



**USAID**  
FROM THE AMERICAN PEOPLE

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF INSPECTOR GENERAL  
FOR THE  
MILLENNIUM CHALLENGE CORPORATION  
SEMIANNUAL REPORT  
TO THE CONGRESS**



**April 1, 2007 - September 30, 2007**

## **Mission**

The mission of Office of Inspector General (OIG) is to contribute to and support integrity, efficiency, and effectiveness in all activities of the organizations for which it has oversight responsibilities.

## **Values**

In accomplishing our mission, OIG is committed to the following:

- Integrity
- Excellence
- Teamwork

## **Strategic Goals**

- Reduce vulnerabilities in high-risk MCC programs
- Increase effectiveness of MCC programs in addressing strategic goals and priorities
- Help to ensure operational integrity in MCC management systems programs

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# MESSAGE FROM THE INSPECTOR GENERAL

This *Semiannual Report to the Congress (SARC)* presents information about the work of the United States Agency for International Development, Office of Inspector General (USAID/OIG) in providing oversight for the Millennium Challenge Corporation (MCC) during the six-month period ending on September 30, 2007. It is issued in accordance with the requirements of the Inspector General Act of 1978, as amended, and specifically addresses OIG responsibilities for MCC.

The work reported was planned and executed in support of OIG's three strategic goals for MCC:

- Reduce vulnerabilities in high-risk MCC programs
- Increase effectiveness of MCC programs in addressing strategic goals and priorities
- Help to ensure operational integrity in MCC management systems programs

Significant OIG activity and achievements in support of these goals is described in this report, and comprehensive statistics and data regarding our efforts are also included.

OIG continues to use a collaborative, proactive, and results-oriented approach in support of the integrity, efficiency, and effectiveness of MCC programs and operations.

Donald A. Gambatesa  
Inspector General



# EXECUTIVE SUMMARY

This *SARC* presents information about the work of the United States Agency for International Development (USAID), Office of Inspector General (OIG) in providing oversight for the Millennium Challenge Corporation (MCC) during the 6-month period ending on September 30, 2007. It is issued in accordance with the requirements of the Inspector General Act of 1978, as amended, and specifically addresses our responsibilities for MCC.

The work reported was planned and executed in support of OIG's three strategic goals for MCC as described below along with significant findings and actions related to each goal.

## **Strategic Goal 1: Reduce vulnerabilities in high-risk programs**

- A Fund Accountability Statement (FAS) audit found nonmaterial weaknesses and instances of noncompliance at Millennium Challenge Georgia Fund (MCG);
- A FAS audit found material weaknesses and instances of noncompliance at MCA-Honduras;
- A FAS audit found many improvements in accountability at MCA-Madagascar;
- Nineteen overseas audit firms were determined qualified to perform FAS audits; and
- Information briefings to increase fraud awareness and understanding of audit requirements were conducted for 129 attendees.

## **Strategic Goal 2: Increase effectiveness of programs in addressing strategic goals and priorities**

- MCC's management of Conditions Precedent (CP) practices were sound; and
- Three process improvements were identified and recommended for MCC's management of CP.

## **Strategic Goal 3: Help to ensure operational integrity in management systems programs**

- MCC's information security program does not meet all Federal Information Security Management Act of 2002 (FISMA) requirements and recommendations to remedy the deficiencies were provided by OIG; and
- A follow-up audit of MCC's process for managing audit recommendation closure was found to be sound.





# SUMMARY OF RESULTS

## Strategic Goal I: Reduce vulnerabilities in high-risk programs

As MCC increases the pace of its program implementation, OIG is revising its approach to meet the changing needs of MCC. OIG is increasing oversight and assessments of field operations to address the high risk that new and innovative programs present. MCC is unlike other foreign aid efforts of the U.S. Government in that it operates as an independent U.S. Government corporation that works only with countries that have already shown that they perform better than their peers on the policies that support growth and poverty reduction. As a result, OIG defines MCC's high-risk programs as the Compact,<sup>1</sup> Threshold,<sup>2</sup> and 609(g)<sup>3</sup> programs because they are field operations that are evolving quickly, in foreign environments, and are disbursing funds under the direction of local recipient organizations that have little or no experience managing funds in compliance with U.S. Government standards.

OIG's specific activities during this reporting period concerned three areas:

- Overseeing the Millennium Challenge Account (MCA) audit process, including the FAS audits contracted for by the accountable entities implementing MCC compacts;
- Auditing the Madagascar Compact program; and
- Providing OIG informational briefings.

### FAS Audit Activity

OIG performs technical oversight of the audits of the accountable entities' fund statements. These audits, called FAS audits, are performed by independent auditors contracted by the recipient countries. OIG works with the auditors during the audit process to ensure that significant findings are reported as recommendations. For the period ending December 31, 2006, FAS audits were issued for Benin, Georgia, Honduras, Nicaragua, and Madagascar. In addition, significant work continued with FAS audits in Cape Verde, Ghana, Armenia, and Vanuatu.

### Qualification of Audit Firms

As part of its quality assurance program, OIG identifies and approves overseas audit firms that are qualified to perform financial audits. Qualification requires compliance with elements of professional auditing standards. In all cases, OIG staff travel to the country to conduct the assessments. In addition, OIG reviews the statements of work and resulting audit work performed under these contracts. These audits review the entity's FAS, internal controls, and compliance with material provisions, and OIG issues the audit with recommendations to MCC for overseeing the resolution of identified weaknesses and questioned costs.

During this period, OIG traveled to Lesotho, Mozambique, Namibia, and Tanzania and qualified 19 audit firms, bringing the total number of firms qualified to perform FAS audits to 41. OIG continues to build

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1. A Compact is a multi-year agreement between the MCC and an eligible country to fund specific programs targeted at reducing poverty and stimulating economic growth.
  2. The Threshold Program is designed to assist countries that are on the "threshold," meaning they have not yet qualified for MCA Compact funding, but have demonstrated a significant commitment to improve their performance on the eligibility criteria for MCA Compact funding.
  3. The Millennium Challenge Act of 2003, Section 609 (g) authorizes assistance for the purpose of facilitating the development and implementation of a Compact between the United States and the recipient country. A country may receive both a Compact and additional funding under the "Compact Assistance -609 (g) program."

relationships with organizations that have experience or interest in international auditing of development projects.

### Georgia

During this reporting period, OIG issued the second FAS audit for Georgia. The audit found nonmaterial weaknesses in the internal control structure and instances of noncompliance with rules, regulations, and laws. MCG took final action on all but one of the findings from the previous period.

The audit was contracted by the MCG and covered incurred costs totaling \$4,026,798 for the period from July 1 to December 31, 2006, under the 5-year compact of approximately \$295.3 million. The purpose of the compact is to reduce poverty and stimulate economic growth by focusing on the areas of regional infrastructure rehabilitation and enterprise development.

No questioned costs were identified, and the accountability statement presented fairly and in all material respects the program revenues and costs incurred for the period audited.

OIG recommended that MCC request and verify that MCG correct the internal control deficiencies identified.

*(Audit Report No. M-000-07-009-N, September 27, 2007)*

### Honduras

During this reporting period, OIG issued the second FAS audit for Honduras. The audit found material weaknesses in the internal control structure and instances of noncompliance with rules, regulations, and laws. However, MCA-Honduras did take final action on 6 of the 10 internal control findings prior to report issuance.

The audit was contracted by MCA-Honduras and covered incurred costs totaling \$3,247,978 for the period from July 1 to December 31, 2006, under the 4-year compact of approximately \$215 million. The purpose of the compact is to reduce poverty and stimulate economic growth with projects in rural development and transportation sector support. No questioned costs were identified, and the accountability statement presented fairly and in all material respects the program revenues and costs incurred for the period audited.

OIG recommended that MCC request and verify that MCA-Honduras (1) corrects the internal control deficiencies and (2) corrects the material instances of noncompliance identified.

*(Audit Report No. M-000-07-008-N, September 10, 2007)*

### Madagascar

During this reporting period, OIG issued the second FAS audit for Madagascar. The results show many improvements in accountability since the last audit report.



Photograph of onion farmers supported by MCA-Madagascar Agricultural Business Center (ABC) in Antsirabe, Madagascar. An ABC contractor is teaching farmers how to use fertilizers, pesticides, and other techniques to ensure that the onions meet the European Union's produce standards.

Photograph of farmers supported by the MCA-Madagascar Agricultural Business Center in Vatomandry, Madagascar. The farmers refined litchi to produce essential oils.



The audit of the FAS for Madagascar found that MCA-Madagascar corrected all internal control and compliance findings and recommendations listed in the report of December 21, 2006 (M-000-07-001-N) with the exception of the internal control item addressing the use of software to produce the financial statements.

However, like the audit from the prior period, the audit issued this period found that certain disbursements of the accountable entity were questionable (i.e., questioned costs).

The audit was contracted by MCA-Madagascar and covered incurred costs totaling \$5,401,214 for the period from July 1 to December 31, 2006, under the 4-year compact of approximately \$110 million. The Government of the Republic of Madagascar established MCA-Madagascar to implement and manage the compact. The purpose of the compact is to reduce poverty and stimulate economic growth in Madagascar by focusing on three areas: property rights, the financial sector, and agricultural business investment.

The auditors reported that, except for ineligible questioned costs of \$10,702, the fund accountability statement presented fairly and in all material respects the program revenues and costs incurred for the period audited. In addition, the auditors identified an instance of noncompliance pertaining to the costs of workshops associated with activities not provided for in the compact budget or clauses.

Based on its review of the audit report, OIG made two recommendations: that MCC (1) make a management decision regarding the allowability of the \$10,702 in ineligible questioned costs and (2) request and verify that MCA-Madagascar correct a compliance deficiency.

### **Preventive Outreach**

Preventing fraud through education and training is a high priority for OIG. As MCC programs expand operations and expend more funds overseas, OIG will increase fraud prevention efforts. OIG's early briefings are provided in connection with qualifying audit firms in recipient countries. For example, fraud awareness training given to employees, contractors, grantees, and others alerts them to fraudulent practices and schemes and advises them on how to report fraud. When requested, the training is tailored to specific groups.

Furthermore, investigations resulting in criminal and/or civil prosecution are publicized on USAID's internet site and in other publications to call attention to prosecutorial action taken against individuals or organizations whose illegal activities have targeted MCC programs. OIG hotline posters, flyers, and cards have been distributed worldwide. In an effort to expand OIG's outreach efforts, the materials are produced in English, Spanish, French, and Arabic.

Recipient Contracted Audit Briefings are an essential component of OIG's outreach program in the field. These briefings serve to educate and train potential audit firms, local government officials, and others in the U.S. Government standards for auditing monies

provided under compacts. These briefings are conducted in each country that receives compacts and are part of the process OIG uses to identify firms as potential contractors for MCA audit business opportunities.

**FRAUD AWARENESS (FA) AND RECIPIENT CONTRACTED AUDIT (RCA) BRIEFINGS  
AS OF SEPTEMBER 30, 2007**

Month	Location	Sessions	Attendees	Professional Affiliation
<b>APR</b>	<i>NOTHING TO REPORT</i>			
<b>MAY</b>	<i>NOTHING TO REPORT</i>			
<b>JUN</b>	<i>NOTHING TO REPORT</i>			
<b>JUL</b>	Washington, DC	1	35	MCC Ethics Training (FA)
	Maputo, Mozambique	1	15	Local Accounting Firms (FA, RCA) MCC Personnel (FA, RCA) MCA-Mozambique Personnel (FA, RCA) Ministry of Finance Personnel (FA, RCA)
	Dar es Salaam, Tanzania	1	15	Local Accounting Firms (FA, RCA) MCC Personnel (FA, RCA) MCA-Tanzania Personnel (FA, RCA) Ministry of Finance Personnel (FA, RCA)
<b>AUG</b>	Washington, DC	1	34	MCC Personnel (FA)
	Maseru, Lesotho	1	15	Local Accounting Firms (RCA) Auditor General Office (RCA) Interim Director of MCA-Lesotho (RCA) Professional Accounting Licensing Body (RCA) U.S. Department of State's Deputy Chief of Mission (RCA)
	Windhoek, Namibia	1	15	Local Accounting Firms (RCA) Auditor General Office (RCA) Interim Director of MCA-Lesotho (RCA) Professional Accounting Licensing Body (RCA) USAID Assistant Mission Director and Financial Analyst (RCA)
<b>SEP</b>	<i>NOTHING TO REPORT</i>			
	<b>TOTAL</b>	<b>6</b>	<b>129</b>	

## Strategic Goal 2:

### Increase effectiveness of programs in addressing MCC's strategic goals and priorities

MCC is attempting to provide foreign aid targeted toward economic growth through large grants to projects where the recipient has the major responsibility for project implementation. MCC has set the following four goals to direct its activities:

- Transformative development;
- Support of good policy;
- Improvement of MCC operational effectiveness; and
- MCC capability building.

OIG's support of MCC's goals is evident in all of OIG's work related to MCC compacts, its chief assistance instrument. Recent OIG audits focused on the CPs of MCC's compact management. Reviews were conducted across several countries. OIG's recommendations identified areas to improve operational effectiveness and strengthen delivery mechanisms.

#### **Audit of the MCC's Management of Its CPs in Its Compact Agreements**

MCC requires that the compact country meet a series of CPs before a compact is entered into force<sup>4</sup> and before funds are disbursed for compact implementation. CPs are established in conjunction with the compact country by MCC's legal and sector experts during compact negotiations and are outlined in the compact and related disbursement agreements. The purpose of a CP is to ensure that (1) the compact countries establish certain legal, budgetary, and program actions and (2) the various programs being funded by MCC are implemented and carried out with proper controls.

OIG conducted the audit to determine whether MCC ensured that all required CPs were met before compacts went into effect and disbursements were

made to compact countries. This audit was designed to have a broad scope and included compact agreement management in Armenia, Cape Verde, Georgia, Honduras, Madagascar, and Nicaragua.

The audit concluded that MCC had a process in place to provide reasonable assurance that all CPs were successfully met and properly implemented before the compact was entered into force and before initial and subsequent funding.

The audit identified three improvement areas for MCC's CP process and provided recommendations to address them as follows:

- MCC needs to develop a more formalized and consistent approach to guide compact countries in revising and reporting on CPs.
  - Recommendation: Develop and issue specific guidelines that describe how CPs will be established, defined, revised, and reported.
- MCC's clearance timeframes for approval of country requests, which include the CP report, could be clarified.
  - Recommendation: Issue guidance that describes the clearance timeframe for approving country requests and related documents, such as the CP Report.
- Additional documentation is needed to justify a procurement action.
  - Recommendation: Develop and issue a policy requiring written justifications for deviations from the guidelines when rejecting all bids and when using single-source selection.

4. According to MCC officials, entry-into-force is the point at which a binding commitment is recognized and the compact funds are obligated.

MCC agreed with the recommendations and explained its plan for implementing the recommendations, and OIG considers that a management decision had been reached on the recommendations.

*(Audit Report No. M-000-07-002-P, July 26, 2007)*

## Strategic Goal 3: Help to ensure operational integrity in management systems programs

Congressional legislation and Office of Management and Budget (OMB) regulation require certain audits be performed to help resolve high-risk governmentwide problems and ensure operational integrity in systems and operations. During this reporting period, OIG conducted a FISMA audit, as well as an audit to determine MCC's effectiveness in responding to audit recommendations.

OIG also performed substantial work on audits required by the Government Management Results Act.

### **Audit of the Millennium Challenge Corporation's Compliance with the Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2007**

An audit was conducted to determine if MCC's information security program meets FISMA requirements for an agencywide information security program that protects MCC's information and assets.

OIG found that MCC's information security program does not meet all the FISMA requirements, and OIG made 3 recommendations to address the deficiencies. MCC's action in response to these recommendations will be reviewed in the FISMA audit for fiscal year 2008.

*(Audit Report M-000-07-004-P, September 28, 2007)*

### **Follow-up Audit of the Millennium Challenge Corporation's Contract Award Process**

In accordance with OMB Circular A-50, follow-up audits assess whether management's response to audit recommendations was effective in correcting identified problems to ensure that audit recommendations lead to results. This follow-up audit looked at MCC's response to the nine recommendations OIG made in October 2005 in *Audit of the Millennium Challenge Corporation's Contract Award Process*.

To carry out its mission, MCC's operations include a contracting function at its headquarters in Washington, DC, which was the subject of the prior audit conducted by OIG. The prior audit found that MCC had complied with certain requirements of the Federal Acquisition Regulation (FAR) but identified areas for further improvements, including affirming the applicability of FAR to MCC procurements, establishing requirements for the use of sole-source procurements, and developing a program for small business procurements.

The follow-up audit concluded that MCC's process for managing audit recommendation closure was sound. MCC took appropriate actions to justify closure on all nine recommendations in the *Audit of the Millennium Challenge Corporations Contract Award Process*.

*(Audit Report No. M-000-07-003-P, September 6, 2007)*

### **Audit of MCC's Consolidated Financial Statements, Internal Controls, and Compliance for the Period Ending September 30, 2007**

During this reporting period, OIG initiated the contract for the financial statement audit. Auditors have reviewed MCC's automated accounting systems, and internal control and payroll testing was completed. The audit report is expected to be issued in mid-November 2007.





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**REPORTING  
REQUIREMENTS**



**FINANCIAL AUDIT REPORTS ISSUED**  
**April 1, 2007 through September 30, 2007**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings</i>	<i>Type of Findings</i>
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*NOTHING TO REPORT*

## PERFORMANCE AUDIT REPORTS ISSUED April 1, 2007 through September 30, 2007

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings</i>	<i>Type of Findings</i>
M-000-07-002-P	07/26/07	Audit of the MCC's Management of Its Conditions Precedent in Its Compact Agreements		
M-000-07-003-P	09/06/07	Audit of the MCC's Contract Award Process		
M-000-07-004-P	09/28/07	Audit of the Millennium Challenge Corporation's Compliance With the Provisions of the Federal Information Security Management Act for Fiscal Year 2007		

BU--Better Use of Funds  
 QC--Questioned Costs  
 UN--Unsupported Costs  
 Note: UN is part of QC

## MISCELLANEOUS AUDIT REPORTS ISSUED April 1, 2007 through September 30, 2007

Fund Accountability Statement audit reports covering the agreement period of July 1 to December 31, 2006\*

Report Number	Date of Report	Report Title	Amount of Findings	Type of Findings
M-000-07-005-N	08/10/07	Audit of the MCC Resources Managed by Millennium Challenge Account-Madagascar under the Compact Agreement between the MCC and the Government of the Republic of Madagascar from July 1, 2006 to December 31, 2006	\$10,702	QC UN
M-000-07-006-N	08/23/07	Audit of the MCC Resources Managed by MCA-Nicaragua under the Compact Agreement between the MCC and the Government of Nicaragua from July 1, 2006 to December 31, 2006		
M-000-07-007-N	08/31/07	Audit of the Fund Accountability Statement of the Millennium Challenge Corporation (MCC) Resources Managed by the MCA-Benin Under the Compact Agreement dated February 22, 2006, between MCC and the Government of Benin for the period from July 1, 2006, to December 31, 2006	\$150	QC UN
M-000-07-008-N	09/10/07	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 Honduras from July 1, 2006 to December 31, 2006		
M-000-07-009-N	09/27/07	Audit of the MCC Resources managed by the Millennium Challenge Georgia Fund, Under the Compact Agreement Between the MCC and the Government of Georgia for the period from July 1, 2006 to December 31, 2006		

\*Note: Questioned costs outstanding at this time from the previous reporting period include an additional \$6,617.24 for MCA Madagascar.

BU--Better Use of Funds  
QC--Questioned Costs  
UN--Unsupported Costs  
Note: UN is part of QC



**AUDIT REPORTS OVER SIX MONTHS OLD  
WITH NO MANAGEMENT DECISION  
As of September 30, 2007**

<i>Report Number</i>	<i>Report Title</i>	<i>Date of Report</i>	<i>Current Recommendation Status</i>	<i>Desired Decision Target Date</i>
M-000-07-001-N	Audit of the Fund Accountability Statement of the MCC Resources Managed by MCA-Madagascar under the Compact Agreement dated April 18, 2005 between MCC and the Government of the Republic of Madagascar for the period from July 27, 2005 to June 30, 2006	12/21/06	1 2 3	12/07 12/07 12/07
M-000-07-002-N	Audit of the Fund Accountability Statement of the MCC Resources Managed by MCA-Cape Verde under the Compact Agreement dated July 4, 2005, between MCC and the Government of the Republic of Cape Verde for the period from October 17, 2005 to June 30, 2006	01/11/07	1 2	01/08 01/08
M-000-07-003-N	Independent Auditor's Report on the Financial Audit of the MCC Resources Managed by Millennium Account-Honduras (MCA-Honduras), Under the Compact Agreement Between the MCC and MCA-Honduras from Feb 22, 2006 - June 30, 2006	02/07/07	1 2	02/08 02/08
M-000-07-004-N	Audit of the Fund Accountability Statement of the MCC Resources Managed by Millennium Challenge Georgia Fund (MCG), Under the Compact Agreement dated September 12, 2005, Between the MCC and the Government of Georgia for the Period from April 7, 2006, to June 30, 2006	02/27/07	1	02/08





**SIGNIFICANT AUDIT RECOMMENDATIONS  
DESCRIBED IN PREVIOUS SEMIANNUAL  
REPORTS WITHOUT FINAL ACTION  
As of September 30, 2007**

<i>Report Number</i>	<i>Subject of Report</i>	<i>Rec. No.</i>	<i>Issue Date</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
M-000-05-003-P	Audit of the Millennium Challenge Corporation's Compliance with Provisions of the Federal Information Security Management Act of 2002	8	06/20/05	04/07	04/07*
M-000-06-001-C	Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Period Ending September 30, 2005 and the Nine Month Period Ending September 30, 2004	5.2	12/06/05	12/06/05	04/07*
M-000-06-001-S	Review of the Millennium Challenge Corporation's Progress in Achieving Its Planned Organizational Structure and Beginning Its Assistance Programs	3 4	05/16/06	05/16/06 05/16/06	05/07* 05/07*
M-000-06-003-P	Audit of the MCC's Compliance with the Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2006	1	09/29/06	09/29/06	09/07*
M-000-007-001-F	Audit of the MCC's Financial Statements, Internal Controls, and Compliance for the period ending September 30, 2006, and 2005	3 7.1	11/14/06	01/18/07 01/18/07	01/08 01/08
M-000-07-001-P	Audit of the MCC's Due Diligence Review Process Leading to Compact Awards	1	03/02/07	03/02/07	03/08
M-000-07-001-N	Audit of the Fund Accountability Statement of the MCC Resources Managed by MCA-Madagascar under the Compact Agreement Dated April 18, 2005 Between MCC and the Government of the Republic of Madagascar for the Period from July 27, 2005 to June 30, 2006	1A 1B 2 3	12/21/06		12/21/07 12/21/07 12/21/07 12/21/07
M-000-07-002-N	Audit of the Fund Accountability Statement of the MCC Resources Managed by MCA-Cape Verde under the Compact Agreement dated July 4, 2005, between MCC and the Government of the Republic of Cape Verde for the period from October 17, 2005 to June 30, 2006	1A 1B 2	01/11/07		01/08 01/08 01/08
M-000-07-003-N	Independent Auditor's Report on the Financial Audit of the MCC Resources Managed by Millennium Account-Honduras (MCA-Honduras), Under the Compact Agreement Between the MCC and MCA-Honduras from Feb 22, 2006 - June 30, 2006	1 2	02/07/07		02/08 02/08
M-000-07-004-N	Audit of the Fund Accountability Statement of the MCC Resources Managed by Millennium Challenge Georgia Fund (MCG), Under the Compact Agreement dated September 12, 2005, Between the MCC and the Government of Georgia for the Period from April 7, 2006, to June 30, 2006	1	02/27/2007		02/08

\* As of September 30, 2007, MCC has not provided OIG a revised target date.



**REPORTS ISSUED WITH QUESTIONED  
AND UNSUPPORTED COSTS**  
**April 1, 2007 through September 30, 2007**

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Questioned Costs</i>	<i>Unsupported Costs*</i>
A. For which no management decision had been made as of April 1, 2007	2	\$10,983	\$7,083
B. Add: Reports issued April 1, 2007 through September 30, 2007	2	\$10,852**	\$0
Subtotal	2	\$21,835	\$7,083
C. Less: Reports with a management decision made April 1, 2007 through September 30, 2007	0	\$0	\$0
i. Value of recommendations disallowed by agency officials	0	\$0	\$0
ii. Value of recommendations allowed by agency officials	0	\$0	\$0
D. For which no management decision had been made as of September 30, 2007	0	\$21,835	\$7,083

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

\*\* Questioned costs from Fund Accountability Statement Audits issued this period as follows:

- Madagascar – \$10,702 in ineligible questioned costs
- Benin – \$150 in ineligible questioned costs

**REPORTS ISSUED WITH RECOMMENDATIONS  
THAT FUNDS BE PUT TO BETTER USE  
April 1, 2007 through September 30, 2007**

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Dollar Value</i>
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*NOTHING TO REPORT*







**USAID**  
FROM THE AMERICAN PEOPLE

# Inspector General **HOTLINE**

OIG's Hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement or misconduct in programs and operations of the USAID, USADF, IAF, and MCC. Employees, contractors, program participants and the general public may report allegations directly by e-mail, telephone, or mail to:

Phone 1-202-712-1023  
1-800-230-6539

E-mail [ig.hotline@usaid.gov](mailto:ig.hotline@usaid.gov)

Mail USAID OIG HOTLINE  
P.O. Box 657  
Washington, DC 20044-0657



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The Semiannual Report to the Congress is available on the Internet at  
[www.usaid.gov/oig/public/semiann/mcc1.htm](http://www.usaid.gov/oig/public/semiann/mcc1.htm)