selected Water Task Orders (Report No. [6-294-11-008-P](#)).

In 2008, USAID launched the Infrastructure Needs Program (INP) I, a project with \$300 million devoted to construction activities—such as rehabilitation of roads, water systems, and schools in the West Bank—and \$58 million directed to engineering and construction management services.

With most INP I projects completed or nearing completion, USAID/West Bank and Gaza

authorized a continuing INP II program with estimated expenditures of \$750 million for construction activities. Recently, USAID awarded a \$150 million indefinite quantity contract to Black & Veatch for construction management, and the mission was evaluating proposals from construction firms.

OIG audited three task orders awarded to American Intercontinental Constructors for construction and rehabilitation of water systems and found that only one was completed on time. Under that task order, OIG found that construction of pipelines and reservoirs in the western Hebron Governorate had reduced water loss that was previously due to leakage and also reduced reliance on water being transported by truck at five times the cost of that provided by the Palestinian water system.

However, the two other task orders suffered from multiple delays and unreliable documentation. Because of data reporting weaknesses, USAID could not rely on the information to track progress, make decisions about future allocations of funds, or report accurately to Congress.

OIG made five recommendations, and management decisions have been reached on all of them.

Audit of USAID/West Bank and Gaza's Palestinian Authority Capacity Enhancement Program (Report No. [6-294-11-009-P](#)).

In September 2008,

USAID/West Bank and Gaza awarded a 3-year, \$20 million task order to Chemonics International to implement the Palestinian Authority Capacity Enhancement Program to support public sector reform efforts.

The program has been highly successful. Sixteen citizen service facilities across the West Bank have been refurbished and upgraded to provide more effective and efficient citizen services, such as issuance of licenses, passports, and certificates.

The Centers of Excellence (COE) initiative, under which the implementer interacts with five partner ministries to conduct self-assessments and empower government employees to identify needs and reforms, has contributed to the development of a citizen-centered, results-focused institutional culture. Consequently, the program has received support from all levels of the ministries in which it operates. For example, one COE team leader at the Ministry of Transportation said that employees used to face resistance, but now they are part of the overall transformation within the ministry, and women, in particular, are more recognized for their skills.

Chemonics believes that the changes in culture brought about by the COE process will have a lasting effect when the program ends, and the progress made thus far will likely be sustainable despite the uncertainties about the future leadership and budget of the Palestinian Government. In fact, the Palestinian Cabinet

recently approved the formation of a national steering committee to support the COE initiative.

Although USAID/West Bank and Gaza and its implementer worked to develop indicators that measure the program impact described above, OIG found that some indicators' reported results were unsupported and some of the baseline data had errors.

Management decisions have been made on all five recommendations, and final action has been taken on two.

Just and Democratic Government

Good Governance

Civil Settlement Related to Fraud in USAID-Funded Programs in Afghanistan and Pakistan. In June 2011, the Academy for Educational Development (AED) agreed to settle allegations that the company submitted false claims to USAID in connection with two cooperative agreements under which AED provided foreign assistance in Afghanistan and Pakistan. Although certain terms of the settlement with the Department of Justice are contingent on future events, AED has already paid \$5,635,000 toward these claims and could pay up to \$10 million more over the next 3 years.

Prior to the settlement agreement, the U.S. Government alleged that AED failed to ensure that its actions under these two cooperative agreements complied with applicable regulations concerning competition in procurements, adherence to contract specifications, and supervision of its subcontractors. The government further alleged that AED failed to inform USAID that it had discovered defects in its internal control systems and that certain AED subcontractors may have been involved in corruption and wrongful activities.

Contractor Employee in Haiti Arrested in Coordination With OIG.

An OIG investigation confirmed an allegation that Foyer Civique de la Jeunesse Haitienne, a subcontractor in Haiti, had stolen tens of thousands of dollars on an election-related activity. OIG coordinated the investigation with the Haitian National Police (HNP), who later arrested the accused for claiming to have committed project funds to nonexistent organizations. OIG made a referral to USAID to seek repayment of \$66,000 that was used for fraudulent purposes.

Audit of USAID/Vietnam’s Competitiveness Initiative Phase II (Report No. [5-440-11-007-P](#)). USAID awarded a 4½-year, \$12.4 million task order contract to the DAI/Nathan Group to implement the second phase of the Vietnam Competitiveness Initiative, a program that has been in place since 2001.

OIG found that the program is making progress in helping the Government of Vietnam strengthen its regulatory system to reduce the costs and risks of doing business in Vietnam. It is also supporting the development and financing of infrastructure to improve public services and increasing the government’s and private sector’s understanding of key competitiveness issues.

Although the program has been successful, the contractor’s lack of a clear monitoring and evaluation methodology led to inconsistent and incomplete performance data. The contractor submitted required monthly reports, but they did not convey a complete picture of progress made toward achieving planned results. The reports were only a few pages long and did not track progress against targets.

OIG made four recommendations to improve the monitoring and evaluation of the project. Management decisions have been made on all of them, with final action taken on one.

Rule of Law and Human Rights

Follow-Up Audit of USAID/Colombia’s Human Rights Program (Report No. [I-514-11-008-P](#)). USAID/Colombia’s Human Rights Program is the largest USAID initiative of its type in the world. The program is implemented by Management Sciences for Development, Inc., under a \$38.8 million contract that began in 2006. One of the program’s main activities is strengthening the

Early Warning System (EWS) used by the Office of the National Ombudsman, the Colombian institution responsible for promoting human rights.

OIG conducted a follow-up audit to determine whether the recommendations in our fiscal year 2009 report had been completed. Currently, all but one has been fully addressed. The remaining recommendation deals with establishing timelines for EWS to prepare and forward risk reports, which detail potential human rights abuses.

USAID provided a consultant to draft timelines, but the draft had not been implemented at the time of the audit. OIG reiterated the need for this documentation to be completed, and USAID has reached a management decision on the recommendation.

Economic Growth and Prosperity

Economic Security

Audit of USAID/Liberia's Energy Program Activities (Report No. [7-669-11-007-P](#)). For more than a decade, Liberia suffered through a civil war that destroyed most of its infrastructure and devastated its economy. In response to the Liberian Government's priorities for national recovery, USAID is collaborating with the Liberian Government, the Government

of Norway, the European Commission, the World Bank, and other international donors to assist with supplying electricity to selected areas.

To this end, USAID entered into two contracts with International Resources Group (IRG), valued collectively at nearly \$20 million. IRG was responsible for implementing the Emergency Power Program and the Liberia Energy Assistance Program, which were designed to recommercialize the Liberia Electricity Corporation and increase access to affordable energy supplies to foster economic, social, and political development.

OIG's audit determined the mission had increased access to modern energy services, but the lack of documentation meant results were not always supported. From 2006 through 2009, the mission operated in reactive mode, trying to help as many Liberians as rapidly as possible and responding to quickly changing and urgent needs rather than establishing long-term plans and targets. The mission also experienced considerable staff turnover and shortages.

For example, both energy programs had four different COTRs during the implementation period. In addition, the mission's activities were high risk given the postconflict working environment. With the increased size of the mission budget each fiscal year, the staff faced greater demands and had less time to perform routine functions. Therefore, monitoring and

evaluation activities did not always meet requirements.

In addition, OIG auditors found that the mission did not complete a required initial environmental examination for either program. Furthermore, the mission did not properly monitor or enforce branding requirements.

Management decisions have been reached on all seven recommendations.

Liberian USAID Contractors Sentenced to 12 Years' Incarceration in the United States.

As reported in our previous semi-annual report, two former employees of World Vision Liberia were convicted in November 2010 of conspiracy, wire fraud, false claims, witness tampering, and mail fraud for selling food that was intended for Liberian families on the black market and diverting construction materials to their own homes.

In addition to 142 months' imprisonment, each was sentenced in April 2011 to 3 years' supervised release; restitution of \$1.2 million; and special assessments of \$1,200 and \$1,300, respectively. USAID suffered a loss of nearly \$2 million because of the actions of the two individuals.

142 months' imprisonment of two defendants and restitution of \$1.2 million in OIG case

Investigation Leads to \$105,000 Savings and Termination of Subcontract by DAI.

A DAI procurement officer instructed his subordinate to contact companies bidding on subcontracts under the RAMP UP EAST program in Afghanistan and request that they increase their bids to cover the cost of a kickback to the DAI employees for awarding the subcontract. Farid Construction Professional Company (FCPC) subsequently entered into an agreement with the DAI employee to increase its bid to cover the cost of the kickback.

In exchange for this payment, FCPC would be awarded the contract. DAI terminated the employee in April 2011. Because of these findings, DAI did not award the contract to FCPC, resulting in a savings of \$105,000.

Environment

Audit of Selected USAID Missions' Efforts to Mitigate Environmental Impact in Their Project Portfolios (Report No. [9-000-11-002-P](#)).

Adverse environmental effects stemming from economic development are a fundamental concern in the developing world. As USAID-funded projects are implemented across the globe, the environmental impacts of those projects must be carefully considered and mitigated to the extent appropriate. OIG conducted four audits—including 39 projects valued at approximately \$459 million—of

activities implemented by USAID/Democratic Republic of Congo, USAID/Egypt, USAID/Kenya, and USAID/Kosovo.

Although the four missions were generally achieving their goal to mitigate environmental impact in their project portfolios, OIG found opportunities for improvement. For instance, at three of the four missions, officials did not always incorporate the environmental requirements into solicitations and awards, omissions that may prevent USAID from enforcing these requirements.

In addition, some missions neglected to monitor environmental impact during the course of project activities. Mission representatives in some instances either were not aware of the compliance responsibilities or did not remember to observe environmental conditions during site visits. Furthermore, two of the four missions had difficulty staffing full-time environmental advisor positions.

OIG made recommendations to the four missions to address the issues noted above. However, the audit team was concerned that projects at other missions throughout the world might have the same environmental compliance issues. Given the importance of preventing adverse environmental effects stemming from economic development, OIG believes that all missions should develop clear and explicit procedures to mitigate environmental impact.

Management decisions have been made on all three recommendations.

Audit of USAID/Bangladesh’s Integrated Protected Area Co-Management Project (Report No. [5-388-11-008-P](#)). Bangladesh’s unique geography makes it extremely vulnerable to global climate change. To support the management and restoration of Bangladesh’s natural resources, USAID/Bangladesh initiated the \$12.8 million Integrated Protected Area Co-Management (IPAC) Project through a \$12.8 million contract with IRG.

OIG determined that the project has made progress by developing a national protected area co-management strategy,¹¹ by building government and community capacity in protected area co-management, by providing alternative forms of income generation, and by expanding the area under co-management. In addition, the project assisted the development or reform of 15 laws and regulations to expand co-management practices within Bangladesh.

According to the implementing partner, these laws and regulations seek to strengthen environmental protection and decentralize natural resource management. They include the declaration of nine new protected areas and a new policy granting 50 percent of revenues from

¹¹ Co-management establishes the idea of participation by local communities and government officials in developing sustainable management practices for natural resources.

entry fees to protected areas to finance community development.

The project has trained 11,313 participants in subjects such as the concept of co-management in protected areas, natural resource management and biodiversity conservation, and adaptation to and mitigation of climate change. The project also trained community members in developing alternative income generation skills such as home vegetable gardening, bamboo product development, pond fish culture, and native cloth weaving.

However, auditors identified several implementation difficulties. For instance, because of delays in the approval of key project proposal documents by the Bangladesh government and the redirection of previously earmarked funds, matching funds originally intended to be used for the project may not be available, and many activities will need to be postponed or canceled.

Although sustainability is a key component for the project's success and is crucial for the continued management and restoration of Bangladesh's natural resources, sustainability concerns have not yet been fully addressed.

OIG made three recommendations. Management decisions have been made on all of them and final action has been taken on two.

Audit of USAID/Ecuador's Environment Program (Report No. [I-518-11-009-P](#)).

Ecuador has one of the highest rates of deforestation in Latin America. The country's economic development model exploits natural resources at an unsustainable rate, increasing the vulnerability of biodiverse areas.

To help protect threatened biodiverse areas while improving the livelihoods of the populations living in and around these territories, USAID/Ecuador currently supports three multiyear projects: the Sustainable Coasts and Forests Project, a \$13.3 million contract implemented by Chemonics; the Integrated Management of Indigenous Lands Project, a \$6.1 million cooperative agreement implemented by the Wildlife Conservation Society (WCS); and the Protecting Water Resources to Conserve Biodiversity Project, a \$3 million cooperative agreement implemented by Fondo para la Conservación del Agua (FONAG), an Ecuadorian institution also responsible for managing the Quito water endowment fund.

OIG found that the three projects were making positive contributions to the conservation and protection of Ecuador's diverse habitats. For example, Chemonics had provided effective technical assistance to Ecuador's Ministry of Environment in park and forest management and was working to implement a system of monitoring and surveillance in threatened marine areas.

WCS had helped indigenous groups obtain titles and joint management agreements for their lands, was making some progress with institutional strengthening of indigenous leadership, and was helping indigenous communities qualify for benefits. FONAG was implementing several unique environmental education and training programs and supporting the development of water funds in other parts of the country.

Despite these successes, OIG found that multiple problems were still present in all three programs. For instance, none the three implementers had a clear methodology for determining or verifying economic benefits from the project's activities. As a result, the reported data regarding economic benefits is of limited use. In addition, sustainability is an issue with the WCS program. Despite the many achievements with indigenous partners, OIG determined that most jobs and projects will cease after the funding stops, undermining the work done.

Another issue was the mission's use of earmarked funds to cover administration and oversight activities. Because USAID/Washington eliminated funding for two key mission positions, USAID/Ecuador chose to use \$1.1 million of

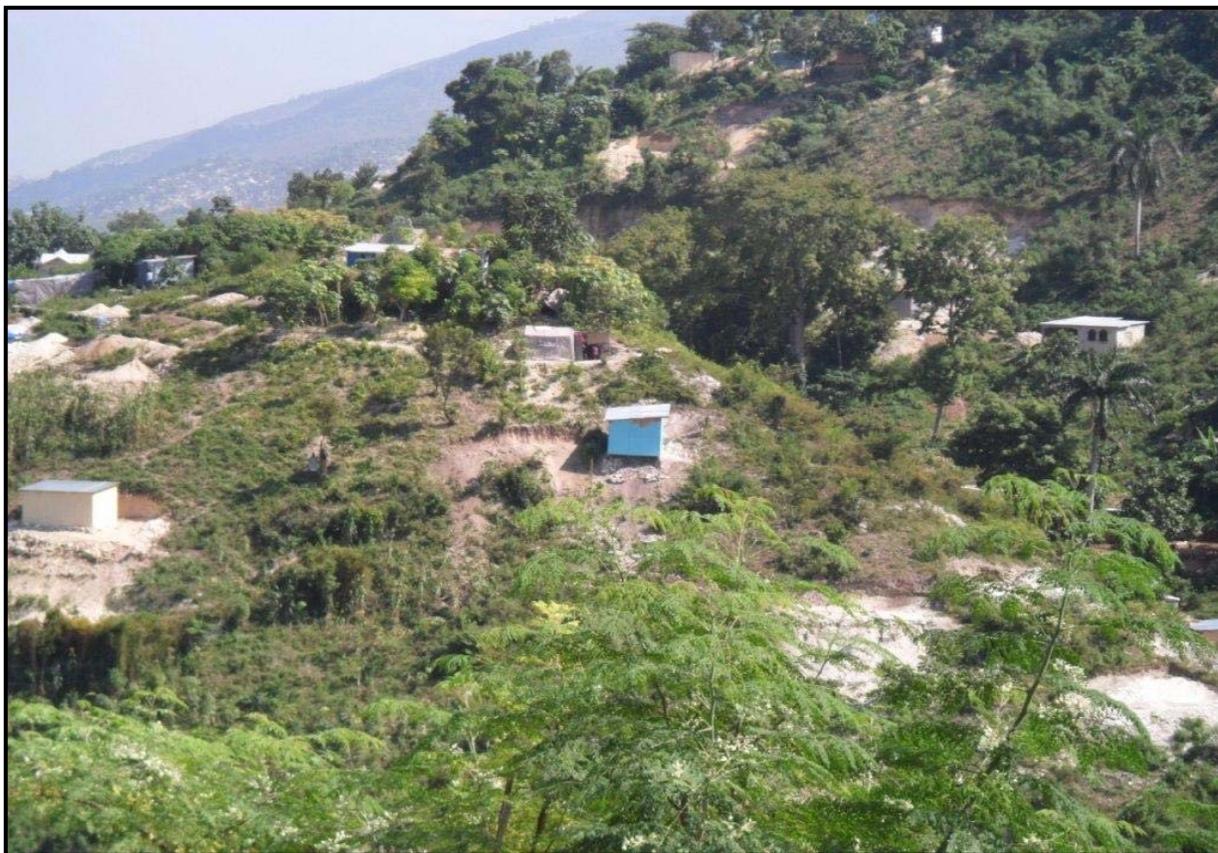
earmarked funds to restore the positions, as well as pay for other administrative costs. As a result the mission did not have about \$657 thousand in earmarked funds available for its biodiversity activities. These funds were meant for the programs and therefore shifting them to salaries and other costs reduced the impact the funding could have had.

Management decisions have been made on all nine recommendations.

Investment in People

Humanitarian Assistance

Audit of USAID'S Efforts to Provide Shelter in Haiti (Report No. [I-521-11-003-P](#)). Following the January 2010 earthquake in Haiti, USAID's Office of Foreign Disaster Assistance (OFDA) funded 16 grants valued at more than \$138 million, which included significant support for transitional shelter. These grants provided for the construction and repair of shelters and homes to serve as secure locations for families to live in for up to 3 years. OFDA intended to construct or repair more than 47,000 shelters and homes by the end of November 2010.



A shelter built with OFDA funds perches on a hillside (photo by OIG).

OIG's audit of these activities found that poor planning and delays contributed to grantees not meeting their construction goals. By mid-November, grantees had built only 7,179 transitional shelters, or 22 percent of the building target. Completed shelters varied greatly in terms of quality and price, and some did not fully comply with international standards.

In addition, the audit found that without the infusion of more funds—approximately \$10 million for transitional shelters alone—OFDA was not likely to achieve its construction goals. Because of rising costs and unrealistic initial cost estimates, grantees reduced the

number of shelters to be constructed under their grants by 24 percent.

In addition, grantees committed to repair 65 percent fewer homes damaged by the earthquake than OFDA targeted for repairs. OIG found that OFDA did not provide standardized shelter designs that could have reduced costs, prevented delays, and ensured that the shelters met international standards for basic security, privacy, and comfort. OFDA also did not provide timely assistance in resolving problems related to importing building materials, such as clearing customs delays. Moreover, the grants did not

include requirements for mechanized removal of rubble, which further impeded the progress.

USAID has made management decisions and taken final action on two out of seven recommendations.

Education

Audit of USAID/Haiti's Education Activities (Report No. [I-521-11-005-P](#)).

Even before the January 2010 earthquake devastated Haiti, supply and demand for education in the country were imbalanced. Although a high social demand for schooling exists, the State's capacity to provide education services and govern the education sector is weak.

More than 85 percent of primary schools are managed with minimal oversight by churches, NGOs, and for-profit operators. In addition, primary school enrollment rates are low—close to 50 percent¹²—compared with the average in Latin America and the Caribbean of 94 percent.¹³

An assessment following the earthquake revealed that 80 percent of the schools in the west of Haiti were destroyed or damaged,¹⁴ so the USAID mission redirected the efforts of its two main

implementers of education activities to help in the rebuilding process. American Institutes for Research (AIR), which was implementing the Haitian Program Supporting Education Reform (PHARE), was asked to erect provisional school structures and provide training to educators.

The mission directed its second main implementer, Education Development Center, Inc., to develop the capacity of the Haitian Out-of-School Youth Livelihood Initiative so that it could become an independent, standalone NGO by March 2011. Total obligations for both pre- and post-earthquake programs for these two implementers came to more than \$44 million.

OIG auditors determined that under PHARE, AIR had constructed 322 classrooms with plans to construct 300 additional classrooms by July 2011. The mission provided evidence demonstrating that it had monitored the construction of the schools and in some cases hosted public ceremonies upon their completion.

However, after the schools' completion, the mission did not verify that the classrooms continued to be used as originally intended.

Although AIR reported that it had delivered training to 56 individuals after the earthquake, the implementer had not developed a systematic process to obtain feedback from those attending training.

¹² Haiti Poverty Reduction Strategy Paper Progress Report, IMF 2009.

¹³ UNESCO Institute for Statistics, Montréal, Canada, 2008.

¹⁴ Haiti Ministry of National Education and Vocational Training.



Secondary-school students attend classes in a USAID constructed classroom (photo by OIG).

OIG made two recommendations to improve the effectiveness and implementation of USAID/Haiti's education activities.

Management decisions have been made on both recommendations.

Audit of USAID/El Salvador's Education Activities (Report Number [I-519-11-007-P](#))

In 2005 and 2006, USAID signed agreements with the Academy for Educational Development (AED)¹⁵ and the Fundación Empresarial para el Desarrollo Educativo (FEPADE) for education projects in El Salvador with a combined value of almost \$20 million.

OIG found that both implementers were contributing to the goal of increasing and improving basic education opportunities, although certain aspects needed to be improved. For instance, the mission overreported by several

thousands the number of teachers and educators and the number of officials and administrators trained with U.S. Government support.

In addition, AED was supposed to finalize textbooks for Grades 1 through 6 by the end of 2007. According to USAID and AED officials, the textbooks were finalized at the end of 2008, 1 year later than planned. Moreover, the performance management plan does not allow USAID to determine the effectiveness of the USAID-funded activities.

Another problem stemmed from cost sharing. FEPADE reported technical support and volunteer hours as cost sharing; however, it did not have support to show how these technical resources contributed to the program (e.g., activity reports or time sheets). As a result, FEPADE overreported approximately \$1.4 million in questioned cost-sharing contributions. Furthermore, donated supplies from the International Book Bank (IBB) were incorrectly valued. AED valued the total donated books at more than \$4 million, and IBB claimed their value was \$3 million. This large difference in estimated prices makes it difficult to evaluate the reasonableness of either IBB or AED cost estimates and thus the accuracy of AED's claimed cost share.

Management decisions were made on all seven of OIG's recommendations, and final action has been taken on four.

¹⁵ On June 8, 2011, the nonprofit organization Family Health International (FHI) purchased all assets and programs belonging to AED.

Food Security

Audit of USAID's Food Assistance Under the Multiyear Assistance Program in Niger (Report No. [7-683-11-008-P](#)).

The Food for Peace (FFP) program in Niger focuses on agricultural production, maternal and child health and nutrition, natural resource management, and marketing and income generation. USAID engaged multiple partners, including Africare, Counterpart International, and a consortium led by Catholic Relief Services (CRS) that included CARE and Helen Keller International. These organizations were tasked with implementing related nonemergency activities at a cost of nearly \$67 million.

OIG determined that the audited food assistance activities are not on track to meet the program's goals of improving food security and maternal and child health and nutrition. Security concerns, including kidnappings and killings of expatriates, have affected cooperating sponsors' ability to implement their programs. Travel and monitoring efforts of program officials have been restricted, and some targeted villages could not be reached, forcing cooperating sponsors to find alternate methods to implement programs.

For instance, implementers did not track or manage inventory effectively at the Food for Peace cereal banks or warehouses in Niger. OIG found that some were not operating as intended, and at one cereal bank, the storekeeper kept the

proceeds from the sale of cereal in his home. Because he maintained no accounting records, reconciling the cash with sales was impossible. In addition, only 18 bags of cereal were in the inventory, although the cereal bank should have been fully stocked.



A cereal bank storekeeper retrieved these bundles of cash (approximately \$5,400) from his house (photo by OIG).

At another cereal bank in the department of Mainé Soroa, no inventory records were available. Furthermore, the bags of cereal in the store were disorganized and not palletized, and some bags were open. In the cereal bank in the village of Koutoutourou, the warehouse was completely empty and, although some records existed, they were impossible to reconcile.

Management decisions have been reached on all ten recommendations, and final action has been taken on five.

Audit of USAID/Rwanda's Agricultural Activities (Report No. [4-696-11-008-P](#)).

OIG conducted an audit of several agricultural

activities implemented by USAID in Rwanda: programs to promote the production and sale of coffee, pyrethrum (a natural insecticide), chili peppers, and dairy products; to improve milk and coffee quality; and to increase food security by linking surplus staple crops to markets.

The implementers of the audited projects—cumulatively valued at nearly \$16 million—were the Texas Agricultural Experiment Station, Land O’Lakes, the African Breeders’ Service Total Cattle Management and CHF International, and CARANA Corporation.

A number of program achievements were noted. For instance, Land O’Lakes—through its Dairy Competitiveness Program—supported the creation of the Rwanda National Dairy Board and established the country’s first milk-quality-testing laboratory. Through small grants and training, the project also increased income generation for people living with HIV/AIDS. In addition, since 2005, the SPREAD Project (Sustaining Partnerships to Enhance Rural Enterprise and Agribusiness Development) has led to an increase in coffee quality and production from which Rwandan farmers have derived numerous economic benefits.

Other projects had mixed results. For example, in the project to link surplus crops to markets, key first-year production goals were not achieved because the mission initially underestimated the difficulty of enlisting private sector support.

However, the project recently leveraged more than \$900,000 in private investment and helped facilitate five deals between banks and cooperatives.

Although some evidence suggested that USAID’s agricultural interventions were beneficial, no overall data was available to measure the mission’s progress toward meeting its primary goals. Data reported was often inaccurate or incomplete because the mission officials lacked guidance about their monitoring and evaluation responsibilities. In addition, multiple project locations did not display signs identifying USAID as a sponsor, and USAID officials could not explain why signs were not posted at these locations.

Management decisions have been reached on all four of OIG’s recommendations for program improvements.

Audit of USAID/Bolivia’s Integrated Food Security Program (Report Number [I-511-11-006-P](#)).

The 5-year Integrated Food Security (IFS) Program, implemented under a contract with Abt Associates, Inc., is USAID’s sole program focused on food insecurity in Bolivia.¹⁶ This complex program strives to promote sustainability and integration of USAID’s food security components (e.g., food availability and access). Originally awarded at

¹⁶ Bolivia was not included as a beneficiary for USAID’s new poverty and hunger program, Feed the Future, and previous food security programs were discontinued as of 2010.

\$24 million, the contract was increased to \$26.3 million in September 2010 because additional funds became available to the mission.

USAID/Bolivia expected that the new funding would expand the program; however, despite the increase, Abt proposed a reduction in the program's scope. The contract initially required implementation in 18 municipalities, but Abt intends to decrease this to between 7 and 11 municipalities. This decrease is partly because the contractor underestimated the project funds needed to implement the program in remote locations.

The mission is also potentially facing problems with a subgrantee, the Center for Promotion of Sustainable Technologies (CPTS in Spanish). The mission awarded a cooperative agreement to CPTS in September 2006 to design quinoa-harvesting equipment. However, Abt, under the IFS Program, awarded CPTS \$2.2 million for the same task. Although the mission paid for the design of the equipment, it has not seen the blueprints and may have problems obtaining patent rights.

Along with the harvesting equipment, CPTS used USAID funds to design an organic pesticide that it intends to patent. Aside from issues with the patent rights, the pesticide has never been put through the Environmental Protection Agency's vetting process. This product has already been

used on approximately 4,000 acres in the past year.¹⁷

Other problems with the program stemmed from the potential overcompensation of program subcontractors. The mission did not effectively monitor Abt's cost-sharing agreements with the communities. In one community, Abt and the communities were each planning to fund the same subcontractor for the same work, potentially overpaying him by more than \$13,000.

In addition, USAID lists Abt as one of its top 20 vendors but has not audited Abt's accounting system since 2000. Therefore, USAID does not know whether the system is adequate for accumulating and reporting costs under government contracts, thereby putting U.S. taxpayer money at risk. Management decisions have been made on all 12 OIG recommendations, and final action has been taken on 2 of them.

Health

Audit of USAID/Sudan's Maternal and Child Health Activities (Report No. [4-650-11-010-P](#))

In 2004, USAID initiated the Sudan Health Transformation Project to improve the overall health of people in Southern Sudan.¹⁸

¹⁷ Pursuant to this audit, USAID determined that the pesticide was vetted by the EPA.

¹⁸ In July 2011, Southern Sudan and the Government of Southern Sudan became the new country known as The

JSI Research and Training Institute implemented Phase I through a 5-year, \$40 million cooperative agreement that ended on September 2009. For Phase II, USAID/Sudan entered into a 3-year, \$44.3 million task order with Management Sciences for Health (MSH) in February 2009.

OIG noted that the mission's interventions had provided better access to basic health services in Southern Sudan. However, the auditors found that the mission had not delivered the quantity or quality of maternal and child health services planned, and contractor performance was poor. According to mission officials, MSH had not satisfactorily shifted the Sudan Health Transformation Project from an emergency relief intervention to a longer-term development effort as required, and many second-phase activities were delayed.

These performance problems and delays had several causes, first among them staffing. Ultimately, all personnel in key staff positions resigned or were replaced after the beginning of Phase II. In addition, the mission and MSH fell short in achieving the number of deliveries assisted by trained health service providers because of an insufficient pool of candidates able to be trained—a fact that they previously were not aware of.

Republic of South Sudan. As the project predates this event, the audit summary continues to refer to the previous designations.

Another issue stemmed from the frequent unavailability of medical supplies at health



Health-care workers at this facility in Mundri East County had not treated patients in 2 months because of the absence of essential drugs and supplies. Mission officials were unaware of the situation (photo by OIG).

centers. Contrary to contractual requirements, no condoms were available at any of the five health facilities visited, even though family planning and HIV prevention were two of the seven high-impact health services targeted. Subcontractors and health facility staff also said that they consistently lacked clean-delivery kits and had never received HIV test kits required to prevent mother-to-child transmission of the disease.

Furthermore, all five health facilities reported lack of at least one essential drug and shortages of some vaccines during the previous quarter; one was completely out of essential drugs. When they were asked which party was specifically responsible for procuring, transporting, and storing certain items, overseers and implementers gave confusing and sometimes contradictory responses.

OIG made seven recommendations; management decisions have been reached on all, and final action has been taken on one.



Delivery supplies are stored on top of the facility's broken birthing table (photo by OIG).

Audit of USAID/Vietnam's Social Marketing Prevention and Supportive Services Program (Report No. [5-440-11-009-P](#)).

USAID/Vietnam's Social Marketing Prevention and Supportive Services Program supports the U.S. Government's HIV/AIDS efforts in Vietnam under the President's Emergency Plan for AIDS Relief (PEPFAR). To implement the program, USAID's Regional Development Mission for Asia signed a 5-year, cost-plus-fixed-fee task order with Population Services International (PSI) for approximately \$15.5 million.

OIG found that although the promotion of HIV-prevention products and services has shown some success, the program has demonstrated only limited progress in increasing safe behavior and in reducing the initiation of drug use. This underperformance resulted from a fundamental

breakdown in monitoring and reporting on the program, as well as from uncertainty as to whether reported results were attributable to program efforts.

Outreach in the Break the Cycle (BTC) campaign was inefficient as well. BTC contains a 3-part priority message to be conveyed to sex workers who inject drugs. However, only 932 of the 10,965 sex workers reached by these program activities actually were injecting drug users; the rest were sex workers who engaged in other drug use or did not use drugs at all.

Moreover, only a small percentage of that number (fewer than 300) received the entire BTC message. Compounding the program's inefficiency, the audit found that 15 percent of the sex workers received the message from 11 to 35 times. This finding indicates a potentially wasteful effort.

Another problem with the program stemmed from promoting products and services relating to HIV prevention. For instance, many outreach workers interviewed overstated the effectiveness of condoms in protecting the user against HIV infection. In addition, although condom sales through the program increased from 3.5 million to 5.6 million from 2008 to 2010—a 60 percent increase—some guesthouses and hotels were selling expired products.

The auditors also had difficulty obtaining information from implementers in the An Giang

Province, despite multiple requests. In fact, PSI withheld the fact that there were more than 120 outlets to inspect, instead telling auditors about only 27 of them. In the end, auditors were able to visit only five outlets and of those five, one was providing condoms that had expired, one had no condoms at all, and one had been closed for 2 months.

Management decisions have been reached on all ten recommendations in OIG's report, and final action has been taken on one.

Four Contractor Employees in Nigeria Referred to USAID for Debarment. Family Health International, which manages a \$200 million HIV/AIDS program in Nigeria, terminated four local employees after discovering they were involved in illegal activities, including soliciting kickbacks. OIG opened an investigation to determine whether evidence of additional improprieties existed. Simultaneously, OIG referred the four terminated employees to USAID for consideration of debarment.

Audit of USAID/Southern Africa's HIV/AIDS Treatment Activities (Report No. [4-674-11-009-P](#)). With almost 6 million of its more than 48 million citizens infected with HIV, South Africa has the world's largest population living with HIV/AIDS, as well as the world's largest treatment program.¹⁹ In its

HIV/AIDS activities, USAID focuses on increasing the number of persons receiving antiretroviral therapy and on building sustainable local capacity for HIV/AIDS treatment.

In order to achieve these goals, USAID/Southern Africa entered into agreements with 13 implementing partners that worked with the South African Government and local communities. The four largest agreements were held by Anova, Right to Care, Foundation for Professional Development, and Wits Health Consortium/Reproductive Health & HIV Research Unit, each with a 5-year agreement with a total value of almost \$532 million. In addition to these agreements, the mission entered into a 5-year, \$22.9 million contract with John Snow, Inc. (JSI), to improve data management and use in HIV/AIDS programs in South Africa.

Through site visits to 16 health facilities, OIG determined that USAID/Southern Africa's HIV/AIDS treatment activities have increased the number of new patients enrolled on antiretroviral treatment and of those currently receiving treatment. Staff at clinics that were visited said that the program was helping reduce the social stigma associated with HIV and ensuring that patients adhere to treatment regimens.

Despite these positive results, OIG found some notable weaknesses. For instance, the HIV/AIDS treatment team leader, who also served as an

¹⁹ PEPFAR Technical Leadership and Support Expenses: Fiscal Year 2010.

agreement officer's technical representative (AOTR), managed 75 percent of the fiscal year 2009 budget. The sheer number of responsibilities in the dual roles led to managerial deficiencies, created the opportunity for errors in oversight, and resulted in incomplete adherence to Agency regulations. For example, despite being obligated to monitor a cost-sharing contribution of \$207 million (primarily of drugs provided by the South African Government), the AOTR did not do so because she was not aware of the requirement.

In addition, a data warehouse that USAID spent \$4.6 million developing and maintaining is not providing consistently reliable or useful information. Moreover, partner officials also complained about the unreliability of reports generated by the database, which affects the reliability of data reported to Washington stakeholders.

Management decisions have been reached on all six recommendations.

Audit of USAID/Guinea's HIV/AIDS and Fistula Care Activities (Report No. [7-675-11-010-P](#)). In 2006, USAID formulated a new strategy for Guinea, focusing its aid program on advancing democratic governance and improving service delivery in health care, education, and agriculture. This focus led to the development of the multisectoral project known as Faisons Ensemble ("Working Together"). For this project,

USAID awarded a \$31.9 million cooperative agreement to RTI International in 2007; subsequent modifications have extended the agreement through 2011. In addition, USAID funded the 5-year Fistula Care Project (FCP) implemented by EngenderHealth through a \$5 million cooperative agreement.

OIG determined that the mission's activities partially achieved their goals. Faisons Ensemble reportedly reached 246,580 people with community outreach that promoted HIV/AIDS prevention in 2009, exceeding its target of 175,000. The project also provided HIV counseling, testing, and test results to 52,236 people, far exceeding its target of 16,000.

For FCP, site visits and interviews confirmed the positive impact of the mission's fistula care activities, with many women receiving life-saving treatment. Nevertheless, multiple issues with sustainability and monitoring and evaluation still exist.

Although FCP has trained and treated many people, results show that only a little more than half of the 3,000 women targeted received treatment, and training for 2009 and 2010 fell short of projections by approximately 56 percent. Furthermore, the implementing partners of FCP did not always have the documentation to support the numbers they were reporting.

Moreover, of all the women OIG interviewed, not one knew that USAID had funded the

program or the treatment they received. The local partners of Façons Ensemble were pleased with the impact the project was making, but many expressed concerns about the sustainability of their NGOs. Because of political instability and limited funding, no long-term plan was put in place. Although some activities may continue without financial support and project oversight, the NGOs' attempts to continue their work will not be as effective as they otherwise might have been.

Monitoring and evaluation by the mission were also problematic. The mission had difficulty identifying the Washington-based AOTR in charge of the project, indicating a clear lack of communication. Only two site visits had been made in over 2 years, and policies were not followed on either visit.

Management decisions have been made on six recommendations and final action taken on four.

Audit of USAID/Tanzania's Ongoing Activities Under the President's Malaria Initiative (Report No. [4-621-11-007-P](#)).

Malaria is estimated to cause between 300 million and 500 million illnesses worldwide annually and kill up to 2 million people each year.²⁰

The President's Malaria Initiative (PMI) began in 2005 as a 5-year, \$1.2 billion U.S. Government

²⁰ President's Malaria Initiative: Technical Guidance on the Prevention and Control of Malaria, January 10, 2009.

effort to reduce the burden of malaria, and the United Republic of Tanzania (including the mainland and Zanzibar) was one of the first three countries to be included under PMI.

The goal of PMI was to reduce malaria-related deaths by 50 percent after 3 years of implementation in each country by reaching 85 percent of the most vulnerable segments of the population. This goal was to be achieved with proven preventive and therapeutic interventions, including insecticide-treated mosquito nets (bed nets), indoor residual spraying, intermittent preventive treatment for pregnant women, and artemisinin-based combination therapy (ACT).

OIG found that the mortality rate for children under 5 in Tanzania had decreased by almost 28 percent since USAID began malaria interventions under PMI; however, the mission was generally not meeting the targets it set. In some cases, the goals themselves could not realistically be achieved in the operating environment.

In addition, OIG had concerns about the mission's ability to sufficiently track the availability of ACT at health facilities, partly because of its reliance on surveys with questionable data.

During the audit, OIG also examined whether earlier PMI successes on Zanzibar noted in a 2007 audit had been sustained. Although bed net usage by children and pregnant women decreased

slightly, the significant decrease in malaria prevalence in Zanzibar appears to have been sustained.

OIG made two recommendations to address the findings. Management decisions have been reached on both recommendations, and final action has been taken on one.

activities implemented by four partners: JSI, PSI, RTI International, and CARE.

As of January 31, 2011, the mission had used more than 80 percent of the funds set aside to procure malaria commodities (nearly \$24 million in total for this activity) and had successfully completed its main task of delivering more than



This dwelling with two doors in Kamona may be reported as one or two structures, depending on the spray operator (photo by OIG).

Audit of USAID/Mali's Malaria Program (Report No. [7-688-11-009-P](#)). Mali is one of 15 original focus countries benefiting from PMI. During fiscal years 2009 and 2010, at a cost of nearly \$30 million, USAID/Mali worked to implement PMI activities through partnerships with 15 prime partners. The audit covered

800,000 USAID-funded nets to health facilities. RTI noted achievements in spraying and training, and community doctors credited RTI with lowering malaria-related fatalities; however, spraying results were unreliable because of the difficulties involved in compiling large amounts of data, insufficient data reviews, and confusion

about the definition of the word “structure” when tracking the number of structures sprayed. Specifically, the audit noted that some results were doubled counted and that spray operators were inconsistently applying the term “structure,” making it difficult to confirm the actual results achieved.

In addition, auditors found that some reported results and targets were inconsistent, the mission’s monitoring of program performance was weak, reported results were inaccurate, controls over receipt and distribution of nets were inadequate and inconsistent, and USAID’s sponsorship of spraying was not recognized.

Management decisions have been reached on all 12 audit recommendations, and final action has been taken on 3.

Audit of USAID/Ghana’s Malaria Program (Report No. [7-641-11-011-P](#)).

The Ghana Health Service reported 3.7 million cases of malaria in the country in 2009. The same year, the World Health Organization found that malaria accounted for 25 percent of all deaths of children under 5. Because of this high malaria burden, Ghana is one of 17 countries benefiting from PMI. During fiscal years 2009 and 2010, the mission worked to implement PMI activities through cooperative agreements and task orders with 13 prime partners. OIG selected for audit implementers of the three largest programs: JSI, RTI, and the University Research Company.

OIG found that the programs used a successful door-to-door net-hanging campaign, along with a behavior-change communications strategy, that resulted in a near doubling of the rate of bed net use. The mission’s indoor spraying program also promoted entomologic training and research and provided employment opportunities that contributed to the country’s capacity building.

OIG found that some problems still exist in the RTI program. RTI’s indoor spraying data cards revealed falsified information that neither the mission nor the partner had detected.

Specifically, data was manipulated to increase the numbers of structures found, the numbers of structures sprayed, the number of people protected by spraying, or a combination of all three.

Aside from inflated numbers, the overwritten cards contained the names of fictional beneficiaries, along with those of possibly fictional spray operators and accompanying data. These problems went undetected because of a lack of monitoring and verification of reported data by both the partner and the mission.

Management decisions have been made on all five recommendations, and final action has been taken on three.

USAID/El Salvador’s Maternal and Child Health Activities (Report No. [1-519-11-004-P](#)). In 2009, USAID initiated a project with the Government of El Salvador to help improve

the country's management of child and reproductive health services and to improve social sector investments and transparency. USAID awarded more than \$8 million to two implementers, University Research Corporation (URC) and Abt Associates Inc., to carry out program activities.

OIG's audit found that problems often occurred because the mission and the Ministry of Health did not always coordinate well. Since the 2009 change in El Salvador's administration, USAID has not entered into a strategic objective grant agreement with the current government. In addition, USAID did not meet with new Ministry representatives to discuss the mission's maternal and child health activities until the program was already under way, limiting its impact and results.

Implementers' activities demonstrated mixed results. Quality-improvement training was provided to hospitals and maternity wards, and the availability of drugs, medical supplies, and contraceptives was improved through the installation of a supply warehousing system.

However, the implementer responsible for the training did not report until the end of the first year that only 2 percent of the hospitals were in the process of institutionalizing quality improvement procedures. Moreover, OIG noted concerns about the supply warehousing system's utility and ease of use that may cause users to see the system as a hindrance to their work. As for

monitoring and oversight, USAID did not conduct site visits or require implementers to comply with quarterly reporting requirements. Further, implementers reported inaccurate achievement information in the fiscal year 2010 performance plan.

Another matter that was problematic was the mission's noncompliance with environmental regulations. In order to address a 2010 dengue outbreak, the mission asked URC to purchase thermal fumigating nebulizers for the Ministry of Health. In authorizing the procurement, the mission did not develop an environmental mitigation plan to address the possible effects of this action and therefore could not be confident that the equipment recipients were aware of its proper use.

In addition, URC included a photograph in its annual report showing a worker using USAID-branded equipment without proper personal protective equipment. Although URC said that the photograph was "staged"—taken specifically for the annual report—it gives the appearance that USAID and URC are not complying with regulations.

Management decisions have been reached on all 11 recommendations in the report, and final action has been taken on 3.

Audit of USAID/Egypt's Communication for Healthy Living Program (Report No. [6-263-11-007-P](#)). USAID/Egypt's Office of

Health and Population developed the Communication for Healthy Living program to effect behavior change that addresses the Government of Egypt's priority health issues: family planning, reproductive health, maternal and child health, infectious diseases and infection control, healthy lifestyles, and health sector reform. The program was designed to be a catalyst in developing partnerships with the private sector and NGOs to sustain the health communication activities designed and implemented.

In 2003, USAID/Egypt awarded a 7½ -year, \$25 million agreement with the Center for Communication Programs, Johns Hopkins Bloomberg School of Public Health. Johns Hopkins hired five major subimplementers to help achieve these goals.

OIG auditors found much success with the program. The program contributed to increasing the percentage of women who used a family planning method for the first time after the birth of the first child, a national health indicator for Egypt. The program also expanded its nutrition activities and reported a decline in infant malnutrition rates. Almost 350 community health workers were trained to conduct home visits to newlyweds to provide family health counseling, and prenatal classes were conducted for women who were pregnant for the first time or had a high-risk pregnancy. The program also

trained women leaders on marriage, postpartum care, family health and welfare, and other topics.

However, the auditors also found that upon making the award, the mission did not obtain the required certification on antiterrorist financing from the implementer.

Moreover, the implementer did not ascertain whether individuals and entities to which it provided material support appeared on the lists maintained by the U.S. Government and the United Nations for terrorist affiliation, and it did not include the mandatory clauses on the prohibition of terrorist financing in two of five subcontracts valued at \$2.5 million. Further, Johns Hopkins did not always report accurate data—often over- or underreporting results—and did not update targets with changes in activities.

Final action has been taken on three of seven recommendations.

Audit of Phase III of USAID/India's Innovations in Family Planning Services Project (Report No. [5-386-11-010-P](#)). India is the second most populous country in the world, inhabited by more than 1.2 billion people. Nearly 70,000 children are born daily, leading to some 25 million births annually. In 1992, USAID and the Government of India signed a bilateral grant agreement to implement the Innovations in Family Planning Services Project, now in its third phase of implementation.

The program has made some noteworthy contributions to strengthening health systems. For instance, in one of the three states where the project was being implemented, the project provided training for staff at state resource centers in strategic planning and management information systems. This training led one of these centers to develop manuals that aided in training 11,000 female community activists.

The project has also succeeded in making primary health care services available to people in remote rural areas of Uttarakhand, a state in the northwestern part of India. Mobile health vans began offering medical services such as laboratory tests, ultrasound, x-rays, antenatal checkups, and family planning services that served more than 30,000 patients. In addition, outreach has increased sales of condoms and other forms of birth control. In the state of Uttar Pradesh, condom sales reportedly increased from 132 million in 2006 to 259 million in 2010.

However, several problems existed, notably regarding the benchmarks set by USAID/India, the Indian Government, and the local state governments. Of the 155 benchmarks set to be completed by March 2011, only 43 (or 28 percent) had been accomplished, with the remainder canceled or not achieved. This result was despite multiple extensions given by the mission, sometimes up to 14 months.

In addition, the methodology used to value benchmarked activities was problematic, which resulted in USAID's paying more than was necessary. The project will end in March 2012 with many benchmarked activities having not been achieved or canceled and with less than \$23 million of the more than \$70 million authorized having been obligated. As a result, a major opportunity to strengthen India's health systems has been lost.

Another issue stemmed from the lack of a sustainability plan for the State Innovations in Family Planning Services Project Agency (SIFPSA), an agency created by the Government of India to implement the project. Since the project began in 1992, SIFPSA has accumulated approximately \$40.1 million from funds remaining after completion of activities, and it has no clear plan to manage or use these funds. However, with less than a year remaining on the project and without immediate intervention, USAID/India may lose its influence over the future of SIFPSA and the use of these accumulated savings.

Management decisions have been reached on all six of the report's recommendations, and final action has been taken on one.

Audit of USAID/Namibia's HIV/AIDS Care Program (Report Number [4-673-11-011-P](#)). PEPFAR seeks to provide care services for millions of people around the world,

including orphans and vulnerable children. Care services for these individuals include a broad range of activities, such as clinical, psychological, social, spiritual, and preventive services. They seek to increase patients' retention in treatment programs, maximize their functional ability, and minimize morbidity. In Namibia, where approximately 13.3 percent of the population between aged 15–49 has HIV,²¹ care services are of paramount importance.

In fiscal year 2010, the main bilaterally funded programs were the \$49 million Namibia HIV Prevention, Care and Support Project and the \$32 million Community REACH Namibia Program. The first program provides grants and technical assistance to small faith-based organizations that focus on service delivery, in order to build their capacity to provide care services. The second program intends to increase and sustain comprehensive HIV/AIDS services through Namibian and international implementing partners.

OIG's audit found that USAID/Namibia's bilateral HIV/AIDS care program was achieving its goal to care for and support HIV-infected and -affected individuals. As for implementing recommendations from a prior OIG audit of

these activities,²² USAID/Namibia's Health Office has made significant improvements in its monitoring and oversight activities.

Despite the positive findings, OIG identified areas for improvement in the sustainability of programs and accountability for funds. Specifically, the implementing partners did not evaluate whether government ministries were on track to make the transition from outside assistance to self-sufficiency as planned, and subrecipients were not prepared for their annual audits. The audit made two recommendations to further the effectiveness of USAID/Namibia's care program. Management decisions have been reached on both and final action taken on one.

Audit of USAID/Madagascar's Family Planning and Reproductive Health Activities (Report Number 4-687-11-012-P).

USAID/Madagascar's health, population, and nutrition programs are designed to expand the use of selected health services and products and improve health practices. The mission entered into a 5-year, \$31.8 million contract with RTI International to implement Santénet2, the second phase of a community-based health program the mission had implemented earlier. In addition, the mission entered into a 5-year, \$25.5 million cooperative agreement with PSI, of

²¹ Ministry of Health and Social Services [Namibia], Directorate of Special Programmes, *2008/2009 Estimates and Projections of the Impact of HIV/AIDS in Namibia*, December 2009.

²² Audit of Selected Partners Implementing USAID/Namibia's President's Emergency Plan for AIDS Relief, Report No. 4-673-08-005-P, July 31, 2008.

which approximately 30 percent was expected to be budgeted for family planning activities.

OIG determined that both programs have been successful in improving health services. In addition to meeting its performance goals, the program expanded access to family planning and reproductive health care services and products. However, OIG found that USAID/Madagascar needed to improve oversight by monitoring environmental compliance, performance data, cost-sharing contributions, and commodity storage during site visits.

Some problems existed with the reliability of data, in particular with records of the numbers of contraceptive products implementers distributed. Because PSI and RTI recorded information differently, there was potential for data to be double-counted. In addition, the mission did not verify performance data before submitting it to USAID/Washington because the mission staff members responsible did not understand their reporting responsibilities. Nonetheless, even accounting for the weaknesses with data, the program met its performance goals.

Management decisions have been made on all seven recommendations, and final action has been taken on three.

Management Capabilities

Employee Misconduct

Former USAID Employee Pleads Guilty to Embezzlement.

In February 2011, a USAID employee was arrested and charged with theft of government property and filing a false income tax return.

Former USAID employee pleads guilty to embezzlement

The former employee was responsible for handling loan default payments due from banks that had received U.S. Government funds. The investigators found that, over time, the employee had instructed multiple banks and partners to forward payments in amounts exceeding \$47,000 to his personal bank account. In September 2011, the employee pleaded guilty to one count of theft of public money and one count of subscribing to false income tax returns in the District of Columbia. As part of the plea agreement, the employee will pay almost \$2 million in penalties to the IRS, as well as pay restitution to USAID.

AED Employee Terminated for Writing Request for Applications for \$100 Million Project.

Prior to AED's suspension and its ultimate dissolution, an employee of AED agreed to a request by a USAID employee to write the request for applications for a \$100 million

agreement, thus giving AED a competitive advantage over other applicants.

AED later submitted an application and won the \$100 million award. Following the investigation, the contracting officer's representative designation for the USAID employee was revoked, and the AED employee resigned in lieu of being terminated.

USAID Contracting Officer Removed From Post Following OIG Investigation.

OIG investigated a USAID contracting officer for submitting false claims to the government for reimbursement of his child's special education allowances. The investigation found that he had submitted false claims of more than \$3,000 over the course of a year, claiming that he was providing a special tutor for his child when in fact he had his nanny/housekeeper provide some tutorials.

The employee's tour was curtailed, and he returned to Washington, D.C., where his delegation of authority was revoked. The matter is currently under review by USAID Human Resources.

Former USAID Contractor Employee Referred for Debarment After Pleading to Fraud. A USAID contractor reported to OIG that a former employee pleaded guilty in a Maryland circuit court to incurring fraudulent charges of approximately \$43,000 on a company purchase card. Of that amount, approximately

\$28,400 was charged to a USAID program. The funding that the former employee misappropriated was credited by the contractor, DAI, to USAID.

OIG then referred the matter to USAID for consideration of the individual's debarment from federal programs.

Investigation Results in 2-Year Probation and \$6,988 in Fines and Assessments.

As reported in our previous semiannual report, OIG special agents arrested a former background investigator assigned to the USAID Office of Security after an investigation revealed he had falsified documents associated with background investigations that he had been assigned to complete. The former employee pleaded guilty on August 8, 2010, in U.S. District Court for the District of Columbia to making false official statements.

On June 16, 2011, he was sentenced to 24 months' probation and required to pay \$6,988 in fines and special assessments.

Afghan Sentenced to Prison on Child Pornography Charge. In April 2011, an employee of DAI, working on a project funded by USAID, was found guilty of child pornography and sentenced by an Afghan court to 1½ years in prison. DAI, a U.S.-based corporation has a \$36 million contract with USAID to implement the Afghanistan Small and Medium Size

Development Program, which is designed to promote businesses in Afghanistan.

USAID OIG obtained and executed a U.S. federal search warrant on the employee's computer, which revealed clips of child pornography. The employee was terminated and arrested by Afghan authorities in January 2011. The case was prosecuted locally in Herat Province.

Financial Management

Review of the Pan American Development Foundation's Management Controls (Report No. I-521-11-002-S).

The Pan American Development Foundation (PADF) is a private, nonprofit NGO that works exclusively in Latin America and the Caribbean. PADF has implemented multiple programs in Haiti under cooperative agreements totaling nearly \$29 million. Programs have included solid waste removal, protection of human rights, emergency shelter rehabilitation, and trafficking in persons.

OIG found significant deficiencies in PADF's recordkeeping and monitoring and evaluation abilities. For instance, PADF stated that a flood destroyed many of its accounting records in 2008. However, officials did not report the loss of the records to USAID until they were required to produce them for OIG's review in March 2011. Officials also stated that records were lost after an accounting system upgrade.

As a result, PADF could not account for nearly \$900,000 in expenditures for two programs. Officials also stated that data on a third program was lost after an accounting system upgrade in 2008.

Many of these problems stemmed from PADF's lack of internal controls such as incomplete policies and procedures. For example, PADF made payments to employees or other third parties rather than following proper procedures and paying vendors directly for services rendered. In one case, PADF paid approximately \$14,000 to the director of the Ministry of Women, a partner on one of the programs.

In another instance, PADF paid more than \$17,000 to one individual from a vendor, even though they had no contract with them or the company they represented. Furthermore, PADF did not always pay vendors and employees on time, leaving themselves open to potential liability.

OIG also noted problems with PADF's controls over the preaward process. OIG determined that many of the subawards lacked documentation, including criteria for selection, names of the selection committee, or justification for sole-source selections. Because PADF did not document these issues, they may have selected more costly subawardees.

PADF's financial controls were likewise problematic. Officials did not obtain approvals

for several expenditures, and as a result, were paid more than was allowable under the contract. Moreover, they did not properly allocate program costs, which led to overpayment to PADF on multiple programs.

Management decisions have been made on all 14 recommendations, and final action taken on 12. USAID/Haiti is addressing more than \$61,000 in questioned costs.

Expanding Accountability

Corruption and lack of accountability are major impediments to development. These issues threaten to negate years of economic growth, especially in the areas of the world subject to political instability and violence.

OIG audits and investigations afford two methods of safeguarding USAID funds; however, OIG pursues additional methods to promote accountability and transparency. For example, OIG works with supreme audit institutions (SAIs) to expand their capabilities and provides training in cost principles and fraud awareness.

Expanding Supreme Audit Institutions' Capabilities. OIG continues to work closely with selected SAIs in countries where USAID is present. SAIs are the principle government audit agencies in the recipient countries and are often the only organizations that have a legal mandate to audit the accounts and operations of their governments.

Thus, SAIs may be called upon to audit funds provided to host governments by USAID or other donors. OIG and USAID missions have signed memorandums of understanding (MOUs) with SAIs in 22 countries. During this reporting period, OIG signed an MOU with the SAI in Liberia.

Before SAIs can conduct audits for USAID, they must have the necessary professional capacity and independence. OIG often provides training to SAIs on how to conduct financial audits of USAID funds in accordance with USAID guidelines and U.S. Government auditing standards.²³

This training helps build capacity within SAIs to enhance their ability to audit all public funds. The SAI, the USAID mission, and OIG then sign an MOU detailing standards and procedures to be used in auditing USAID funds provided to the host government.

As part of the shift to use host-country systems to deliver foreign assistance, USAID and OIG intend to rely more heavily on SAIs and continue working to build their capacity.

Training USAID Staff and Others. OIG remains committed to preventing losses of development funds and continues to provide training in cost principles and fraud awareness to

²³ Government Auditing Standards, July 2007 Revision (GAO-07-731G).

USAID employees, contractors, grantees, SAIs, and auditors from local accounting firms.

Cost Principles Training. USAID's contracts and grants include cost principles provisions that define the types of costs that can be legitimately charged to USAID programs. Although the full text of these cost principles is contained in the Federal Acquisition Regulation and various Office of Management and Budget (OMB) circulars, USAID agreements generally contain only a single sentence that refers to these principles.

To increase awareness of—and compliance with—cost principles and to promote the highest standards, OIG conducts training for overseas USAID staff, contractors, grantees, and others.

This training provides a general overview of U.S. Government cost principles and actual examples of instances that demonstrate concepts such as reasonableness, allocability, allowability, and various specific cost principles (e.g., travel expenses and entertainment costs). The training also includes financial audit requirements and accountability issues.

During this reporting period, OIG provided training in cost principles and related subjects in 8 countries and trained over 400 individuals.

Fraud Awareness Training. OIG also provided 97 fraud awareness training sessions to 2,628 individuals during the reporting period.

Accountability Over Contractors and Grantees

USAID is required by the Federal Acquisition Regulation, the Single Audit Act,²⁴ OMB circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors, grantees, and enterprise funds. OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and that they enhance accountability over USAID contractors and grantees.

Also, in accordance with provisions in USAID contracts and agreements, OIG reviews reports of audits conducted on foreign organizations that receive USAID funds.

Audits of U.S.-Based Contractors. U.S.-based contractors carry out many USAID-funded activities. The Defense Contract Audit Agency (DCAA) conducts audits, reviews, and preaward surveys of U.S.-based contractors on USAID's behalf. OIG then reviews DCAA's reports and transmits them to USAID management.

During this reporting period, OIG reviewed and transmitted nine DCAA reports covering approximately \$35 million in costs (with questioned costs of more than \$6 million).

²⁴ Single Audit Act of 1984, Public Law 98-502, as amended.

Audits of U.S.-Based Grantees and

Enterprise Funds. U.S.-based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” nonfederal auditors perform annual financial audits of USAID grantees that spend over \$500,000 of federal funds annually. These auditors are required to identify:

- Significant deficiencies involving major programs.
- Material noncompliance with laws and regulations.
- Known fraud affecting a federal award.
- Misrepresentations of the status of prior audit findings.
- Reasons why the auditor’s report on compliance for major programs is other than unqualified.

OIG provides oversight for the nonfederal auditors performing these audits and reviews to determine whether auditors have prepared audit reports in accordance with the reporting requirements of OMB Circular A-133.

OIG also conducts quality-control reviews to determine whether the underlying audits complied with OMB A-133 audit requirements and generally accepted government auditing standards. In some instances, OIG contracts with

DCAA to perform special financial audits and with independent public accounting firms to perform Agency-contracted financial audits of U.S.-based grantees.

OIG reviewed and issued an audit report of CARE²⁵ that disclosed numerous findings concerning programs that were funded by USAID grants, cooperative agreements, and contracts in the amount of \$181.7 million for fiscal year 2010. OIG reviewed the independent auditor’s OMB Circular A-133 report on compliance and internal control and the schedule of questioned costs and audit findings.

The report identified the following issues: over \$43,000 in questioned costs related to three major USAID programs; 31 instances of noncompliance with requirements that could have a direct and material effect on each major program, 13 of which were material; 15 material weaknesses and 23 significant deficiencies in internal control relating to compliance with the requirements of laws, regulations, contracts, and grants applicable to federal program; and 11 significant deficiencies in internal control related to financial reporting.

OIG made two recommendations to the Cost, Audit and Support Division of USAID’s Office of Acquisition and Assistance to (1) determine the allowability of the questioned costs and

²⁵ CARE operates a variety of projects including nutritional support, children’s health, agriculture and natural resources, and education.

collect, as appropriate, any disallowed amount from the auditee and (2) follow up with the auditee to ensure that it implements the independent auditor's recommendations for those instances of noncompliance and deficiencies.

Enterprise funds are U.S.-based nonprofit organizations established under the Support for East European Democracy (SEED) Act of 1989.²⁶ USAID currently has two enterprise funds, one of which invests in countries in Eastern Europe and one that invests in Southern Africa. Enterprise funds are subject to annual audits of financial statements performed by private accounting firms and reviewed by OIG.

OIG activities during the reporting period:

- Issued 38 desk reviews for A-133 Single Audit Act reports and issued 55 desk reviews for Agency-contracted audit reports covering USAID funds of approximately \$2.4 billion spent by U.S.-based grantees.
- Completed one quality-control review covering over \$147 million in grantee expenditures.
- Issued two enterprise fund audits, covering over \$154 million in grantee expenditures.

Audits of Foreign-Based Contractors and Grantees. OMB Circular A-133 does not apply to foreign-based contractors and grantees. Given the high-risk environment in which USAID operates, however, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts through OIG's *Guidelines for Financial Audits Contracted by Foreign Recipients* (February 2009). Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms approved by OIG's overseas regional offices.

Under the recipient-contracted audit programs, audits are required for all foreign nonprofit organizations that spend \$300,000 or more during their fiscal year. USAID may also request financial audits of nonprofit organizations that fall below the \$300,000 threshold.

OIG issued a closeout audit of USAID resources managed by Joint Clinical Research Center under a cooperative agreement with USAID/Uganda. The purpose of this agreement was for the expansion of antiretroviral treatment services and provision of treatment to HIV/AIDS patients in need. The audit report included over \$865,000 in questioned costs and three internal control and noncompliance findings.

The majority of the questioned costs were related to medical supplies over and above the approved

²⁶ Public Law 101-179.

budget. OIG recommended that USAID/Uganda determine the allowability of the questioned costs and correct the internal control and noncompliance findings.

Management decisions are pending.

OIG also issued the closeout audit of USAID resources managed by the Church Alliance for Orphans under a grant with USAID/Washington. The purpose of the grant was to build capacity, provide technical assistance, and facilitate financial assistance to churches and faith-based organizations in Namibia that are committed to care and support of orphans and vulnerable children. OIG reported more than \$255,000 in questioned costs, approximately \$522,000 in ineligible cost sharing contributions, and nine internal control and noncompliance findings.

The majority of the questioned costs were related to a foreign exchange difference of over \$242,000. OIG recommended that USAID's Office of Acquisition and Assistance determine the allowability of the questioned costs, correct the internal control and noncompliance findings, and determine whether the Church Alliance for Orphans complied with the cost-sharing contribution agreement and recover the shortfall of approximately \$522,000. Management decisions are pending.

USAID's financial audit requirements concerning its contracts, grants, and cooperative

agreements are normally satisfied under the recipient-contracted audit program. However, agency-contracted audits may be initiated by either USAID or OIG to provide additional audit coverage or address specific concerns.

OIG reviews all audit reports and, if they are found to be in compliance with *Guidelines for Financial Audits Contracted by Foreign Recipients*, transmits the reports to the appropriate USAID mission for corrective actions. Audit firms are also notified of any problems identified in the audit reports.

During this reporting period, OIG reviewed and transmitted 149 audits of foreign-based organizations, covering over \$281 million in expenditures and resulting in about \$13 million in questioned costs. OIG also completed 11 quality-control reviews to ensure that the audits were completed in accordance with appropriate audit standards.

Significant Findings—USADF and IAF

USADF

During this reporting period, OIG did not conduct any audits or reviews with significant findings of USADF programs and operations.

IAF

During this reporting period, OIG did not conduct any audits or reviews with significant findings of IAF programs and operations.

Significant Recommendations Described Previously Without Final Action

USAID

April 1–September 30, 2011

Section 5(a)(3) of the Inspector General Act of 1978 requires each inspector general to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
I-511-09-004-P ²⁷	Audit of Engender Health's Management of Activities Financed by USAID/Bolivia	1/15/09	2	1/15/09	3/12
			3	1/15/09	3/12
			5	1/15/09	3/12
			7	4/27/09	3/12
			8	4/27/09	3/12
0-000-10-001-C	Audit of USAID's Financial Statements for Fiscal Years 2009 and 2008	11/13/09	1	11/13/09	3/12
A-000-10-001-P	Audit of USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2009	11/17/09	15	11/17/09	12/12
E-267-10-001-P	Audit of USAID's Internally Displaced Persons Activities in Iraq	3/31/10	2	9/29/10	12/11
			3	9/29/10	12/11
			4	9/29/10	12/11
			5	9/29/10	12/11
5-306-11-001-P	Audit of USAID/Afghanistan's Partnership for Advancing Community-Based Education in Afghanistan (PACE-A) Program	10/28/10	1	10/28/10	10/11
			3	10/28/10	10/11

²⁷ The vendor has appealed to the Procurement Executive.

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
5-306-11-002-P	Audit of USAID/Afghanistan's Support to the American University of Afghanistan	11/05/10	1	11/05/10	10/11
			6	11/05/10	10/11
			8	11/05/10	10/11
			9	11/05/10	10/11
			11	11/05/10	10/11
			12	11/05/10	10/11
			13	11/05/10	10/11
			14	11/05/10	10/11
A-000-11-002-P	Audit of USAID's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2010	11/09/10	3	11/09/10	12/11
			6.1	11/09/10	12/11
			6.2	11/09/10	12/11
			7	11/09/10	12/11
			8	11/09/10	12/11
			9	11/09/10	12/11
			10	11/09/10	12/11
			25	11/09/10	2/12
26	11/09/10	2/12			
0-000-11-001-C	Audit of USAID's Financial Statements for Fiscal Years 2010 and 2009	11/12/10	1	11/12/10	3/12
			2	11/12/10	6/13
6-268-11-003-P	Follow-up Audit of Selected USAID/Lebanon's Democracy and Governance Activities	12/06/10	8	08/17/11	8/12
G-391-11-001-P	Audit of USAID/Pakistan's Livelihood Development Program in the Lower Region of the Federally Administered Tribal Area	12/10/10	5	04/19/11	4/12
4-615-11-002-P	Audit of Selected USAID/Kenya Agricultural Productivity and Agricultural Trade Activities	12/14/10	1	12/14/10	12/11
			2	12/14/10	12/11
			4	12/14/10	12/11
			5	12/14/10	12/11
2-000-11-001-S	Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's use of Compensatory Time	12/17/10	2	1/12/11	11/11
			4	12/17/10	12/11
1-514-11-002-P	Audit of Assistance to Internally Displaced Persons and Vulnerable Groups Financed by USAID/Colombia	1/26/11	1	1/26/11	1/12
			2	1/26/11	1/12
			3	1/26/11	1/12
			4	1/26/11	1/12
			5	1/26/11	1/12

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
7-681-11-003-P	Audit of USAID'S HIV/AIDS Activities in Cote d'Ivoire	2/04/11	1	2/04/11	12/11
			2	2/04/11	12/11
			3	2/04/11	12/11
			4	2/04/11	12/11
			5	2/04/11	12/11
			6	2/04/11	10/11
			7	2/04/11	3/12
			8	2/04/11	3/12
			9	2/04/11	3/12
			10	2/04/11	10/11
			11	2/04/11	3/12
			12	2/04/11	3/12
			13	2/04/11	3/12
			14	2/04/11	12/11
			15	2/04/11	3/12
			16	2/04/11	3/12
			17	2/04/11	3/12
			18	2/04/11	3/12
			19	2/04/11	3/12
F-306-11-001-P	Audit of USAID/Afghanistan's Agriculture, Water , and Technology Transfer (AWATT) Program	2/13/11	1	2/13/11	11/11
7-680-11-004-P	Audit of USAID/Benin's Implementation of the President's Malaria Initiative	2/14/11	3	2/14/11	12/11
			4	2/14/11	12/11
			5	2/14/11	12/11
			12	2/14/11	12/11
			13	2/14/11	12/11
9-000-11-001-P	Audit of USAID/Namibia's HIV/AIDS Efforts to Build Health Workforce Capacity	2/24/11	1	2/24/11	10/11
			2	2/24/11	10/11
6-279-11-005-P	Audit of Selected Activities From USAID/Yemen's Basic Education Support and Training Project	2/28/11	7	2/28/11	2/12
			8	2/28/11	2/12
			9	2/28/11	2/12
			10	2/28/11	2/12

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
6-294-11-006-P	Audit of USAID/West Bank and Gaza's Technical and Vocational Education and Training Program	3/22/11	1	7/21/11	12/11
			2	3/22/11	12/11
			3	3/22/11	12/11
			4	3/22/11	12/11
			5	7/19/11	12/11
			7	7/21/11	12/11
			8	7/19/11	12/11
			9	3/22/11	12/11
			10	7/19/11	12/11
			F-306-11-002-P	Audit of USAID/Afghanistan's Construction of Health and Education Facilities Program	3/27/11
9	3/27/11	10/11			
10	3/27/11	11/11			
6-279-11-001-S	Risk Assessment of USAID/Yemen's Major Activities	3/30/11	1	3/30/11	2/12
			2	3/30/11	2/12
			3	3/30/11	2/12
5-442-11-006-P	Audit of USAID's Social Marketing and Behavior Change Interventions for HIV/AIDS, Reproductive and Sexual Health and Child Survival in Cambodia Project	3/31/11	2	4/27/11	12/11
			3	3/31/11	12/11
			4	3/31/11	12/11
			5	4/27/11	12/11
			6	3/31/11	12/11
			7	3/31/11	1/12
			8	3/31/11	12/11
			9	3/31/11	12/11

**Significant Recommendations Described Previously
Without Final Action**

USADF and IAF

April 1–September 30, 2011

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
7-ADF-08-006-P	Follow-up Audit of the Awarding and Monitoring of Grants by the African Development Foundation	6/12/08	16 18	6/12/08 6/12/08	12/11 12/11
7-ADF-08-007-P	Audit of the African Development Foundation/Ghana Project Activities	9/17/08	1 7 14 17.4	9/17/08* 9/17/08* 9/17/08** 9/26/08	12/11 12/11 12/11 12/11

*Revised management decision 6/30/2011

**Revised management decision 5/03/2011

**Investigative Activities Including Matters
Referred to Prosecutive Authorities
USAID, USADF, IAF, and MCC
April 1–September 30, 2011**

Workload			Civil Actions	
Investigations opened	91		Civil referrals	1
Investigations closed	51		Civil declinations	1
			Complaints	0
			Judgments	1
			Settlements	0
			Total	3
Criminal Actions			Administrative Actions*	
Prosecutive referrals	6		Reprimands / demotions	2
Prosecutive declinations	4		Personnel suspensions	2
Arrests	0		Resignations / terminations	9
Indictments	0		Recoveries	3
Convictions	1		Savings	3
Sentencing	2		Suspensions / debarments	3
Fines / assessments	2		Systemic changes	0
Restitutions	0		Other	1
Total	15		Total	23
Judicial recoveries (criminal and civil)			\$5,641,988	
Administrative recoveries			\$80,565	
Savings			\$11,275	
Total savings / recoveries			\$5,833,828	

*OIG made 48 administrative referrals during the reporting period.

Fraud Awareness Briefings Conducted Worldwide USAID and MCC* April 1–September 30, 2011

Month	Location	Sessions	Attendees	Affiliation
APR	Kabul, Afghanistan	5	81	Personnel and contractors
	Washington, DC	5	189	Personnel and contractors
	Tbilisi, Georgia	2	24	Contractors
	Port-Au-Prince, Haiti	2	46	Contractors
	Islamabad, Pakistan	2	19	Contractors
	Cape Town, South Africa	1	36	Contractors
MAY	Kabul, Afghanistan	6	64	Personnel and contractors
	Abuja, Nigeria	3	109	Personnel
	Mexico City, Mexico	2	107	Personnel and contractors
	Conakry, Guinea	2	56	Personnel and contractors
	Lima, Peru	1	80	Personnel
	Freetown, Sierra Leone	1	6	Personnel

Month	Location	Sessions	Attendees	Affiliation
JUN	Dushanbe, Tajikistan	6	92	Personnel and contractors
	Almaty, Kazakhstan	4	90	Personnel and contractors
	Bishek, Kyrgyz Republic	4	61	Personnel and contractors
	Kabul, Afghanistan	3	19	Personnel
	San Salvador, El Salvador	3	162	Personnel
	Washington, DC	2	41	Personnel and contractors
	Port-Au-Prince, Haiti	1	100	Personnel and contractors
JUL	Bogota, Colombia	8	176	Personnel and contractors
	West Bank/Gaza, Palestine	4	231	Personnel and contractors
	Cairo Egypt	4	119	Personnel and contractors
	Kabul, Afghanistan	3	28	Personnel
	Manila, Philippines	2	77	Personnel
	Washington, DC	1	98	Contractors
	Jerusalem, Israel	1	62	Contractors

Month	Location	Sessions	Attendees	Affiliation
AUG	Kabul, Afghanistan	2	30	Personnel and contractors
	Washington, DC	2	54	Personnel and contractors
	Tegucigalpa, Honduras	2	52	Personnel and contractors
	La Paz, Bolivia	3	75	Personnel
	Port-Au-Prince, Haiti	1	11	Contractors
SEPT	Feyzabad, Afghanistan	3	50	Contractors
	Kabul, Afghanistan	2	19	Personnel and contractors
	Kigali, Rwanda	2	106	Personnel
	Islamabad, Pakistan	1	16	Contractors
	Washington, DC	1	42	Contractors
TOTAL		97	2,628	

*OIG did not conduct fraud awareness training for USADF and IAF in the reporting period.

**Incidents in Which OIG Was Refused
Assistance or Information
USAID, USADF, and IAF
April 1–September 30, 2011**

Section 6(b)(2) of the Inspector General Act of 1978 requires the Inspector General to report to the head of the agency whenever requested information or assistance is unreasonably refused or not provided.

During this reporting period, there were no reports to the USAID Administrator or to the Board of Directors of USADF or IAF regarding instances in which information or assistance was unreasonably refused or not provided.

Financial Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
<i>Foreign-Based Organizations</i>				
0-111-11-037-R	4/5/11	Audit of the Enterprise Incubator Foundation, Under USAID Agreement No. 111-G-00-07-00044, for the Period September 30, 2007, to December 29, 2009		
0-000-11-038-R	5/18/11	Audit of Norwegian People's Aid, under USAID Multiple Agreements for Fiscal Year Ended December 31, 2006	90 61	QC UN
0-000-11-039-R	5/18/11	Audit of Norwegian People's Aid, under USAID Multiple Agreements for Fiscal Year Ended December 31, 2007		
0-118-11-040-R	5/12/11	Audit of Regional Society of Disabled People (Perspectiva), under USAID Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-118-11-041-R	6/21/11	Audit of Samara Regional Social Organization "Historical-eco-cultural Association" (Povolzje) under USAID Agreement No. 118-A-00-04-00024 for the Period February 10, 2004, to May 31, 2011		
0-000-11-042-R	7/7/11	Audit of Vétérinaires Sans Frontières ASBL, Under Agreements Number DFD-G-00-06-00054-00 and EEM-G-00-04-00013-00 Fiscal Year Ended December 31, 2008	32 32	QC UN
0-000-11-043-R	8/9/11	Audit of International HIV/AIDS Alliance under USAID Multiple Agreements for Fiscal Year Ended December 31, 2009	92	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-044-R	8/1/11	Audit of Norwegian People's Aid, under USAID Multiple Agreements for Fiscal Year Ended December 31, 2008	40	QC
			36	UN
0-000-11-045-R	8/8/11	Audit of Oxfam GB under USAID Multiple Agreements for Fiscal Year Ended March 31, 2010	40	QC
			36	UN
0-000-11-046-R	8/10/11	Audit of humedica e.V. under USAID Agreement No. DFD-G-00-09-00142-00 for the Period April 1, 2009, to December 31, 2009		
0-000-11-047-R	8/23/11	Audit of Russian Microfinance Center Foundation under USAID Agreement No. 118-A-00-07-00029 and Siberian Civic Initiatives Support Center (SCISC) Agreement No. KR-RMC-09-04-01 for the Period January 1, 2010, to December 31, 2010		
0-000-11-048-R	9/29/11	Close-Out Audit of Support for Soup Kitchens Project under USAID Cooperative Agreement No. 111-A-00-04-00010-00, for the Period from January 1, 2010, to January 31, 2011		
0-000-11-049-R	9/21/11	Audit of Eurasia Partnership Foundation Under Multiple Agreements for Fiscal Year Ended December 31, 2010		
0-000-11-050-R	9/22/11	Audit of the humedica e.V. under USAID Agreement No. DFD-G-00-09-00142-00 for the Fiscal Year Ended September 30, 2005.		
0-000-11-051-R	9/27/11	Audit of the Mentor Initiative, under USAID Agreements DFD-A-00-04-00212-00 and 690-A-00-04-00254-00, for Fiscal Year Ended September 30, 2005	21	QC
			4	UN
I-521-11-025-R	4/26/11	Close-Out Audit of the USAID Resources Managed by Fondasyon Kole Zepòl (FONKOZE) Under Cooperative Agreement No. 521-A-00-09-00015-00 for the Project "Kredi Siklon" for the Period From December 8, 2008, to December 9, 2009		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-517-11-026-R	4/26/11	Close-Out Audit of USAID/DR Resources Managed by Asociación Dominicana Pro-Bienestar de la Familia, Inc. (PROFAMILIA) Under the Grant Agreement for the Reproductive Health Services in the Dominican Republic, USAID 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, 2008, Through September 30, 2009		
I-517-11-027-R	4/29/11	Close-out Financial Audit of the Project Activities to Improve Teacher Effectiveness (TEF Project), Cooperative Agreement No. 517-A-00-06-00102-00, Administered by the Pontificia Universidad Católica Madre y Maestra (PUCMM), for the Fourteen Month-Period Ended August 31, 2009	571 571	QC UN
I-517-11-028-R	4/29/11	Financial Audit of the Project Activities to Improve the Educational System (Effective Schools Program), Cooperative Agreement No. 517-A-00-10-00102-00, Administered by the Pontificia Universidad Católica Madre y Maestra (PUCMM), for the Period From August 20, 2009, to June 30, 2010	261 261	QC UN
I-527-11-029-R	5/17/11	Audit of USAID Grant Agreement No. 527-0407/527-0423; Strengthened Environmental Management (STEM) Project; Managed by the "Ministerio del Ambiente -- MINAM" for the Period From January 1, 2009, to December 31, 2009		
I-517-11-030-R	5/23/11	Financial Audit of the Fund Accountability Statement of the "Civil Society Action for Improved Public Sector Performance" Program and "Formation of Young Leaders of Political Parties in the Dominican Republic—Phase II" Program, USAID Grant Agreement Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00 Managed by Participación Ciudadana for the Period From September 1, 2009, to August 31, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-514-11-031-R	5/27/11	Close-out Audit of the Cooperative Agreement No. 514-A-00-07-00303-00 for the "National Natural Parks System of Colombia" Managed by The Corporation for Environmental and Cultural Protection and Land Development (CORPACOT), for the Period From December 15, 2006, to December 14, 2007		
I-526-11-032-R	6/30/11	Close-out Audit of Cooperative Agreement No. 526-A-00-07-00050-00 "Good Governance and Political Competition in Paraguay" Managed by Gestión Ambiental (GEAM), for the Period From January 1, 2010, to September 30, 2010	350 2	QC UN
I-522-11-033-R	7/12/11	Financial Audit of Strengthening the Democratic Processes in Honduras, Close-out Audit of Citizen Election Observation and Close-out Audit of Election Observation and Quick Count project, managed by the Federation of Non-Governmental Organizations for the Development of Honduras (FOPRIDEH)	16	QC
I-517-11-034-R	7/26/11	Close-out Audit of the Program "Learning Together: A Community-Based Approach to Provide Education Opportunities and at Risk Children and Youth out of the Education System" Cooperative Agreement No. 517-G-00-08-00106-00, Administered by Catholic Relief Services Dominican Republic (CRS/DR) for the Period From May 20, 2008, to May 19, 2010		
I-522-11-035-R	7/27/11	Close-out Audit of the Cooperative Agreement No. 522-A-00-06-00302-00 for the "Strengthening the Democratic Processes in Honduras," Managed by the Federation of Non-Governmental Organizations for the Development of Honduras (FOPRIDEH), for the Period From January 1, 2010, to September 30, 2010	1	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-522-11-036-R	8/1/11	Close-out Audit of the Fund Accountability Statement of the Program Central America and the Dominican Republic Centers of Excellence for Teachers Training (CARD/CETT), Managed by Universidad Pedagógica Nacional Francisco Morazán (UPNFM) Under Cooperative Agreement No. 522-A-00-06-00307-00, for the Period From October 1, 2009, to August 31, 2010	68	QC
			12	UN
I-532-11-037-R	8/1/11	Audit of the Agreements No. 532-IL-532-4-ENV-AA-0007, 532-IL-532-4-ENV-AA-00009 and 532-AG-2010-AA IL No. 2, for the "USAID/GOJ Gustav Agricultural Rehabilitation Project (GARP)," Managed by the Ministry of Agriculture and Fisheries (MOA), for the Period From February 1, 2009, to March 31, 2010	1	QC
			1	UN
I-512-11-038-R	9/13/11	Audit of the USAID Cooperative Agreement No. RLA-A-00-06-00065-00, FORTIS Consortium "Programa Fortalecimento Institucional no Sul do Amazonas" Managed by Instituto Internacional de Educação do Brasil (IEB) for the Periods From October 1, 2007, to September 30, 2008 and October 1, 2008, to September 30, 2009	33	QC
			33	UN
I-511-11-039-R	9/20/11	Audit of the "Family Planning and Reproductive Health Services" Program Under USAID's Cooperative Agreement No. 511-A-00-04-00298-00, Managed by Center for Research, Education and Services (CIES), for the Year Ended December 31, 2010		
I-522-11-040-R	9/28/11	Close-out Audit of the Fund Accountability Statement of USAID Resources, Under Cooperative Agreement No. 522-A-00-07-00702-00, Managed by the Association of Municipalities of Honduras (AMHON) Under AMHON/FODEM Program, for the Period From January 1, 2010, to May 31, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-514-11-041-R	9/28/11	Audit of the Fund Accountability Statement of the Project Health Services for Displaced Population and Other Vulnerable Groups Managed by the Association for Colombian Family Welfare, PROFAMILIA, Under the Cooperative Agreement 514-A-00-07-00300-00, for the Period From January 1, 2008, to December 31, 2008	2	QC
I-514-11-042-R	9/29/11	Audit of the Fund Accountability Statement of the Project Health Services for Displaced Population and Other Vulnerable Groups Managed by the Association for Colombian Family Welfare, PROFAMILIA, Under the Cooperative Agreement 514-A-00-07-00300-00, for the Period From January 1, 2009, to December 31, 2009	70	QC
4-663-11-007-N	5/4/11	Audit of USAID Resources Managed by the Relief Society of Tigray (REST) Under Cooperative Agreement Nos. 663-A-00-02-00366-00- Intergrated Household Food Security and FFP-A-00-08-00081-00 Productive Safety Net Program for the year ended December 31, 2009	7	QC
4-615-11-008-N	7/14/11	Agency Contracted Close-out Audit of USAID Resources Managed by Mission for Essential Drugs and Supplies (MEDS) under Contract No. 623-C-00-05-00008-00 for the period from September 1, 2009, to June 30, 2010		
4-615-11-009-N	9/21/11	Agency Contracted Closeout Audit of USAID Resources Managed by the Kenya Medical Training Centre (KMTTC) under Development Assistance Grant Agreement No. 615-003, Implementation Letter No. 8 for the Period October 12, 2006, to September 30, 2009	11	QC
4-674-11-025-R	4/20/11	Audit of USAID Resources Managed by Water For All (previously known as Playpumps International) under Cooperative Agreement No. RLA-A-00-06-00079-00 for the period from September 22, 2006, to February 28, 2008	6 2	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-674-11-026-R	4/20/11	Audit of USAID Resources Managed by Water For All (previously known as Playpumps International) under Cooperative Agreement No. RLA-A-00-06-00079-00 for the Year Ended February 28, 2009	1 1	QC UN
4-674-11-027-R	4/20/11	Audit of USAID Resources Managed by Water For All (previously known as Playpumps International) under Cooperative Agreement No. RLA-A-00-06-00079-00 for the year ended February 28, 2010	11	QC
4-663-11-028-R	5/4/11	Audit of Nazarene Compassionate Ministries under USAID Cooperative Agreement Nos. GHS-663-A-00-09-00403-00 (NPI) and GPO-A-0004-000230-00 (Zambia OVC) for the year ended December 31, 2008	28 28	QC UN
4-663-11-029-R	5/4/11	Audit of Nazarene Compassionate Ministries under USAID Cooperative Agreement Nos. GHS-663-A-00-09-00403-00 (NPI) and GPO-A-0004-000230-00 (Zambia OVC) for the year ended December 31, 2009	4 4	QC UN
4-623-11-030-R	5/16/11	Audit of USAID Resources Managed by International Peace-Building Alliance (Interpeace) under Grant Nos. 623-G-00-06-00063-00, 696-G-00-08-00129-00 and 623-G-00-08-00012-00 for the year ended December 31, 2009	412 412	QC UN
4-936-11-031-R	5/16/11	Audit of USAID Resources Managed by Christian Social Services Commission Under Cooperative Agreement No. GHN-A-00-07-00012-00 (Malaria Communities Program in Four Districts in Southern Tanzania) for the Period October 1, 2007, to December 31, 2009	1 1	QC UN
4-656-11-032-R	5/23/11	Audit of USAID Resources Managed by Confederaçao das Associações Economicas de Moçambique (CTA Mozambique) under Cooperative Agreement 656-A-00-04-00050-00 for the year ended September 30, 2009	208 1	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-674-11-033-R	5/24/11	Closeout Audit of USAID Resources Managed by Mothers 2 Mothers South Africa under Prime Award No.U62/CCU223540/CFDA#93.941- International Centre for AIDS Care and Treatment Program (ICAP); and Audit of USAID Resources Managed by Mothers 2 Mothers South Africa under Cooperative Agreement No. GHH-A-00-07-00019-00-New Partners Initiative (NPI); Sub-agreement No. P1321A0027-President's Emergency Plan for AIDS Relief (PEPFAR); Sub Agreement No. 36521-02-John Snow Incorporated (Uganda) and Sub Agreement No. 13033-John Snow Incorporated (Swaziland) for the Year Ended December 31, 2009		
4-674-11-034-R	5/24/11	Close-out Audit of USAID Resources Managed by Business Against Crime under Cooperative Agreement No. 674-A-00-02-00012-00 for the period June 1, 2008, to June 30, 2009, and transactions up to February 28, 2010	4,277 125	QC UN
4-936-11-035-R	5/24/11	Audit of USAID Resources Managed by The Church Alliance for Orphans under Cooperative Agreement No. NPI/HUGS-GHA-A-G-00-07-00015-00 for the year ended February 28, 2010	15 15	QC UN
4-617-11-036-R	5/24/11	Audit of USAID Resources Managed by Hospice Africa Uganda under Cooperative Agreement No. 617-A-00-05-00010-00 (Expanding Access and Scope of Palliative Care to People Living with HIV/AIDS and their Families) for the year ended March 31, 2010	7	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-621-11-037-R	5/24/11	Audit of USAID Resources Managed by the African Palliative Care Association under Agreement Nos. 621-A-00-07-00013-00 and 674-A-00-09-00112-00 and Sub-Agreement Nos: HF-F2-REG-06-P-PTR-APCA-00, H-F3-ZAM-06-P-PTR-APPC-00, H-F3-BOT-07-P-PTR-APBO, H-F3-CDI-07-P-PTR-APT, GPO-A-00-03-00003-00, 255033-TE2-APCA-02, P1102-P-0209, APCAPACTPACAM02, P3125-C09-024, U2GPS000631-03-07, and AIDSSTAR-ONE-001; and Close-out Audit of Sub-agreement No. JOD103, P1104-A0010, P1102-A0009, P1105-A0025, H-F2-REG-06-P-PTR-APCA-00 for the year ended March 31, 2010		
4-673-11-038-R	5/25/11	Audit of USAID Resources Managed by Nawalife Trust under Cooperative Agreement No. 690-A-00-07-00103-00 for the 4 Months Ended February 29, 2008		
4-673-11-039-R	5/25/11	Audit of USAID Resources Managed by Nawalife Trust under Cooperative Agreement No. 690-A-00-07-00103-00 for the Year Ended February 28, 2009		
4-613-11-040-R	5/25/11	Audit of USAID Resources Managed by Counselling Services Unit Under Grant Agreement 613-G-00-01-00244-00 for the year ended December 31, 2009	33	QC
4-615-11-041-R	5/25/11	Audit of USAID Resources Managed by Kenya Agricultural Research Institute KARI Under the Strategic Objective and Development Assistance Grant Agreement No. 615-007, Implementation Letter No. 3 and No. 17-KARI for the Period July 1, 2008, to June 30, 2010		
4-615-11-042-R	5/25/11	Audit of USAID Resources Managed by Kenya Wildlife Service Under Development Assistance Grant Agreement No. 615-005, Implementation Letter No. 8, for the Two Years Ended June 30, 2010	4 4	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-621-11-043-R	5/25/11	Audit of USAID Resources Managed by Pastoral Activities and Services for People with AIDS Dar es Salaam Archdiocese (PASADA) Under Development Assistance Grant Agreement No. 621-A-00-06-00011-00 for the Year Ended December 31, 2008		
4-656-11-045-R	5/27/11	Audit of USAID Resources Managed by Foundation for Community Development under Cooperative Agreement No. 656-A-00-04-00041-00 for the Year Ended September 30, 2009	341 341	QC UN
4-621-11-046-R	5/27/11	Audit of USAID Resources Managed by Selian AIDS Control Programme under Agreement No. 621-A-00-07-00001-00 for the Year Ended December 31, 2008		
4-615-11-047-R	5/27/11	Closeout Audit of USAID Resources Managed by the Children of God Relief Institute (COGRI) for the Lea Toto Orphans and Vulnerable Children Program under Cooperative Agreement No. 623-A-00-06-00037-00 and the Nyumbani Village Program under Cooperative Agreement No. 623-A-00-07-00001-00 for the Period June 12, 2006, to June 11, 2009	39	QC
4-621-11-048-R	5/27/11	Audit of USAID Resources Managed by Deloitte Consulting Ltd – TUNAJALI Program under HIV/AIDS Care and Treatment and Rapid Funding Envelope Contract No. 621-C-007-00002-00, the Community Care for PLWA and OVC Cooperative Agreement No. 621-A-00-07-00023-00, and Quick Start Care and Treatment and Rapid Funding Envelope for HIV/AIDS under Strategic Objective Agreement No. 621001-01, Contract No. 623-C-00-03-00004-00 for the Year Ended December 31, 2008	54 28	QC UN
4-674-11-049-R	5/27/11	Audit of USAID Resources Managed by Wits Health Consortium under Cooperative Agreement Nos. 674-A-00-08-00009-00 and 674-A-00-08-000050-00 for the year ended September 30, 2008	42 42	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-936-11-050-R	5/27/11	Audit of USAID resources managed by Otse Community Home Based Care Trust under Cooperative Agreement No.GHO-A-00-09-00003-00 for the year ended March 31, 2010		
4-663-11-051-R	5/27/11	Audit of USAID Resources Managed by Hamlin Fistula Welfare and Research Trust, Addis Ababa Fistula Hospital, USAID Support for Fistula Identification, Referral and Treatment in Ethiopia, under Grant Agreement No. 663-G-00-06-00418-00 for the year ended June 30, 2010	1	QC
4-623-11-052-R	5/31/11	Audit of USAID Resources Managed by East, Central and Southern Africa Health Community (ECSA-HC) Under Strategic Objective Agreement No. 6230011.02-60087 for the year ended June 30, 2010		
4-936-11-053-R	6/1/11	Audit of USAID Resources Managed by Integrated Community Based Initiatives (ICOB) Under Cooperative Agreement No. GHO-A-00-08-00005-00; Scaling up Household Based Response for Orphaned and Vulnerable Children (OVC) in South Western Uganda for the Year Ended June 30, 2010		
4-617-11-054-R	6/3/11	Closeout Audit of USAID Resources Managed by Joint Clinical Research Centre under Cooperative Agreement No. 617-A-00-04-00003-00 for the Fifteen-Month Period Ended September 30, 2010	865	QC
4-615-11-055-R	6/6/11	Closeout Audit of USAID Resources Managed by Sustainable Healthcare Foundation under Cooperative Agreement No. 623-A00-07-00005-00 (Using Micro-Franchising to Improve Access to Life Saving Medicines) For the Period January 1, 2009, to May 31, 2010	3 1	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-623-11-056-R	6/7/11	Audit of USAID Resources Managed by the Common Market for Eastern and Southern Africa (COMESA) under Strategic Objective Grant Agreement Nos. 6231005.01-3-30001 and 62300010.02-60100-10, Limited Scope Grant Agreement Nos. 623-1005.01-3-50079 and 623-LSGA0010.02-3-60078, Integrated Partnership Assistance Agreement 623-AA-09-001-00-EA and Closeout Audit of Strategic Objective Grant Agreement No. 6231006.01-3-30002 for the year ended December 31, 2009	344 338	QC UN
4-613-11-057-R	6/8/11	Closeout Audit of USAID Resources Managed by Transparency International Zimbabwe under Cooperative Agreement No. 674-A-00-08-0051-00 for the Twenty-Seven Months Ended September 30, 2010	12	QC
4-617-11-058-R	6/10/11	Audit of USAID Resources Managed by Mulago-Mbarara Teaching Hospitals' Joint AIDS Program (MJAP) Ltd., Cooperative Agreement 617-A-09-00006 for the Period August 20, 2009, to September 30, 2010		
4-936-11-059-R	6/10/11	Audit of USAID Resources Managed by Genesis Trust under Cooperative Agreement No. GHH-A-00-07-00014-00 for the Year Ended December 31, 2009	368 363	QC UN
4-663-11-060-R	6/20/11	Audit of USAID Resources Managed by the Somali Region Livestock, Crop & Rural Development Bureau under Limited Scope Grant Agreement No. 663-016 for the period November 15, 2006, to July 7, 2008	62 62	QC UN
4-936-11-061-R	7/5/11	Audit of USAID Resources Managed by the Botswana Retired Nurses Society Under Agreement No. GHO-A-00-09-00013-00 (Empowerment of HIV/AIDS Affected and Infected People) for the Year Ended March 31, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-936-11-062-R	7/5/11	Audit of USAID Resources Managed by Grassroots Alliance for Community Education (G.R.A.C.E.) Africa under Cooperative Agreement No. GHO-A-00-09-00004-00 For the Period December 1, 2008, to December 31, 2009	4	QC
			4	UN
4-656-11-063-R	7/6/11	Closeout Audit of USAID Resources Managed by Foundation for Community Development under Cooperative Agreement No. 656-A-00-04-00041-00 for the Year Ended September 30, 2010	89	QC
4-623-11-064-R	7/8/11	Audit of USAID Resources Managed by Regional Centre for Quality of Health Care under Strategic Objective Agreement No. 623-0011.02-60088 and Purchase Order No. AID-623-0-09-00006 for the Year Ended June 30, 2010	140	QC
			19	UN
4-617-11-065-R	7/14/11	Audit of USAID Resources Managed by The AIDS Support Organization (TASO) Uganda Limited under Cooperative Agreement No. 617-A-00-09-00005-00 for the Period July 1, 2009, to December 31, 2009		
4-623-11-066-R	7/19/11	Audits of USAID Resources Managed by Mildmay International under Cooperative Agreement No. 623-A-00-07-00014-00 (Kenya), and by Mildmay International under Cooperative Agreement No. 621-A-00-07-00008-00 (Tanzania) for the year ended March 31, 2010	6	QC
4-615-11-067-R	7/19/11	Audit of USAID Resources Managed by Egerton University–Tegemeo Institute under Development Assistance Grant Agreement No. 615-007, Implementation Letter No. 14, for the Period October 1, 2008, to June 30, 2010	250	QC
4-674-11-068-R	8/2/11	Audit of USAID Resources Managed by Water for All (previously known as Playpumps International) under Cooperative Agreement No. RLA-A-00-06-00079-00 for the Year Ended February 28, 2011		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-621-11-069-R	8/2/11	Audit of USAID Resources Managed by Ifakara Health Institute under Cooperative Agreement No. 621-A-00-07-00015-00, for the period from March 22, 2007, to May 31, 2008		
4-936-11-070-R	9/8/11	Audit of USAID Resources Managed by Youth Health Organization under Cooperative Agreement No. NPI-GHH-A-00-07-00011-00 for the year ended March 31, 2008	4 4	QC UN
4-621-11-071-R	8/23/11	Audit of USAID Resources Managed by Selian AIDS Control Programme (ACP) under Development Assistance Grant Agreement No. 621-A-00-07-00001-00 for the year ended December 31, 2009		
4-936-11-072-R	9/8/11	Closeout Audit of USAID Resources Managed by The Church Alliance for Orphans under Agreement No. NPI/HUGS-GHA-A-G-00-07-00015-00 for the period from March 1, 2010, to March 31, 2011	777 242	QC UN
4-621-11-073-R	9/15/11	Audit of USAID Resources Managed by the Government of the United Republic of Tanzania Under Strategic Objective Grant Agreement 621-0011.01, Implementation Letters 21, 27, and 30 for the Year Ended June 30, 2010		
4-621-11-074-R	9/21/11	Audit of USAID Resources Managed by Ifakara Health Institute under Cooperative Agreement No. 621-A-00-08-00007-00 for the Period November 1, 2007, to June 30, 2010		
4-615-11-075-R	9/21/11	Audit of USAID Resources Managed by Lewa Wildlife Conservancy under Cooperative Agreement Nos. 623-A-00-05-00010-00 (Closeout) and 623-A-00-09-00011-00 for the period January 1, 2008, to December 31, 2009	4 3	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-615-11-076-R	9/21/11	Audit of the USAID Resources Managed by Ministry of Education (MoE) Under Development Assistance Grant Agreement No. 615-008, Implementation Letters No. 5, 6, 7, and 8 for the Period March 1, 2006, to June 30, 2008 and August 1, 2004, to May 31, 2005	196	QC
			179	UN
4-936-11-077-R	9/27/11	Audit of USAID Resources Managed by Luapula Foundation under Cooperative Agreement No. GHH-A-00-07-00021-00 for the period December 1, 2006, through September 30, 2007	15 4	QC UN
5-367-11-003-N	5/31/11	Financial Audit of USAID Resources Managed by the Department of Health Services, Government of Nepal, Under USAID Strategic Objective Grant Agreement Project No. 367-0180, Implementation Letter No. 5 for the Period from July 16, 2006, to July 15, 2007, and Implementation Letter No. 7 for the Period from July 16, 2007, to July 15, 2008	92	QC
			69	UN
5-440-11-016-R	4/20/11	Financial Audit of the Program "Scaling up the Faith-based Response to HIV/AIDS in Vietnam", USAID Cooperative Agreement No. GHH-A-00-07-00018-00, Managed by Nordic Assistance to Vietnam (NAV), for the Year Ended December 31, 2009	6 2	QC UN
5-486-11-017-R	4/28/11	Financial Audit of USAID Funds Managed by the Freeland Foundation, for the Period from January 1, 2009, to December 31, 2009	214 82	QC UN
5-388-11-018-R	5/4/11	Financial Audit of the Project "Rural Empowerment Through Renewable Energy," USAID/Bangladesh Grant Agreement No. 388-G-00-05-00060-00, Managed By Grameen Shakti, for the Period from January 1, 2009, to December 31, 2009	8	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
5-493-11-019-R	6/16/11	Financial Audit of the Anti-Trafficking in Persons Pan-Asian Campaign, USAID/RDMA Cooperative Agreement No. 486-A-00-06-00015-00, Managed by the MTV Europe Foundation (MTV), for the Period from January 1, 2008, to December 31, 2008	9	QC
5-497-11-020-R	8/26/11	Financial Audit of the Statement of Costs Incurred and Billed to USAID/Indonesia by Swisscontact to Implement The Aceh Polytechnic Program (TAPP), USAID/Indonesia Contract No. 497-C-00-08-00001-00, for the Period from January 1, 2010, to December 31, 2010		
5-493-11-021-R	9/22/11	Financial Audit of USAID Funds Managed by the Asian Disaster Preparedness Center for the Period from January 1, 2010, to December 31, 2010		
5-492-11-022-R	9/29/11	Financial Audit of USAID Funds Managed by the Philippine Business for Social Progress, Inc. (PBSP), for the Period from October 1, 2009, to September 30, 2010	2	QC
6-263-11-003-R	5/16/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Transparency International e. V., Berlin, Germany, Grant Number 263-G-00-07-00103-00, Measuring Anti-corruption Efforts and Building Demand for Effective National Integrity Systems in Egypt and the Arab World, for the Period From January 1, 2007, to December 31, 2007		
6-263-11-004-R	5/26/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Transparency International e. V., Berlin, Germany, Grant Number 263-G-00-07-00103-00, Measuring Anti-corruption Efforts and Building Demand for Effective National Integrity Systems in Egypt and the Arab World, for the Period From January 1, 2008, to December 31, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-263-11-005-R	5/16/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Transparency International e. V., Berlin, Germany, Grant Number 263-G-00-07-00103-00, Measuring Anti-corruption Efforts and Building Demand for Effective National Integrity Systems in Egypt and the Arab World, for the Period From January 1, 2009, to December 31, 2009		
6-294-11-020-N	5/15/11	Close-out Examination of Saqqa and Khoudary Co. Ltd. Compliance With Terms and Conditions of USAID Funded Contract Number 294-C-00-04-00225-00, Eastern Hebron Bulk Water Supply, for the Period From January 1, 2007, to October 21, 2007	6	QC
6-294-11-021-N	5/15/11	Close-out Examination of Al Hamdeyah Company for General Contracts' Compliance With Terms and Conditions of Sub-fixed Price Contracts Number 24024-08-WB-SA054, 24024-08-WB-SA014, 24024-08-WB-SA060, 24024-09-WB-SA075, 24024-09-WB-SA076 and 24024-10-WB-SA004, Under Prime Cooperative Housing Foundation's Cooperative Agreement Number 294-A-00-07-00213-00, the Emergency Jobs, for the Period From May 30, 2008, to March 1, 2010		
6-294-11-022-N	5/15/11	Close-out Examination of Al Saleh for Contracting Company's Compliance with Terms and Conditions of Sub-fixed Price Contracts Number 24024-08-WB-SA037 and 24024-08-WB-SA002, Under Prime Cooperative Housing Foundation's Cooperative Agreement Number 294-A-00-07-00213-00, Emergency Jobs Program, for the Period from November 14, 2007, to March 10, 2009		
6-263-11-024-N	5/19/11	Financial Audit of USAID/Egypt Resources Managed and Expenditures Incurred by United Group, Community Action Towards Transparency Program, Award Number 263-G-00-08-00065-00, for the Period From September 25, 2008, to September 30, 2009	1	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-025-N	5/23/11	Close-out Audit of the Cost Representation Statement of Locally Incurred Costs of USAID Resources Managed by Birzeit University, Development Studies Program, Sub-Contract Under International Republican Institute Cooperative Agreement Number 294-A-00-05-00215-00, Support for Democratic Legislative and Local Elections in West Bank and Gaza, for the Period From June 7, 2005, to February 28, 2007		
6-294-11-028-N	6/8/11	Close-out Examination of Qertaja Contracting Company Compliance with Terms and Conditions of Sub-fixed Price Contract under American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-08-00219-00, Emergency Water and Sanitation Program II, for the Period From October 28, 2009, to August 1, 2010		
6-294-11-029-N	6/8/11	Close-out Examination of Fattouh Engineering Company for General Contracting Compliance with Terms and Conditions of Sub-fixed Price Contract Number EW-WB-120 under American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-05-00240-00, the Emergency Water and Sanitation Program, for the Period From August 4, 2008, to December 4, 2008		
6-294-11-030-N	6/8/11	Close-out Examination of Al Moheet Contracting Company Compliance with Terms and Conditions of Sub-fixed Price Contract Number EW-WB-095 under American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-05-00240-00, the Emergency Water and Sanitation Program, for the Period From May 20, 2008, to September 22, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-031-N	6/8/11	Close-out Examination of Shak'a and Khatib for Contracting Compliance with Terms and Conditions of Sub-fixed Price Contract Number JV-S-EDI under American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-02-00229-00, Job Opportunities Through Basic Services Program, for the Period From December 1, 2007, to August 21, 2008		
6-263-11-032-N	7/14/11	Close-out Financial Audit of the Egyptian Association for Supporting Democratic Development, Provide Support for a Program in Monitoring Campaign of 2008 Elections of the Local Popular Councils, USAID/Egypt Funded Agreement Number 263-G-00-08-00021-00, for the Period From March 6, 2008, to July 31, 2008	252 239	QC UN
6-263-11-033-N	7/14/11	Close-out Financial Audit of USAID/Egypt Resources Managed and Expenditures Incurred by the Ministry of Health and Population, Communication for Healthy Living, Project Number 263-0287.05, Implementation Letter Number 2, for the Period From January 1, 2008, to September 30, 2009	5 5	QC UN
6-294-11-034-N	7/21/11	Close-out Examination of Abu Thaher Contracting Company Compliance With Terms and Conditions of Sub-fixed Price Contracts Under Prime Cooperative Housing Foundation, Cooperative Agreement Number 294-A-00-07-00213-00, The Emergency Jobs Program, for the Period from February 25, 2009, to October 18, 2009		
6-294-11-035-N	7/21/11	Close-out Examination of Al Bushra Al Waeda Contracting Company Compliance With Terms and Conditions of Sub-fixed Price Contract Under Prime Cooperative Housing Foundation, Cooperative Agreement Number 294-A-00-07-00213-00, the Emergency Jobs Program, for the Period From September 24, 2009, to November 24, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-036-N	7/21/11	Close-out Examination of Al Khaled for General Contracting Compliance With Terms and Conditions of Sub-fixed Price Contract Under Prime Cooperative Housing Foundation, Agreement Number 294-A-00-07-00213-00, the Emergency Jobs Program, for the Period From August 16, 2009, to January 26, 2010		
6-294-11-037-N	7/21/11	Close-out Examination of Al Mosleh for Contracting Compliance With Terms and Conditions of Sub-fixed Price Contracts Under Prime Cooperative Housing Foundation, Agreement Number 294-A-00-07-00213-00, the Emergency Jobs Program, for the Period From September 4, 2008, to February 5, 2009		
6-294-11-038-N	7/21/11	Close-out Examination of Al Naser Engineering and Construction Institute Compliance With Terms and Conditions of Sub-fixed Price Contracts Under Prime Cooperative Housing Foundation, Agreement Number 294-A-00-07-00213-00, the Emergency Jobs Program, for the Period From March 23, 2009, to December 27, 2009		
6-294-11-039-N	7/21/11	Close-out Examination of Al Omar Engineering Company Compliance With Terms and Conditions of Sub-fixed Price Contract Under Prime Cooperative Housing Foundation, Cooperative Agreement Number 294-A-00-05-00242-00, Local Democratic Reform Program, for the Period From October 27, 2008, to May 28, 2009		
6-294-11-040-N	7/21/11	Close-out Examination of Khaled Tayeb Office for General Contracting Compliance With Terms and Conditions of Sub-fixed Price Contracts Under Prime Cooperative Housing Foundation, Cooperative Agreement Number 294-A-00-07-00213-00, The Emergency Jobs Program, for the Period from June 2, 2008, to December 7, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-041-N	8/17/11	Close-out Examination of Al Madi Company for Engineering & Contracting Compliance with Terms and Conditions of Sub-fixed Price Contract Under Prime Cooperative Housing Foundation, Cooperative Agreement Number 294-A-00-05-00242-00, Local Democratic Reform Program, for the Period From March 16, 2009, to December 7, 2009		
6-294-11-042-N	8/17/11	Close-out Examination of Abu Haniyeh for Construction and Development's Compliance with Contract Terms and Conditions of Sub-fixed Price Contracts Number EO1-WSO-NW-001, EO1-WSO-NW-004, EO1-WSO-NW-016, EO1-WSO-NW-029 and EO1-WSO-CW-025 Under Prime American Near East Refugee Aid's Cooperative Agreement Number 294-A-00-08-00219-00, the Emergency Water and Sanitation and Other Infrastructure Program, for the Period From February 25, 2009, to August 10, 2010		
6-294-11-045-N	9/19/11	Close-out Examination of Al-Amarah Company for Contracting and Engineering Compliance with Terms and Conditions of Sub-fixed Price Contract Number EW-WB-108, Under Prime American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-05-00240-00, The Emergency Water and Sanitation Program, for the Period From May 7, 2008, to October 9, 2008		
6-294-11-046-N	9/19/11	Close-out Examination of As-Saleh for Contracting Compliance with Terms and Conditions of Sub-fixed Price Contract Number JV-S-ED2, Under Prime American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-02-00229-00, Job Opportunities Through Basic Services Program, for the Period From November 19, 2007, to July 16, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-047-N	9/19/11	Close-out Examination of Tarifi Contracting and Reconstruction Company Compliance with Terms and Conditions of Sub-fixed Price Contract Number JV-S-CHI-Component 1, Under Prime American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-02-00229-00, Job Opportunities Through Basic Services Program for the Period From June 8, 2008, to August 22, 2008		
6-294-11-048-N	9/19/11	Close-out Examination of Saadi Ameen Contracting Company Compliance with Terms and Conditions of Sub-fixed Price Contract Number JV-S-CHI-Component 2, Under Prime American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-02-00229-00, Job Opportunities Through Basic Services Program, for the Period From June 8, 2008, to August 22, 2008		
6-294-11-049-N	9/19/11	Close-out Examination of Musa Abu Hatab for General Contracting and Trading Compliance with Terms and Conditions of Sub-fixed Price ontracts Number EOI-WSO-NW-005 and EOI-WSO-NW-038 Under Prime American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-08-00219-00, Emergency Water and Sanitation Program II, for the Period From February 9, 2009, to January 31, 2010		
6-294-11-051-N	9/25/11	Close-out Examination of Shaltaf General Contracting Company Compliance with Terms and Conditions of Sub-fixed Price Contract Under Prime APCO-Arcon, Contract Number 294-I-00-08-00221-00, Infrastructure Needs Program, for the Period From October 15, 2009, to June 12, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-054-N	9/25/11	Close-out Examination of Saaideh General Contracting Company Compliance with Terms and Conditions of Sub-fixed Price Contract Under Prime International Relief and Development, Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From October 21, 2009, to March 6, 2010		
6-294-11-055-N	9/25/11	Examination of Site Group for Services and Well Drilling Ltd. Company Compliance with Terms and Conditions of Sub-fixed Price Contract Under Prime International Relief and Development, Task Order Number 43 Under Indefinite Quantity Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From December 16, 2009, to December 4, 2010	968	QC
6-294-11-056-N	9/25/11	Close-out Examination of Technical Group Company for General Contracting Compliance with Terms and Conditions of Sub-fixed Price Contract Under Prime International Relief and Development, Task Orders Number 11 and 15 Under Indefinite Quantity Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From August 16, 2009, to June 4, 2010		
6-294-11-057-N	9/25/11	Examination of the United Newland for Investments Ltd. Compliance with Terms and Conditions of Sub-fixed Price Contracts Under Prime International Relief and Development, Task Orders Number 13, 20, 32, and 37 Under Indefinite Quantity Contract Number 294-I-00-08-00217-00, Infrastructure Needs Program, for the Period From October 15, 2009, to July 9, 2010		
6-294-11-058-N	9/26/11	Close-out Examination of Al Baraa Company for Contracting's Compliance with Terms and Conditions of Sub-fixed Price Contract Under Prime APCO-Arcon Task Order Number 22, Indefinite Quantity Contract Number 294-I-00-08-00221-00, Infrastructure Needs Program, for the Period From January 5, 2010, to March 15, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-059-N	9/26/11	Close-out Examination of Al-Eswed Company for Contracting's Compliance with Terms and Conditions of Sub-fixed Price Contracts, Under Prime APCO-Arcon Indefinite Quantity Contract Number 294-I-00-08-00221-00, Infrastructure Needs Program, for the Period From October 16, 2008, to November 26, 2009		
6-294-11-060-N	9/26/11	Close-out Examination of Al-Qalaa Company for Contracting's Compliance with Terms and Conditions of Sub-fixed Price Contract Numbers 24024-10-WB-SA072, 24024-09-WB-SA061, 24024-10-WB-SA067, 24024-08-WB-SA006, and 24024-08-WB-SA038, Under Cooperative Housing Foundation's Cooperative Agreement Number 294-A-00-07-00213-00, the Emergency Jobs Program, for the Period From May 18, 2008, to May 7, 2010		
6-294-11-062-N	9/28/11	Close-out Examination of Saqqa and Khoudary Compliance with Terms and Conditions Under USAID Task Order Number 294-I-00-07-00209-00, Infrastructure Needs Program, for the Period From September 27, 2008, to August 31, 2010		
6-294-11-063-N	9/28/11	Close-out Examination of Modern Infrastructure Contracting and Investment Compliance with Terms and Conditions of Sub-fixed Price Contract, Under Prime APCO-Arcon, Contract Number 294-I-00-08-00221-00, Infrastructure Needs Program, for the Period From January 5, 2010, to July 12, 2010		
6-294-11-064-N	9/28/11	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by Palestine Trade Center, Marketing Services Development Project, Sub-Grant Number PED-WB-0019, Under Development Alternative Inc., Task Order Number 294-M-00-05-000231-00, for the Period From July 18, 2007, to July 18, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
7-688-11-001-N	6/24/11	Agency-Contracted Audit of the Local Currency Expenses Incurred by the Ministry of Health of the Republic of Mali under the USAID Health Strategic High Impact Health Services Strategic Objective Program No. 688-006-00 from January 1, 2009, through June 30, 2010 and the President's Malaria Initiative Program from July 1, 2008, through June 30, 2010	159	QC
			100	UN
7-624-11-009-R	4/28/11	Consolidated Audit of USAID and Other Donor Resources Granted to the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) for the Period January 1, 2009, to December 31, 2009	18	QC
			15	UN
7-620-11-010-R	6/23/11	Recipient Contracted Audit of USAID Resources Managed by the Catholic Secretariat of Nigeria under the Scale-Up of the Catholic Community Based Outreach in Response to HIV/AIDS Program (Cooperative Agreement No. 620-A-00-07-00217-00) for the Period from November 1, 2008, to October 31, 2009	119	QC
			119	UN
7-620-11-011-R	8/17/11	Recipient Contracted Audit of USAID Resources Managed by Christian Health Association of Nigeria under the Nigeria Indigenous Capacity Building Agreement No. 620-A-00-07-00180-00 for the period from January 1, 2009, through December 31, 2009	79	QC
			1	UN
7-685-11-012-R	8/19/11	Recipient Contracted Audit of USAID and Kreditanstalt Für Wiederaufbau (KfW) Resources Managed by the Agency for the Development of Social Marketing (ADEMAS) under Grant Agreement No. 685-A-00-03-00118 and the KfW Program Agreement No. 2002-65-033 for the year ending December 31, 2010	1	QC
			1	UN
7-620-11-013-R	9/2/11	Recipient-Contracted Audit of USAID Resources managed by Pro-Health International of Nigeria under the HIV/AIDS Reduction Program in the Niger Delta (CA No. 620-A-00-08-00132-00) for the year ended December 31, 2009	421	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
7-623-11-014-R	9/8/11	Recipient-Contracted Audit of USAID Resources Managed by Avocats Sans Frontières under the Rule of the Law in Democratic Republic of the Congo Program (Grant Agreement No. 623-A-00-08-00046-00) for the Period from January 1 to December 16, 2010		
7-669-11-015-R	9/29/11	Recipient-Contracted Audit of USAID Resources Managed by EQUIP Liberia under the Protection of Vulnerable Groups from Gender-based Violence (GBV) Program (Grant Nos. DFD-G-00-09-00019-00 and DFD-G-00-10-00133-00) for the Periods from November 20, 2008, to December 31, 2009, and March 26, 2010; and the Malaria Prevention and Control Program (Grant No. GHS-A-00-08-00003-00) for the period from September 30, 2008, to September 29, 2010	46	QC
F-306-11-001-N	7/21/11	Financial Audit of the Program "Civilian Technical Assistance Program (CTAP)" USAID/Afghanistan Grant Agreement No. 306-09-CTAP-0001, Managed by the Ministry of Finance, for the Period from September 30, 2009, to September 30, 2010	2	QC
F-306-11-003-R	7/14/11	Financial Audit of the Program "Regenerating Murad Khane, Restoring Refurbishing and Revitalizing the Old City," USAID/Afghanistan Cooperative Agreement No. 306-A-09-00503-00, Managed by the Turquoise Mountain Trust (TMT), for the Period from January 1, 2010, to December 31, 2010		
G-391-11-002-R	4/8/11	Closeout Audit of the Program "Interactive Teaching & Learning Project," USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00, and Financial Audit of Program "Links to Learning Education Support to Pakistan," Sub-Award under USAID/Pakistan Cooperative Agreement No. 391-A-00-08-01100-00, Managed by Children's Global Network Pakistan Limited, for the Period from July 1, 2008, to February 26, 2010	13 13	QC UN

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
G-391-11-003-R	5/10/11	Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by Competitiveness Support Fund (CSF), for the Period from July 1, 2009, to June 30, 2010	3	QC
			2	UN
G-391-11-004-R	6/23/11	Closeout Financial Audit of the Forman Christian College, USAID/Pakistan Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College (FCC), for the Period from July 1, 2009, to March 31, 2010	123	QC
G-391-11-005-R	9/21/11	Financial Audit of the Business Revitalization Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-10-01145-00, Managed by Khushhali Bank, for the Period from February 6, 2010, to December 31, 2010		
Local Currency Trust Fund				
G-391-11-001-N	5/26/11	Financial Audit of USAID/Pakistan's Rupee Trust Fund, for the Period from October 1, 2006, to September 30, 2009		
U.S.-Based Contractors				
0-000-11-002-D	4/8/11	The Louis Berger Group, Inc., Report on Adequacy of Initial Disclosure Statement Effective July 1, 2008		
0-000-11-003-D	5/10/11	The Louis Berger Group, Inc. - Nation Building Segment Report on Adequacy of Initial Disclosure Statement, Effective July 1, 2008		
0-000-11-004-D	5/12/11	The Louis Berger Group, Inc. - Integrated Development Segment Report on Adequacy of Initial Disclosure Statement Effective July 1, 2008		
0-000-11-005-D	6/22/11	Sigma One Corporation, Report on Audit of Incurred Costs for Fiscal Year 2005		
0-000-11-006-D	6/28/11	Sigma One Corporation, Report on Audit of Incurred Costs for Fiscal Year 2006		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-007-D	9/21/11	Black & Veatch Special Projects Corporation (BVSPC), Report on Incurred Costs for Fiscal Year Ended December 31, 2004		
4-612-11-003-O	9/21/11	Agreed-Upon Procedures Review of USAID Resources Managed by Research Triangle Institute in Malawi covering the Indoor Residual Spraying (IRS) program Under Indefinite Quantity Contract (IQC) No. GHN-I-01-06-00002-00 for the period October 1, 2007, to November 30, 2009	64 33	QC UN
6-294-11-050-N	9/20/11	Audit of the Cost Representation Statement of USAID Resources Managed by DPK Consulting Under Contract Number DFD-I-00-04-00173-00, Netham Rule of Law Program-Justice and Enforcement, for the Period From July 1, 2008, to June 30, 2009		
6-294-11-052-N	9/25/11	Audit of Locally Incurred Costs Billed to USAID by CARANA Corporation Under Task Order Number AFP-I-01-03-00020-00, Palestinian Agribusiness Partnership Activity, for the Period From April 1, 2007, to June 30, 2008		
6-294-11-061-N	9/28/11	Audit of the Cost Representation Statement of Locally Incurred Costs Managed by Louis Berger Under Contract Number 294-GEG-I-00-04-00003-00, Modernizing Financial Institutions for West Bank and Gaza, for the Period From September 29, 2007, to June 30, 2008	9	QC
E-267-11-002-N	5/16/11	Audit of USAID Resources Managed and Expenditures Locally Incurred by AECOM International Development Under "Iraq Legislative Strengthening Program," USAID/Iraq Task Order No. 263-I-03-06-00015-00, for the Period From October 1, 2008, to September 30, 2010		
E-267-11-003-D	6/29/11	Independent Audit of International Business and Technical Consultants, Inc. (IBTCI) Report on Costs Incurred and Billed Under USAID Contract No. 267-C-00-05-00508-00 for the Period of January 1, 2008, Through December 31, 2008	68	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
E-267-11-004-D	9/12/11	Independent Audit of International Resources Group, Ltd. Report on Costs Incurred and Billed Under USAID Contract No. 517-C-00-04-00106-00 for the Period of January 1, 2008, through February 28, 2009		
F-306-11-001-D	8/23/11	Audit Report No. F-306-11-001-D of Technologist Inc. Costs Incurred/Billed under USAID Task Order No. 306-O-00-04-00539-00, for Afghanistan Industrial Estate Development Program for the Period from May 24, 2004, through December 31, 2007	6,563 269	QC UN
F-306-11-003-N	9/29/11	Financial Audit of the Project "Policy Capacity Initiative Activity (PCIA)" USAID/Afghanistan Grant Agreement No. 306-IL-09-12-0004.00, Managed by the Ministry of Communication and Information Technology, for the Period from Program Inception April 09, 2009, through September 30, 2010	118 12	QC UN
U.S.-Based Grantees				
0-000-11-001-N	4/12/11	Report on Audit of Incurred Costs of New Mexico State University USAID's Afghanistan Water, Agriculture and Technology Transfer Program for the Period March 31, 2008, to September 30, 2010	728	QC
0-000-11-006-E	4/7/11	Audit Report of the Western NIS Enterprise Fund (VNISEF) for the Fiscal Year Ended September 30, 2010		
0-000-11-007-E	9/14/11	Desk Review of Southern Africa Enterprise Development Fund for Fiscal Year Ended September 30, 2010		
0-000-11-086-T	4/1/11	Project Concern International, OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2010	2	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-089-T	4/25/11	OMB Circular A-133 Audit Report of the CHF International for Fiscal Year Ended September 30, 2008	8	QC
			8	UN
0-000-11-090-T	4/5/11	The Centre for Development and Population Activities, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009		
0-000-11-091-T	4/1/11	Desk Review of OMB Circular A-133 Audit Report for World Resources Institute for Fiscal Year Ended September 30, 2010		
0-000-11-092-T	4/18/11	Air Serv International, Inc. and Subsidiaries, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009	12	QC
0-000-11-093-T	5/24/11	EngenderHealth, Inc. OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010		
0-000-11-094-T	8/3/11	OMB Circular A-133 Audit Report of the East-West Management Institute, Inc. for the Year Ended December 31, 2008		
0-000-11-095-T	5/24/11	The Nature Conservancy (TNC), OMB Circular A-133 Audit Report of the Fiscal Year Ended June 30, 2010		
0-000-11-096-T	5/24/11	Desk Review of Family Health International OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2009		
0-000-11-097-T	5/24/11	OMB Circular A-133 Audit Report of The Nature Conservancy for Fiscal Year Ended June 30, 2009		
0-000-11-098-T	6/13/11	OMB Circular A-133 Audit Report of Education Development Center for Fiscal Year Ended September 30, 2010		
0-000-11-099-T	6/2/11	OMB Circular A-133 Audit Report of Family Health International for Fiscal Year Ended September 30, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-100-T	6/2/11	Africare, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009		
0-000-11-101-T	6/6/11	OMB Circular A-133 Audit Report of the Winrock International Institute for Agricultural Development for the Fiscal Year Ended December 31, 2009		
0-000-11-102-T	6/8/11	OMB Circular A-133 Audit Report of Management Sciences for Health, Inc. for Fiscal Year Ended June 30, 2009		
0-000-11-103-T	6/20/11	OMB Circular A-133 Audit Report of World Learning, Inc. for Fiscal Year Ended June 30, 2009		
0-000-11-104-T	6/8/11	OMB Circular A-133 Audit Report of ACDI/VOCA for Fiscal Year Ended December 31, 2009		
0-000-11-105-T	6/8/11	OMB Circular A-133 Audit Report of National Democratic Institute for International Affairs for Fiscal Year Ended September 30, 2009		
0-000-11-106-T	6/16/11	Helen Keller International, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010		
0-000-11-107-T	6/22/11	American University of Beirut, OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2009		
0-000-11-108-T	7/8/11	OMB Circular A-133 Audit Report of International Republican Institute for Fiscal Year Ended September 30, 2009		
0-000-11-109-T	6/23/11	Medical Teams International, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009	33	QC
0-000-11-110-T	7/5/11	Grassroot Soccer, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-111-T	7/5/11	Mercy Corps and Affiliates, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010		
0-000-11-112-T	7/5/11	Mucia, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009		
0-000-11-113-T	7/15/11	OMB Circular A-133 Audit Report of Christian Reformed World Relief Committee, Inc. for Fiscal Year Ended June 30, 2008	7	QC
0-000-11-114-T	7/14/11	OMB Circular A-133 Audit Report of World Relief Corporation of National Association of Evangelicals for Fiscal Year Ended September 30, 2008		
0-000-11-115-T	7/20/11	A-133 Audit Report of the Himalayan Cataract Project, Inc. for Fiscal Year Ended December 31, 2010		
0-000-11-116-T	7/21/11	OMB Circular A-133 Audit Report on American Council of Education for the Fiscal Year Ended September 30, 2010		
0-000-11-117-T	8/4/11	OMB Circular A-133 Audit Report of the Woodrow Wilson International Center for Scholars, Inc. for Fiscal Year Ended September 30, 2010		
0-000-11-118-T	8/17/11	OMB Circular A-133 Audit Report of Inter-American Dialogue for Fiscal Year Ended December 31, 2010		
0-000-11-119-T	8/29/11	OMB Circular A-133 Audit Report of International Relief and Development Holdings, Inc. and Affiliates, for the Fiscal Year Ended December 31, 2009		
0-000-11-120-T	9/1/11	Africare, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-121-T	9/8/11	Freedom House, Inc. and Affiliate, OMB Circular A-133 Audit Report for the Year Ended June 30, 2010		
0-000-11-122-T	9/16/11	CARE USA, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010	44	QC
0-000-11-123-T	9/12/11	Christian Mission Aid United States of America, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2010		
0-000-11-124-T	9/15/11	Save the Children Federation, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009		
0-000-11-125-T	9/16/11	The Population Council, Inc., OMB Circular A-133 Audit Report for the Fiscal Year Ended December 31, 2009		
4-936-11-044-R	5/26/11	Agreed-Upon Review Procedures of USAID Resources Managed by Management Sciences for Health in Malawi (MSH) under USAID Contract/Agreement Nos. GHS-I-03-07-00006-00, GHN-A-00-07-00002-00, GHS-A-00-05-00019-00, and GHA-I-00-04-00002-00 (Task order GHA-I-06-04-00002-00) for the period October 1, 2007, to November 30, 2008	9	QC
6-294-11-023-N	5/17/11	Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Awarded to International Foundations for Electoral Systems Under Cooperative Agreement Number 294-A-00-05-00202-00, Technical Assistance to the Central Election Commission of the Palestinian Authority and to the Elections Reform Support Group, for the Period From March 1, 2007, to June 30, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-026-N	5/30/11	Close-out Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by American Near East Refugee Aid, Cooperative Agreement Number 294-A-00-02-00229-00, Jobs Opportunities Through Basic Services, for the Period From August 30, 2005, to September 29, 2008		
6-294-11-027-N	5/30/11	Close-out Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by International Republican Institute, Cooperative Agreement Number 294-A-00-05-00215-00, Support for Democratic Legislative and Local Elections in West Bank and Gaza, for the Period From June 7, 2005, to February 28, 2007	1,021	QC
6-294-11-043-N	8/22/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Seeds of Peace Under USAID Cooperative Agreement Number 294-A-00-07-00211-00 to Cultivate an Environment of Tolerance, Dialogue and Civic Engagement in Palestinian and Israeli Schools and Youth Organizations Program, for the Period From September 28, 2007, to June 30, 2008		
6-294-11-044-N	9/8/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Mercy Corps Under Sub-Grant SC/TVET 002 with Save the Children Cooperative Agreement Number 294-A-00-07-00210-00, Technical and Vocational Education and Training Program, for the Period From October 1, 2007, to June 30, 2009		
6-294-11-053-N	9/25/11	Close-out Audit of the Locally Incurred Costs of USAID Resources Managed by CARE International, Under Cooperative Agreement Number 294-A-00-03-00225-00, Emergency Medical Assistance Program II, for the Period From October 1, 2004, to December 31, 2005		

Financial Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USADF and IAF

April 1–September 30, 2011

During the reporting period, neither the USADF nor the IAF had financial audits with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

Performance Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-521-11-003-P	4/19/11	Audit of USAID's Efforts to Provide Shelter in Haiti		
I-519-11-004-P	6/3/11	Audit of USAID/El Salvador's Maternal and Child Health Activities		
I-521-11-005-P	6/6/11	Audit of USAID/Haiti's Education Activities		
I-511-11-006-P	7/28/11	Audit of USAID/Bolivia's Integrated Food Security Program	143	QC
I-519-11-007-P	8/9/11	Audit of USAID/El Salvador's Education Activities	1,449 438	QC UN
I-514-11-008-P	8/29/11	Follow-up Audit of USAID/Colombia's Human Rights Program		
I-518-11-009-P	9/26/11	Audit of USAID/Ecuador's Environment Program		
4-621-11-007-P	4/29/11	Audit of USAID/Tanzania's Ongoing Activities Under the President's Malaria Initiative		
4-696-11-008-P	7/1/11	Audit of USAID/Rwanda's Agricultural Activities		
4-674-11-009-P	7/20/11	Audit of USAID/Southern Africa's HIV/AIDS Treatment Activities		
4-650-11-010-P	7/28/11	Audit of USAID/Sudan's Maternal and Child Health Activities		
4-673-11-011-P	8/15/11	Audit of USAID/Namibia's HIV/AIDS Care Program		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-687-11-012-P	9/22/11	Audit of USAID/Madagascar's Family Planning and Reproductive Health Activities	9	QC
5-440-11-007-P	5/27/11	Audit of USAID/Vietnam's Competitiveness Initiative Phase II		
5-388-11-008-P	7/21/11	Audit of USAID/Bangladesh's Integrated Protected Area Co-management Project		
5-440-11-009-P	7/27/11	Audit of USAID/Vietnam's Social Marketing Prevention and Supportive Services Program		
5-386-11-010-P	8/25/11	Audit of Phase III of USAID/India's Innovations in Family Planning Services Project	74	BU
6-263-11-007-P	6/9/11	Audit of USAID/Egypt's Communication for Healthy Living Program		
6-294-11-008-P	6/30/11	Audit of Selected USAID/West Bank and Gaza's Infrastructure Needs Program I: Selected Water Task Orders		
6-294-11-009-P	9/28/11	Audit of USAID/West Bank and Gaza's Palestinian Authority Capacity Enhancement Program		
7-669-11-007-P	6/6/11	Audit of USAID/Liberia's Energy Activities		
7-683-11-008-P	6/9/11	Audit of USAID's Food Assistance Under the Multiyear Assistance Program in Niger		
7-688-11-009-P	6/15/11	Audit of USAID/Mali's Malaria Activities		
7-675-11-010-P	9/8/11	Audit of USAID/Guinea's HIV/AIDS and Fistula Care Activities		
7-641-11-011-P	9/22/11	Audit of USAID/Ghana's Malaria Program		
9-000-11-002-P	7/21/11	Audit of Selected USAID Missions' Efforts to Mitigate Environmental Impact in Their Project Portfolios		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
E-267-11-002-P	5/16/11	Audit of USAID/Iraq's Agribusiness Program	23,050	QC
			23,050	UN
E-267-11-003-P	8/4/11	Audit of USAID/Iraq's Microfinance Activity Under Its Provincial Economic Growth Program		
F-306-11-003-P	6/19/11	Audit of USAID/Afghanistan's Support to The Electoral Process (STEP) and Support for Increased Electoral Participation In Afghanistan (IEP) Programs	6,350	QC
			1,400	UN
F-306-11-004-P	9/29/11	Audit of USAID/Afghanistan's On-budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Services Program		
G-391-11-004-P	5/6/11	Audit of USAID/Pakistan's Management of the Preward Assessments		
G-391-11-005-P	6/20/11	Audit of USAID/Pakistan's Road Rehabilitation and Reconstruction Activities under the Quick Impact Projects in South Waziristan		
G-391-11-006-P	8/29/11	Audit of USAID/Pakistan's Community Rehabilitation Infrastructure		

Performance Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USADF and IAF

April 1–September 30, 2011

During the reporting period, neither USADF nor the IAF had performance audits with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
Quality Control Reviews				
0-000-11-001-Q	5/9/11	Quality Control Review of OMB Circular A-133 Audit Report of Catholic Relief Services for Fiscal Year Ended September 30, 2009		
1-512-11-001-Q	9/13/11	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audits Conducted by Ernst & Young Terco of the USAID Cooperative Agreement No. RLA-A-00-06-00065-00, FORTIS Consortium “Programa Fortalecimento Institucional no Sul do Amazonas” Managed by Instituto Internacional de Educação do Brasil (IEB) for the Periods from October 1, 2007, to September 30, 2008, and October 1, 2008, to September 30, 2009		
4-621-11-010-Q	5/4/11	Quality Control Review of USAID Resources Managed by the Primary Health Care Institute-Iringa under Strategic Objective Grant Agreement No. 621-0011.01, Implementation Letter Nos. 2, 6, 10, 15 and 19 for the period July 1, 2006, to June 30, 2009		
4-936-11-011-Q	5/26/11	Quality Control Review for the Audit of USAID Resources Managed by the Luapula Foundation under Agreement No. GHH-A-00-07-00021-00 for the year ended September 30, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-621-11-012-Q	5/26/11	Quality Control Review of the Audit of USAID Resources Managed by the Ministry of Health and Social Welfare – Centre for Educational Development in Health Arusha (CEDHA) under Strategic Objective Grant Agreement No. 621-0011.01, Implementation Letter Nos. 11, 16 and 20, for the period July 1, 2008, to June 30, 2009		
4-936-11-013-Q	5/26/11	Quality Control Review of Agreed Upon Review Procedures Report of USAID Resources Managed by Management Sciences for Health in Malawi under USAID Contract/Agreement Nos. GHS-I-03-07-00006-00, GHN-A-00-07-00002-00, GHS-A-00-05-00019-00 and GHA-I-00-04-00002-00 (task order No. GHA-I-06-04-00002-00) for the period October 1, 2007, to November 30, 2008		
6-278-11-001-Q	9/27/11	Quality Control Review of PricewaterhouseCoopers, Jordan, Audit of Al-Nasher Technical Services Company, Jordan Communication and Outreach Campaign, USAID Grant Number 278-C-00-06-00331-00, for the Period From October 12, 2006, to January 12, 2008		
6-278-11-002-Q	9/28/11	Quality Control Review of Talal Abu-Ghazaleh & Co. International, Jordan, Close-out Audit of Business Development Center, Tatweer Program, USAID Cooperative Agreement Number 278-A-00-06-00311-00, for the Period December 1, 2008, to February 28, 2010		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
G-391-11-001-Q	4/8/11	Quality Control Review of the Audit Report and Audit Documentation for Financial Audits Conducted by Khalid Majid Rahman Sarfraz Rahim Iqbal Rafiq of the "Interactive Teaching & Learning Project," Managed by Children's Global Network Pakistan Limited, under USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00 for the Period from July 1, 2008, to February 26, 2010		
G-391-11-002-Q	5/10/11	Quality Control Review of the Audit Report and Audit Documentation for Financial Audit Conducted by Nasir Javaid Maqsood Imran, of Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by Competitiveness Support Fund (CSF), for the Period from July 1, 2009, to June 30, 2010		
G-391-11-003-Q	6/23/11	Quality Control Review of the Audit Report and Audit Documentation for Financial Audit Conducted by A.F. Ferguson, of the Forman Christian College, USAID/Pakistan Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College (FCC), for the Period from July 1, 2009, to March 31, 2010		
Other				
1-521-11-002-S	9/23/11	Review of the Pan American Development Foundation's Management Controls	61	QC
			60	UN
2-000-11-003-S	6/8/11	Review of Selected Controls Over the Removal of Classified Electronic Material		
2-000-11-004-S	6/15/11	Review of the Information and Records Division's Implementation of Agency Records Management Program		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
2-000-11-005-S	6/22/11	Survey of USAID Negative Unliquidated Obligation Balances in the Financial Management System		
F-306-11-004-S	6/9/11	Review of USAID/Afghanistan's Portion of the Embassy Air Program	525	QC
			525	UN
F-306-11-005-S	8/31/11	Review of USAID/Afghanistan's Afghan Civilian Assistance Program	8,379	QC

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USADF and IAF

April 1–September 30, 2011

During the reporting period, neither USADF nor IAF had miscellaneous reports with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

Statistical Table of Reports With Questioned and Unsupported Costs

USAID

April 1–September 30, 2011

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs ¹ (\$)
A. For which no management decision had been made as of April 1, 2011	52	28,876,318 ^{2,3}	22,878,886 ^{2,3}
B. Add: Reports issued April 1–September 30, 2011	99	61,639,363 ⁴	28,302,388 ⁴
Subtotal	151	90,515,681	51,181,274
C. Less: Reports with a management decision made April 1–September 30, 2011	98 ⁵	41,399,216 ⁶	24,952,740 ⁶
Value of recommendations disallowed by Agency officials		5,676,246	2,257,340
Value of recommendations allowed by Agency officials		35,722,970	22,695,400
D. For which no management decision had been made as of September 30, 2011	59	49,116,465 ⁷	26,228,534 ⁷

¹Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

²The ending balances on March 31, 2011, for questioned costs totaling \$28,651,332 and for unsupported costs totaling \$22,707,242 were increased by \$224,986 and \$171,644, respectively, to reflect adjustments in recommendations from prior periods.

³Amounts include \$0 in questioned costs and \$0 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁴Amounts include \$6,630,735 in questioned costs and \$268,578 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁵Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here may be counted again in the figure below it because some reports have multiple recommendations and fall into both categories.

⁶Amounts include \$0 in questioned costs and \$0 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁷Amounts reflect \$6,630,737 in questioned costs and \$268,578 in unsupported costs for audits performed for OIG by other federal audit agencies.

**Statistical Table of Reports With
Questioned and Unsupported Costs
USADF and IAF
April 1–September 30, 2011**

During the reporting period, neither USADF nor IAF had reports with questioned or unsupported costs.

Statistical Table of Reports With Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2011

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Value (\$)</i>
A. For which no management decision had been made as of April 1, 2011	0	0
B. Add: Reports issued April 1–September 30, 2011	2	1,473,860
Subtotal	2	1,473,860
C. Less: Reports with a management decision made April 1–September 30, 2011	2	1,473,860
Value of recommendations agreed to by Agency officials		1,473,860
Value of recommendations not agreed to by Agency officials		0
D. For which no management decision had been made as of September 30, 2011	0	0

**Reports With Recommendations That
Funds Be Put to Better Use**

USADF and IAF

April 1, 2011–September 30, 2011

During the reporting period, neither USADF nor IAF had reports with recommendations that funds be put to better use.

Reports Over 6 Months Old With No Management Decision

USAID

April 1–September 30, 2011

Report Number	Auditee	Issue Date	Status
9-000-08-001-P	USAID's Office of Security	11/6/07	<p>Recommendation 5. Under 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 was intended to be used to conduct screening to ensure that USAID funds and USAID-funded activities are not used to provide support to entities or individuals deemed to be a risk to national security. On November 6, 2007, OIG made a recommendation to USAID's Office of Security to develop a plan to expand and then implement its antiterrorism vetting database for worldwide use. The fiscal year 2010 appropriations bill prohibits the use of funds to implement PVS on a worldwide basis, but it also provides that funds may be used for a PVS pilot program, which is to apply equally to the programs and activities of the Department of State and USAID. USAID's Office of Management Policy, Budget, and Performance (M/MPBP) is leading the PVS pilot effort, which is a joint endeavor with the Department of State. MPBP, the Office of Security, the Office of General Counsel, the Office of Acquisition and Assistance, and the Office Legislative and Public Affairs are part of USAID's team that will implement the early stages of the pilot effort during the first quarter of fiscal year 2012. USAID will continue to address necessary actions such as database development, administrative and regulatory actions, and preparation of training materials during the implementation of the pilot phase. The pilot is expected to run for 1 year, after which a decision will be made as to whether it is appropriate to implement PVS more broadly.</p>

**Reports Over 6 Months Old With No
Management Decision**

USADF and IAF

April 1–September 30, 2011

During the reporting period, neither USADF nor IAF had reports over 6 months old with no management decision.

Significant Revisions of Management Decisions

USAID, USADF and IAF

April 1–September 30, 2011

Section 5(a) (11) of the Inspector General Act requires a description and explanation of the reasons for any significant revised management decision during the reporting period. USAID/Iraq made a significant revision to a previous management decisions.

Audit of 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 of October 1, 2007, Through September 30, 2008.

In November 2010, OIG issued a report of a DCAA audit of a cooperative agreement awarded to IRD. The purpose of the cooperative agreement was to provide support in Iraq for the Community Stabilization Program. DCAA questioned \$40,043,000 of the \$314,760,000 of costs incurred and billed by IRD for the period of October 1, 2007, through September 30, 2008. The report recommended that USAID/Iraq's Office of Acquisition and Assistance determine the allowability and collect \$40,043,000 as appropriate.

- In February, 2011, USAID made a management decision based on an agreement officer's determination that \$39,900,000 of the \$40,043,000 was unallowable. OIG agreed with the management decision.
- In May 2011, USAID issued its first revised management decision determining that \$39,891,000 was unallowable.
- In June 2011, USAID/Iraq and the Washington Office of Acquisition and Assistance and IRD further discussed the questioned costs. As a result of a review by a senior USAID acquisition and assistance specialist, USAID issued its second revised management decision, which determined that \$2,575,000 was unallowable. The mission issued a bill of collection for this amount to IRD on September 5 with a target date for collection in October 2011. OIG agreed that a second revised management decision has been reached.

**Management Decisions With Which the
Inspector General Disagrees
USAID, USADF, and IAF
April 1–September 30, 2011**

The Inspector General Act of 1978, as amended, requires semiannual reports to include information concerning any significant management decisions with which the inspector general disagrees.

During this reporting period, the Inspector General did not disagree with any significant management decision.

**Noncompliance with the Federal Financial
Management Improvement Act of 1996
USAID, USADF, and IAF
April 1–September 30, 2011**

Section 5(a)(13) of the Inspector General Act requires semiannual reports to include an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act of 1996 (FFMIA, Public Law 104-208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

USAID had no instances of noncompliance to report during this reporting period.

Significant Findings From Contract Audit Reports

USAID

April 1–September 30, 2011

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, Section 845) requires inspectors general to submit information on contract audit reports²⁸ that contain significant audit findings in semiannual reports to the Congress.

The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that the Inspector General determines to be significant. During this reporting period, OIG conducted an audit of USAID’s agribusiness program in Iraq, which resulted in recommendations involving \$ 23 million in questioned costs.

²⁸ Includes grants and cooperative agreements.

Peer Reviews

USAID, USADF, IAF, and MCC

April 1–September 30, 2011

The Dodd–Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) requires federal inspectors general to report on results of peer reviews in their semiannual reports.

Results of any peer reviews conducted on USAID OIG during the reporting period.

Audit: No peer reviews were conducted during this period.

Investigations: In April 2011, the Office of Investigations underwent a peer review conducted by the Corporation for National and Community Service Office of Inspector General. The office was found to be in compliance with the quality standards established by the Council of Inspectors General on Integrity and Efficiency.

Date of the last peer review conducted on USAID OIG, if a review was not conducted during the last reporting period.

Audit: September 2009

List of outstanding recommendations for any peer review conducted on USAID OIG that have not been fully implemented.

Audit: None

Investigations: None

List of peer reviews conducted by USAID OIG during the reporting period, including a list of any outstanding recommendations from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented.

Audit: None

Investigations: None

OFFICE OF INSPECTOR GENERAL

**SEMIANNUAL REPORT
TO THE CONGRESS**

MILLENNIUM CHALLENGE CORPORATION

April 1–September 30, 2011

Introduction

Established in 2004 by the Millennium Challenge Act of 2003,²⁹ the Millennium Challenge Corporation (MCC) is a U.S. Government corporation that works to reduce poverty and stimulate economic growth in some of the poorest countries in the world. When a country meets the performance standards of MCC's 17 policy indicators, it may become eligible to receive a compact—the chief grant instrument between MCC and the country to fund specific programs.

MCC has a binding commitment under international law once it signs a compact. Compact countries 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.” Entry into force is the point at which MCC's commitment becomes unconditional and compact funds are obligated. Each compact country identifies an entity or organization that will manage the compact funds and oversee compact implementation. Such entities are usually called Millennium Challenge accounts (MCAs).

During this period, OIG has provided audit oversight for MCC's financial and performance accountability. Financial audits of U.S. taxpayer monies granted to compact countries are an important component of OIG's audit activities. With the assistance of independent audit firms, OIG issued 12 audit reports covering approximately \$490.7 million expended by compact countries. The audits identified questioned costs of about \$3.3 million.

In addition, in response to a congressional request, OIG carried out reviews of MCC-funded contracts with government-owned enterprises (GOEs) in Ghana, Mali, Namibia, and Tanzania. The reviews addressed (1) worker health and safety, (2) environmental protection, (3) construction quality, and (4) sound labor practices. OIG made 11 recommendations to improve MCC's operations in Ghana and Namibia and 4 recommendations to improve project implementation in Tanzania and Mali.

OIG's reviews also assessed whether the host government entities overseeing the projects adhered to MCC's procurement guidelines when awarding the contracts to the GOEs, and OIG did not find any evidence to the contrary.

However, after the procurements, MCC determined that the GOEs had often competed

²⁹ Title VI of the Consolidated Appropriations Act, 2004 (Public Law 108-199).

for the contracts with some form of support from their home government. As a result, MCC amended its procurement guidelines to exclude GOEs from competing for MCC-funded contracts.

OIG conducted several information technology-related audits of MCC. The audits dealt with MCC's governance over its information technology investments and controls over personal digital assistants (e.g., Blackberries). As a result of the audits, OIG made 27 recommendations to strengthen MCC's governance of information technology projects and its controls over personal data assistants.

Lastly, OIG conducted a performance audit of two MCC-funded programs in El Salvador to determine whether they were achieving their goals, one to integrate the country's Northern Zone with national and regional highway systems and the other to train Northern Zone farmers to transition them to high-profit activities. OIG concluded that the MCC-funded connectivity project will not achieve its project activity goals of integrating the Northern Zone with the national and regional highway systems because the funding provided by the compact was insufficient.

Further, the OIG found that, although technical assistance and training were being provided to farmers, auditors were unable to determine whether the training would provide farmers

sufficient skills and knowledge to transition them to other activities. The audit report included four recommendations to strengthen MCC's process for managing El Salvador's compact program.

MCC has made several improvements in its operations during this reporting period. In particular, as the result of an OIG review of Ghana's Agricultural Program, MCC agreed to transfer \$1.8 million that had been sitting idle in a non-interest-bearing bank account to an account that could be used for immediate compact activities. Further, it reprogrammed \$8.8 million from the program to put the funds to better use.

MCC has also improved its Privacy Program. In a July 2010 audit report,³⁰ OIG reported that MCC had not implemented key components of a privacy program for its information technology systems and was at risk of violating privacy requirements. To correct the extensive weaknesses, OIG made 18 recommendations. Over the past year, MCC reported that final corrective action has been taken for each of the 18 recommendations and that MCC now has a privacy program in place.

³⁰ *Audit of the Millennium Challenge Corporation's Implementation of Key Components of a Privacy Program for Its Information Technology Systems* (Audit Report No. M-000-10-003-P; July 9, 2010).

Significant Findings

Economic Growth and Prosperity

Economic Security

Limited Scope Review of the Millennium Challenge Corporation Resources Managed by Millennium Challenge Account-Mongolia Under the Compact Agreement Between MCC and the Government of the Republic of Mongolia (Report No. M-000-11-009-S). In October 2007, the Millennium Challenge Corporation (MCC) signed a 5-year, \$285 million compact with the Government of Mongolia designed to reduce poverty and promote sustainable economic growth through investments.

OIG's review concluded that several issues could impact MCA-Mongolia's ability to successfully complete all of its projects by the end of the compact. The most important issue relates to the termination of a \$188 million rail project and its subsequent restructuring into a roads project that have resulted in some unavoidable delays in implementing a significant portion of the compact.

The review also found that procurement requisition forms were not prepared for two of three procurements reviewed and that international travel and related costs were not being reviewed in detail. Overall, the report

contained seven recommendations to improve the likelihood that the compact will be completed by its end date and to improve internal controls related to procurement and travel. Management decisions were reached on two recommendations, with final action taken on five.

Audit of Millennium Challenge Corporation-Funded Programs in El Salvador (Report No. [M-000-11-005-P](#)).

In November 2006, the Millennium Challenge Corporation signed a 5-year, \$460.9 million compact with the Government of El Salvador to implement two projects intended to advance economic growth and reduce poverty in the Northern Zone of El Salvador: (1) Improving the Northern Transnational Highway and network of connecting roads and (2) providing training to transition farmers to high-profit activities.

OIG found that, although the road projects intended to physically integrate the Northern Zone with the rest of the country and within the region, funding provided by the compact was insufficient. Consequently, the \$86.5 million network of connecting roads was canceled and its budget reallocated to the Northern Transnational Highway project. With respect to the technical assistance and training being provided to farmers, OIG was unable to determine whether the training would provide sufficient skills and

knowledge to transition the farmers to other activities.

OIG made four recommendations to strengthen MCC's project cost estimates and monitoring and evaluation. Management decisions have been reached on each of the four recommendations.

Management Capabilities

Information Technology

Survey of the Millennium Challenge Corporation's Implementation of Selected Controls Over Personal Digital Assistants (Two Reports—Report No. M-000-11-007-S and Supplemental Report

No. M-000-11-007-S). OIG initiated this survey to determine whether MCC has implemented selected controls over its personal digital assistants (PDAs), such as appropriate approvals for staff to receive them, reviews of charges and collections for unauthorized use, and security procedures.

OIG found that MCC was being reimbursed for unauthorized charges when they were reported; had security, issuance, and use policies in place; and had configured its server to enforce selected security functions. However, OIG found that MCC needed to institute procedures for reviewing PDA bills and consistently document approvals and justifications. OIG made six recommendations to strengthen MCC's controls

over its PDAs. Management decisions have been reached on each of the six recommendations.

Risk Assessment of the Millennium Challenge Corporation's Information Technology Governance Over Its Information Technology Investments (Report No. [M-000-11-001-O](#)). OIG

contracted with an independent certified public accounting firm to conduct a risk assessment of selected MCC information technology (IT) governance processes.

The firm found that some processes were standardized and under constant improvement, while others relied heavily on the knowledge of individuals and needed to be standardized. Weaknesses in MCC's IT governance processes may increase IT project costs, lengthen deployment, and deliver solutions that do not satisfy business needs. To address the weaknesses, the report included 23 recommendations. Management decisions have been reached on all 23 recommendations.

Financial Management

Management Letter on Millennium Challenge Corporation-Funded Programs in Mali (Report No. M-000-11-002-S). OIG

issued a management letter identifying several reportable issues related to MCA-Mali's Niono to Goma-Courra road project.

The issues included a major contractor's poor performance and a \$1.3 million advance guarantee funded by the contractor and held by MCA-Mali. OIG made four recommendations to address these issues, including that the \$1.3 million be put to better use and that a program be established to identify contractors with known performance problems. Management decisions were reached on four recommendations, with final action taken on three.

Limited Scope Review of the Millennium Challenge Corporation Resources Managed by the Millennium Development Authority (MiDA) Under the Compact Agreement Between the MCC and the Government of Ghana (Report No. M-000-11-011-S). In August 2006, MCC and the Government of Ghana signed a 5-year compact that totaled approximately \$547 million. The compact aims to reduce poverty by raising farmer incomes through private sector-led and agribusiness development. The objectives of OIG's review were to determine the status of several compact projects and whether there were any weaknesses in the internal controls related to the procurement process.

The review concluded the Agricultural Credit Program (ACP) had not met expectations and that MCC should reevaluate the planned uses of the ACP's funds and put them to better use. The review also found that funding totaling \$1.8 million had been held in a non-interest-

bearing bank account and was unused for several years. The report included ten recommendations to address (1) putting funds to better use, (2) improving the likelihood that the compact will be completed by its end date, and (3) auditing a grant.

OIG's review led to a recommendation that \$8.8 million in funds be put to better use.

In response to OIG's report, MCC stated that \$8.8 million in ACP funds had been put to better use and that it agreed to transfer the \$1.8 million in idle funds to a permitted bank account so it could be used for immediate compact activities. Overall, management decisions were reached on each of the ten recommendations, with final action taken on nine.

Fund Accountability Statements

OIG is responsible for reviewing and issuing semiannual fund accountability statement audits for each accountable entity that is awarded a compact. The audits are conducted by independent public auditors as required by compact agreements.

Under the terms of MCC compacts, funds expended by a recipient country must be audited

at least annually, but they are usually audited twice a year. The recipient establishes an 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 selected audit firm 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 agreement for the period being audited.

In addition, the audit firm is required to employ generally accepted government auditing standards in performing the audits. All audit reports are reviewed, approved, and issued by OIG. During this reporting period, OIG issued 36 recommendations for the 12 fund accountability statement audits conducted.

Armenia (Report No. M-000-11-024-N). The independent audit of MCA-Armenia covered incurred costs totaling approximately \$29 million for the period of July 1 to December 31, 2010. The 5-year, \$235.6 million compact with the Government of the Republic of Armenia intends to reduce rural poverty to achieve a sustainable increase in the economic performance of the agricultural sector in Armenia.

Independent auditors reported that, except for the unsupported questioned costs of \$1,808,503, the MCA-Armenia fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited.

In addition to the questioned costs, the auditors noted noncompliance issues related to (1) approval of petty cash, (2) approval of employee timesheets, and (3) contractor eligibility verification. The auditors found no material weaknesses in internal controls.

Benin (Report No. M-000-11-027-N). The independent audit of MCA-Benin covered incurred costs totaling approximately \$44.2 million for the period July 1, 2010, to December 31, 2010. The \$307 million compact with the Government of the Republic of Benin funds training for farmers in the production and marketing of high-value horticultural crops, expands farmer access to credit through technical assistance to financial institutions and loans, constructs and rehabilitates feeder roads, and strengthens the institutional environment for businesses and investment by improving the ability of the judicial system to resolve claims.

The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. However, they did identify two material instances of

noncompliance: (1) nontimely review and approval of the fiscal accountability plan (FAP), and (2) noncompliance with the FAP requirements relating to the accounting of travel advances.

Georgia—Two Audits

(Report No. M-000-11-023-N). The independent audit of MCG-Georgia³¹ covered incurred costs of approximately \$37.2 million for the period of January 1 to June 30, 2010. The 5-year, \$295.3 million compact with the Government of Georgia includes projects that focus on rehabilitating regional infrastructure and enterprise development to improve the lives of the poor by (1) helping them integrate economically through improved access to jobs and markets, (2) providing more reliable access to basic services, and (3) providing capital and technical assistance for the enterprise development.

In November 2008, the Government of Georgia received supplemental funding of \$100 million from MCC to finance increased activities of the Regional Infrastructure Rehabilitation Project and related program administration and control costs.

Except for the questioned unsupported or ineligible costs of \$63,465, the MCG-Georgia

³¹ Millennium Challenge Georgia Fund, the Georgian entity designated by the Georgian government to implement the programs funded by the compact.

fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursement, and commodities and technical assistance directly procured by the Millennium Challenge Corporation. Deficiencies were noted in internal controls and compliance with laws and regulations.

(Report No. M-000-11-026-N)

The independent audit of MCG-Georgia covered incurred costs totaling \$96 million for the period July 1, 2010, to December 31, 2010. The auditors reported that, except for unsupported questioned costs of \$514,865, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The unsupported costs related to interim payment applications for performed civil works of \$514,865.

The independent auditors reported two material weaknesses in the internal controls:

(1) documentation of civil works, under Samtkhe-Jakheti Road Rehabilitation Project, and (2) cost-sharing contributions of ADA grantees. They also noted one significant deficiency in internal control that related to the substantiation of staff training expenses.

Honduras (Report No. M-000-11-022-N).

The independent audit of MCA-Honduras covered incurred costs totaling nearly \$72.8 million for the final close-out audit period of January 1, 2010, to January 27, 2011. The 5-

year, \$215 million compact with the Government of the Republic of Honduras, signed in June 2005, intended to reduce poverty by alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs. However, in October 2009, because of actions by the Government of the Republic of Honduras that were inconsistent with MCC's eligibility criteria, MCC reduced the budget of MCA-Honduras by \$10 million.

Auditors reported that the fund accountability statement presented fairly, in all material respects, the program's revenues and costs incurred and reimbursed for the period audited.

Mali (No. M-000-11-021-N). The independent audit of MCA-Mali covered incurred costs totaling \$102 million for the period July 1 through December 31, 2010. In November 2006, MCC signed a 5-year, \$460.8 million compact with the Government of the Republic of Mali. The compact was intended to reduce poverty by alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs.

The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period audited. The results of the audit

did not disclose any instances of noncompliance that are required to be reported under U.S. Government auditing standards.

However, independent auditors identified the need for MCA-Mali to comply with the Government of the Republic of Mali's social regulations. These regulations require that fringe benefits be included in the base calculation of Mali's social security contributions and salary taxes. The auditors also identified a significant deficiency in the internal control structure involving the management of fixed assets.

Morocco (No. M-000-11-020-N). The MCA-Morocco audit covered incurred costs of \$31.4 million for the period of January 1 to June 30, 2010. The \$697.5 million compact is intended to reduce poverty and stimulate economic growth through investments in fruit tree productivity, small-scale fisheries, and artisan crafts. In addition, the compact supports small business creation and economic growth through investments in financial services and enterprise support.

Auditors reported that, except for unsupported and ineligible questioned costs of \$48,889, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The questioned costs included \$43,555 in per diem and \$5,334 in insurance taxes. Independent auditors also reported multiple significant

deficiencies involving internal controls and operations but no instance of material noncompliance that is required to be reported under U.S. Government auditing standards.

Mozambique (Report No. M-000-11-017-N). The independent audit of MCA-Mozambique covered incurred costs totaling nearly \$8.2 million from July 1 to December 31, 2009. In July 2007, MCC signed a 5-year, \$506.9 million compact with the Government of the Republic of Mozambique to increase the productive capacity of the population in the Northern districts, with the intended impact of reducing the poverty rate, increasing household income, and reducing chronic malnutrition in the targeted districts.

Auditors reported that, except for the questioned unsupported costs of \$683,627, the MCA-Mozambique fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursement, and commodities and technical assistance procured directly by MCC for the period audited. Deficiencies were noted in internal controls and compliance with laws and regulations.

Namibia (Report No. M-000-11-025-N). The independent audit of MCA-Namibia covered incurred costs totaling \$15.0 million for the period July 1, 2010–December 31, 2010. On July 28, 2008, MCC signed a 5-year, \$304.5 million compact with the Government of the

Republic of Namibia. The compact was intended to increase the competence of the Namibian workforce and increase the productivity of agricultural and nonagricultural enterprise in the rural areas.

The auditors concluded that MCA-Namibia's fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursement, commodities, and technical assistance procured directly by MCC for the period audited except for a noncompliance weakness related to the payment of value-added taxes on claimed expenses.

Nicaragua (Report No. M-000-11-016-N). The MCA-Nicaragua audit covered incurred costs of \$35.9 million for the period July 1, 2009, to June 30, 2010. The \$113.5 million compact funds are intended to advance Nicaragua's progress toward economic growth and poverty reduction, particularly by increasing income and reducing poverty in Leon-Chinandega.

Independent auditors found many instances of noncompliance with compact requirements. Except for the effect of questioned costs, the fund accountability statement presented fairly, in all material respects, funds received from MCC, and program costs incurred and reimbursed. The questioned costs related to (1) ineligible costs of \$23,431 related to various items (e.g., circumvented petty cash payments, deliveries of farm motors with poor quality, missing plants

and tools), and (2) unsupported costs of \$164,925.

Unsupported costs related to disbursements with missing documentation, petty cash payments made to temporary employees, payment vouchers missing proper authorization, and payments made with inadequate documentation.

Independent auditors also reported multiple material weaknesses and significant deficiencies involving internal control and its operation: Annulled checks recorded as expenses, disbursements used for activities not related to the program, a check cashed by a person not related to the program, lack of reconciliation between costs invoiced and refunded by MCC, disbursements lacking required supporting documentation, and payment vouchers that did not show the preparation, revision, authorization, and goods receipt signatures.

In addition, auditors identified multiple material instances of noncompliance. Contribution agreements were signed by an officer other than the one identified in the text, interest earned by bank accounts is not quarterly refunded to MCC, and a difference exists between the budget established by MCC and the one reflected in the fund accountability statement. Moreover, procured plants were not fully delivered to the recipients, and some recipient producers have not received needed equipment.

Vanuatu—Two Audits

(Report No. M-000-11-018-N)

The independent audit of MCA–Vanuatu covered incurred costs of \$10.4 million between January 1 and June 30, 2010. In March 2006, MCC signed a 5-year, \$65.7 million compact with the Government of Vanuatu to reduce poverty and increase incomes in rural areas by stimulating economic activity in the tourism and agricultural sectors through the improvement of transport infrastructure.

Auditors reported that, except for ineligible questioned costs of \$743, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited. The ineligible costs pertained to a \$743 bonus that was not in compliance with MCC cost principles.

The auditors also reported instances of material noncompliance: (1) only four out of the six required Steering Committee meetings took place and (2) no Steering Committee minutes were posted to MCA Vanuatu’s Web site.

(Report No. M-000-11-019-N)

The MCA–Vanuatu audit covered incurred costs of nearly \$8.3 million between July 1 and December 31, 2010.

Auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred

and reimbursed, and commodities and technical assistance directly procured by MCC. However, the auditors did report a material instance of noncompliance pertaining to the untimely posting of Steering Committee monthly minutes.

Quality–Control Review—Mongolia

(Report No. M-000-11-002-Q). During this reporting period, OIG conducted a quality control review of work performed by the audit firm that conducted semiannual audits of compact funds in Mongolia. OIG 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.

Quality–Control Review—Mozambique

(Report No. M-000-11-003-Q). During this reporting period, OIG conducted a quality control review of work performed by the audit firm that conducted semiannual audits of compact funds in Mozambique.

In this review, OIG found that the audit firm lacked a general knowledge and understanding of continued professional educational requirements as specified by the U. S. Government auditing standards and that it had not demonstrated the application of sound professional judgment in establishing the reasonableness of claimed expenses. OIG also determined that the auditors had not provided management–approved

documentation regarding the reassessment of control and material risk determinations in the working papers nor included specific testing procedures to ensure compliance with requirements. To address these issues, OIG made three audit recommendations.

General Management Capability

OIG received a congressional request to review Chinese Government–owned enterprises that received contracts for MCC–funded programs. The request specified an interest in the extent to which Chinese GOEs adhere to health and safety, environmental, quality construction, and labor policies, and whether procurement processes were open, fair, and competitive. OIG performed reviews of awards to Chinese government–owned enterprises in Ghana, Mali, Namibia, and Tanzania.

Review of Millennium Challenge

Corporation-Funded Contracts with Government-Owned Enterprises in

Ghana (Report No. [M-000-11-003-S](#)).

The review found that two government–owned enterprises, China Railway and Arab Contractors, did not always adhere to their health and safety plans, environmental management plans, or sound labor practices when implementing MCC compact projects. In addition, the firms did not appear to be complying with the Ghana Labour Act as it relates to health and safety requirements.

However, OIG found no instances in which China Railway and Arab Contractors did not adhere to quality of construction requirements with the Millennium Development Authority (MiDA). In addition, OIG found no instances of MiDA's noncompliance with MCC's program procurement guidelines when selecting these GOEs to implement compact projects.

OIG made three recommendations to address the above issues. Management decisions were reached on each of the three recommendations.

Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Mali

(Report No. [M-000-11-004-S](#)). The review found that Sinohydro, a Chinese Government-owned enterprise with two MCC-funded contracts in Mali, generally adhered to a health and safety plan but that it could take several actions to improve worker health and safety. For example, Sinohydro needed to conduct regular vehicle inspections, better document employee training, and add or replace equipment, particularly respiratory masks and gloves.

The review team did not identify any noncompliance with the environmental management plan or problems with the quality of Sinohydro's construction. Moreover, nothing came to the review team's attention that would indicate unsound labor practices by Sinohydro or Millennium Challenge Account-Mali's

noncompliance with MCC's program procurement guidelines when selecting Sinohydro to implement compact projects.

OIG made three recommendations to improve worker health and safety. Management decisions were reached on three recommendations, with final action taken on one.

Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Namibia (Review Report No. [M-000-11-005-S](#)).

The review found that China Jiangsu, a Chinese government-owned enterprise, did not always meet the requirements for construction quality, worker health and safety, environmental protection, and sound labor practices. OIG observed drainage problems in new school buildings, apparent code violations, and poor workmanship during its review.

Also, China Jiangsu International did not comply with requirements for worker protective gear and for minimum wage and overtime.

Further, OIG found that China Jiangsu International did not keep complete and accurate payroll records as required by the contract. OIG found no instances in which Millennium Challenge Account-Namibia failed to comply with MCC's program procurement guidelines when selecting the GOE to implement the compact project.



Floods and drainage problems at the Olukolo School in Namibia (photos by OIG).



Floods and drainage problems at the Ondjora School in Namibia (photos by OIG).

OIG made eight recommendations to address the findings in the report. Management decisions have been reached on each of the eight recommendations.

Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Tanzania (Report No. [M-000-11-006-S](#)).

During the early stages of the contract, OIG found that Sinohydro's adherence to the contract's quality standards was not always satisfactory; however, Sinohydro's performance had improved, and OIG's review did not find any instances in which Sinohydro currently failed to meet the construction standards.

OIG found no examples of Sinohydro's noncompliance with MCC's environmental protection policies or procedures.³² OIG's review found no instance in which MCA-Tanzania failed to adhere to MCC's program procurement guidelines when selecting the three reviewed GOEs to implement compact projects.

Although Sinohydro's compliance had improved, OIG made one recommendation on the source and quality of material (bitumen) used in road construction and on the construction work plan to help ensure the project's timely completion. A management decision was reached on the recommendation.

³² As part of a separate audit, OIG found that Sinohydro did not always fully comply with MCC's policies and procedures regarding health and safety and local labor laws. MCC and Millennium Challenge Account-Tanzania officials stated that Sinohydro had improved its compliance onsite since the previous audit.

Significant Recommendations Described Previously Without Final Action

MCC

April 1–September 30, 2011

Section 5(a)(3) of the Inspector General Act of 1978 requires semiannual reports to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
M-000-09-003-P	Audit of the Millennium Challenge Corporation's Management of the Threshold Program	4/29/09	3 5	- 4/07/09	- 10/14/11
M-000-09-007-P	Audit of the Millennium Challenge Corporation's Regional Infrastructure Rehabilitation Project In Georgia	9/30/09	2	6/10/10	10/04/11
M-000-09-005-P	Audit of Agricultural Credit Program in Ghana	9/30/09	1 2 4 5	9/30/09 9/30/09 9/30/09 9/30/09	11/06/11 11/06/11 11/06/11 11/06/11
M-000-10-001-P	Audit of the Millennium Challenge Corporation's Access to Markets Project in Benin	3/31/10	5	06/08/10	11/06/11
M-000-10-002-P	Review of the Termination of the Millennium Challenge Corporation Compact with Madagascar	3/31/10	3	06/08/10	11/06/11

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
M-000-10-002-C	Management Letter: Audit of the Millennium Challenge Corporation's Financial Statements for the Period Ending September 30, 2009 and 2008	3/31/10	1	3/31/10	10/31/11
			2	3/31/10	10/31/11
			9	3/31/10	10/31/11
			11	3/31/10	10/31/11
			12	3/31/10	10/31/11
			13	3/31/10	10/31/11
			14	3/31/10	10/31/11
M-000-10-005-P	Audit of the Millennium Challenge Corporation's Transport Infrastructure Project in Vanuatu	9/30/10	1	9/23/10	10/04/11
			3	9/28/10	10/04/11
			7	9/28/10	10/04/11
M-000-10-006-P	Audit of the Millennium Challenge Corporation's Programs in Burkina Faso	9/30/10	1	9/23/10	10/04/11
			2	9/23/10	10/04/11
			3	9/23/10	10/04/11

**Investigative Activities Including Matters
Referred to Prosecutive Authorities**

MCC

April 1–September 30, 2011

Investigative activities for MCC are incorporated into the totals appearing on page 58.

**Incidents in Which OIG Was Refused
Assistance or Information**

MCC

April 1–September 30, 2011

Section 6(b)(2) of the Inspector General Act of 1978 requires the Inspector General to report to the head of the agency whenever requested information or assistance is unreasonably refused or not provided.

During this reporting period, there were no reports to the USAID Administrator or to the Board of Directors of MCC regarding instances in which information or assistance was unreasonably refused or not provided.

Financial Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-016-N	5/05/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Nicaragua (MCA-Nicaragua), Under the Compact Agreement Dated July 14, 2005 Between the MCC and the Government of Nicaragua from July 1, 2009, to June 30, 2010 (Report No. M-000-11-016-N)	188 165	QC UN
M-000-11-017-N	5/24/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mozambique (MCA-Mozambique), Under the Compact Agreement Between the MCC and the Government of the Republic of Mozambique from July 1, 2009, to December 31, 2009 (Report No. M-000-11-017-N)	684 684	QC UN
M-000-11-018-N	7/26/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Vanuatu (MCA-Vanuatu), Under the Compact Agreement Between the MCC and the Government of Vanuatu from January 1, 2010, to June 30, 2010 (Report No. M-000-11-018-N)	1	QC

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-019-N	7/26/11	Audit of the Millennium Challenge Corporation (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, 2010, to December 31, 2010 (Report No. M-000-11-019-N)		
M-000-11-020-N	8/02/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Morocco (MCA-Morocco), Under the Compact Agreement Between the MCC and the Government of Morocco from January 1, 2010, to June 30, 2010 (Report No. M-000-11-020-N)	49 49	QC UN
M-000-11-021-N	8/02/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mali (MCA-Mali), Under the Compact Agreement Between the MCC and the Government of the Republic of Mali from January 1, 2010, to December 31, 2010		
M-000-11-022-N	8/09/11	Final Close-Out Audit of the Millennium Challenge Corporation (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, 2010, to January 27, 2011		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-023-N	8/16/11	Audit of the Fund Accountability Statement of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Georgia Fund (MCG) Under the Compact Agreement Between the MCC and the Government of Georgia from January 1, 2010, to June 30, 2010	63 63	QC UN
M-000-11-024-N	8/18/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Armenia (MCA-Armenia), Under the Compact Agreement Between the MCC and the Government of the Republic of Armenia from July 1, 2010, to December 31, 2010.	1,808 1,808	QC UN
M-000-11-025-N	9/27/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Namibia (MCA-Namibia), Under the Compact Agreement Between the MCC and the Government of the Republic of Namibia from July 1, 2010, to December 31, 2010		
M-000-11-026-N	9/27/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Georgia Fund-Georgia (MCG), Under the Compact Agreement Between the MCC and the Government of Georgia from July 1, 2010, to December 31, 2010	515 515	QC UN
M-000-11-027-N	9/27/11	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Benin (MCA-Benin), Under the Compact Agreement Between the MCC and the Government of the Republic of Benin from July 1, 2010, to December 31, 2010		

Performance Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

MCC

April–September 30, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-001-O	6/01/11	Risk Assessment of the Millennium Challenge Corporation's Information Technology Governance Over Its Information Technology Investments		
M-000-11-003-S	5/31/11	Office of Inspector General's final report on the Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Ghana (Review Report No. M-000-11-003-S).		
M-000-11-004-P	9/27/11	Audit of the Millennium Challenge Corporation's Compliance with the Federal Information Security Management Act of 2002–Fiscal Year 2011		
M-000-11-004-S	5/31/11	Office of Inspector General's final report on the Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Mali		
M-000-11-005-P	9/30/11	Audit of the Millennium Challenge Corporation-Funded Programs in El Salvador		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-005-S	5/31/11	Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Namibia		
M-000-11-006-S	5/31/11	Review of Millennium Challenge Corporation-Funded Contracts with Government-Owned Enterprises in Tanzania		
M-000-11-009-S	8/31/11	Limited Scope Review of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mongolia Under the Compact Agreement Between MCC and the Government of Mongolia		
M-000-11-011-S	9/21/11	Limited Scope Review of the Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Development Authority (MiDA) Under the Compact Agreement Between MCC and the Government of Ghana	10,600	BU

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
Quality Control Reviews				
M-000-11-002-Q	8/11/11	Audit of the Fund Accountability Statement of the Millennium Challenge Corporation Resources Managed by the Millennium Challenge Account-Mongolia under the Compact Agreement dated November 13, 2006 between MCC and the Government of Mongolia for the audit period from January 1, 2009 to June 30, 2009		
M-000-11-003-Q	9/29/11	Audits of the Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Challenge Account-Mozambique for the periods from January 1, 2008 to December 31, 2008; January 1, 2009 to June 30, 2009; and July 1, 2009 to December 31, 2009, under the Compact Agreement dated July 13, 2007, between MCC and the Government of the Republic of Mozambique		
Other				
M-000-11-002-S	6/03/11	Review of the Millennium Challenge Corporation's compact with the Government of Mali	1,300	BU

M-000-11-007-S	6/01/11	Office of Inspector General's final report on the Survey of the Millennium Challenge Corporation's Implementation of Selected Controls Over Personal Digital Assistants		
M-000-11-008-S	6/01/11	Office of Inspector General's final Supplemental Report on the Survey of the Millennium Challenge Corporation's Implementation of Selected Controls Over Personal Digital Assistants		

Statistical Table of Reports With Questioned and Unsupported Costs

MCC

April 1–September 30, 2011

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs (\$) ¹
A. For which no management decision had been made as of April 1, 2011	13	5,400,507	4,820,130
B. Add: Reports issued April 1–September 30, 2011	7	3,307,998	3,282,978
Subtotal	20	8,708,505	8,103,108
C. Less: Reports with a management decision made April 1–September 30, 2011	5	617,009	62,560
Value of recommendations disallowed by agency officials		33,817	33,817
Value of recommendations allowed by agency officials		583,192	28,743
D. For which no management decision had been made as of September 30, 2011	15	8,091,496	8,040,548
¹ Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.			

Statistical Table of Reports With Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2011

Reports	Number of Audit Reports	Value (\$)
A. For which no management decision had been made as of April 1, 2011	0	0
B. Add: Reports issued April 1–September 30, 2011	2	11,900,000
Subtotal	2	11,900,000
C. Less: Reports with a management decision made April 1–September 30, 2011	2	11,900,000
Value of recommendations agreed to by agency officials		11,900,000
Value of recommendations not agreed to by agency officials		0
D. For which no management decision had been made as of September 30, 2011	0	0

Reports Over 6 Months Old With No Management Decision MCC

April 1–September 30, 2011

Report Number	Auditee	Issue Date	Status
M-000-10-026-N	MCA-Benin	9/30/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-002-N	MCA-Mali	11/11/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-003-N	MCA-Honduras	12/30/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-004-N	MCA-Tanzania	12/30/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-005-N	MCA-Namibia	12/30/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-006-N	MCA-Burkina Faso	12/30/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-007-N	MCG-Georgia	12/30/10	OIG expects a management decision to be reached by November 6, 2011.

Report Number	Auditee	Issue Date	Status
M-000-11-008-N	MCA–Morocco	12/30/10	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-009-N	MCA–Mongolia	1/28/11	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-010-N	MCA–Benin	3/08/11	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-011-N	MCA–Armenia	3/08/11	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-012-N	MCA–Morocco	3/08/11	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-013-N	MCA–Lesotho	3/08/11	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-014-N	MCA–Mozambique	3/18/11	OIG expects a management decision to be reached by November 6, 2011.
M-000-11-015-N	MiDA–Ghana	3/18/11	OIG expects a management decision to be reached by November 6, 2011.

Significant Revisions of Management Decisions

MCC

April 1, 2011–September 30, 2011

Section 5(a)(11) of the Inspector General Act of 1978 requires semiannual reports to include a description and explanation of the reasons for any significant revised management decision made during the reporting period. One of those disclosures includes significant revisions of previous management decisions. During the reporting period, MCC did not make any significant revisions of previous management decisions.

Management Decisions With Which the Inspector General Disagrees

MCC

April 1–September 30, 2011

Section 5(a)(12) of the Inspector General Act of 1978 requires semiannual reports to include information concerning any significant management decisions with which the inspector general disagrees.

During the prior reporting period the Inspector General disagreed with MCC's management decision not to implement Recommendation 3 from the Audit of the Millennium Challenge Corporation's Management of the Threshold Program (Audit Report No. [M-000-09-003-P](#), April 29, 2009). As of the current reporting period, the Inspector General and MCC are still not in agreement with MCC's management decision. The recommendation asked MCC to develop more definitive guidance for selecting countries for the Threshold Program. MCC disagreed with the recommendation and said that MCC's authorizing legislation provides a significant degree of flexibility to the board regarding the selection of threshold-eligible countries, and it does not believe that reducing this flexibility is either necessary or advisable.

Noncompliance With the Federal Financial Management Improvement Act of 1996

MCC

April 1–September 30, 2011

Section 5(a)(13) of the Inspector General Act of 1978 requires semiannual reports to include an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act of 1996 (FFMIA, Public Law 104–208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

OIG had no instances of MCC noncompliance to report during the reporting period.

Significant Findings From Contract Audit Reports

MCC

April 1–September 30, 2011

The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181, Section 842) requires the Inspector General to submit information on contract audit reports that contain significant audit findings in semiannual reports to Congress. The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other findings that the Inspector General determines to be significant. During the reporting period, OIG had no significant findings from MCC contract audit reports.

Peer Reviews

MCC

April 1–September 30, 2011

The Dodd–Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) requires federal inspectors general to report on peer results in their semiannual reports. OIG’s peer review reporting requirement is addressed on page 118 of our Semiannual Report to the Congress for USAID, USAIDF, and IAF.

Abbreviations

AOTR	agreement officer's technical representative
BU	funds recommended to be put to better use
COTR	contracting officer's technical representative
FATA	Federally Administered Tribal Areas
FBI	Federal Bureau of Investigation
FFMIA	Federal Financial Improvement Act of 1996
IAF	Inter-American Foundation
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
OIG	Office of Inspector General
OMB	Office of Management and Budget
PEPFAR	President's Emergency Fund for AIDS Relief
PMI	President's Malaria Initiative
QC	questioned costs
SAI	Supreme Audit Institution
UN	unsupported costs
USADF	United States African Development Foundation
USAID	United States Agency for International Development

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