



**USAID**  
FROM THE AMERICAN PEOPLE

2007-006-45

*Office of Inspector General*

JAN 11 2008

Laurieann Duarte  
General Services Administration  
Regulatory Secretariat (VIR)  
1800 F Street, NW  
Room 4035  
Washington, D.C. 20405

Re: Comments in Support of the Department of Justice's Recommended Modifications in FAR Case 2007-006

Dear Ms. Duarte:

On May 23, 2007, the Department of Justice (DOJ) proposed specific modifications to the Federal Acquisition Regulation (FAR) that would require contractors to notify the government whenever the contractor became aware of a contract overpayment or fraud. I write to you today in support of DOJ's proposed modifications to the FAR, particularly the provision addressing overseas contracts.

The central responsibilities of the Office of the Inspector General (OIG) for the United States Agency for International Development (USAID) are to detect and prevent fraud, waste, abuse, and violations of law, and to promote economy, efficiency and effectiveness in the operations of USAID, the Millennium Challenge Corporation (MCC), the United States African Development Foundation (USADF), and the Inter-American Foundation (IAF). Upon request, the OIG also provides oversight services to the Overseas Private Investment Corporation (OPIC).

The OIG fulfills these responsibilities by conducting audits and investigations of grants and contracts performed within the United States and abroad. For the six-month period ending September 30, 2007, OIG audits and investigations of U.S.-based contractors and grantees resulted in over ninety-one million tax dollars recovered and over twenty-eight million dollars in questioned costs. Due to the unique mission, structure and operation of USAID, MCC, USADF and IAF, the majority of our work takes place overseas.

The proposed modification represents a critical step in the government's pursuit of fraud and other illegal activity in federal contracts. I wholeheartedly support it. In view of the volume of our office's overseas work, however, I emphasize here that it is counterproductive to exclude contracts "performed entirely outside the United States," as the current version of the proposed modification provides. Although these contracts may be performed outside of the United States, the United States is still party to those contracts, and the people of the United

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States are victimized when overpayments are made or fraud occurs in connection with those federal contracts. In these circumstances, the government retains jurisdiction to investigate and prosecute the perpetrators of the fraud. Moreover, these types of contracts, which in many cases support our efforts to fight the global war on terror, need greater contractor vigilance because they are performed overseas, where U.S. government resources and remedies are more limited.

The inclusion of overseas contracts within the proposed modification would operate ultimately to reduce the vulnerabilities that often plague overseas programs and increase the effectiveness of those programs for which my office has oversight responsibility.

Thank you for the opportunity to comment. If you have any questions, please feel free to call me directly or Lisa Goldfluss, Legal Counsel to the Inspector General, at 202-712-0388.

Sincerely,



Donald A. Gambatesa  
Inspector General