

# USAID

## Office of Inspector General

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*Semiannual Report to the Congress  
April 1, 2000 - September 30, 2000*



## Office of Inspector General Promoting Anti-Corruption



*USAID's Americas' Accountability/Anti-Corruption project recently co-sponsored a conference on corruption. Pictured from left to right are: J. Brady Anderson, USAID Administrator (who delivered the opening address); Co-Chairmen Everett L. Mosley, Acting Inspector General, USAID, and William L. Taylor, Auditor General, The Inter-American Development Bank; and James Durnil, President, the International Consortium on Governmental Financial Management, the other co-sponsor.*

*For additional information, see page 11.*

# USAID

## OFFICE OF INSPECTOR GENERAL

*Semiannual Report to the Congress  
April 1, 2000 - September 30, 2000*



*U.S. Agency for  
International Development*



October 31, 2000

The Honorable J. Brady Anderson  
Administrator  
U. S. Agency for International Development  
Washington, D.C. 20523

Dear Mr. Anderson:

It is with great pleasure that I respectfully report to you and the Congress of the United States, the accomplishments of the U.S. Agency for International Development, Office of Inspector General (OIG) for the period April 1, 2000 through September 30, 2000. In compliance with Section 5 of the Inspector General Act of 1978, as amended, this report summarizes significant audit and investigative efforts conducted at the U.S. Agency for International Development, the African Development Foundation (ADF) and the Inter-American Foundation (IAF) for this period.

During this semiannual period, the OIG issued 319 audit reports with monetary recommendations valued in excess of \$16 million, closed 83 investigations, and achieved recoveries in excess of \$35 million in support of USAID's programs and operations.

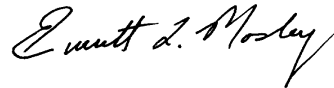
In our continuing efforts to organize our semiannual reports in a way that provides emphasis to the results and ultimate effects of our work, for the specific period, we have made a few presentation changes in this report. We start the report with a new section entitled "Expanding Accountability in the International Environment." This section presents the results of special efforts we have made to better account for all U.S. Government funds (not just from USAID, ADF and IAF) flowing into the foreign countries. It details a number of initiatives we have performed to limit or prevent losses before they occur. Additionally, the section highlights the result of some longstanding work to detect and resolve alleged fraudulent activities. We then continue to update actions taken by management to deal with the Major Challenges facing USAID and the efforts of OIG to assist in overcoming these challenges. Additionally, based on the positive responses to our last

semiannual report, we have again presented the remainder of our accomplishments by Bureau, to make it easier for management, Congress, and all readers to focus on the scope of these initiatives.

OIG has also been extremely involved, during this reporting period, in providing a proactive focus and strategy to implementing internal controls and accountability processes during the planning phase for each of the time critical and highly vulnerable reaction projects such as: the Southern Africa Flood Reconstruction and Rehabilitation; HIV/AIDS and Infectious Diseases Rapid Response; Plan Colombia, etc. Additionally, we have continued to be actively involved in reviewing and providing early feedback of the plans to test and implement the new custom off the shelf (COTS) financial accounting system.

As always, the employees of the Office of Inspector General remain dedicated to providing our professional expertise and support to helping USAID improve its overall operations. We also appreciate your continued understanding and support for the mission and operations of OIG.

Sincerely,



Everett L. Mosley  
Acting Inspector General

Enclosure: a/s



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

October 31, 2000

Mr. Ernest G. Green, Chairman of the Board  
Mr. Nathaniel Fields, President  
African Development Foundation  
144 Eye Street, N.W., Tenth Floor  
Washington, D.C. 20005-2248

Dear Sirs:

I am very pleased to transmit to you the U.S. Agency for International Development, Office of Inspector General Semiannual Report to Congress for the period April 1, 2000 through September 30, 2000. This report is issued in compliance with Section 5 of the Inspector General Act 1978, as amended, and summarizes significant audit and investigative efforts conducted at the U.S. Agency for International Development, the African Development Foundation, and the Inter-American Foundation.

As you are aware, Public Law 106-113 (The consolidated Appropriations Act), dated November 29, 1999, assigned all audit and investigative activities (prescribed under the Inspector General Act of 1978) for the African Development Foundation and the Inter-American Foundation to the USAID/Office of Inspector General. The section titled "Foundation Initiatives" (page 67) cites the results of our efforts with your organization for this reporting period.

We appreciate the courteous assistance Foundation management and employees provided to the OIG staff during our review process.

Sincerely,

Everett L. Mosley  
Acting Inspector General



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

October 31, 2000

Mrs. Kay Kelley Arnold, Chair of Board  
Mr. David Valenzulela, Interim President  
The Inter-American Foundation  
901 North Stuart Street 10<sup>th</sup> Floor  
Arlington, VA 22203

Dear Madam and Sir:

I am very pleased to transmit to you the U.S. Agency for International Development, Office of Inspector General Semiannual Report to Congress for the period April 1, 2000 through September 30, 2000. This report is issued in compliance with Section 5 of the Inspector General Act 1978, as amended, and summarizes significant audit and investigative efforts conducted at the U.S. Agency for International Development, the African Development Foundation, and the Inter-American Foundation.

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Sincerely,

Everett L. Mosley  
Acting Inspector General

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# INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

The Inspector General Act of 1978, as amended, requires each Inspector General to submit semiannual reports to the Congress summarizing the activities of the office during the preceding six-month period. The twelve required reporting areas, as prescribed under Section 5(a) of the Act, are:

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## EXECUTIVE SUMMARY

During the semiannual reporting period from April 1, 2000 through September 30, 2000, the United States Agency for International Development (USAID), Office of Inspector General (OIG) issued 319 audit reports with monetary recommendations valued at about \$16.4 million. The OIG also closed 84 investigations and achieved recoveries of \$35.3 million.

In addition to its responsibilities to prevent and detect fraud, waste, and abuse within USAID as required under the Inspector General Act of 1978, as amended, the OIG continues to serve as a vehicle for positive change; working with USAID officials to improve their management and program operations.

Pursuant to P.L. 106-113, the consolidated Appropriations Act, including the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, the OIG also has audit and investigative responsibility for the Inter-American Foundation and the African Development Foundation. These foundations are independent entities established by Congress to provide development assistance, primarily through local private voluntary organizations, in their respective regions.

This semiannual report highlights Major Challenges facing USAID, what USAID management is doing to address these challenges, and OIG efforts to provide valuable assistance and advice. We have added a new section - Expanding Accountability in the International Environment - to profile prevention and detection strategies that improve and maintain program integrity. Significant audits and investigations are discussed in the subsequent section and are organized by Bureaus.

# EXPANDING ACCOUNTABILITY IN THE INTERNATIONAL ENVIRONMENT

This section details some of our most significant accomplishments for the period April 1, 2000 through September 30, 2000. During this reporting period we are highlighting several long-term initiatives that are making a significant impact on promoting accountability and transparency in a high-risk environment.

USAID manages a budget of approximately \$7 billion, most of which is used for development programs in Africa, Asia, Eastern Europe, and Latin America. Audits and investigations help USAID managers understand how their programs are progressing and ensure that taxpayer funds are spent appropriately, especially in areas of the world where corruption and violence increase the risks and vulnerability to fraud. Efforts to improve and maintain USAID's program integrity can be illustrated by dividing strategies into two areas - prevention and detection.

## PREVENTION

The OIG has dedicated significant resources to prevent losses before they occur. These efforts include providing assistance to USAID missions and bureaus for activities in their region like in Central America and the Caribbean and in southern Africa in response to recent natural disasters. The OIG is supporting a group of recipient-country government organizations, known as Supreme Audit Institutions (SAIs), to assist in maintaining USAID's program soundness. The OIG is also conducting fraud awareness training and briefings around the world. The following illustrate significant prevention strategies underway this reporting period.

### *The Balkans*

In the previous semiannual report, the OIG summarized USAID actions to provide economic support funding (ESF) for the Balkan countries affected by the hostilities in Yugoslavia-particularly after the Kosovo peace agreement was reached. USAID funding of \$111 million was provided to support and assist the governments in Albania, Bulgaria, Macedonia, Montenegro, Romania, and Bosnia-Herzegovina.

These programs were intended to be funded by USAID on a short-term basis; therefore, a post-completion audit would not provide timely information. The OIG, the Europe & Eurasia Bureau (E&E), and various individual USAID missions worked closely together to identify and address potential problem areas in accounting for USAID funds during the early stages of each program. During this

semiannual reporting period, the OIG continued its prevention activities in the Balkans by providing assistance to the E&E Bureau and the USAID Missions. As the following summarizes, the OIG audited the Financial Stabilization Program activity and the Bosnia Reconstruction Finance Facility (BRFF) program in Bosnia-Herzegovina and provided technical assistance to the E&E Bureau in connection with USAID's assistance to Montenegro.

**Bosnia-Herzegovina** - The recent conflict in Kosovo in the Federal Republic of Yugoslavia severely affected the political and economic conditions in Bosnia and in particular the Republika Srpska. Consequently, USAID/Bosnia-Herzegovina agreed to provide \$17 million in economic support funds to help the Government of the Republika Srpska to meet short-term revenue shortfalls resulting from the Kosovo crisis. USAID/Bosnia-Herzegovina approved a grant for \$10 million to the Office of the High Representative (OHR) to provide budget support in the form of salary payments for selected government employees in the Republika Srpska. On March 1, 2000, the grant was amended to provide the remaining \$7 million. OHR disbursed \$16 million of the \$17 million grant funds for salary payments for the months of June, July, November and December 1999 and February and March 2000. The remaining \$1 million will be used by OHR to pay the salaries of employees of the Ministry of Refugees and Displaced Persons through December 2000.

The OIG audited the grant to OHR and issued an interim audit report in December 1999. The audit found that not all intended recipients were receiving their full entitlement. However, because of the OIG's quick review and testing of the program, the intended recipients received their entitlements. Moreover, the program deficiencies identified in the December 1999 interim report were corrected even before final report issuance. As a result, no recommendations were made in the final audit report. (*Audit Report No. B-168-00-005-P*)

**Bosnian Business Development Program-** Bosnia-Herzegovina's physical infrastructure sustained extensive damage during the war. Reconstruction requires financial resources and long-term credit for the rehabilitation and revitalization of Bosnian businesses, which could then offer sustainable employment opportunities for the general population, especially demobilized soldiers and refugees. In response to this requirement, USAID designed the Bosnian Business Development Program, formally called the Reconstruction Finance Facility program, a \$278 million balance-of-payments initiative intended to "jump-start economic growth and generate employment opportunities for the general population." The program was officially initiated with the signing of the grant agreement on May 7, 1996. Of the planned \$278 million available for the this program, \$256 million was allocated for a loan program and \$22 million for technical assistance, training, and support costs.

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As of March 31, 2000, USAID had obligated and disbursed \$232.9 million for the financing of loans. During this same period, \$135.7 million had been recommended and approved for loans and \$125.4 million had been disbursed. USAID and its contractors had, however, identified over \$28 million in problem loans and were pursuing all possible means to collect and to recover these funds through 75 court cases involving criminal, litigation and foreclosure actions.

The OIG has issued eight previous audit reports on the Bosnian Business Development program and is in the process of issuing the ninth such report.

In part because of OIG audits pointing out the need for improved program management, loan volume decreased from the prior one-year period, from approximately \$46 million to \$5.4 million. Contributing to this drop in loan volume is the increased emphasis on loan quality and loan monitoring and the shifting of resources to pursue delinquent borrowers and fraudulent banking activities.

USAID's efforts to implement a successful program have been hampered by an environment that is fraught with pervasive fraud and corruption. This situation is thoroughly discussed in the July 2000 audit report issued by the GAO entitled *"Bosnia Peace Operation: Crime and Corruption Threaten Successful Implementation of the Dayton Peace Agreement."*

**Montenegro-** USAID signed a grant agreement with the Government of Montenegro to provide assistance for the Government's pension system. To date, a total of \$28 million has been disbursed by USAID. Initially, the OIG arranged for the Defense Contract Audit Agency (DCAA) to provide financial advisory services in connection with the grant agreement. DCAA conducted two reviews working with Government of Montenegro and USAID officials to determine the level of previously paid pension benefits (a condition for the release of USAID funding) and to obtain other basic pension plan information. After the second DCAA review, the E&E Bureau was advised that future reviews would need to focus on the pension program's activities after the USAID funding had begun.

In addition to DCAA's efforts, the OIG reviewed and commented on the documentation submitted by the Government of Montenegro to show that funding from the program's special account had been transferred to the pension fund's accounts for onward transfer to pensioners. The OIG's review raised questions about the transfer of funds. The Government of Montenegro in subsequent meetings with the E&E Bureau acknowledged that funds had not been transferred to the pension fund but had been transferred instead to other governmental accounts. It agreed to return the funds to the special account for transfer to the pension fund.



## **Expanding USAID's Ability to Manage Overseas Grantee and Contractor Operations through Supreme Audit Institutions**

Corruption and lack of accountability are major impediments to economic development. Corrupt practices have threatened to negate years of progress in countries' economic growth. This has made it imperative that USAID complement its traditional development programs by strengthening institutions that deter corruption and promote accountability and transparency. One such organization, the Supreme Audit Institution (SAI), provides an opportunity for USAID management and the OIG to work together to achieve sustainable economic development.

SAI is the generic term for the national audit organizations of various countries throughout the world. In most countries outside the United States, SAIs are usually referred to as Offices of the Auditor General. In the United States, the U.S. General Accounting Office (GAO) is our Supreme Audit Institution. The GAO audits various U.S. Government agencies. Additionally, a variety of internal audit organizations, such as the different Inspectors General Offices, are integrated into various agencies throughout the Government.

SAIs throughout the world operate in much the same way as the GAO and Offices of Inspector General. SAIs and the Auditors General who head them, are generally independent of any particular official or ministry within their respective countries.



*Presentation of Certificates at SAI Training in Mozambique. From left to right: Joeseeph Farinella, Regional Inspector General/Pretoria; Antonio Luis Pale, President of the Administrative Tribunal; Cynthia Rozell, Mission Director, USAID/ Mozambique; Peter Greene, RIG/Pretoria.*

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Auditors General usually report directly to the legislative branch and have budgetary as well as organizational independence. They are often appointed for a fixed term. In countries where this independence is not complete, there are efforts from both internal and external sources to move these organizations in the direction of more independence and autonomy. SAIs must meet basic standards of independence to become eligible to work with the OIG.

The OIG has been working with SAIs for nearly 10 years, assisting them to develop their capabilities as a country's first line of defense in combating fraud, waste, and mismanagement with government operations. SAIs perform regular financial or operational audits of various Government ministries and programs in their respective countries. They seek to ensure that public funds are spent for intended purposes, whether these funds come from their own budgets, international donors, or other sources. SAIs are usually the only organizations that have a legal mandate and authority to audit the accounts and operations of their governments. Therefore, they are not only at the forefront in ensuring accountability and transparency over public funds, but also might be the only ones specifically tasked to do so. In the USAID overseas environment, it is usually an SAI that will audit USAID funds disbursed directly to government organizations. Because of this, countries that do not have functioning SAIs, or whose SAIs do not have the independence and resources to effectively carry out their work, are more prone to incidents of mismanagement, misuse of funds, and corruption within their governments.

In recent years, anti-corruption efforts have gained tremendous worldwide support within the public and private sectors. Governments that adhere to democratic principles, the rule of law and transparency are more likely to be free from corruption. Freedom from corruption is becoming universally recognized as essential to development. SAIs provide more accountability over U.S. Government funds and therefore serve as a deterrent to corruption.

The Senegalese SAI, an independent organization within the Government of Senegal, is increasingly relied upon as a key player in OIG anti-corruption and development efforts. To strengthen the SAI and its relations with the OIG's regional office in Dakar, a staff member of the SAI will participate in an internship program which, the OIG regional office in Dakar is establishing. This program will give an SAI member in Dakar the opportunity to practice English language skills and observe the audit control process. Furthermore, the OIG Dakar office has developed a Recipient-Contracted Audit (RCA) training program. Under this program, grantees spending over \$300,000 overseas are required to have those funds audited by accounting firms; and the OIG reviews each report and issues letters to USAID and the grantee summarizing the results. OIG Dakar will provide this RCA training to SAIs within its region, as well as to public accounting firms and USAID Missions.

The Thailand Office of Auditor General is also conducting two audits with the assistance of the OIG office in Manila on USAID-funded programs run by the Thai



Government's Office of Technical Assistance. One involves an immunization program providing vaccines to children in several remote Thai provinces, and the other is a



participant training program used by the Thai Civil Service Commission.

*A young student in Bangkok receives her USAID-funded oral Polio immunization, as other students anxiously wait their turn. An audit by the Thai Auditor General requested by the OIG revealed that some of the losses of vaccines are due to the oral method by which they are administered. The OIG is working with the Thai SAI to resolve this problem.*

During this reporting period, the South Africa Auditor General's Office began its first audit of a USAID grant to the Ministry of Justice. USAID Missions and various Regional Inspectors General Offices have signed Memoranda of Understanding with 16 SAIs worldwide. Working together, USAID and the OIG must continue to use SAIs as a resource in fighting corruption through accountability and, as a result, enhance development prospects in less developed countries. The training and assistance the OIG provides complements USAID efforts.

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*Thai Auditor General audit team, auditing USAID-funded projects under an MOU, examines a refrigerator in Nakhonsaruan Province that is used to keep vaccines at the required temperature for maximum effectiveness.*

With USAID/South Africa, the OIG office in Pretoria provided financial management training to approximately 200 people in Malawi, Madagascar, and Mozambique. In Malawi, the signing of an MOU with the National Audit office and USAID/Malawi, which describes how audits will be conducted, followed training. An assessment of the SAI in Madagascar, followed by training, led to the presentation of a "Results/Team Award" plaque by the Mission Director to staff members from the OIG and USAID/Madagascar. The plaque reads:

*"In recognition of their exceptional collaborative team-oriented approach in successfully organizing, preparing and presenting auditing training on U.S. Government Auditing Standards to Madagascar's Supreme Audit Institutions ("Inspection Generale and the Chambre des Comptes"), local accounting firms, partners, and USAID staff."*

These efforts are building capabilities and helping to promote transparency throughout the region.



*Sai participants in Madagascar.*

### ***Fraud Awareness Training***

The OIG is conducting numerous fraud awareness briefings as part of its proactive anti-corruption initiatives worldwide. The briefings are a joint effort by our Audit and Investigations units. RIG/Cairo gave ten briefings on fraud awareness and the OIG's financial audit program to approximately 230 USAID mission and contractor staff and accounting firm representatives in Amman, Jordan, and Tel Aviv, Israel. The OIG audit presentation was based on the OIG's Guidelines for Financial Audits Contracted by Foreign Recipients. As part of the investigators' presentation, USAID employees were briefed on OIG structure, procedures and mandate. Contract employees were given the "Contractor Emergency Kit," which included information on the leniency policy of the Department of Justice Anti-Trust Division, the Qui Tam Law (where individuals can sue companies on behalf of the Government), and the Whistle Blower Protection Act.

The OIG regional office in Dakar will host fraud awareness briefings at the request of the Missions. Additionally, RIG/Dakar has translated the OIG publication on Fraud Indicators into French for distribution to missions in West African countries.

In July 2000, the OIG provided fraud awareness training to employees of an NGO working in Eastern Europe. The training, held in the organization's Washington, D.C.



headquarters, explained the role of the OIG and emphasized the importance of complying with U.S. Government regulations. Sixty-eight NGO field personnel, from 12 countries, and 20 employees from its headquarters in Washington, D.C. attended the training.



*Attendees at the OIG briefing in Tel Aviv on fraud awareness and financial audits.*

In August 2000, the OIG trained 65 employees of a governmental organization in El Salvador. During that training, the OIG provided the employees an overview of OIG initiatives to prevent fraud and a briefing on fraud indicators and schemes.



*OIG staff members Steven Bernstein (left) and Marvin Burgos, conducting fraud awareness training for Ministry of Public Works staff in Usulután, El Salvador.*

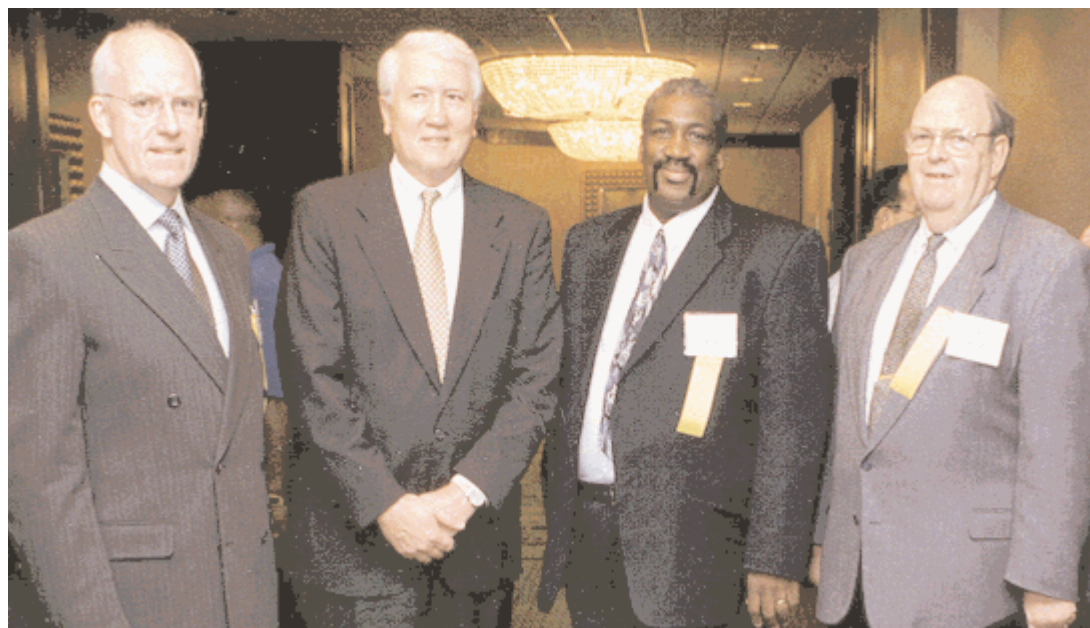
In September 2000, 40 USAID employees attended fraud awareness presentations as part of the Activity Manager Training Course in Budapest, Hungary.

### **Anti-Corruption Summit 2000**

In September 2000, the Anti-corruption Summit 2000 was held in Arlington, Virginia and was attended by over 300 representatives from 54 countries. The International Consortium on Governmental Financial Management and the USAID Americas' Accountability and Anti-corruption Project sponsored this conference.

The conference was a major international forum for leaders to discuss strategies to combat corruption in the 21st century. The Summit Co-Chairs were from the auditing and investigations offices of major international development institutions: Graham Joscelyne, Auditor General, The World Bank; Everett L. Mosley, Acting Inspector General, USAID; and William L. Taylor, Auditor General, The Inter-American Development Bank. Each Co-Chair hosted activities for one day of the three-day event.

The conference focused on accountability. Representatives from Supreme Audit Institutions and Inspectors General offices composed about one-half of the participants. Other attendees included civil servants and private sector finance and economics professionals.



*Conference leaders from left to right: Graham Joscelyne, Auditor General, The World Bank; J. Brady Anderson, Administrator, USAID; Everett L. Mosley, Acting Inspector General, USAID; and William Taylor, Auditor General, The Inter-American Development Bank.*

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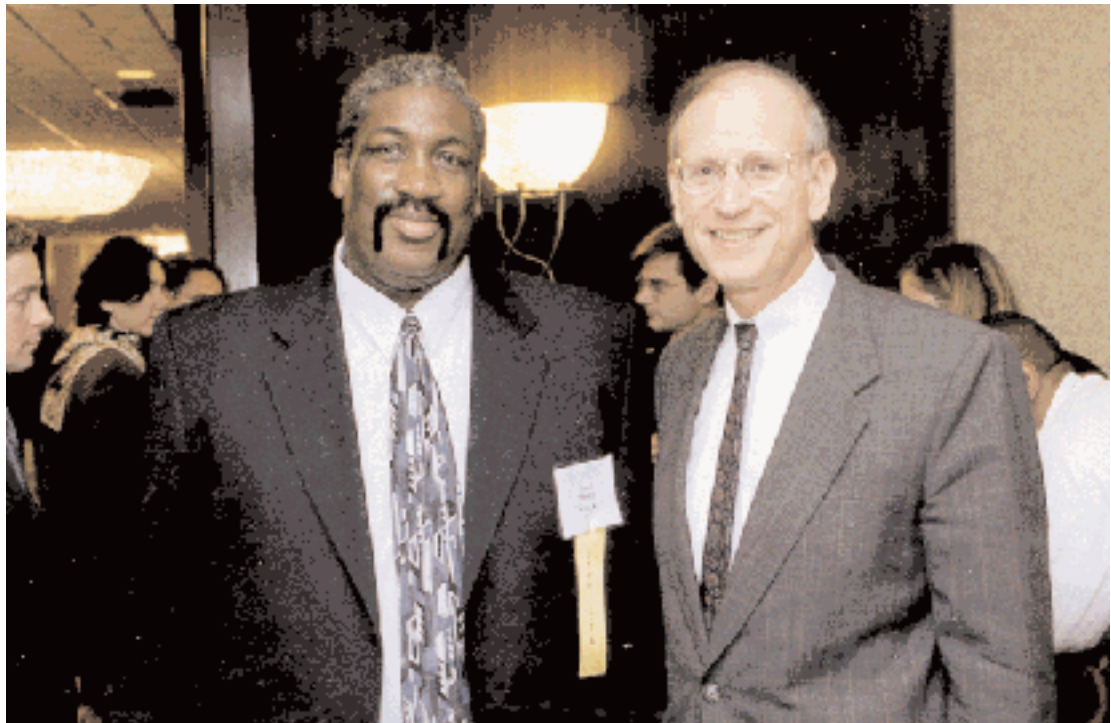
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Delivering the opening remarks, USAID Administrator J. Brady Anderson commented on USAID activities that address corruption. He highlighted the OIG's efforts in dealing with fraud, waste, and abuse, stating:

*" Our fight against corruption begins with assuring the integrity of our own foreign assistance programs. Auditing and law enforcement are key elements of any anti-corruption approach. ...In addition to safeguarding our foreign assistance programs, the Office of Inspector General has embarked on a number of efforts to strengthen accountability of our overseas partners. One such effort is our work with Supreme Audit Institutions, ...I am very pleased to say that USAID is working to improve accountability over U.S. government funds with the assistance of the Supreme Audit Institutions...."*

U.S. Department of the Treasury Deputy Secretary Stuart Eizenstat delivered the keynote address and spoke about the need for a global response to corruption, especially the need to build accountable and effective economic and political systems. He discussed international money-laundering efforts and the institutions that facilitate the movement of dirty money from terrorists, drug cartels, crime groups, and corrupt foreign officials.

The USAID/OIG gave a presentation on "Expanding Accountability and Fraud

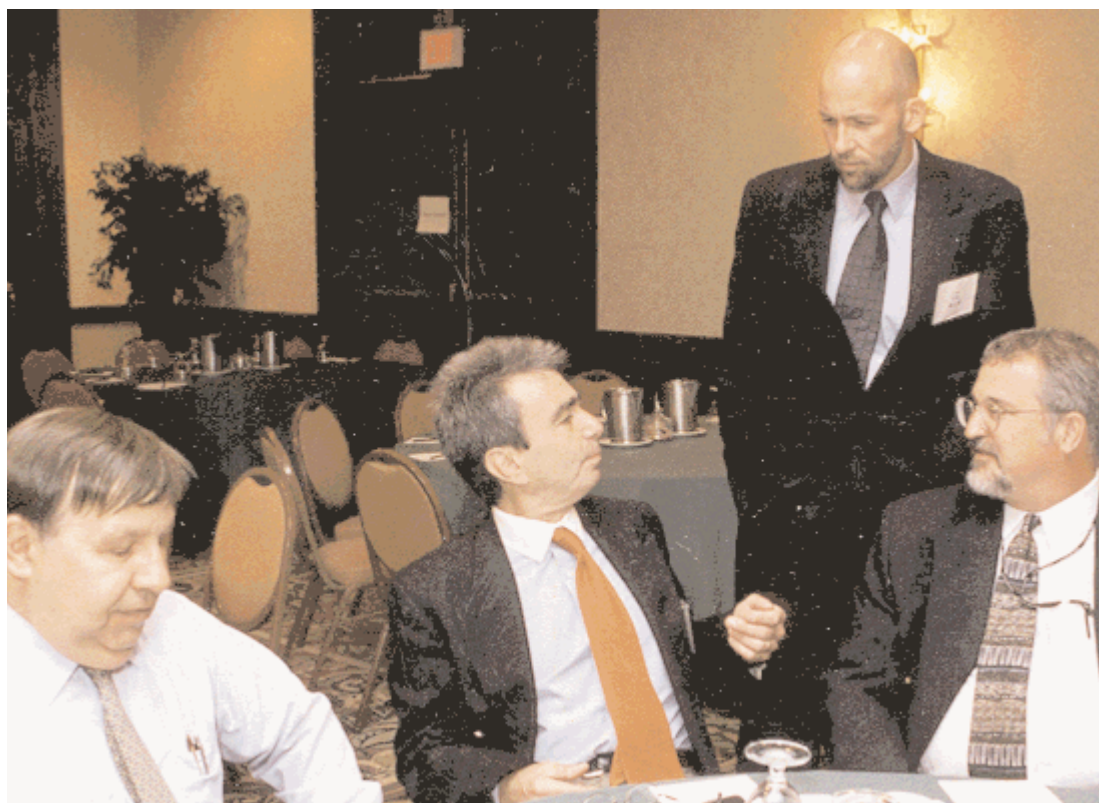


*Conference Co-Chairman, Everett L. Mosley, Acting Inspector General, USAID greets the Deputy Secretary of the Treasury, Stuart Eizenstat, who delivered the Keynote address.*



Prevention in the International Environment." Representatives of the OIG discussed accountability and fraud awareness initiatives that address fraud in the U.S.G.'s foreign aid environment. The Regional Inspector General, OIG/Pretoria, detailed work with SAIs, including assistance in helping them achieve a level of professionalism that meets recognized auditing standards. A Special Agent from OIG headquarters presented an overview of fraud awareness training provided to host government, private sector and non-profit representatives.

The first three hours of the proceedings were broadcast live internationally using various technology links. Two internet sites were used to carry the opening in both Spanish and English. Additionally, the Department of State television network and the World Bank Institute Distance Learning Network also broadcast the first morning live to their overseas offices.



*OIG Audit staff at the conference, from left to right: Thomas Anklewich, Deputy Assistant Inspector General, Audit; Joseph Farinella, Regional Inspector General / Pretoria; Tim Cox, Regional Inspector General / San Salvador; and Bruce Crandlemire, Deputy Assistant Inspector General, Audit.*

### ***Emergency Relief Programs In Central America and the Caribbean***

The Central American and Caribbean Emergency Disaster Recovery Fund was

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enacted in May 1999 to respond to the effects of Hurricanes Mitch and Georges as well as an earthquake in Colombia. Early audits of road and bridge repair and construction show that significant results have been achieved; however, some activities planned in Guatemala and Honduras toward these efforts have incurred higher-than-expected costs and implementation delays. (Detailed discussion under Other Agency Challenges section, on page 32.)

***Implementing an Integrated Financial Management System***

USAID is in the process of replacing its current financial management system, known as New Management System or NMS, in part because it failed to comply with Federal requirements. USAID is replacing NMS with a commercial, off-the-shelf, core accounting system called Phoenix. Deployment of the system, however, is delayed. The OIG identified several concerns that place Phoenix at risk and we made recommendations that would provide better assurance that the system ultimately will operate effectively and give reliable information to managers. (Detailed discussion under Major Challenges for USAID on page 23.)

***Plan Colombia***

The Government of Colombia is administrating "Plan Colombia" to combat drug production and trafficking, foster peace, increase the rule of law, improve human rights, expand economic development, and institute justice reform. Public Law 106-246, enacted in July 2000, appropriates \$1 billion to the Department State to support Plan Colombia and related activities, including \$216.5 million, for transfer to USAID.

USAID tentatively plans to use these funds in three countries. \$123.5 million will be spent in Colombia for alternative development, democracy and operating expense activities. \$85 million will be expended in Bolivia for counter-narcotics, democracy and health activities. Finally, \$8 million is planned for Ecuador for northern border area activities such as water projects, road and bridge construction and rehabilitation, civil society strengthening and environmental protection.

The OIG is working with USAID staff in Washington, D.C. and in Colombia, Bolivia, and Ecuador to achieve proactive, preventive activities in four areas. The OIG will perform risk assessments of each planned activity to determine the level of audit and investigations coverage that would be cost-effective and useful. The OIG will also provide fraud awareness training to staff in Colombia and Bolivia and arrange for pre-award surveys where missions plan to work with organizations that do not have experience working with USAID or do not have established audit histories. Finally, the OIG will coordinate oversight efforts with the GAO.



## DETECTION

USAID's role as a major international donor agency also means its worldwide programs and operations are susceptible to fraud and corruption. While most of USAID's contractors and grantees are U.S.-based organizations and entities and easily accessible by the U.S. criminal justice system, a growing number of grantees are foreign-based and present a challenge in maintaining program integrity. The OIG has designed and implemented a six-part strategy for fighting corruption in the international arena. (See details under Other Major Challenges for USAID, page 35.)

During this reporting period, this strategy has begun to yield significant returns on our initial investment of time and resources. Specifically, two major international investigations of corruption and fraud are highlighted below.

### *Investigation Exposes International Bid Rigging Cartel*

An OIG investigation resulted in the conviction of two companies (one German and the other American) on one felony count each for participating in a criminal conspiracy to manipulate, or rig, bids on USAID-funded construction contracts in violation of the Sherman Antitrust Act. In sentencing each company, the Federal District Court noted both the depth of the involvement and degree of participation of each company in the scheme. The Court then took into consideration each company's remorse as exhibited through its willingness to cooperate with the ongoing investigation. The result was a \$30 million criminal fine imposed upon the German company and a \$4.2 million criminal fine and a \$500,000 civil restitution payment imposed upon the American company.

The investigation was conducted in coordination with the U.S. Department of Justice, Antitrust Division, Atlanta Field Office, and required coordination of extensive investigative activities in six countries on three continents. It required the use of a broad array of investigative techniques. These include the extensive use of Inspector General and grand jury subpoenas, the collection of documentary evidence in unprecedented amounts and in diverse overseas locations, the analysis of complex financial records, and the unprecedented use of an international search warrant.

***First Conviction: German Company Ordered To Pay \$30 Million Criminal Fine*** - The first conviction involved a German construction company. The Frankfurt-based multi-national corporation, which pled guilty to participating in a criminal conspiracy to rig bids on two USAID-funded construction contracts to build wastewater treatment facilities in Egypt, was sentenced to pay a criminal fine in the amount of \$30 million.

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*Welders complete a piping segment of the wastewater treatment project in Egypt.*

In its plea agreement, the company admitted that it had entered into and participated in a conspiracy to suppress and eliminate competition by rigging the bids on two USAID-funded wastewater construction projects in Egypt. The company acknowledged that the objective of the conspiracy was to protect the bid of its U.S. subsidiary, which had submitted a bid as part of a joint venture, and ensure that it would be awarded the lucrative USAID contract for the project at a highly inflated price. The company admitted that it had obtained the cooperation of its co-conspirators by agreeing to compensate them for their commitments to reduce or eliminate competition on the two contracts.

Finally, the German company was ordered by the Federal Court to publicize its conviction of this crime in two national and widely-circulated U.S. newspapers in prominent one-quarter page legal notices within ten days of the date of the conviction. The court further required that the legal notices be placed at the company's own expense and that they contain: an admission of the company's guilt; a statement accepting responsibility for its part in the bid rigging scheme; an accurate description of the sentence imposed by the court; and a confirmation of the fact that the company is now fully cooperating in the ongoing investigation.



*Construction of a portion of the wastewater project.*

***Second Conviction: U.S. Company Ordered to Pay \$4.2 Million Criminal Fine and \$500,000 in Restitution-*** A U.S. company based in Virginia, was the second co-conspirator to plead guilty in the ongoing investigation of this international bid-rigging scheme. The company pled guilty to a one-count felony charge of violating the Sherman Antitrust Act through its participation in a criminal conspiracy to rig bids on certain USAID-funded construction contracts to build wastewater treatment facilities in Egypt. As a result of its guilty plea and conviction, the company was sentenced to pay a criminal fine in the amount of \$4.2 million and to pay restitution in the amount of \$500,000.

In its plea agreement, the company admitted that it had conspired with other pre-qualified bidders to manipulate bids on certain USAID-funded construction



contracts in Egypt. The company's officers and employees met, discussed, and reached agreement with other members of the bid-rigging conspiracy to eliminate or reduce competition. The company admitted that it agreed to protect the bid of the eventual winner of the contract by not submitting a competing bid. It also admitted that, in exchange for not bidding, it was paid \$3 million by the German parent company of one of the partners of the joint venture, which won the contract award.



*Piping being laid for wastewater treatment plant.*

***Investigation Results in \$120 Million Suit Against USAID Grantee***

In September 2000, the U.S. Attorney for the District of Massachusetts filed a \$120 million civil fraud lawsuit against a major USAID grantee organization, two of the grantee's employees, as well as their respective spouses. The USAID grantee received two cooperative agreements to provide technical assistance to the Russian Government to help implement a comprehensive program of economic and legal reform. The suit is the culmination of a three-year OIG investigation, which began with allegations that the grantee's employees and their spouses were engaged in personal financial activities that conflicted with the employees' contractual obligations under the USAID-sponsored cooperative agreements.

The U.S. Attorney's Office in Boston, Massachusetts and the U.S. Department of Justice are jointly handling the civil fraud lawsuit.

The OIG investigation encompassed both investigative techniques and audit support. These included the issuance of dozens of subpoenas for business and financial records and 100 interviews in the United States, Russia, and various countries in Europe.

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# MAJOR CHALLENGES FOR USAID

This section updates the continuing efforts by management to address major challenges facing USAID and the efforts by the OIG to provide assistance in overcoming those challenges. Although USAID management has made substantial progress in addressing several of these issues, others are still without resolution. The following section highlights several challenges, and the subsequent sections are organized by Agency bureaus and discuss significant audits or investigations. Continued attention to improving Agency operations will bring USAID that much closer to more fully realizing success in meeting its goals.

## *INFORMATION RESOURCE MANAGEMENT*

Executive agencies are required by the Clinger-Cohen Act of 1996 to implement a process to maximize the value and assess the management risks involved in information technology investments. OIG audits and other studies conducted over the past several years have demonstrated that USAID's management of information resources was not effective. Organizational and management deficiencies have hindered USAID from acquiring and implementing effective information systems and have also hindered USAID managers from obtaining financial and performance information that is reliable, complete, and timely.

The OIG identified four information resource management deficiencies: New Management System reporting and resource management capabilities, information resources management processes, USAID's computer security program, and difficulties in addressing "Year 2000" (Y2K) computer problems. The Y2K challenge was successfully resolved by USAID management and is, therefore, no longer listed as a major Agency challenge.

### *NMS Reporting and Resource Management Capabilities*

USAID has consistently identified the lack of an effective, integrated financial management system as a material weakness as will be discussed in the financial management section of this report. The Agency's New Management System (NMS) was intended to correct system deficiencies related to accounting, budgeting, and procurement, as well as program operations and reporting. NMS failed to do so because of severe technical and implementation problems stemming from deviations from accepted system development practices. USAID has decided to replace NMS and several other systems with a suite of off-the-shelf systems by fiscal year 2002.

## Information Resource Management Processes

In 1997 and 1998, the OIG reported a number of serious information resources management deficiencies that contributed to premature deployment of the NMS, a system that had not been tested and did not operate effectively. USAID had adopted a high-risk approach that did not follow accepted system development practices and deployed the system worldwide though severe problems had been previously identified.

USAID's failure to implement disciplined processes was due to deficiencies in its organizational structure and management practices. Individuals and offices were allowed to develop systems without regard to standards, data sharing, or the cost effectiveness of investments. USAID's Information Resources Management Division lacked the authority to manage information resources and enforce Agency-wide data or system development standards.

USAID has identified material weaknesses in its information resources management processes. As a consequence, USAID has taken a number of steps to implement disciplined processes that comply with Clinger-Cohen Act requirements. For example, USAID has obtained a contractor to provide specialized management support and information resource management expertise and has begun to implement the Software Engineering Institute's Software Acquisition Capability Maturity Model. The Model is an archetype for benchmarking and improving the software acquisition process. The benefits of software process improvements include, improved product quality, cost and schedule control, and decreased risk. USAID plans to seek independent certification that its practices meet commonly accepted government and industry standards. USAID currently estimates that the certification will be received in fiscal year 2001. In addition, USAID is developing an information technology architecture to conform to OMB requirements for an enterprise architecture, a technical reference model and a standards profile. USAID has also conformed to OMB guidelines for a modular acquisition strategy by developing a Modernization Plan.

### Computer Security

During the past year, the national news media has reported several high-level lapses of governmental security including computer security. Given the recent Presidential and congressional emphasis on the importance of computer security, the OIG continues to make oversight of computer security one of our top priorities. The OIG has issued several audit reports identifying computer security deficiencies that exposed USAID to unacceptable risks that resources and sensitive data might not be adequately protected from loss or destruction. The deficiencies exist because USAID has not implemented an effective computer security program as required by the Computer Security Act and OMB Circular A-130. Responding to OIG audits that

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identified its overall computer security program and NMS security and access controls as material weaknesses in its fiscal year 1997 Integrity Act and fiscal years 1998 and 1999 Accountability Reports.

USAID has made significant progress in developing a program to improve its ability to protect computerized information. For example, USAID has appointed an Information Systems Security Officer, developed and conducted risk assessments at three missions, and performed security evaluations and certifications of NMS. In addition, USAID officials have crafted a Model Information System Security Program. This program provides a framework for identifying and disseminating to other government agencies a complete set of 'best practices' for implementing an effective computer security program. The program has been recognized by the Chief Information Officers Council, General Services Administration, and others, as an innovative and comprehensive approach that could benefit the entire Federal Government.

The OIG also continued to work closely with the USAID Information Systems Security Officer and to participate in the Information Systems Security Working Group. Although significant improvements in USAID Information Systems Security have occurred, much work remains to be done. USAID estimates that computer security vulnerabilities will not be fully corrected until 2003.

### *FINANCIAL MANAGEMENT*

The Federal Government has embarked on a course to improve the quality of financial information used to manage its activities, through a series of legislative initiatives beginning in 1990. These include the Chief Financial Officers (CFO) Act of 1990, the Government Management Reform Act (GMRA) of 1994, and the Federal Financial Management Improvement Act (FFMIA) of 1996. Each of these laws concerns the preparation and audit of annual financial statements by Federal agencies.

USAID cannot currently meet the requirements of these laws because current Agency financial management systems do not provide complete, reliable, timely, and consistent information. USAID managers therefore cannot be sure that program objectives are met; resources are adequately safeguarded; reliable financial and performance data are obtained, maintained, and reported; and activities comply with laws and regulations.

In the past three years, USAID has made considerable progress toward resolving problems with its financial management system and it is placing significant efforts and resources toward additional improvements. While completion of the improvements is slated for the future, USAID faces immediate challenges. These challenges include:



- ◆ implementing an integrated financial management system;
- ◆ reconciling financial data;
- ◆ developing financial management procedures;
- ◆ managing the direct loan programs; and
- ◆ reporting accounts receivable.

### ***Implementing an Integrated Financial Management System***

The FFMIA requires that each agency implement and maintain financial management systems that comply with Federal financial management systems requirements, including, OMB Circular A-127. USAID's goal is to implement an integrated financial management system in accordance with OMB requirements by fiscal year 2002. To attain this goal, USAID established the Office of Financial System Integration to plan for and acquire the Agency's financial systems. This Office, under the direction of the Chief Financial Officer and Chief Information Officer, is also preparing an overall plan to modernize USAID's legacy systems, as components of an integrated financial system.

USAID is in the process of implementing an integrated financial management system, (which will replace NMS) using commercial-off-the-shelf software that will comply with the FFMIA and the Information Technology Management Reform Act of 1996. Because USAID's integrated system will include legacy system information, USAID will need to convert and move data from existing systems to the new core financial management system. This new system will be implemented in several phases.

- ◆ Phase I will focus on implementing the core financial core accounting component of the new integrated financial management system (Phoenix). Deployment was initially scheduled for completion by October 1, 2000; however, USAID senior management has delayed the start date.
- ◆ Phase II is the pilot implementation of the core accounting system at two overseas missions (Egypt and El Salvador). This is scheduled for completion by April 1, 2001.
- ◆ Subsequent phases will focus on deploying the new system to other missions.

The OIG raised several concerns about the pending implementation of Phoenix. These include:

- ◆ compressed and limited software testing of functional requirements and lack of parallel operations;
- ◆ delays in migrating data from the old to the new system;
- ◆ an incomplete and untested contingency plan to ensure continued operation in the event of unforeseen problems occurring before or after deployment;
- ◆ deferral of some system functionality until December 2000 or later;
- ◆ uneven attendance at user training sessions; and
- ◆ lack of processes to document possible showstoppers and the final decisions authorizing deployment of the system.

The OIG expressed these concerns and recommended that USAID thoroughly test Phoenix and work out any operational problems to better assure that the system will operate effectively and provide reliable information to managers. To address such concerns, USAID delayed the deployment. The OIG will continue to monitor USAID's progress in implementing Phoenix.

### ***Reconciling Financial Data***

Reconciliation of financial management information at USAID continues to be a problem. The OIG has repeatedly reported this problem area in consolidated financial statement audit reports issued in response to the Government Management Reform Act (GMRA).

The OIG is reviewing the Agency's progress in addressing this problem as part of its ongoing audit of USAID's fiscal year 2000 financial statements. This audit has found that there are still data reconciliation problems in the fund balance with the U.S. Department of Treasury, advice of charges, and advances processed through the Letter of Credit Support System. Each will be examined as part of the GMRA audit.

USAID contracted with a Certified Public Accounting (CPA) firm to assist in performing USAID's fund balance reconciliation and in identifying any differences between USAID's records and those maintained by the U.S. Department of Treasury, as of September 30, 2000. The CPA firm continues to identify the differences but at a rate that suggests that USAID's reconciliation problems may improve in the near future.

USAID has contracted with the Department of Health and Human Services (DHHS) to process the drawdown and liquidation of advances made to grantees. USAID expected significant improvements in the recording, drawdowns, and liquidation of advances through this contract. The OIG has not, however, seen evidence of this expected improvement. During the fiscal year 2000 GMRA audit, the OIG will determine whether USAID's contract with DHHS included procedures to ensure that the expected improvements would be realized in the management and liquidation of advances.

USAID has also contracted with a CPA firm to reconcile records for each grant currently recorded in its Letter-of-Credit system. This reconciliation is expected to determine the accuracy of the advance balance that USAID will report for September 30, 2000. The GMRA audit will verify whether the reconciliation proved to be helpful in accurately reporting the advance balances maintained in USAID systems.

The OIG issued a number of recommendations to address these deficiencies during the course of its audits. We have been working closely with USAID management and have reached management decision on all recommendations related to financial data reconciliation.

***Developing Financial Management Procedures***

Lack of financial management procedures continues to be a problem.

USAID is developing financial management policies and essential procedures that will be incorporated into the Agency's Automated Directives System (ADS). It has completed and implemented eleven ADS financial policy chapters as of September 30, 2000.

USAID's Office of Financial Management, with the help of its CPA contractor, has documented operating procedures for performing cash reconciliations of its fund balance account and has prepared relevant reports submitted to the U.S. Department of Treasury.

The OIG reported on this problem and provided a number of recommendations to address the deficiencies identified during the course of its financial statement audits in past years. We have been working closely with USAID management to reach agreements regarding these recommendations and are currently monitoring the development of procedures to address identified problems. During the fiscal year 2000 GMRA audit we will determine whether USAID has reduced the risk associated with this challenge.

## ***Managing the Direct Loan Programs***

USAID's Direct Loan Management Division has improved internal controls by documenting its operating procedures. In July 1998, USAID successfully completed the outsourcing of its credit portfolio management to Riggs National Bank. The total amount of outstanding USAID direct loans worldwide is approximately \$10.3 billion. The bank has completed the configuration of a system for servicing USAID's credit portfolio. A review of the system by a CPA firm included requirements to determine whether the system would support USAID's loan management requirements.

In reviewing USAID's fiscal year 1999 consolidated financial statements, the OIG determined that the outsourcing of the credit portfolio management to Riggs improved the accuracy of loan management and accounting records. In addition, USAID has eliminated its backlog in recording bilateral debt rescheduling. Further, USAID has adequately addressed all the credit program-related recommendations in the OIG's GMRA audit reports. Therefore, this area will no longer be considered one of USAID's major challenges.

### ***Reporting Accounts Receivable***

USAID continues to have a problem reporting the amount of its receivables in an accurate and timely manner. This problem was first discussed in our fiscal year 1996 consolidated financial statement audit report.<sup>1</sup>

USAID has not established adequate policies and procedures to account for worldwide accounts receivable, currently estimated at \$124 million. USAID did not report this as a separate material internal control weakness in its fiscal year 1999 Accountability Report, and it will not be addressed until USAID implements a new core accounting system. We will again review USAID's process for reporting accounts receivable in future audits.

## ***PERFORMANCE MEASUREMENT AND REPORTING***

The Government Performance and Results Act of 1993 (Results Act) was enacted to improve Federal program effectiveness and public accountability by requiring agencies to set program goals, measure program performance against those goals, and report on their progress. The Results Act requires Federal agencies to:

<sup>1</sup> *Reports on USAID's Financial Statements, Internal Controls, and Compliance for Fiscal Year 1996 (Report No. 0-000-97-001-C, February 24, 1997)*

- ◆ develop strategic plans every three years covering a period of at least five years, beginning September 30, 1997;
- ◆ prepare annual performance plans, beginning with fiscal year 1999; and
- ◆ report annually on actual performance (in an annual performance report) as compared to planned performance, beginning no later than March 31, 2000.

March 2000 completed the first full cycle of Results Act implementation.

In the Spring of 2000, the U.S. Senate Committee on Governmental Affairs (the Committee) requested that the GAO and OIG perform an initial review of USAID's fiscal year 1999 Annual Performance Report and other Results Act documents.

The OIG responded to this special request of the Committee by addressing how the Agency had responded to the management challenges identified by the OIG in December 1999, including the management challenge relating to results reporting. At that time, the OIG reported to the Committee that USAID had problems in reporting its program results. Specifically, the OIG stated that the Agency's operating units did not always report credible data and reported results were not always attributable to USAID-funded activities. Additionally, non-standardized performance measures prevented Agency-wide aggregation of program results.

In its response to the May 2000 request from the Committee, the OIG found, that with respect to results reporting, the Agency's Annual Performance Review discussed several positive accomplishments, including:

- ◆ providing Agency-wide training in managing for results;
- ◆ conducting performance measurement workshops for field and staff partners; and
- ◆ developing and disseminating standards on the quality of data and indicators.

USAID recognizes the need to further improve its performance measurement and reporting. Specifically, the Annual Performance Review identified several issues that affect the report's usefulness "for understanding USAID's aggregate performance during 1999." Those issues include the unevenness of data availability and quality within and across goal areas, the limited availability of useful annual measures, and the difficulty of capturing and measuring qualitative changes.

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Additionally, according to the Annual Performance Report, significant changes are underway based on lessons learned from preparing the fiscal year 1999 report. Specifically, in the FY 1999 Annual Performance Report USAID stated that it is:

- ◆ revising its performance goals and measures in the fiscal year 2000 performance plan;
- ◆ planning to more effectively use its high-level trend and program data; and
- ◆ planning to incorporate these changes in the revised strategic plan to be issued in September 2000.

The GAO's review of USAID's fiscal year 2001 Annual Performance Plan revealed that the plan only "provided general time frames and does not set progress milestones or indicate resource allocations for addressing any of its management challenges."

Agency management has indicated that it is committed to improving its process for reporting its program results. To this end, the OIG and USAID officials have agreed to work collaboratively to more fully incorporate the Agency's management challenges, including results reporting, into future performance reports and plans.

Since September 1996, the OIG has taken an active role in reviewing and assisting USAID in implementing the requirements of the Results Act. For example, the OIG issued several status reports on the quality of results reported by many USAID operating units. Most recently, at Agency request, the OIG has begun a worldwide series of audits that not only continues to assess the quality of results reported by operating units but also tests the units' compliance with Agency guidance and requirements regarding results reporting. To ensure that the audits are beneficial to both country level and Washington managers, the OIG worked closely with Agency performance measurement experts to develop the audit methodology. These Agency officials have accompanied audit teams during audit fieldwork.

Additionally, OIG auditors have conducted training sessions in performance management. This worldwide series of audits has produced three audit reports during this semiannual reporting period and this unique collaborative effort will continue through the calendar year. This joint effort has resulted in a better working relationship between the OIG and Agency management. This new atmosphere of cooperation between the Agency and the OIG should allow for more effective audits and a concerted effort to improve results reporting.





*Children playing at the Cernavoda Placement Center in Cernavoda, Romania, an orphanage for learning disabled children. The OIG is working in partnership with USAID to improve results reporting by operating units such as USAID/Romania.*

In addition to the performance measurement and reporting work related to the Committee's special request and the worldwide audit series outlined above, the OIG plans to audit USAID's revised Strategic Plan, to determine whether it meets Results Act requirements, and addresses OIG and GAO recommendations for improvements in results reporting.

## **HUMAN CAPITAL MANAGEMENT**

Human capital management is an area of concern for many Federal agencies. The GAO has reported that Federal "agencies have not sufficiently indicated how they will identify their human capital needs, nor how they will acquire, develop, and deploy their human capital" to improve their programs and achieve their goals. Like other Federal agencies, managing its human capital presents a variety of challenges to USAID. These include:

- ◆ declining budgets for personnel resources;
- ◆ an aging workforce and the prospect of accelerating retirements;

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- ◆ the need to keep abreast of rapid technological changes in a tight labor market; and
- ◆ the need to supplement internal staff knowledge with external expertise.

In addition to the general challenges above, USAID has specific human capital management issues because of the changes in method, objective, and technical orientation of USAID's programs, together with staff reductions and only recently lifted hiring restrictions. Agency management has stated that these factors have resulted in less-experienced people managing a more complex development program.

Pursuant to its human capital management challenge, the Agency, in its fiscal year 1999 Annual Performance Plan, presented the indicator, "percentage of critical positions vacant." This indicator was designed to measure the Agency's progress in filling vacant positions necessary for financial, managerial, and technical accountability of USAID-managed resources. In its fiscal year 1999 Annual Performance Report, USAID reported that it exceeded this goal's target of filling 90 percent of critical vacancies. GAO reported to Congress that the fiscal year 1999 Annual Performance Report "notes progress in the areas of technical training, new entrant training, planning for foreign service recruitment, and prioritizing hiring to fill long-term needs."

USAID established a task force to guide workforce planning in June of 1997. The task force was charged with the responsibility of devising actionable recommendations that would address the Agency's workforce requirements for a period of five years. The OIG plans to audit two important components of the human capital management challenge addressed by this task force. Initially, the OIG will audit USAID's efforts to implement the recommendations of the 1997 workforce planning task force. USAID must not only have a sufficient number of people, but it must have people with the right training and skills to manage its programs for results. The OIG will therefore audit USAID's staff training programs to determine if USAID provides its employees with sufficient training to carry out their responsibilities.

**BROAD PROGRAM MANDATE**

USAID did not specifically discuss the breadth of its mandate in either the Annual Performance Plan or the Annual Performance Report, although both the OIG and the GAO have considered an overly broad program mandate to be a management challenge for the Agency. The management burden resulting from USAID's broad program mandate has elicited concern from outside the Agency. The President's Commission on the Management of A.I.D. Programs stated in 1992 that USAID is faced with a preponderance of programs and conflicting priorities in an environment



of diminishing operational resources. The 1993 Wharton Task Force Report concluded that USAID had too many individual country programs for the size of its staff and budget. Agency officials frequently illustrate this problem by pointing to relatively recent requirements for USAID programs in Eastern Europe and Eurasia, which were mandated without commensurate increases in operating expense funding. Following enactment of the Foreign Affairs Reform and Restructuring Act of 1998, USAID began extensive discussions and negotiations with the Department of State to make development assistance a more central element of U.S. foreign policy. USAID and State Department officials are working to outline shared goals, learn each other's operating requirements, and strengthen mechanisms for future coordination.

The OIG has also planned an audit of USAID-sponsored activities in non-presence countries (countries where USAID provides funding for development assistance but where there are no USAID missions). In response to an OIG audit recommendation, USAID has developed a database of non-presence activity to enable the Agency to report on a country activity level, which was not possible in the past. The OIG will audit this new database for completeness and reasonable accuracy.

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## OTHER AGENCY CHALLENGES

### **CENTRAL AMERICA AND THE CARIBBEAN EMERGENCY DISASTER RECOVERY FUND**

The Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) was enacted in May 1999 to respond to the effects of Hurricane Mitch in Central America, Hurricane Georges in the Caribbean, and an earthquake in Colombia. The CACEDRF provides \$621 million for reconstruction assistance in Honduras, Nicaragua, El Salvador, Guatemala, Costa Rica, the Dominican Republic, Haiti, and Colombia. These funds will be used to reconstruct damaged roads and bridges, rebuild homes and schools, repair and improve wells and sanitation facilities, improve the health status of the victims of natural disasters, and re-activate economic growth.

Of the \$621 million in the CACEDRF, \$34 million represents transfers to other Federal agencies under Section 632(a) of the Foreign Assistance Act. USAID does not retain programmatic or financial responsibility for these funds. Another \$7 million will be used for USAID operating expenses (including \$1.5 million for OIG operating expenses). For the remaining \$580 million in program funds, USAID reports that it has obligated \$580 million, sub-obligated \$531 million, and accrued expenditures of \$169 million in CACEDRF funds as of September 30, 2000.<sup>2</sup> USAID has committed itself to spending all of the CACEDRF funds by December 2001.

The OIG has placed a high priority on providing adequate audit and investigative coverage of the CACEDRF. To determine the type of audit coverage that would be appropriate and cost effective, the OIG performed risk assessments of each activity funded under the CACEDRF. Higher-risk activities will be covered by concurrent financial statement audits. Lower-risk activities will receive annual financial statement audits. All activities will be subject to performance audits performed by the OIG.

The OIG expects to conduct 21 concurrent financial statement audits covering activities with \$269 million in CACEDRF funding. Nineteen of these concurrent audits of all high-risk activities are underway. The OIG will supervise 68 annual financial statement audits covering activities with \$147 million in CACEDRF funds. For most recipients, the first group of annual audits will be completed by April 2001. For 13 activities involving \$14 million, the OIG will rely

*2. For bilateral (that is, government-to-government) assistance, USAID obligates funds through grant agreements with host governments. In this case, funds are subsequently sub-obligated through subgrants, contracts, project implementation letters, or other types of commitment documents that provide financing for specific activities under the bilateral grant. USAID accrues expenditures when costs are incurred, whether or not funds have actually been disbursed to grantees, contractors, and other payees.*

OTHER AGENCY CHALLENGES

on annual audits conducted pursuant to OMB Circular No. A-133 or annual audits conducted by DCAA respectively. Finally, for activities involving \$184 million that are implementing directly by USAID, other U.S. Government agencies, or public international organizations, the OIG does not currently plan any financial audit coverage. However, activities implemented by USAID and other U.S. Government agencies will be subject to OIG performance audits.

During this reporting period, the OIG issued three performance audit reports on the CACEDRF program. The OIG issued 12 concurrent financial audit reports on the program. These financial audit reports disclosed \$443,175 in questioned costs, nine reportable internal control conditions, and 28 instances of material noncompliance with agreement terms and applicable laws and regulations. Disclosing these problems at an early stage, when relatively small amounts are involved will permit USAID missions and recipients to address any identified problems. Effective efforts to immediately address such problems should result in fewer identified problems in subsequent audits.

The OIG is committed to taking proactive steps to ensure that CACEDRF funds are used properly. The OIG:

- ◆ Provides fraud prevention and detection training for USAID staff and partners. As of September 30, 2000, the OIG had provided such training for 2,141 USAID staff members and partners.
- ◆ Helps USAID design its activities to minimize their vulnerabilities to fraud and corruption. For example, the OIG has helped USAID / Honduras establish internal audit functions for activities carried out by the Government of Honduras and helped train its internal auditors.
- ◆ Helps USAID design its activities to minimize their vulnerabilities to fraud and corruption. For example, the OIG has helped USAID / Honduras establish internal audit functions for activities carried out by the Government of Honduras and helped train its internal auditors.
- ◆ Enforces the Foreign Corrupt Practices Act.
- ◆ Provides advice to USAID program managers concerning internal and external risks.
- ◆ Evaluates the internal controls established by USAID and its partners through pre-award surveys and other audit activities.
- ◆ Coordinates its oversight efforts closely with the GAO, which is also involved in monitoring the program.

CACEDRF is a high-risk program. Funding is large and time frames are short. The coordinated efforts of the OIG, USAID staff, and other partners and stakeholders will help ensure that CACEDRF funds are well spent.

**SOUTHERN AFRICA FLOOD  
RECONSTRUCTION AND REHABILITATION**

USAID plans to use \$25 million in supplemental appropriations for Southern Africa Flood Reconstruction and Rehabilitation in the countries of Mozambique, Madagascar and Botswana. The OIG is working closely with USAID missions and the Africa Bureau to ensure that funds are used efficiently, effectively, and for their intended purposes. The OIG will determine the type of audit coverage that is most appropriate and cost-effective by visiting these countries and conducting risk assessments to determine where detailed audit work should be conducted. The resulting audit work will concentrate on prevention and early detection and will make recommendations to correct both specific problems identified and system weaknesses.

OIG investigative activities will stress accountability and anti-corruption issues, because of the high risk environment in southern Africa, with the goal of developing and putting into place effective methodologies for identifying, preventing, and eliminating corruption and fraud in the management and administration of the supplemental funding.

**HIV / AIDS**

USAID expects to receive a significant increase in funding in fiscal year 2001 for HIV/AIDS prevention and mitigation activities. The Agency has taken steps to define immediate and long-term actions that are needed to implement a rapidly expanding program effectively and efficiently. Several Rapid Response Teams were established to identify and propose solutions to anticipated problems associated with rapid program expansion both in Washington and overseas. In addition, USAID established a Senior Management Team to facilitate communication and provide a forum for rapid decision making on problematic issues. The OIG is a member of the Team and will provide assistance on accountability issues. As the extent of funding and USAID's plans become clear, the OIG will determine an appropriate audit strategy for the HIV/AIDS program.

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## **ANTI-CORRUPTION FOCUS**

Anti-corruption remains a priority for USAID. Therefore the OIG continues to emphasize its anti-corruption initiatives and to advance its six-part strategy of fighting corruption. This strategy has the following complementary components:

### ***Surveying the Environment***

The OIG assesses corruption in host countries and identifies local criminals who may pose threats to USAID Programs. The OIG focuses on U.S. and partner organizations with a history of nonconformance to USAID regulations and U.S. law and concentrates on programs that have been vulnerable to fraud, waste, or abuse in the past. The addition of a criminal research specialist will assist the OIG to collect, analyze, and report data on corruption in target areas. Additionally, the OIG will provide briefings detailing potential threats in areas at high risk for corruption.

### ***Establishing a Close Working Relationship with USAID***

The OIG works closely with USAID management and others and strives to promote cooperation and collaboration with USAID.

### ***Emphasizing a Team Approach***

The OIG encourages the use of the OIG hotline and other referrals to identify corrupt activities and works toward the early solution of problems.

### ***Enforcing the Foreign Corrupt Practices Act***

The Foreign Corrupt Practices Act (FCPA) prohibits a U.S. firm from making a "corrupt" payment to foreign officials for the purpose of procuring or retaining business. The OIG works closely with the Department of Justice in the investigation of FCPA violations and uses FCPA as a tool in the fight against corruption.

### ***Conducting Fraud Awareness Briefings***

The OIG provides support and advice to USAID on fraud awareness and aggressive law enforcement strategies through meetings, presentations, conferences, and other forums.

## *Offering Recommendations for Systemic Improvements*

The OIG offers recommendations for systemic improvements, if weaknesses are uncovered in a USAID program or operation.

OTHER  
AGENCY  
CHALLENGES

# AUDIT AND INVESTIGATIVE HIGHLIGHTS

**Audit** activities include conducting and reviewing financial and performance audits. Following is a statistical summary of OIG audit activities from April 1, 2000 through September 30, 2000:

| TYPE OF REPORT   | NUMBER OF REPORTS | MONETARY RECOMMENDATIONS<br>( <i>\$ Thousands</i> ) |
|--|-------------------|---|
| <b>Financial Audits:</b>   |                   |   |
| Audits of USAID financial statements   | -                 | -   |
| Financial-related audits of USAID programs and operations                              | 4                 | -   |
| Initial Reviews of Recipient-Contracted Audits of U.S.-based grantees                  | 40                | -   |
| Audits of non-U.S.-based organizations   | 133               | \$7,025   |
| Audits of Enterprise Funds   | 15                | -   |
| Audits of U.S.-based contractors performed by the Defense Contract Audit Agency (DCAA) | 64                | 8,934   |
| Audits of foreign-based organizations performed by DCAA                                | 15                | 391   |
| <b>Performance Audits:</b>   |                   |   |
| Economy and Efficiency   | 25                | 10  |
| <b>Miscellaneous Reports:</b>  |                   |   |
| Quality Control Reviews  | 20                | -   |
| Other reports  | 3                 | -   |
| <b>TOTAL FOR THE CURRENT PERIOD</b>  | <b><u>319</u></b> | <b><u>\$16,360</u></b>                              |



**Investigations** focus on programs and operations that are most vulnerable to fraud in activities of USAID, the African Development Foundation and the Inter-American Foundation.

Investigative priorities include program integrity (fraud involving contracts, grants and cooperative agreements) and employee integrity (misconduct of direct hire employees and personal services contractors). OIG investigations may result in criminal, civil or administrative action. The following is a summary of investigative workload and results during this reporting period:

|                                    |                     |
|------------------------------------|---------------------|
| <b>Cases Opened</b>                | <b>94</b>           |
| <b>Cases Closed</b>                | <b>84</b>           |
| <b>Recoveries</b>                  | <b>\$35,289,882</b> |
| <b>Hotline Complaints</b>          | <b>73</b>           |
| <b>Convictions</b>                 | <b>3</b>            |
| <b>Personnel Suspensions</b>       | <b>6</b>            |
| <b>Resignations / Terminations</b> | <b>9</b>            |

## BUREAU FOR AFRICA

### ***Audit of USAID's Activities to Prevent, Migrate, and Resolve Conflicts in Sub-Saharan Africa***

Extensive conflict and instability have adversely affected U.S. interests in Africa. Depleted resources decrease Africa's ability to become integrated into the world economy. Weapons proliferation, drug trafficking, terrorism, and corruption thrive in a precarious environment. In response, USAID has funded a variety of activities to prevent, mitigate, or resolve conflicts in Africa. In an August 1999 letter to the USAID Administrator, the Chairman of the Senate Foreign Relations Committee requested that the OIG review the cost effectiveness of U.S.- supported, conflict-resolution activities in Africa.

In 1994, Congress passed the African Conflict Resolution Act (ACRA). ACRA emphasized the importance of developing an African capacity for conflict resolution and demobilization, and authorized USAID to provide foreign assistance to sub-Saharan Africa, to *inter alia*, strengthen the conflict resolution capacity of the Organization of African Unity (OAU), multilateral sub-regional organizations in Africa, and African non-governmental organizations (NGOs). Within USAID, the Bureaus for Africa, Humanitarian Response, and Global Programs provide support for conflict-related activities in Africa. The Africa Bureau has spent the largest amount of any USAID entity on conflict-related activities—approximately \$107 million from fiscal year 1995 to 1999, about 2 percent of its \$5.7 billion budget for those years.

The audit found that in March 2000, 14 of the 47 sub-Saharan African countries (30 percent) were involved in armed internal or external conflict. An additional, 22 countries (47 percent) are at risk of conflict or civil violence. These countries are either presently threatened by armed conflict, transitioning out of conflict, or have a history of ongoing conflict without having addressed its root causes. Only 11 countries (23 percent) have a low or limited potential for conflict or civil violence, although many of those countries still face some threat of violent conflict from regional instabilities that could spill across their borders.

The audit also found that the conflict resolution activities funded by USAID include:

- ◆ improving the capabilities of the OAU, three multilateral sub-regional organizations, and NGOs;
- ◆ demobilizing and retraining of ex-combatants; and
- ◆ training of Africans in conflict resolution and peacekeeping.

USAID contributed \$2.4 million from 1992 to 1995 to the OAU—the largest multilateral regional organization within Africa. Most of the funds were transferred or allocated directly to the Department of State and used to enhance the OAU's mediation and peace-building capabilities.

The audit report did not contain recommendations. (*Audit Report No. A-000-00-004-P*)

### ***Audit of USAID/Ghana's Performance Monitoring***

This was the first in a series of worldwide audits addressing the quality of Results Review and Resource Request (R4) Reports submitted by USAID's operating units. The OIG initiated these audits at the request of USAID managers who wanted an independent assessment of compliance with new Agency guidance for performance monitoring.

The usefulness and credibility of data in R4 reports depends on the effectiveness of the operating unit's performance monitoring system.

The audit found that USAID/Ghana generally monitored performance in accordance with applicable guidance. However, it also determined that there were problems with three aspects of USAID/Ghana's performance monitoring system that adversely affected the quality of performance information. First, performance-monitoring plans were not always complete. Some plans did not adequately define and identify performance indicators and specify the way in which data were to be collected. Second, data quality assessments were not prepared for all indicators. Without assessments to determine that data met validity, timeliness, and reliability standards, there was less assurance that available performance information could reliably be used for results-oriented management. Third, data reported in the R4 did not always meet quality standards. In some cases, data reported in the R4 did not agree with supporting documentation, certain data limitations were not disclosed and, in one case, the baseline data and results data were not comparable. These problems resulted in data quality below that required for a credible and useful performance-based management system.

The OIG recommended that USAID/Ghana:

- ◆ update current performance monitoring plans to precisely define indicators, identify data sources, describe data collection methods, and specify data collection frequency;
- ◆ establish procedures to ensure that performance monitoring plans are prepared and maintained;
- ◆ complete indicator data quality assessments;
- ◆ establish procedures to ensure that assessments are completed and documented at required intervals; and
- ◆ revise procedures to ensure that data reported in R4s are supported, have comparable baselines, and have their limitations disclosed.

USAID/Ghana agreed with all of the recommendations. By implementing these recommendations, the Mission will improve the reliability and usefulness of its performance monitoring system. (*Audit Report No. 7-641-00-007-P*)

### ***Audit of Internal Controls over USAID Relief Commodities at the Port of Freetown in Sierra Leone***

The OIG conducted an audit at the Port of Freetown in Sierra Leone in response to concerns regarding significant food aid commodity losses. The OIG reviewed the internal control environment and met with officials of the Port of Freetown and the cooperating sponsors (private voluntary organizations).

The audit found that the USAID Regional Food for Peace Officer and the cooperating sponsors had not ensured adequate control over relief commodities from port entry to port exit. This situation led to significant losses during one vessel's discharge of USAID food aid commodities at the port in January 2000. For this shipment, one cooperating sponsor reported a loss rate of 10 percent while another reported a loss rate of three percent.

Several factors, including civil conflict and general chaos, contributed to these losses. One such factor was the lack of a USAID representative assigned to Sierra Leone to monitor the Agency's humanitarian effort. The USAID Emergency Relief Coordinator was located in Conakry, Guinea, and was unable to



*Victims of war at an amputee camp in Freetown are also recipients of USAID food aid commodities.*



provide on-site oversight. Furthermore, security conditions in Sierra Leone restricted the Coordinator's monitoring capabilities.



*According to port officials, these lifting cranes have not been used for years.*

Additional control weaknesses included unreliable port security personnel, the lack of specific clearing and forwarding procedures for emergency relief cargoes, and poorly trained and inadequately supervised stevedores. Finally, as result of the civil war and long-term neglect, the port's physical infrastructure was in need of rehabilitation, and cargo-handling equipment also needed to be replaced.

The report recommended: that cooperating sponsors use private security personnel at the port to reduce the risk of commodity loss due to pilferage and theft; and the development of clearing and forwarding procedures to expedite the movement of emergency commodities through the port. USAID agreed with the recommendations and subsequently reported a significantly improved situation with respect to port losses during vessel discharge operations. (Audit Report No.7-636-00-008- P)

*Cargo handling equipment, including worn nets and slings, are in need of replacement.*



## ***Audit of USAID/Tanzania's Environment Strategic Objective***

Based upon concerns regarding levels of spending, USAID/Tanzania asked the OIG to audit its natural resources management (NRM) strategic objective.

The audit focused on determining the adequacy of Mission monitoring activities under this strategic objective and whether USAID funds were properly accounted for and intended benefits were achieved.

The OIG verified that USAID/Tanzania was generally monitoring NRM program performance as required by USAID policy and procedures. For example, the Mission had developed a performance monitoring plan that documented its system for gathering and analyzing results data required for its results review process. In addition, staff performed regular visits to the activity sites to meet with partners and observe the status of activities, and held quarterly meetings to obtain progress reports summarizing the status of activities in the field and achievements during the period. OIG field visits to selected sites showed that the Mission's NRM partners were making satisfactory progress in carrying out their respective activities.

The Mission was not, however, always adequately monitoring the financial activity of its USAID-funded partners. This weakness was attributed to the fact that a large proportion of the NRM portfolio was comprised of activities funded by the Mission through "field support" contracts and grants procured by USAID's Global Bureau. This mechanism makes it difficult for Missions to obtain complete and timely financial information because accounting for the award is done by USAID/Washington.

As a result of this lack of information, USAID/Tanzania did not know how much of the \$9.6 million it had allocated to the field support contracts and grants for its NRM portfolio had been obligated and spent to date. The Mission, therefore, did not have adequate assurance that funds spent by these entities were properly accounted for and used for intended purposes. To address this control weakness, the audit recommended that the Mission have a financial audit performed on its field support contracts/grants as well as several cooperative grants which were found to have record keeping deficiencies.

USAID/Tanzania agreed with the audit recommendation. Because the Mission was in the process of arranging the financial audit at the time the final audit report was issued, a management decision on this recommendation had been reached. (*Audit Report No. 4-621-00-005-P*)<sup>3</sup>

<sup>3</sup> It should be noted that evidence of potential improprieties within the Mission's environment program was brought to the auditors' attention during the fieldwork for this audit. These matters were promptly referred to the OIG Office of Investigations for further review. An investigation was later initiated to look into these matters and was still in progress at the completion of the fieldwork.



## ***Audit of USAID/Rwanda's Emergency Monetization Program***

In 1997, USAID and the Government of Rwanda (GOR) signed a Transfer Authorization approving the transfer and delivery of \$10 million in U.S. agricultural commodities to Rwanda. These commodities, consisting primarily of wheat and vegetable oil, were to be sold or "monetized". Sales proceeds were to be used to fund a variety of activities intended to promote food security within Rwanda. Such activities were urgently needed due to the massive repatriation and resettlement of refugees in late-1996. These individuals had been displaced during the country's earlier civil war and genocide. In March 1998, USAID, the GOR and the United Nations Development Program (UNDP) signed a Memorandum of Understanding specifying additional requirements for program implementation. The UNDP was to establish and maintain a "Special Window" account to receive all proceeds generated from the sales of USAID-procured food commodities. The Mission contracted with two U.S. contractors to serve as the program's "sales" and "implementing" agents.

The OIG conducted an audit to determine whether USAID/Rwanda adequately monitored this emergency program. The audit determined that the USAID/Rwanda Mission generally provided adequate oversight but that it was unable to ensure that sales proceeds were maintained in a separate account. In addition, the Mission experienced extensive delays in recovering some sale proceeds owed to the program from a sale that occurred in a third country and that had a series of complications.

The UNDP failed to establish a separate account for the sales proceeds despite repeated requests by the Mission to do so. Instead proceeds generated under this program were commingled with other donor funds and merely accounted for separately. A recommendation on this matter, however, was not deemed



*Construction of a warehouse for storing seeds in Ruhengeri District, Rwanda was financed with funds generated under the emergency food sale program.*

necessary since this program was nearing completion at the time of the audit.

In addition, where as the program experienced generally positive results from sales that took place in Rwanda, two that took place in another country encountered complications that resulted in lower proceeds than originally planned. One of these unsuccessful sales was cancelled when problems related to a partial, initial sale developed. The sales agent has been trying unsuccessfully to recover the full amount of the proceeds generated from the partial sale. With the program scheduled to end on September 30, 2000, and on-going efforts to recover the outstanding balance showing little progress, the audit recommended that the Mission conclude this matter to prevent extensive delays in the close-out of this program.

USAID/Rwanda agreed with the audit recommendation and made a final decision to discontinue its efforts to recover the remaining proceeds. The Mission was in the process of preparing to close out the program at the time the final audit report was issued. (*Audit Report No. 4-696-00-011-P*)

## BUREAU FOR ASIA AND THE NEAR EAST

### *Audit of USAID/India's Innovations in Family Planning Services Program*

In September 1992, the Government of India and USAID/India initiated the Innovations in Family Planning Services project (IFPS). This \$325 million project seeks to assist the Indian State of Uttar Pradesh in significantly reducing its total fertility rate and improving women's reproductive health. USAID/India implements the IFPS primarily through an independent organization called the State Innovations in Family Planning Services Agency (SIFPSA), which was created to execute the project.

In implementing the IFPS, USAID/India has used performance-based disbursements (PBD). Under USAID/India's implementation of PBD, the Mission pays the Government of India for achieving certain previously agreed-to results (benchmarks). This method is intended to emphasize outputs and accomplishments rather than inputs such as commodities or technical assistance.

The OIG conducted an audit that raised several concerns, the most important of which was the absence of USAID guidance addressing the PBD mechanism. In the absence of such guidance, USAID/India made certain decisions that could lead to significant problems, including:

*RIG/Manila Audit Manager Nathan Lokos, with USAID and project officials at SIFPSA headquarters in Lucknow, India. Note that there is no indication that USAID funded the SIFPSA project.*



- ◆ the lack of accountability over inputs of goods and services valued at about \$155 million;
- ◆ difficulty in verifying that the Government of India has not used USAID's funds to replace some of its own family planning expenditures; and
- ◆ minimal identification of IFPS products and services as being financed by USAID.

To address these concerns, the OIG made a recommendation that USAID management review the use of PBD and determine whether Agency guidance is necessary.

In addition to the above, the OIG determined that:

- ◆ IFPS reporting of family planning service statistics was inadequate, leading to the payment for a benchmark that had not actually been achieved;
- ◆ the wording of some benchmarks was ambiguous, making it difficult to determine if requirements were actually met;
- ◆ it was difficult to determine whether IFPS benchmarks were fairly priced;
- ◆ contraception distribution was not always timely, leading to occasional shortages at local clinics; and
- ◆ the financial audit requirement for SIFPSA was inadequate.

The OIG made six recommendations to address these problems. USAID management acknowledged that PBD was a "hybrid" funding mechanism and agreed to issue policy guidance within nine months of the report's publication. (*Audit Report No. 5-386-00-003-P*)

### ***USAID Suspends Four FSN Employees And Terminates Six for Travel Voucher Fraud***

USAID/Nepal reported the likelihood that a number of its Foreign Service National (FSN) employees had committed fraud by requesting reimbursement for travel lodging expenses in excess of actual expenditures. A joint USAID Mission and OIG investigation into the allegations confirmed the fraud. The investigation determined that ten FSN employees had submitted falsified hotel receipts to substantiate their claimed expenses. As a result of the investigation, six FSN employees were terminated and four FSN employees received suspensions ranging from 21 to 60 days.

### ***Investigation Yields \$120,000 in Civil Claims Recovery***

An OIG investigation resulted in a U.S. hydraulic crane company agreeing to pay the United States \$120,000 to settle civil claims that it violated the Federal False Claims Act. During the mid-1990s, the company had been awarded two contracts for the sale of catch basin cleaning equipment to the Alexandria General Organization for Sanitary Drainage in Alexandria, Egypt. The contracts totaled approximately \$800,000 and were financed in full by USAID. The U.S. Government alleged that the company submitted false claims to USAID indicating that it paid no commissions on the two transactions when, in fact, it paid commissions totaling approximately \$88,000. USAID regulations provide that unreported commissions are ineligible for USAID-financing. The U.S. also alleged that even if they had been reported, the commissions paid by the company were excessive. USAID regulations provide that the agency will only finance a reasonable commission, defined as that customarily used in the industry. The company cooperated with the Government throughout the investigation but made no admissions of liability.

### ***Managing Director Forced to Resign***

An OIG investigation into numerous allegations of fraud and mismanagement by the Managing Director of a USAID/Nepal-financed Contraceptive Marketing and Sales firm led the Mission to request that the Managing Director be terminated. The investigation revealed that the Managing Director had solicited a bribe from the recipient of an advertising contract in exchange for the contract award. The investigation further revealed evidence that the Managing Director had attempted to circumvent the firm's internal controls with the result that many financial transactions lacked transparency. USAID suspended its cooperative agreement with the firm and the Managing Director resigned on June 26, 2000.

### ***FSN Employee Resigns over Ethics Violation***

An OIG investigation into an allegation regarding a violation of the Standards of Ethical Conduct, which prohibit the use of office for private gain, resulted in the resignation of a FSN Project Specialist in Bangladesh. The investigation revealed that the Project Specialist had borrowed money on several occasions from an employee of a contractor firm under the Project Specialist's supervision. The contractor firm's employee felt compelled to make the loans because of the FSN's position within the USAID Mission. The FSN never repaid the money. The investigation also revealed that the Project Specialist had engaged in an undisclosed business as a partner with another employee of a contractor firm under the Project Specialist's supervision.



***Flour Milling Equipment Manufacturer  
Fined \$325,000 for Obstruction of Justice***

A U.S. based manufacturer pled guilty to one count of obstruction of justice and was sentenced to two years probation and ordered to pay \$325,000 for illegal actions it took to obstruct a joint OIG - U.S. Customs investigation. The investigation covered purchases of equipment financed under USAID's Commodity Import Program. The investigation discovered that the company was using USAID funds to pay commissions to foreign agents and not disclosing the payments in accordance with Agency regulations.

When the company president declined to talk with investigators, its legal counsel was contacted by an Assistant U.S. Attorney and informed that subpoenas for books and records would be issued. That night, investigators seized the company president's trash, which revealed that he had discarded diaries and notebooks spanning a three-year period, and containing notes and references to the equipment around which the investigation was based. The attempt to destroy these records was the basis of the obstruction of justice charge against the company.

# BUREAU FOR EUROPE AND EURASIA

## *Audits of Eurasia Foundation*

The Eurasia Foundation is a U.S., nonprofit, privately-managed, donor organization dedicated to funding programs that build democratic and free market institutions in the 12 New Independent States of the former Soviet Union. The headquarters of the Foundation are located in Washington, D.C. Field offices are located in Almaty, Baku, Moscow, Saratov, Tashkent, Tbilisi, Vladivostok, and Yerevan. Additional Foundation representatives are located in Ashgabat, Bishkek, Chisinau, Dushanbe, Gyumri, Minsk, and Yuzhno-Sakhalinsk. The Foundation is funded by both USAID and private contributions.

The OIG arranged for DCAA to conduct audits of Eurasia Foundation offices in Moscow and Vladivostok, Russia; Almaty, Kazakhstan; Tbilisi, Georgia; and of Washington, D.C. The purpose of the DCAA reviews of these offices was to determine if controls were in place to deter fraud, waste, and abuse of USAID grant funds; whether the Foundation had ensured accountability of funds provided to subgrantees; and whether operating expenses had been spent in accordance with Eurasia Foundation policies and procedures.

DCAA's review of the Foundation's field offices in Moscow, Vladivostok, Almaty and Tbilisi were completed during the previous semiannual reporting period. An audit of the Foundation's headquarters operations was completed during the current reporting period. The headquarters review found significant inadequacies in the Foundation's management of grant funds. These deficiencies included:

- ◆ inadequate Eurasia cash management of grant funds;
- ◆ unresolved, over-aged subgrants;
- ◆ inconsistency between field office and Eurasia Foundation headquarters grant management system data; and
- ◆ a failure to provide, in a timely manner, information needed to finalize indirect cost rates.

Recommendations to address these deficiencies were directed to USAID to ensure that the Eurasia Foundation takes appropriate action to address the weaknesses noted in the audit report. Appropriate action has been taken on all deficiencies, and USAID has directed the Foundation to refund unsupported costs totaling \$86,369 for the headquarters operation and \$145,019 for the field offices.

## BUREAU FOR GLOBAL PROGRAMS, FIELD SUPPORT, AND RESEARCH

### *Audit of USAID's Center for Economic Growth and Agricultural Development*

The OIG audited the USAID Global Bureau's Center for Economic Growth and Agricultural Development's (the Center) performance monitoring for indicators appearing in its fiscal year 2002 Results Review and Resource Request (R4) Report.

USAID has developed a system to assess its progress in achieving its objectives. That system-called a performance monitoring system-is an organized process for systematically monitoring the progress of a program, process, or activity towards its objectives over time. USAID's performance monitoring consists of:

- ◆ establishing performance indicators;
- ◆ preparing performance monitoring plans;
- ◆ setting performance baselines; and
- ◆ assessing data quality.

Performance monitoring systems also include the regular collection of results data that are reported in the R4 report-the most significant performance report that the operating units send to their respective bureaus. The data in the R4 report are used for a variety of purposes, such as internal analyses, responding to external inquiries, and Agency-wide reporting. Therefore, the data should be as complete, accurate, and consistent as possible.

In April 2000, the Center issued its fiscal year 2002 R4 report, which highlights fiscal year 1999 program accomplishments and lays out resource requirements for fiscal year 2002. In fiscal year 1999, the Center had "strategic objectives" in the areas of agricultural development, emerging markets, business development, and microenterprise development. It also managed, under a "special objective," activities to increase cooperation in the Middle East through the use of U.S.-Israeli technical expertise. The Center measured its progress towards achieving these objectives using 17 performance indicators. In its fiscal year 2002 R4 report, the Center requested \$82.65 million to support its four strategic objectives and one special objective.

This audit was one in a worldwide series of audits that was requested by USAID management. This audit was designed to determine whether a performance monitoring system was established and carried out in accordance with Agency requirements. To accomplish this objective, the OIG reviewed at least one indicator within each of the Center's strategic and special objective areas.

The OIG reported that the Center did not fully monitor performance in accordance with Agency requirements as demonstrated by indicators appearing in its R4 report for fiscal year 2002. Although the Center generally established baselines in accordance with Agency guidance, the Center needs to:

- ◆ prepare and carryout performance monitoring plans to better ensure that credible, supported results are reported; and,
- ◆ assess the quality of performance data included in the R4 report and to more fully disclose data limitations, if any, when data are reported.

The OIG made three recommendations for improving the Center's performance monitoring system. (*Audit Report No. 9-000-00-003-P*)

# BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

## *Audit of USAID/Guatemala's Road and Bridge Repair Activities*

In 1998, Hurricane Mitch caused tremendous damage in Guatemala, damaging or destroying 121 bridges and 90 stretches of road. USAID/Guatemala has committed \$3 million to reconstruct or repair 14 bridges and rehabilitate 230 kilometers of roads.

The OIG audit found that both of USAID's local partners in this activity achieved significant results during the first eight months of work. However, one of the local partners, experienced higher than expected costs for the road rehabilitation - about twice what was planned but does not have a detailed



*Santo Tomas Bridge construction project managed by the Cooperative Housing Foundation, Ixcán, Guatemala*

plan for completing the remaining roads within the available budget. Further, USAID/Guatemala monitored the road and bridge repair activities by performing site visits to construction areas, meeting with its partners to discuss project implementation, and approving project work plans. USAID/Guatemala can strengthen its monitoring of the activity by analyzing cost proposals to see if they are realistic and obtaining information about significant changes to approved work plans from its partners.



In response to the report's findings and recommendations, the Mission said it planned to obtain and closely monitor a plan from its partner for completing the remaining roads within the planned budget. To strengthen its monitoring capability, the mission stated that it would closely monitor compliance with this goal. The mission also created a new position for an engineer. The engineer's primary responsibility will be to review and monitor plans and timetables submitted by partners and recommend corrective actions where planned results are not being achieved. Specific monitoring actions will include field inspections, review of contractor reports, and meeting with project personnel. The OIG concurred with management decisions for both of the audit report's recommendations. *(Report No. I-520-00-006-P)*



*Rural road reconstructed by the National Coffee Association as part of USAID/Guatemala's roads and bridges reconstruction activity, Alta Verapaz, Guatemala*

### ***Audit of USAID/Honduras Road Reconstruction Activities***

Hurricane Mitch struck Honduras in October 1998, causing widespread loss of life and devastating damage to the country's infrastructure. More than 100 bridges were destroyed and thousands of kilometers of roads were made impassable. USAID/Honduras designed the Emergency Reconstruction of Roads and Bridges (RECAP) activity to accomplish a number of objectives. RECAP seeks to reconstruct 2,000 kilometers of unsurfaced roads, and 2,000 linear meters of two-lane concrete bridges and fords. It also includes the reconstruction and upgrading of 30 kilometers of paved road sections, the repair of 20 kilometers of cobblestone town streets, and related works. It is estimated that RECAP will cost of \$52.1 million, including \$50 million in USAID funds.

The OIG's audit showed that USAID/Honduras' road reconstruction activities were not on schedule to achieve the planned results. Costs are 60 percent higher than originally planned for reconstructing unsurfaced roads. Furthermore, implementation delays (reconstruction work began in March 2000 rather than in the fall of 1999 as originally planned) led the OIG to conclude that the RECAP activity's planned outputs could not be achieved within the project budget or by the planned project completion date of December 31, 2001.

The audit also examined whether host country contracts were awarded in accordance with competitive procedures. The OIG concluded that USAID-prescribed competitive procedures were followed with respect to advertising, preparation of solicitation documents, competitive selection, and awarding of host country contracts.

USAID/Honduras took numerous actions both before and following the OIG's audit to speed implementation of the RECAP activity. In response to the audit, USAID/Honduras, in consultation with the Government of Honduras, revised the planned outputs, reducing unsurfaced road reconstruction from 2,000 kilometers to 1,246 kilometers while increasing bridge reconstruction from 2,000 linear meters to 4,494 linear meters. USAID/Honduras and the Government of Honduras also developed an accelerated implementation plan that involves:

- ◆ awarding additional contracts to construction firms with available capacity;
- ◆ using indefinite quantity contracts to shorten the time needed to award contracts;
- ◆ permitting the RECAP executing unit the flexibility to shift activities between geographic areas and contractors, based on weather conditions and contractor performance;
- ◆ adjusting selection criteria to ensure that only roads and bridges that can be completed by December 31, 2001, are selected for reconstruction; and
- ◆ allowing the RECAP executing unit to hire additional staff.

*(Audit Report No. 1-522-00-004-P)*

### ***FSN Demoted over Conflict of Interest***

As a result of an OIG investigation, an FSN Financial Analyst working for USAID/Peru was demoted and relieved of any further involvement in a financial program, in which the individual had provided input on the budgets of USAID cooperating sponsors (private voluntary organizations) authorized to manage USAID-provided commodity assistance. The investigation was initiated based on allegations received from the Regional Legal Advisor that the Financial Analyst had asked and possibly pressured several USAID recipient organizations to hire the person's son and daughter. The investigation confirmed the allegation. The FSN admitted to soliciting at least three cooperating sponsors for such employment but did not believe that this constituted a conflict of interest. It was also alleged that the FSN had received

"favors" from the officer of a local bank for directing accounts of the cooperating sponsors to the bank. This allegation was not substantiated by the investigation.

### ***Financial Management Weaknesses of a Private Voluntary Organization***

A recipient-contracted audit report transmitted by the OIG to USAID in March 1999 described weaknesses in the financial management of a U.S. Private Voluntary Organization's food aid program in Haiti. Due to weak internal controls and other factors, auditors could not perform sufficient work to express an opinion on the organization's fund accountability statement. As a result, the auditors questioned the entire \$8.7 million audited. USAID made a decision to sustain \$598,371 in questioned costs, representing 1,492 metric tons of unaccounted for commodities.

Subsequently, the organization closed its Haiti offices, transferred the available records to its U.S. headquarters, and reconstructed the accounting records for its Haiti operations. Review of these records resulted in the identification of an additional \$1,169,931 in unsupported cost relating to 2,829 metric tons of commodities that could not be accounted for. USAID has issued a bill for collection to the organization in the amount of \$1,768,302 for the commodities.

### ***Employee Suspended for Misuse of Official Government Time***

An OIG investigation into an allegation of misuse of official government time resulted in a two-day suspension of a high-level, USAID employee stationed overseas. OIG investigators substantiated the allegation that the Foreign Service Officer (FSO) spent several afternoons snorkeling instead of attending a conference with other USAID mission employees.

The investigation also included allegations that the FSO intentionally misused government property, used his position to obtain a USAID-financed contract for a friend, and misused a government vehicle and the official time of motor pool drivers. The investigation did not uncover evidence that the FSO intentionally misused government property or engaged in partiality in the treatment of a friend. The FSO, however, gave the appearance of partiality - both in the manner in which the contract was awarded and by approving the individual's payment voucher after the Project Officer refused to do so. The investigation did substantiate the allegation that motor pool drivers occasionally delivered the FSO's personal bills. USAID officials carefully reviewed the details of the case, including each witness's statement, before deciding on the suspension.

# BUREAU FOR MANAGEMENT

## ***Audit of USAID's Internal Controls Over its Government-Sponsored Travel Card Program***

Official travel results in significant expenditures for the Federal Government each year. In fiscal year 2000, USAID estimates that it will spend about \$28 million for travel costs from funds appropriated for operating expenses. Additional travel expenses are paid from appropriated program funds, but no estimated or actual figures are available because USAID does not budget or account for those expenses as a separate line item in its accounting records.

Reducing travel costs has been a longstanding goal of the U.S. Government. Continuing efforts to save unnecessary costs and make the process more efficient include the enactment of Public Law 105-264, known as the Travel and Transportation Reform Act of 1998. This Act requires Federal employees to use government-sponsored travel charge cards to pay for official government travel expenses. Congress anticipated that by increasing use of travel charge cards agencies could increase the amount of rebates received from contractors that issue charge cards for official government travel and reduce administrative costs by consolidating travel expenditures and streamlining the process for paying travel advance funds.

The GSA issued regulations implementing the requirements of the Act, with an effective date of February 29, 2000. GSA's regulations required that Federal agencies select a travel card provider from a list of approved contractors. USAID currently uses Citibank, through a master contract with the State Department, to supply Visa travel cards to USAID personnel and offices. Under this contract, Citibank provides two types of government-sponsored travel cards - individual travel cards and centrally billed travel cards.

Individual travel cards are provided to USAID employees to pay for travel-related expenses while on official travel. This card is issued in the name of the employee, who is then responsible for paying Citibank directly for expenses charged on the card. While USAID is under no financial obligation to pay for charges made by employees on individual travel cards, under the terms of its contract, USAID may, upon written request from Citibank, help Citibank collect overdue balances from USAID employees. Centrally billed travel cards are provided to USAID/Washington and overseas missions to purchase airline tickets and travelers checks for official travel. Each receiving office or mission is responsible for paying Citibank directly for expenses charged on centrally billed cards.

This audit was initiated as part of the OIG's on-going effort to review the effectiveness of final actions taken by management to correct problems noted in prior audit reports. In this case, we were interested

in actions taken in response to its Audit of USAID's Use of the American Express Travel Card.

The OIG designed and performed the audit to determine whether USAID has appropriate controls to monitor its government-sponsored travel card program. Based on our audit work, the OIG concluded that USAID generally has appropriate controls to monitor its government-sponsored travel card program. The OIG found certain areas, however, in which USAID should strengthen and document its controls to maximize the use of travel cards and travel card rebates and minimize the misuse of travel cards and are making three procedural recommendations.

The OIG made three recommendations for improving USAID's controls to monitor its government-sponsored travel card program. (*Audit Report No. 9-000-00-004-P*)

### ***Bill for Collection Issued to USAID Contractor for \$104,987***

A confidential source alleged that a business services contractor over-billed USAID under its contract to provide document control, voucher examination, and payment services for the USAID Office of Financial Management. An OIG investigation confirmed the contractor had billed USAID for three part-time employees at the full-time employee rate during the period from May 1, 1994 through July 20, 1996. The rate used by the contractor resulted in overcharges of \$104,987. As a result of the OIG investigation, USAID issued a bill for collection to the contractor for the over-billed amount.

### ***Audit of USAID's Actions to Correct Financial Management System Planning Deficiencies***

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and requirements to post transactions to the U.S. Standard General Ledger (SGL) at the transaction level. Incorporating these capabilities will help USAID ensure that information on all assets, liabilities, revenues, expenditures and the full cost of programs and activities are consistently and accurately recorded, monitored, and reported.

In December 1997, the Administrator determined that USAID systems did not meet FFMIA requirements. In December 1998, USAID prepared a remediation plan to correct system deficiencies. In March 1999, the OIG reviewed USAID's remediation plan and reported that the plan was inadequate, USAID lacked an Agency-wide information technology target architecture, a financial management system portfolio that met OMB guidelines for selecting information technology investments, a modular acquisition strategy, and a program management office to oversee the development of an integrated financial management system.



More recently, the OIG reported that, although USAID had made progress in correcting these five financial management system planning deficiencies, only two of the five deficiencies had been fully corrected. The remaining three deficiencies had been only partially corrected. The OIG's report recommended that USAID management:

- ◆ develop and implement a process for selecting information technology investments in accordance with OMB and GAO guidelines;
- ◆ revise the USAID's financial management system remediation plan; and,
- ◆ strengthen the authority of the Office of Financial Systems Integration.

USAID management generally accepted the findings and recommendations. Although USAID did not agree with the third recommendation as worded, USAID did agree to clarify and strengthen the responsibility and authority of the Office of Financial Systems Integration. (*Audit Report No. A-000-00-003-P*)

### ***Audit of USAID Financial Statements, Internal Controls, and Compliance for Fiscal Year 2000***

The OIG is currently assessing risk and testing accounting policies and procedures as part of its audit of USAID's fiscal year 2000 financial statement. The OIG is targeting its resources on analyzing known deficiencies identified in prior audit reports. For example, the OIG is:

- ◆ reviewing USAID's internal controls and process for reconciling its records of fund balances with those maintained by the U.S. Treasury;
- ◆ verifying credit program balances with debtors;
- ◆ reviewing the process for outsourcing the management of direct loan program balances and verifying the loan balances with debtors;
- ◆ reviewing the Department of Health and Human Service's internal controls and processes over USAID's advances to grant recipients under Letter of Credit financing;
- ◆ reviewing USAID's internal controls and processes for calculating year-end accrued expenditures and related accounts payable;
- ◆ assessing USAID's financial reporting processes at both USAID Washington and selected overseas accounting stations; and
- ◆ reviewing USAID's deployment implementation of its new core accounting system.

This focus should help USAID to making necessary improvements and ultimately correct the long-standing problems that have precluded the OIG from rendering an opinion on USAID's financial statement. The OIG report will be available in March 2001.

### ***Audit of Payroll-Related Expenses***

The OIG contracted with the public accounting firm of Gardiner, Kamyra and Associates to audit USAID's fiscal year 1999 payroll and related expenses. The CPA firm found that USAID's transaction control process had no audit trail and reported that USAID needs to improve:

- ◆ the management and certification of its time and attendance reports;
- ◆ the management of employee overtime and leave approval;
- ◆ the budgetary control of its processes; and
- ◆ the management of its general ledger process.

The audit report makes four recommendations to improve USAID's accounting for its payroll and strengthen related internal controls. It should be noted that, effective October 2000, USAID's payroll function will be transferred to the National Finance Center. (*Audit Report No. 0-000-00-007-F*)

### ***Accountability over USAID's Worldwide Grantee and Contractor Operations***

Financial-related audits are used to determine whether financial information is presented in accordance with established or stated criteria. They also are utilized to determine whether an entity has adhered to specific financial compliance requirements or whether its internal control structure over financial reporting and safeguarding assets is suitably designed and implemented to achieve control objectives. Special purpose, financial-related audits may be conducted by the OIG upon the request of USAID officials.

USAID is required by the Federal Acquisition Regulation (FAR), the Single Audit Act, Office of Management and Budget (OMB) Circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees. To fulfill these requirements, USAID contracts with DCAA and other Federal agencies to audit its U.S.-based contractors. Non-Federal auditors from independent public accounting firms are used to audit U.S.-based and overseas grantees as well as overseas contractors. The OIG provides oversight of all audit activities.

## ***U.S.-Based Contractors***

U.S.-based contractors, subject to the FAR carry out many USAID-funded activities. According to USAID, its inventory of U.S.-based contractors, as of September 30, 2000, consisted of 381 contractors, of which USAID was cognizant (i.e. had oversight responsibility) for 234 of them. USAID contracts with the DCAA to conduct an audit when USAID is the cognizant audit agency.

During this reporting period, the OIG reviewed and issued to Agency management 63 DCAA audit reports of U.S.-based grantees covering approximately \$144.9 million in costs claimed by the contractors. These audits resulted in three recommendations and \$8.9 million in questioned costs.

***Audit of a U.S.-Based Contractor's Incurred Costs under a USAID Contract-*** This audit was conducted to determine the allowability and allocability of costs for two separate contracts for calendar years 1995 and 1996. Approximately \$10.8 million of USAID funds were reviewed. Unallowable labor, fringe and overhead costs were incurred under one contract and accounted for \$152,927 in questioned costs. The contractor also improperly charged costs under another contract and could not support costs. This resulted in \$8.8 million in questioned costs for this contract, which have not been resolved between USAID and the contractor. (*Audit Report No. 0-000-00-79-D*)

## ***U.S.-Based Grantees***

USAID relies on non-Federal auditors to perform annual audits of its U.S.-based grantees under the Single Audit Act and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### ***OMB Circular A-133 Audit of a U.S.-Based Grantee for Fiscal Year 1999***

OMB Circular A-133 (June 30, 1997) requires non-Federal auditors to report the following, in a separate schedule of findings and questioned costs:

- ◆ reportable conditions in the auditee's internal control structure over major programs;
- ◆ material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program;

- ◆ known fraud affecting a Federal award;
- ◆ known questioned costs greater than \$10,000 for an individual compliance requirement of a major program and known questioned costs that are greater than \$10,000 for a Federal program that is not audited as a major program;
- ◆ instances where audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding; and
- ◆ the reasons why the auditor's report on compliance for major programs is other than an unqualified opinion.

OMB Circular A-133 requires the Federal Audit Clearinghouse to distribute audit reports that contain findings affecting the individual agencies to Federal agencies, as instructed by the grantees.

An audit of a grantee performed in accordance with the requirements of OMB Circular A-133, covered expenditures totaling \$1.25 million. The audit found that:

- ◆ the grantee had not reimbursed USAID for \$51,097 of unsupported expenditures;
- ◆ unsupported costs of \$45,274 were adjusted downward and no longer were reflected as a Federal expenditure or remitted to USAID;
- ◆ the grantee had not yet fully reimbursed USAID for funds that had been transferred to other programs;
- ◆ the grantee had not, as of the completion of the audit, submitted an indirect cost allocation plan for USAID approval;
- ◆ the Executive Director had signed only one expense report during one seven-month period; and
- ◆ the grantee's year-end statement of financial position reflected cash balances for two overseas offices that had been closed prior to the end of the year.

*(Audit Report No. 0-000-00-048-T)*

Under the Single Audit Act and OMB Circular A-133, one Federal OIG is designated as the cognizant or oversight agency for each nonprofit organization. OMB Circular A-133 prescribes certain responsibilities for cognizant and oversight agencies. Some of the major responsibilities cited are:

- ◆ coordinating a management decision for audit findings that affect more than one Federal agency;

- ◆ obtaining or conducting quality control reviews of selected audits made by non-Federal auditors; and
- ◆ advising the auditor and, where appropriate, the auditee of any deficiencies, related to the performance of audits or the submission of audit reports, that require corrective action.

According to USAID, it currently has active grants with approximately 806 U.S.-based nonprofit organizations and has audit cognizance or oversight responsibilities for 472 of these organizations. The OIG conducts two types of reviews in accordance with requirements established in OMB Circular A-133. Initial reviews are conducted to determine whether audit reports were prepared in accordance with the Circular's reporting requirements. Quality control reviews are performed to determine whether the underlying audits were performed in compliance with the Circular's audit requirements. During the current reporting period, the OIG performed 42 initial reviews of audit reports covering \$681.7 million expended by nonprofit recipients. In addition, the OIG performed three quality control reviews, covering \$81.2 million in expenditures.

### ***Quality Control Review of a Non-Federal Audit Firm***

The OIG reviewed the audit working papers of an audit firm and discovered several problems with the audit. For example, the auditors did not adequately document major portions of the audit, did not properly classify reportable conditions, prepared an incorrectly worded opinion, and, did not identify known questioned costs. The OIG forwarded the results of its review to the nonprofit grantee, the audit firm, an American Institute of Certified Public Accountants (AICPA) ethics committee, and a State auditing oversight board. The audit covered \$26.8 million of USAID funds. (*Audit Report No. 0-000-00-004-Q*)

### ***Enterprise Funds***

Enterprise funds are U.S.-based, nonprofit entities established under the Support for Eastern European Democracy (SEED) Act of 1989. USAID has established eleven enterprise funds. Ten of those funds invest in countries in Eastern Europe and the former Soviet Union, the eleventh fund invests in South Africa.

Enterprise funds are subject to an annual financial statement audit performed in accordance with generally accepted auditing standards, as published by the American Institute of Certified Public Accountants. USAID's grant agreements also require that the audits be performed in accordance with government auditing standards. The audits are conducted by non-Federal auditors who receive guidelines from the OIG regarding required reviews of the funds' internal controls and compliance with U.S. laws and regulations.

After performing desk reviews of enterprise fund audit reports for compliance with generally accepted



government auditing standards, the OIG issues the audit reports. During this reporting period, the OIG issued 15 reports covering \$195.8 million in USAID funds.

Based on its desk review, the OIG concluded that of the current year and prior year audit reports, a pattern of internal control problems existed at one of the enterprise funds. The OIG recommended that the fund develop a detailed action plan to correct all internal control issues. USAID management is monitoring progress and is withholding a portion of funding until the matters are satisfactorily resolved. (*Audit Report No. 0-000-00-003-E*)

## ***Overseas-Based Grantees and Contractors***

OMB Circular A-133 does not apply to non-U.S. grant recipients. To maintain accountability in a high-risk overseas environment, USAID, through standard provisions in individual grant agreements, applies the standards of OMB Circular A-133 to foreign-based grantees. As a result, foreign-based grantees expending a minimum threshold of USAID funding undergo financial audits performed by either local auditing firms or host country Supreme Audit Institutions (SAIs). These audits, *inter alia*, identify unallowable expenses charged to USAID grants.

Through its Recipient-Contracted Audit program, every grantee spending USAID funds of \$300,000 or more in any fiscal year is required to have those funds audited. Accounting firms conduct these audits and the OIG reviews each report and issues letters to USAID and the grantee summarizing the results. This program is supplemented by the Agency-Contracted Audit (ACA) program. Through the ACA program, USAID may request financial audits fall outside the threshold of the recipient contracted audit program or relate to specific areas of concern. Accounting firms conduct these financial audits, but the OIG maintains oversight of the work done throughout the audit. Significant recommendations from both the RCA and ACA programs are included in the OIG's audit and tracking system until management decisions are made by USAID. The OIG also performs quality control reviews of the audit work done by accounting firms on its behalf to ensure the work meets USAID and U.S. Government auditing standards.

The OIG is moving proactively to prevent fraud, waste, and abuse worldwide, by raising awareness among USAID and its partners by providing training to grantees, contractors, host country representatives and local auditors on financial management matters.

## OTHER REPORTING REQUIREMENTS

The Inspector General Act of 1978 (Public Law 95-452), as amended, requires that each Inspector General's Semiannual Report to the U.S. Congress include a description and explanation of significant revisions of management decisions as well as information concerning any significant management decision with which the OIG is in disagreement. During this reporting period, there were no significant management decisions with which the OIG disagreed.

The Inspector General Act also requires the identification of any reports made to the head of the agency describing instances where information or assistance was unreasonably refused or not provided. During this reporting period, there were no reports to the Administrator of USAID describing instances where information or assistance was unreasonably refused or not provided.

### ***Management Decision Resolved***

During two previous reporting periods, the OIG reported on the referral of recommendations contained in two audit reports<sup>4</sup> to senior officials for resolution.

In May 1999, the OIG referred two audit reports with recommendations to the Assistant Administrator for Management for management decisions. Both reports and their recommendations concerned the use of over \$3.9 million in funds collected from a contractor as a result of an audit. The funds were generated through the Health and Accident Program developed for the foreign participant trainees of USAID. On August 17, 1999, the USAID General Counsel opined that the funds at issue, exclusive of interest, represent a refund of properly obligated but unexpended Federal funds that USAID may de-obligate and reprogram. The OIG did not concur with the General Counsel's opinion.

On July 14, 2000, the Deputy Administrator made a management decision on the two audit reports. In the decision, the Deputy Administrator determined that the funds were not refunds and should not be reprogrammed. The Deputy Administrator directed USAID's Chief Financial Officer to return

<sup>4</sup> Interim Audit Report of Acordia Healthcare Solutions, Inc. - Excess Federal Cash Being Held - Contract No. FAO-C-00-93-0012-00, Audit Report No. 0-000-98-002-F, March 26, 1998; and, Audit of Acordia Healthcare Solutions, Inc., Billings and Processing of Health and Accident Insurance Claims for the Period July 1993 through April 1998 under Contract No. FAO-C-00-93-00012-00, Audit Report No. 0-000-99-005-F, March 26, 1999.

\$2,632,042 to the U.S. Treasury. The Deputy Administrator also directed USAID program staff to analyze \$400,000 that was set aside for medical claims and determine whether any additional funds could be returned to the U.S. Treasury. The Deputy Administrator allowed the use of the remaining \$784,994 for costs related to the participant training health insurance program.

The OIG concurs with the decision of the Deputy Administrator.

The 1988 amendments to the Inspector General Act also require the reporting of statistical information, which is presented in the following tables at the end of this report.

Table A: *Reports Issued (April 1, 2000 through September 30, 2000)*

Table B: *Audit Reports Over Six Months Old With No Management Decision as of September 30, 2000*

Table C: *Significant Audit Reports Described in Previous Semiannual Reports Without Final Action as of September 30, 2000*

Table D: *Reports Issued With Questioned and Unsupported Costs (April 1, 2000 through September 30, 2000)*

Table E: *Reports Issued With Recommendations That Funds Be Put to Better Use (April 1, 2000 through September 30, 2000)*

# FOUNDATION INITIATIVES

On November 29, 1999 the President signed Public Law 106-113. Section 205 of the law amended Section 8A(a) of the Inspector General Act of 1978, as amended, and assigned audit and investigative responsibility over the Inter-American Foundation (IAF) and the African Development Foundation (ADF) to the USAID OIG. Both foundations are independent agencies of the U.S. Government established by Congress to promote equitable, participatory, and sustainable self-help development in their respective regions. Each organization currently administers approximately 230 active grants.

## *AFRICAN DEVELOPMENT FOUNDATION*

The ADF began field operations in 1984 and provides grants directly to community groups in Africa. It receives its funding from congressional appropriations and also seeks supplemental funding from public and private sources. Congress appropriated \$19 million, \$11 million, and \$14.4 million to ADF in fiscal years 1998, 1999 and 2000 respectively.

The ADF is based in Washington, D.C. and is governed by a seven-member Board of Directors appointed by the President of the United States. Grants are awarded following a screening process at the local and headquarters levels and concurrence by top management. The ADF oversees its grants primarily through its local representatives. Each overseas office is staffed with a country liaison officer, as well as financial, evaluation, and program personnel. This staff is responsible for monitoring projects throughout the life of each grant.

To introduce the USAID/OIG to IAF and ADF, senior OIG managers held several meetings to brief the directors, managers, and staff of both foundations. These presentations covered the history and role of the OIG as well as its mission, goals, organizational structure and locations, financial and performance audit programs, and focus on fraud detection and prevention. In addition, OIG performance auditors began comprehensive reviews of each organization's policies and procedures for awarding and monitoring grants, obtaining financial audits of grant funds, and obtaining financial and performance reports from grantees. Concurrently, OIG financial auditors began quality control reviews of the audit work performed by non-Federal auditors contracted by the Foundations to conduct their fiscal year 1999 financial statement audit. The results of these multiple assessments will form the basis for a multi-year strategy for oversight of these foundations.

## ***INTER-AMERICAN FOUNDATION***

The IAF was established in 1969 and provides grants directly to local organizations in Latin America and the Caribbean. Its budget consists of congressional appropriations and funds derived through the Social Progress Trust Fund. The IAF also enters into partnerships with public and private sector entities to increase support and mobilize local, national, and international resources. Congress appropriated \$22 million, \$20 million, and \$5 million to IAF in fiscal years 1998, 1999, and 2000 respectively.

The IAF is based in Arlington, Virginia and governed by a nine-member Board of Directors appointed by the President of the United States. Grants are awarded following a screening process and concurrence by top management. The IAF oversees its grants through direct observation and reports provided to headquarters representatives and by maintaining IAF representatives in each of the countries where IAF is active. The IAF is currently in the process of restructuring its overseas staff to reduce costs and improve the accuracy and efficiency of data collection.



TABLE A

**REPORTS ISSUED**

April 1, 2000 through September 30, 2000

**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
|                      |                       | <b>-- Financial-Related Audits of USAID Programs and Operations --</b>  |                                    |                         |
| 0-000-00-007-F       | 09/28/00              | Audit of USAID's Payroll and Related Internal Controls for Fiscal Year 1999   |                                    |                         |
| 1-522-00-003-F       | 08/21/00              | Audit of Certain USAID/Honduras Fiscal Year 1999 Financial Operations   |                                    |                         |
| 4-612-00-009-F       | 06/08/00              | Audit of USAID/Malawi's Cashiering Operations   |                                    |                         |
| 4-617-00-010-F       | 06/17/00              | Audit of USAID/Uganda's Cashiering Operations   |                                    |                         |
|                      |                       | <b>-- Agency-Funded Audits --</b>   |                                    |                         |
| 1-524-00-015-N       | 04/24/00              | Fundacion ALISTAR Nicaragua, Financial Audit of the OFDA Resources Provided by USAID/Nicaragua Under Award No. 524-G-SS-99-00012-00 for Hurricane Mitch Related Activities, for the Period December 7, 1998 to April 30, 1999   | 1                                  | QC                      |
| 1-524-00-016-N       | 04/24/00              | CARE International in Nicaragua, Financial Audit of the OFDA Resources Provided by USAID/Nicaragua Under Grant No. 524-G-SS-99-00028-00 for Hurricane Mitch Related Activities, for the Period March 4 to August 3, 1999  |                                    |                         |
| 1-524-00-017-N       | 05/09/00              | Audit of the USAID/Nicaragua Resources Managed by Fondo de Inversion Social de Emergencia Under Project No. 524-0341 Municipal Development and Decentralization, for the Period October 1, 1997 to September 30, 1999   | 134                                | QC                      |
| 1-521-00-018-N       | 05/12/00              | Audit Report on Checchi & Company Consulting Inc.'s Contract with USAID/Haiti (Contract No. 521-C-00-95-00052-00), for the Period August 8, 1995 to August 31, 1999   | 9<br>4                             | QC<br>UN                |
| 1-524-00-019-N       | 06/15/00              | CARE International in Nicaragua, Concurrent Financial Statement Audit of the USAID Resources Under Award No. 524-A-00-00-00001-00 "Rural Infrastructure Rehabilitation/Cash-for-Work," for the Period July 16 to December 31, 1999                                      |                                    |                         |
| 1-519-00-020-N       | 06/20/00              | The Ministry of Public Works, Concurrent Financial Statement Audit of the Rehabilitation of the Rural Roads Project, Financed by USAID Grant Agreement No. 519-0449, through the Project Coordinator Unit, for the Quarter Ended March 31, 2000                         |                                    |                         |
| 1-514-00-021-N       | 06/22/00              | Financial Audit of the Program for the Improvement of Justice Administration in Colombia, Managed by the Foundation for Higher Education, USAID Cooperative Agreement No. 514-9002-A-00-2002-00 for the Period from January 1, 1996 to April 30, 1997 (Close-out Audit) |                                    |                         |
| 1-522-00-022-N       | 06/26/00              | Concurrent Financial Statement Audit of the USAID Resources Managed by Samaritan's Purse in Honduras, Under Award No. 522-A-00-00-00209-00 "Honduran Shelter Rehabilitation Program," for the Period October 19, 1999 to March 31, 2000                                 |                                    |                         |
| 1-524-00-023-N       | 06/27/00              | Fondo de Inversion Social de Emergencia, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, Covering the Period from September 8, 1999 to March 31, 2000  | 82                                 | QC                      |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 1-524-00-024-N       | 07/19/00              | Academy for Educational Development, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, Covering the Period from October 22, 1999 to March 31, 2000   |                                    |                         |
| 1-522-00-025-N       | 08/14/00              | Concurrent Financial Statement Audit of the USAID Resources Managed by Cooperative Housing Foundation in Honduras, under Grants No. 522-A-00-99-00077-00 "Emergency Shelter Project," No. 522-A-00-00-00207-00 "Programa Hogar," and No. 522-A-00-00-00208-00 "Starter Home," for the Period September 28, 1999 to March 31, 2000 |                                    |                         |
| 1-522-00-026-N       | 08/21/00              | Concurrent Financial Statement Audit of the USAID Resources Managed by Jose Maria Covelo Foundation in Honduras, under Cooperative Agreement No. 522-A-00-00-00206-00, "Post Mitch Revitalization of the Micro-Finance Sector of Honduras," for the Period November 5, 1999 to March 31, 2000                                     | 339<br>339                         | QC<br>UN                |
| 1-524-00-027-N       | 08/18/00              | CARE International in Nicaragua, Concurrent Financial Statement Audit of the USAID Resources under Award No. 524-A-00-00-00001-00, Rural Infrastructure Rehabilitation/Cash-for-Work, for the Period from January 1 to March 31, 2000   |                                    |                         |
| 1-521-00-028-N       | 08/25/00              | Pan American Development Foundation, Concurrent Financial Statement Audit of the Hurricane Georges Recovery Program, USAID/Haiti – Project No. 521-A-00-99-00072-00, from September 20 to December 31, 1999   |                                    |                         |
| 1-521-00-029-N       | 08/25/00              | Pan American Development Foundation, Concurrent Financial Statement Audit of the Hurricane Georges Recovery Program, USAID/Haiti – Project No. 521-A-00-99-00072-00, from January 1 to March 31, 2000   | 7                                  | QC                      |
| 1-524-00-030-N       | 09/13/00              | Academy for Educational Development, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, Covering the Quarter Ended June 30, 2000  |                                    |                         |
| 1-519-00-031-N       | 09/13/00              | The Ministry of Public Works, Concurrent Financial Statement Audit of the Rehabilitation of the Rural Roads Project, Financed by USAID Grant Agreement No. 519-0449, through the Project Coordinator Unit, for the Quarter Ended June 30, 2000  |                                    |                         |
| 4-611-00-003-N       | 04/17/00              | Audit of USAID Resources Managed by Adventist Development and Relief Agency   |                                    |                         |
| 4-615-00-004-N       | 06/08/00              | Audit of the Kenya Healthcare Financing Program, Project No. 615-0245, for the Period July 1, 1992 to June 30, 1998   | 391<br>271                         | QC<br>UN                |
| 4-696-00-005-N       | 08/28/00              | Audit of the Women in Transition Initiatives Project No. 968-5004.96, for the Period February 1, 1999 through January 31, 2000  |                                    |                         |
| 6-263-00-006-N       | 06/21/00              | Audit of the Water Policy Advisory Unit, Expenditures Incurred Under Project Implementation Letter No. 3 Under USAID/Egypt's Agricultural Policy Reform Program (Project No. 263-0219)  |                                    |                         |
| 6-263-00-007-N       | 08/03/00              | Financial Audit of the Ministry of Health's Teaching Hospital Organization, Expenditures Incurred Under Project Implementation Letter No. 8B Under USAID/Egypt's Population/Family Planning III Project (Project No. 263-0227)  |                                    |                         |
| 6-263-00-008-N       | 09/26/00              | Report on Agreed-Upon Procedures Related to Resources Provided to the Clinical Services Improvement Project Under USAID/Egypt's Population and Family Planning III Project No. 263-0227   |                                    |                         |
| 6-263-00-009-N       | 09/27/00              | Financial Audit of the Binational Fulbright Commission, Costs Incurred Under USAID/Egypt's Cooperative Agreement No. 263-0125-A-00-0096-00  | 3                                  | QC                      |
| 7-625-00-001-N       | 04/28/00              | Audit of USAID Resources Managed by the Permanent Interstate Committee for Drought Control in the Sahel for the Years Ended 1995, 1996 and 1997   | 281<br>234                         | QC<br>UN                |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
|                      |                       | <i>-- Initial Review of Recipient-Contracted Audits of U.S.-Based Grantees --</i>  |                                    |                         |
| 0-000-00-012-T       | 04/13/00              | Initial Review of Plan International USA, Inc. for the Fiscal Year Ended June 30, 1998                                     |                                    |                         |
| 0-000-00-013-T       | 04/13/00              | Initial Review of South-East Consortium for International Development for the Fiscal Year Ended September 30, 1998         |                                    |                         |
| 0-000-00-014-T       | 04/13/00              | Initial Review of Adventist Development & Relief Agency International for the Fiscal Year Ended December 31, 1998          |                                    |                         |
| 0-000-00-015-T       | 04/13/00              | Initial Review of World Vision Relief and Development, Inc. (World Vision) for the Fiscal Year Ended September 30, 1998    |                                    |                         |
| 0-000-00-016-T       | 05/10/00              | Initial Review of the Academy for Educational Development for the Fiscal Year Ended December 31, 1998                      |                                    |                         |
| 0-000-00-017-T       | 06/15/00              | Initial Review of ACDI/VOCA for the Fiscal Year Ended December 31, 1998  |                                    |                         |
| 0-000-00-018-T       | 06/08/00              | Initial Review of the Medical Benevolence Foundation for the Fiscal Year Ended December 31, 1998                           |                                    |                         |
| 0-000-00-019-T       | 06/08/00              | Initial Review of the Rural Development Institute for the Fiscal Year Ended December 31, 1998                              |                                    |                         |
| 0-000-00-020-T       | 06/08/00              | Initial Review of Esperanca, Inc. for the Fiscal Year Ended September 30, 1998   |                                    |                         |
| 0-000-00-021-T       | 06/08/00              | Initial Review of the International Eye Foundation for the Fiscal Year Ended June 30, 1998                                 |                                    |                         |
| 0-000-00-022-T       | 06/08/00              | Initial Review of Northwest Medical Teams International, Inc. for the Fiscal Year Ended June 30, 1999                      |                                    |                         |
| 0-000-00-023-T       | 06/08/00              | Initial Review of Esperanca, Inc. for the Fiscal Year Ended September 30, 1999   |                                    |                         |
| 0-000-00-024-T       | 06/08/00              | Initial Review of the American Refugee Committee for the Fiscal Year Ended December 31, 1998                               |                                    |                         |
| 0-000-00-025-T       | 06/20/00              | Initial Review of the International Research and Exchange Board, Inc. for the Fiscal Year Ended June 30, 1999              |                                    |                         |
| 0-000-00-026-T       | 06/15/00              | Initial Review of the International Center for Economic Growth for the Fiscal Year Ended June 30, 1998                     |                                    |                         |
| 0-000-00-027-T       | 06/15/00              | Initial Review of Opportunities Industrialization Centers International, Inc. for the Fiscal Year Ended September 30, 1999 |                                    |                         |
| 0-000-00-028-T       | 06/20/00              | Initial Review of the Armenian Assembly of America for the Fiscal Years Ended December 31, 1998 and 1999                   |                                    |                         |
| 0-000-00-029-T       | 06/20/00              | Initial Review of the Foundation of Compassionate American Samaritans for the Fiscal Year Ended December 31, 1998          |                                    |                         |
| 0-000-00-030-T       | 06/26/00              | Initial Review of the Institute for Policy Reform for the Fiscal Year Ended September 30, 1998                             |                                    |                         |
| 0-000-00-031-T       | 06/26/00              | Initial Review of Pathfinder International for the Fiscal Year Ended June 30, 1999   |                                    |                         |
| 0-000-00-032-T       | 06/26/00              | Initial Review of World Learning, Inc. for the Fiscal Year Ended June 30, 1998   |                                    |                         |
| 0-000-00-033-T       | 06/26/00              | Initial Review of Heifer Project International and Heifer International Foundation for the Fiscal Year Ended June 30, 1999 |                                    |                         |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 0-000-00-034-T       | 06/26/00              | Initial Review of American Near East Refugee AID for the Fiscal Year Ended May 31, 1998  |                                    |                         |
| 0-000-00-035-T       | 07/20/00              | Initial Review of Partners in Economic Reform for the Fiscal Year Ended August 31, 1998  |                                    |                         |
| 0-000-00-036-T       | 06/26/00              | Initial Review of the Academy of Educational Development Contracts of DevTech Systems, Inc. for the Fiscal Year Ended December 31, 1998  |                                    |                         |
| 0-000-00-037-T       | 07/24/00              | Initial Review of Catholic Relief Services – U.S. Catholic Conference, Inc. for the Fiscal Year Ended December 31, 1998  |                                    |                         |
| 0-000-00-038-T       | 07/20/00              | Initial Review of the Consortium for International Development for the Fiscal Years Ended June 30, 1999 and 1998   |                                    |                         |
| 0-000-00-039-T       | 07/20/00              | Initial Review of Heifer Project International and Heifer International Foundation for the Fiscal Year Ended June 30, 1998   |                                    |                         |
| 0-000-00-040-T       | 07/25/00              | Initial Review of the Pan-American Development Foundation for the Fiscal Year Ended September 30, 1998   |                                    |                         |
| 0-000-00-041-T       | 07/25/00              | Initial Review of Cooperative for Assistance and Relief Everywhere, Inc. for the Fiscal Year Ended June 30, 1998   |                                    |                         |
| 0-000-00-042-T       | 07/25/00              | Initial Review of Cooperative Housing Foundation for the Fiscal Years Ended September 30, 1999 and 1998  |                                    |                         |
| 0-000-00-043-T       | 09/11/00              | Initial Review of Doulos Community, Inc. for the Fiscal Year Ended December 31, 1998   |                                    |                         |
| 0-000-00-044-T       | 09/08/00              | Initial Review of ACDI/VOCA for the Fiscal Year Ended December 31, 1999  |                                    |                         |
| 0-000-00-045-T       | 09/01/00              | Initial Review of Salesian Missions for the Fiscal Year Ended December 31, 1998  |                                    |                         |
| 0-000-00-046-T       | 09/19/00              | Initial Review of Medical Benevolence Foundation for the Fiscal Year Ended December 31, 1999   |                                    |                         |
| 0-000-00-047-T       | 09/19/00              | Initial Review of the Foundation Francisco Marroquin for the Fiscal Year Ended March 31, 1999  |                                    |                         |
| 0-000-00-048-T       | 09/19/00              | Initial Review of the Partners in Economic Reform for the Fiscal Year Ended August 31, 1999  |                                    |                         |
| 0-000-00-049-T       | 09/19/00              | Initial Review of the Freedom House, Inc. and Affiliate for the Fiscal Year Ended June 30, 1998  |                                    |                         |
| 0-000-00-050-T       | 09/19/00              | Initial Review of Air Serv International, Inc. for the Fiscal Year Ended December 31, 1999   |                                    |                         |
| 0-000-00-051-T       | 09/29/00              | Initial Review of the Institute for Sustainable Communities for the Fiscal Years Ended September 30, 1998 and 1999   |                                    |                         |
|                      |                       | <i>-- Audits of Enterprise Funds --</i>  |                                    |                         |
| 0-000-00-002-E       | 09/25/00              | Audit of Financial Statements, Report on Internal Controls and Report on Compliance as of September 30, 1996, together with Auditors' Report for the U.S. Russia Investment Fund dated December 23, 1996   |                                    |                         |
| 0-000-00-003-E       | 07/31/00              | Audit of Consolidated Financial Statements for the Year Ended September 30, 1999, and the Independent Auditors' Report on the Financial Statements, Compliance and Internal Controls for the Central Asian-American Enterprise Fund, dated November 12, 1999 |                                    |                         |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 0-000-00-004-E       | 09/29/00              | Audit of Consolidated Financial Statements for the Year Ended September 30, 1997, together with Auditors' Report for the U.S. Russia Investment Fund dated December 5, 1997   |                                    |                         |
| 0-000-00-005-E       | 09/29/00              | Audit of Consolidated Financial Statements for Fiscal Year Ended September 30, 1998, together with Auditors' Report for the U.S. Russia Investment Fund, dated January 11, 1999   |                                    |                         |
| 0-000-00-006-E       | 07/31/00              | Audit of Financial Statements for the Year Ended September 30, 1997 together with Auditors' Report for the Albanian American Enterprise Fund dated February 24, 1998  |                                    |                         |
| 0-000-00-007-E       | 07/31/00              | Audit of Financial Statements for the Year Ended September 30, 1998 together with Auditors' Report for the Albanian American Enterprise Fund dated November 30, 1998  |                                    |                         |
| 0-000-00-008-E       | 09/25/00              | Audit of Consolidated Financial Statements for Fiscal Year Ended September 30, 1996, together with Auditors' Report for the Romanian-American Enterprise Fund, dated December 5, 1996   |                                    |                         |
| 0-000-00-009-E       | 09/25/00              | Audit of Consolidated Financial Statements for Fiscal Year Ended September 30, 1997, together with Auditors' Report for the Western NIS Enterprise Fund, dated November 21, 1997  |                                    |                         |
| 0-000-00-010-E       | 09/29/00              | Audit of Consolidated Financial Statements for Fiscal Year Ended September 30, 1998, together with Auditors' Report for the Western NIS Enterprise Fund, dated October 29, 1998   |                                    |                         |
| 0-000-00-011-E       | 09/29/00              | Audit of Consolidated Financial Statements for the Year Ended September 30, 1997, and the Independent Auditors' Report on the Financial Statements, Compliance and Internal Controls for the Czech and Slovak-American Enterprise Fund, dated December 12, 1997 |                                    |                         |
| 0-000-00-012-E       | 09/29/00              | Audit of Financial Statements, Report on Internal Controls and Report on Compliance as of September 30, 1997, together with Auditors' Report for the Baltic-American Enterprise Fund, dated December 15, 1997   |                                    |                         |
| 0-000-00-013-E       | 09/29/00              | Audit of Consolidated Financial Statements for the Year Ended September 30, 1998, and the Independent Auditors' Report on the Financial Statements, Compliance and Internal Controls for the Czech and Slovak-American Enterprise Fund, dated November 27, 1998 |                                    |                         |
| 0-000-00-014-E       | 09/29/00              | Audit of Financial Statements, Report on Internal Controls and Report on Compliance as of September 30, 1996, together with Auditors' Report for the Western NIS Enterprise Fund, dated December 16, 1996   |                                    |                         |
| 0-000-00-015-E       | 09/29/00              | Audit of Financial Statements, Report on Internal Controls and Report on Compliance as of September 30, 1998, together with Auditors' Report for the Baltic-American Enterprise Fund, dated November 13, 1998   |                                    |                         |
| 0-000-00-016-E       | 09/29/00              | Audit of Financial Statements, Report on Internal Controls and Report on Compliance as of September 30, 1998, together with Auditors' Report for the Romanian-American Enterprise Fund, dated November 6, 1998  |                                    |                         |
|                      |                       | <b>-- Audits of Non-U.S. Organizations by DCAA --</b>   |                                    |                         |
| B-169-00-013-D       | 04/14/00              | Report on Application of Agreed-Upon Procedures, Government of Montenegro's Pension Program, Podgorica, Montenegro  |                                    |                         |
| B-165-00-014-D       | 05/03/00              | Report on Application of Agreed-Upon Procedures, Government of Macedonia's Unemployment Program, Skopje, Macedonia  |                                    |                         |



TABLE A  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| B-110-00-015-D       | 06/15/00              | Report on Application of Agreed-Upon Procedures for Evaluation of Grant Management Controls at the Eurasia Foundation Headquarters Office, Washington, D.C.   | 94                                 | QC                      |
| B-183-00-016-D       | 08/08/00              | Report on Preaward Accounting System Review, Common Good Project Foundation, Plovdiv, Bulgaria  |                                    |                         |
| B-183-00-017-D       | 08/08/00              | Report on Preaward Accounting System Review, Applied Research and Communications Fund, Sofia, Bulgaria  |                                    |                         |
| B-183-00-018-D       | 08/08/00              | Report on Preaward Accounting System Review, Center for Economic Development, Sofia, Bulgaria   |                                    |                         |
| B-110-00-019-D       | 08/24/00              | Report on Compliance with Requirements Applicable to Major Program(s) and on Internal Control Structure in Accordance with Guidelines for Financial Audit Contracted by Foreign Recipients for Fiscal Years 1997 through 1999 for the Sakharov Foundation, Moscow, Russia |                                    |                         |
| B-183-00-020-D       | 09/18/00              | Report on Pre-Award Accounting System Survey, Partners-Bulgarian Foundation, Sofia, Bulgaria  |                                    |                         |
| 5-492-00-003-D       | 05/26/00              | Financial Audit of Louis Berger International, Inc. Under Contract No. AID-492-0456-C-00-5135-00 for the Period September 1, 1995 to June 30, 1999  | 7<br>7                             | QC<br>UN                |
| 5-492-00-004-D       | 05/26/00              | Financial Audit of the Nationwide Coalition of Fisherfolk for Aquatic Reform, a Sub-grantee of Agricultural Cooperative Development Institute Under Grant Agreement No. AID-492-0470-G-SS-5125-00 for the Period August 23, 1995 to August 23, 1997                       | 221<br>220                         | QC<br>UN                |
| 5-492-00-005-D       | 06/09/00              | Financial Audit of Silliman University, Center of Excellence-Coastal Resources Management Under Cooperative Agreement No. 492-0444-A-5110-00 for the Period September 1, 1995 to May 31, 1996   |                                    |                         |
| 5-492-00-006-D       | 06/14/00              | Financial Audit of the Ayala Foundation, Inc. Under Grant No. AID 492-0470-G-SS-4089-00 for the Year Ending December 31, 1996   |                                    |                         |
| 5-492-00-007-D       | 06/19/00              | Financial Audit of Philippine Exporters Confederation, Inc., Private Investment and Trade Opportunities-Philippines Under Cooperative Agreement No. AID 492-0449-A-00-0149-00 for the Period January 1, 1995 to June 30, 1996   | 67<br>1                            | QC<br>UN                |
| 5-493-00-008-D       | 08/29/00              | Financial Audit of Kenan Foundation Asia Under Cooperative Agreement No. AEP-0350-A-0-6023-00 for the Period July 1, 1996 to September 30, 1999   | 2                                  | QC                      |
|                      |                       | <b>-- Audits of U.S.-Based Contractors by DCAA --</b>   |                                    |                         |
| 0-000-00-055-D       | 05/01/00              | Audit of Forward Pricing Rates for Nexant, LLC for Calendar Year 2000   |                                    |                         |
| 0-000-00-056-D       | 05/01/00              | Audit Report on the Adequacy of Nexant, LLC's Initial Disclosure Statement  |                                    |                         |
| 0-000-00-057-D       | 05/01/00              | Audit of Incurred Costs for Raytheon Engineers & Constructors, Incorporated for Calendar Year 1997  |                                    |                         |
| 0-000-00-058-D       | 05/01/00              | Audit of Incurred Costs for ABS Global Incorporated for Fiscal Year 1998  |                                    |                         |
| 0-000-00-059-D       | 05/01/00              | Audit of the Adequacy and Compliance of the CH2M Hill International, Ltd.'s Revised Disclosure Statement, Effective January 1, 1999 and dated February 23, 2000   |                                    |                         |
| 0-000-00-060-D       | 05/01/00              | Audit of the Adequacy and Compliance of the CH2M Hill Europe-Middle East Management Group's Initial Disclosure Statement, Effective January 1, 1999 and dated February 24, 2000   |                                    |                         |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 0-000-00-061-D       | 05/01/00              | Audit of the Adequacy and Compliance of CH2M Hill International Services Inc.'s Revised Disclosure Statement Effective January 1, 1999 dated February 28, 2000  |                                    |                         |
| 0-000-00-062-D       | 05/08/00              | Report on Floorcheck for Devtech Systems, Inc.  |                                    |                         |
| 0-000-00-063-D       | 05/08/00              | Report on Timekeeping System Internal Controls for Burns and Roe Enterprises Incorporated Calendar Year 2000  |                                    |                         |
| 0-000-00-064-D       | 05/08/00              | Audit of Incurred Costs for International Computer and Engineering Services, Ltd. For Fiscal Year 1996  |                                    |                         |
| 0-000-00-065-D       | 05/08/00              | Audit Report on the Review of Burns and Roe Enterprises Incorporated's Disclosure Statement   |                                    |                         |
| 0-000-00-066-D       | 05/08/00              | Report on Labor Floorchecks/Interviews for Land O'Lakes Inc. International Development Division   |                                    |                         |
| 0-000-00-067-D       | 05/08/00              | Audit of Incurred Costs for AMEX International, Inc. for Calendar Year 1997   |                                    |                         |
| 0-000-00-068-D       | 06/01/00              | Report on Audit of Adequacy and Compliance of Disclosure Statement Revision World Learning, Inc. dated 31 December 1999   |                                    |                         |
| 0-000-00-069-D       | 06/01/00              | Report on Current Adequacy and Compliance Audit of Revised BREI Disclosure Statement Revision Dated January 1, 2000 for Burns and Roe Enterprises, Inc.   |                                    |                         |
| 0-000-00-070-D       | 06/01/00              | Report on Preaward Accounting Survey for Handicap International   |                                    |                         |
| 0-000-00-071-D       | 06/01/00              | Report on Audit of Accounting System for Land O'Lakes Inc. International Development Division   |                                    |                         |
| 0-000-00-072-D       | 06/21/00              | Report on Futures Group Cost Proposal – RFP No. M/OP-00-285 for the Futures Group International   |                                    |                         |
| 0-000-00-073-D       | 06/21/00              | Audit of Incurred Costs on USAID Grants, Cooperative Agreements, and Contracts for Land O'Lakes, Inc. International Division for Fiscal Year 1998   |                                    |                         |
| 0-000-00-074-D       | 06/21/00              | Report on Preaward Accounting Survey for Grupo di Volontariato Civile   |                                    |                         |
| 0-000-00-075-D       | 06/21/00              | Audit of Incurred Costs for LTS Corporation for Fiscal Years 1997 and 1998  |                                    |                         |
| 0-000-00-076-D       | 07/19/00              | Report on Preaward Accounting System Survey of World Conference on Religion and Peace   |                                    |                         |
| 0-000-00-077-D       | 07/19/00              | Application of Agreed-Upon Procedures for Handicap International for the Evaluation of Compliance with USAID Audit Requirements, Fiscal Years 1998 and 1999 Direct and Indirect Costs, and the FY 2000 Provisional Indirect Cost Rate |                                    |                         |
| 0-000-00-078-D       | 07/20/00              | Camp Dresser and McKee Corporate Fiscal Year 1998 Incurred Costs  |                                    |                         |
| 0-000-00-079-D       | 08/11/00              | Audit of Burns and Roe Enterprises, Inc. Specified Costs for Calendar Years 1995-1996   | 8,921                              | QC                      |
| 0-000-00-080-D       | 08/10/00              | Report on Accounting System Audit of CH2M Hill International Services, Inc.   |                                    |                         |
| 0-000-00-081-D       | 08/10/00              | Report on Follow-up Accounting System Review of Baltic American Partnership Fund  |                                    |                         |
| 0-000-00-082-D       | 08/11/00              | John Snow, Inc. Audit Report on Compliance with Cost Accounting Standard 404 – Capitalization of Tangible Assets  |                                    |                         |
| 0-000-00-083-D       | 09/01/00              | SRI International Audit of Proposed Forward Pricing Indirect Expense Rates and Cost of Money (COM) Factors for Contractor Fiscal Year (CFY) 2000 and Forward and Proposed CFY 2000 Billing Indirect Expense Rates and COM Factors     |                                    |                         |
| 0-000-00-084-D       | 09/01/00              | SRI International Report on Follow-up Audit to Contractor Purchasing System Review  |                                    |                         |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 0-000-00-085-D       | 09/01/00              | SRI International Report on Labor Accounting System Internal Controls   |                                    |                         |
| 0-000-00-086-D       | 09/01/00              | SRI International Audit of Electronic Data Processing System General Internal Controls  |                                    |                         |
| 0-000-00-087-D       | 09/01/00              | SRI International Report on Planning and Budgeting System   |                                    |                         |
| 0-000-00-088-D       | 09/01/00              | SRI International Report on Labor Floorcheck  |                                    |                         |
| 0-000-00-089-D       | 08/31/00              | SRI International Audit of Compliance with Cost Accounting Standard 409 – Depreciation of Tangible Capital Assets               |                                    |                         |
| 0-000-00-090-D       | 09/19/00              | Louis Berger Group, Inc. – International Division Audit of Incurred Costs for Fiscal Year Ended June 30, 1998                   |                                    |                         |
| 0-000-00-091-D       | 09/07/00              | Bechtel Systems and Infrastructure, Inc. Compensation System Review   |                                    |                         |
| 0-000-00-092-D       | 09/19/00              | Report on Labor Floorcheck for John Snow, Inc.  |                                    |                         |
| 0-000-00-093-D       | 09/11/00              | Bechtel Systems and Infrastructure, Inc. Indirect and Other Direct Costs System Follow-up Review                                |                                    |                         |
| 0-000-00-094-D       | 09/19/00              | The Futures Group International, Inc. Fiscal Year 1998 Direct Costs and Indirect Rates  |                                    |                         |
| 0-000-00-095-D       | 09/29/00              | Abt Associates, Inc. CAS 403 (Allocation of Home Office Expenses to Segments) Compliance Audit                                  |                                    |                         |
| 0-000-00-096-D       | 09/19/00              | Report on Pre-Award Survey of Accounting System for World Conference on Religion and Peace                                      |                                    |                         |
| 0-000-00-097-D       | 09/12/00              | John Snow, Inc. Audit Report on Compliance with Cost of Accounting Standard 412 – Composition and Measurement of Pension Costs  |                                    |                         |
| 0-000-00-098-D       | 09/12/00              | John Snow, Inc. Audit Report on Compliance with Cost of Accounting Standard 409 – Depreciation of Tangible Assets               |                                    |                         |
| 0-000-00-099-D       | 09/12/00              | Shorebank Advisory Services, Inc. Fiscal Year 1998 Incurred Costs   |                                    |                         |
| 0-000-00-100-D       | 09/25/00              | Bechtel Group, Inc. Audit of Incurred Costs Period January 1, 1998 through December 31, 1998                                    |                                    |                         |
| 0-000-00-101-D       | 09/12/00              | Morrison Knudsen Transportation Business Unit Fiscal Year 1997 Incurred Costs Under U.S. Aid Contract No. 656-0232-C-00-7062-00 |                                    |                         |
| 0-000-00-102-D       | 09/12/00              | Morrison Knudsen Transportation Business Unit Fiscal Year 1998 Incurred Costs Under U.S. Aid Contract No. 656-0232-C-00-7062-00 |                                    |                         |
| 0-000-00-103-D       | 09/20/00              | Report on Audit of Labor Accounting System Internal Controls for Abt Associates, Inc.   |                                    |                         |
| 0-000-00-104-D       | 09/20/00              | SRI International Report on Internal Control over American Express Corporate Purchasing Card Program                            |                                    |                         |
| 0-000-00-105-D       | 09/20/00              | SRI International Report on Audit of Billing System Internal Controls   |                                    |                         |
| 0-000-00-106-D       | 09/25/00              | Report on Labor Floorcheck for Fiscal Year 2000 for Associates in Rural Development, Inc.                                       |                                    |                         |
| 0-000-00-107-D       | 09/25/00              | Report on EDP General Internal Controls for Abt Associates, Inc.  |                                    |                         |
| 0-000-00-108-D       | 09/25/00              | Report on Preaward Accounting System Survey for Femmes Africa Solidarite  |                                    |                         |
| 0-000-00-109-D       | 09/25/00              | Report on Preaward Accounting System Survey for Innovative Resources Management, Inc.   |                                    |                         |

TABLE A  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 0-000-00-110-D       | 09/19/00              | SRI International Report on Follow-up Audit of Internal Control over Subcontract Closing Process  |                                    |                         |
| 0-000-00-111-D       | 09/25/00              | Report on Fiscal Year 1999 Incurred Cost Audit for Checchi and Company Consulting, Inc.   |                                    |                         |
| 0-000-00-112-D       | 09/19/00              | Report on Audit of Incurred Cost for Fiscal Years Ended October 31, 1995, 1996, 1997, and December 31, 1998 for SCI Consulting Services, Inc.   | 13                                 | QC                      |
| 0-000-00-113-D       | 09/29/00              | SRI International Report on Audit of Control Environment and Overall Accounting System Controls   |                                    |                         |
| 0-000-00-114-D       | 09/29/00              | PricewaterhouseCoopers Report on FY 2000 Audit of Timekeeping Procedures and Observation of Work Areas  |                                    |                         |
| 0-000-00-115-D       | 09/29/00              | Camp, Dresser & McKee, International, Inc. Report on CAS 409 Review   |                                    |                         |
| 0-000-00-116-D       | 09/29/00              | Camp, Dresser & McKee, International, Inc. Report on CAS 404 Review   |                                    |                         |
| 0-000-00-117-D       | 09/29/00              | Bechtel System & Infrastructure, Inc. Report on Billing System Review   |                                    |                         |
| 0-000-00-118-D       | 09/29/00              | John Snow, Inc. Audit Report on Compliance with Cost Accounting Standard 404 – Capitalization of Tangible Assets  |                                    |                         |
|                      |                       | <i>-- Recipient-Contracted Audits of Non-U.S.-Based Recipients --</i>   |                                    |                         |
| B-185-00-003-R       | 04/25/00              | Audit of the Expenditures by the Share Participation Foundation Under USAID Grant No. 181-0014-A-00-6307 for the Period from January 1, 1997 to December 31, 1997   |                                    |                         |
| B-185-00-004-R       | 04/25/00              | Audit of the Expenditures by the Share Participation Foundation Under USAID Grant No. 181-0014-A-00-6307 for the Period from January 1, 1998 to April 17, 1999  | 12<br>3                            | QC<br>UN                |
| B-181-00-005-R       | 05/18/00              | Audit of the Cooperation Fund in Warsaw, Poland Under USAID Grant No. 181-G-00-95-00223 for the Period from October 1, 1997, to December 31, 1998   |                                    |                         |
| B-110-00-006-R       | 09/15/00              | Audit of the Moscow Helsinki Group in Moscow, Russia Under USAID Grant No. 118-A-0098-00179-00 for the Period from September 28, 1998 to December 31, 1999  |                                    |                         |
| 1-527-00-058-R       | 04/03/00              | Escuela de Administracion de Negocios para Graduados – ESAN, Audit of the Activities of Local Government Development Project (Proyecto de Desarrollo de Gobiernos Locales) – Cooperative Agreement No. 527-0371-A-00-6018-00, Funded by the Agency for International Development – AID, Managed by Escuela de Administracion de Negocios para Graduados, for the Year Ended December 31, 1996 | 30<br>1                            | QC<br>UN                |
| 1-527-00-059-R       | 04/03/00              | Asociacion de Exportadores – ADEX; Project of Assistance to Micro-Enterprises and Small Producers, Cooperation Agreement 527-0349-A-00-1275-00, Report on the Fund Accountability Statement for the Period Between January 1 and December 31, 1998  |                                    |                         |
| 1-525-00-060-R       | 04/07/00              | Audit of the Resources from the Ecological Endowment Managed by the Foundation for the Conservation of Natural Resources (NATURA), Under Agreement No. 525-0308 and the Financial Statements of the Foundation for the Conservation of Natural Resources, for the Year Ended June 30, 1999  |                                    |                         |
| 1-520-00-061-R       | 04/11/00              | Communities in Transition Project, Financial Audit of the USAID/G-CAP, Project No. 520-0413-A-00-5130-00, Managed by Centro Canadiense de Estudios y Cooperacion Internacional, for the Period April 1, 1998 to March 31, 1999  |                                    |                         |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 1-527-00-062-R       | 04/24/00              | Audit of the Grant No. 527-0356-G-00-7189-00, Preparing Social Leaders to Promote Human Rights, Democracy and Citizen Participation, Managed by Instituto Peruano de Educacion en Derechos Humanos y la Paz-IPEDHEP and Funded by the United States Agency for International Development-USAID, for the Period from April 1, 1997 to March 31, 1998  |                                    |                         |
| 1-523-00-063-R       | 04/26/00              | Fundacion Centro de Atencion para Victimas del Delito, I.A.P., Financial Statements for the Period from September 1, 1997 to December 31, 1998 and Independent Auditors' Report  | 2                                  | QC                      |
| 1-522-00-064-R       | 05/02/00              | Audit of USAID/Honduras Resources, Managed by the National Autonomous Service of Aqueduct and Sewer Systems Under Health Sector II, Project No. 522-0216, from January 1, 1994 to December 31, 1997  | 2,560<br>2,526                     | QC<br>UN                |
| 1-527-00-065-R       | 05/04/00              | Escuela de Administracion de Negocios para Graduados – ESAN Audit of the Activities of Local Government Development Project (Proyecto de Desarrollo de Gobiernos Locales) – Cooperative Agreement No. 527-A-00-96-00018-00, Funded by the U.S. Agency for International Development-USAID, Managed by Escuela de Administracion de Negocios para Graduados, for the Year Ended December 31, 1998 |                                    |                         |
| 1-519-00-066-R       | 05/05/00              | Salvadoran Demographic Association, Financial and Compliance Audit Report for the USAID Project No. 519-0363-A-00-0408-00 'Family Health Services,' for the Period of January 1 to June 30, 1999 (Close out)   |                                    |                         |
| 1-522-00-067-R       | 05/12/00              | Audit of Municipal Training and Development Program; USAID/Honduras Cooperative Agreement No. 522-0340; Managed by Central American Technological University; for the Period January 1 to December 31, 1997  | 1                                  | QC                      |
| 1-522-00-068-R       | 05/12/00              | Audit of Municipal Training and Development Program; USAID/Honduras Cooperative Agreement No. 522-A-00-95-00108-00; Managed by the Central American Technological University; for the Period January 1 to December 31, 1998  | 1                                  | QC                      |
| 1-522-00-069-R       | 05/17/00              | Audit of the Honduran Council of Private Enterprise Grant Agreement USAID/Honduras No. 522-0325-1, for the Year Ended December 31, 1997  |                                    |                         |
| 1-522-00-070-R       | 05/17/00              | Fundacion Hondurena de Investigacion Agricola, Audit of the Small Farmer Export Development Project USAID/Honduras No. 522-0399, for the Period of January 1 to December 31, 1996  |                                    |                         |
| 1-520-00-071-R       | 05/30/00              | Financial Audit of the Trusts "Small Coffee Farmer Improvement" and "Credit Support for Small Coffee Farmer Improvement," USAID/G-CAP Grant Agreement No. 520-0381-A-00-9637-00, Implemented by National Coffee Association – ANACAFE, for the Period from October 1, 1996 as of December 31, 1998   | 3<br>3                             | QC<br>UN                |
| 1-519-00-072-R       | 06/01/00              | Financial and Legal Compliance Audit of the Health Systems Support Project, Financed with USAID Grant Agreement No. 519-0308, and Implemented by the Ministry of Public Health and Social Assistance, through the Administrative Health Services Directorate, for the Years Ended December 31, 1998 and 1999   | 120<br>2                           | QC<br>UN                |
| 1-524-00-073-R       | 06/06/00              | Asociacion Nicaraguense de Productores y Exportadores de Productos no Tradicionales (APENN); Audit of USAID Resources Managed by APENN Under Cooperative Agreement No. 524-A-00-91-00343-7; for the Period from July 1, 1999 through October 30, 1999, and the Year Ended June 30, 1999  | 5<br>5                             | QC<br>UN                |
| 1-520-00-074-R       | 06/01/00              | Financial Audit of the Small Coffee Farmer Improvement Program, USAID/ANACAFE Cooperative Agreement No. 520-0381-A-00-9637-00, Implemented by National Coffee Association, for the Year Ended September 30, 1999   |                                    |                         |
| 1-522-00-075-R       | 06/07/00              | Project USAID/Small Business II No. 522-0241.01; Managed by the Foundation for the Promotion of Small and Microbusiness, Jose Maria Covelo; for the Year Ended December 31, 1998 (With Independent Auditors' Report Thereon)   |                                    |                         |



**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 1-522-00-076-R       | 06/08/00              | Audit of USAID/Honduras Health Sector II Project No. 522-0216, Administered by the Secretary of Public Health, for the Period January 1, 1994 to December 31, 1997   | 73<br>29                           | QC<br>UN                |
| 1-524-00-077-R       | 06/09/00              | Audit of the Project for Psychosocial Attention to Hurricane Mitch Victims Under Grant Agreement No. 524-A-99-00-00014-00 Subscribed Between USAID and Asociacion Mujeres Nicaraguenses "Conciencia," for the Period from November 16, 1998 through February 29, 2000  |                                    |                         |
| 1-527-00-078-R       | 06/12/00              | Financial Statements of Asociacion Benefica Prisma Fund Accountability Statement and its Reconciliation with the Balance of Cash of Programs and/or Projects Funded through the United States Agency for International Development, for the Period from January 1 to December 31, 1997   | 5<br>5                             | QC<br>UN                |
| 1-596-00-079-R       | 06/13/00              | Financial Audit of Cooperative Agreement: Local Government Regional Outreach Strategy, USAID/G-CAP Project No. 596-0167, Managed by "Federacion de Municipios del Istmo Centroamericano," for the Period January 1, 1998 to March 31, 1999   | 35                                 | QC                      |
| 1-522-00-080-R       | 06/13/00              | Audit of the Small Farmer Export Development Project, USAID/Honduras No. 522-0399, Fundacion Hondurena de Investigacion Agricola, Year Ended December 31, 1997   |                                    |                         |
| 1-522-00-081-R       | 06/15/00              | Audit of the USAID/Honduras Resources, Managed by the Secretary of Agriculture and Livestock Under the Land Use and Productivity Enhancement Project No. 522-0292, from January 1, 1994 to July 31, 1999 (Close Out)   | 85<br>22                           | QC<br>UN                |
| 1-521-00-082-R       | 06/15/00              | Audit of the Fund Accountability Statements of USAID Grant Agreements No. 521-A-00-97-00042-00 Urban Real Estate Formalization in Haiti and LAG-A-0098-00047-00 Property Formalization in Latin America for the Period January 1 to December 31, 1999, ECES Sub-Agreement No. 104-SA-01 Formalization of Egypt's Urban Informal Sector for the Period September 1 to December 31, 1999 and an Audit of Institute for Freedom and Democracy's General Purpose Financial Statements for Year Ended December 31, 1999 |                                    |                         |
| 1-519-00-083-R       | 06/16/00              | Salvadoran Demographic Association, Financial and Compliance Audit Report of the Sexual and Reproductive Health Project, Financed by USAID Agreement No. 519-A-00-99-000-92-00, for the Period of July 1 to December 31, 1999  |                                    |                         |
| 1-520-00-084-R       | 06/20/00              | Audit of the Project Strategic Educational Strengthening and Programs Plan of the Human Rights Ombudsmanship, USAID/G-CAP Project No. 520-0398-A-00-6052-00, Managed by the Rafael Landivar University, for the Period from January 1 to April 30, 1998  |                                    |                         |
| 1-522-00-085-R       | 06/22/00              | Audit of the Project Enterprise II, USAID/Honduras No. 522-0241.03, Managed by the Fundacion Nacional para el Desarrollo de Honduras, for the Year Ended December 31, 1995   |                                    |                         |
| 1-524-00-086-R       | 06/22/00              | Audit of USAID Resources Managed by Asociacion Pro Bienestar de la Familia Nicaraguense Under Cooperative Agreement No. 524-G-SS-99-00013-00, for the Year Ended December 31, 1999   |                                    |                         |
| 1-523-00-087-R       | 06/30/00              | Instituto de Ingenieria, Universidad Nacional Autonoma de Mexico, Fund Accountability Statement of the Resources Supplied Under the Transfer Program of Technology Between Countries by the International Development Program of the Embassy of the United States of America (USAID), Agreement No. 523-G-00-96-00058-00 (Before 523-0616-G-00-6058-00), Support to the National Plan of Climatic Change for Mexico, for the Period from July 12, 1996 to December 31, 1999 and Independent Auditors' Report       | 6<br>6                             | QC<br>UN                |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 1-511-00-088-R       | 07/17/00              | Audit of the Ministry of Health and Social Planning, Viceministry of Public Health, Health Services General Director's Office, People Services National Unit, Reproductive Health Services Project – Reproductive Health Services of the Government of Bolivia Component, Donation Agreement AID No. 511-0568, for the Period January 1, 1998 to June 30, 1999 (Closing Audit)  | 14<br>13                           | QC<br>UN                |
| 1-521-00-089-R       | 07/19/00              | Audit of Low Birth Weight in Haiti, USAID/Haiti Project No. 521-0000.88, Component Managed by the Child Health Institute, Fund Accountability Statement, for the Period September 8, 1997 to June 30, 1999 (with Independent Auditors' Report Thereon)  | 2<br>2                             | QC<br>UN                |
| 1-527-00-090-R       | 07/19/00              | Movimiento Manuela Ramos, Community Reproductive Health Project, Cooperative Agreement No. 527-0355-A-00-5372-00, Managed by Movimiento Manuela Ramos, for the Period from September 27, 1995 to December 31, 1996  | 5<br>5                             | QC<br>UN                |
| 1-596-00-091-R       | 08/07/00              | Close-out Audit of the Central American Regional Environment Project, (USAID/G-CAP No. 596-0180), Managed by Comision Centroamericana de Ambiente y Desarrollo, January 1 to December 31, 1999  |                                    |                         |
| 1-527-00-092-R       | 08/09/00              | Audit of the Framework Subagreement for the Alternative Development Program between the Commission Against Drugs Consumption (CONTRADROGAS) and the Rural Road Program, Agreement No. 527-0348, Managed by CONTRADROGAS, for the Period from October 9, 1998 through December 31, 1999  |                                    |                         |
| 1-518-00-093-R       | 08/09/00              | Audit of the Sustainable Use of Galapagos Marine Resources Project, USAID/Ecuador Project No. 518-0124, Managed by the Charles Darwin Foundation for the Galapagos Islands, Fund Accountability Statement for the Year Ended December 31, 1997  |                                    |                         |
| 1-527-00-094-R       | 08/11/00              | Movimiento Manuela Ramos, Community Reproductive Health Project, Cooperative Agreement No. 527-A-00-95-00372-04, Managed by Movimiento Manuela Ramos, for the Period from January 1, 1997 to December 31, 1997  |                                    |                         |
| 1-524-00-095-R       | 08/14/00              | Audit Report of the Cooperative Agreement No. 524-A-00-98-00028-00 "Performance of Surveys and Scrutinies to Strengthen Citizen Participation," Managed by the Grupo Civico Etica y Transparencia, for the Period from July 15, 1998 to February 29, 2000   | 6<br>2                             | QC<br>UN                |
| 1-596-00-096-R       | 08/21/00              | Fundacion de Servicios Exteriores para la Paz y la Democracia, Financial Audit of the Modernization Project of the Ministries of Labor of Central America, Panama, and Belize, as of December 31, 1999  | 93<br>78                           | QC<br>UN                |
| 1-523-00-097-R       | 08/21/00              | Ecosolar, A.C., Audit Report to USAID, from January 1, 1997 to December 31, 1997  |                                    |                         |
| 1-526-00-098-R       | 08/24/00              | Audit of Project No. 526-642-G-SS-2021-00, Judicial Reform Executed by the Public Ministry of the Republic of Paraguay, for the Period Covering January 1, 1997 up to July 31, 1997   | 10<br>10                           | QC<br>UN                |
| 1-518-00-099-R       | 08/25/00              | Unidad de Coordinacion para la Reforma de la Administracion de Justicia en el Ecuador – Projusticia, Independent Auditors' Report on the Fund Accountability Statement of Agreements No. 518-0120 Proyecto de Fortalecimiento del Estado de Derecho y Apoyo Democratico funded by USAID for the Period September 6, 1996 to December 31, 1999 and No. 518-0105 Proyecto de Apoyo a la Reforma Judicial funded by USAID for the Period September 30, 1996 to December 31, 1999 |                                    |                         |
| 1-527-00-100-R       | 08/29/00              | Technoserve, Inc. – Peru, Fund Accountability Statement and Its Reconciliation with the Cash Balance of the Development Programs Funded by the Food Monetization Program P.L. 480 Title II of the United States Agency for International Development – USAID, for the Period from October 1, 1997 to September 30, 1998   | 46<br>6                            | QC<br>UN                |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 1-527-00-101-R       | 08/29/00              | Escuela de Administracion de Negocios para Graduados – ESAN, Audit of the Activities of Local Government Development Project (Proyecto de Desarrollo de Gobiernos Locales) – Cooperative Agreement No. 527-A-00-96-00018-00, Funded by the U.S. Agency for International Development – USAID, Managed by Escuela de Administracion de Negocios para Graduados, for the Period January 1, 1999 through March 31, 2000 |                                    |                         |
| 1-596-00-102-R       | 08/31/00              | Federacion de Municipios del Istmo Centroamericano-FEMICA, Grant Agreement No. LAG-A-00-99-00016-00, Strengthen Local Governments and National Organizations that Bond with the Municipalities in Each Country of the Central American Isthmus, Report of Independent Accountants, April 1 to December 31, 1999  | 16                                 | QC                      |
| 1-511-00-103-R       | 09/06/00              | Ministry of Health and Social Welfare, AIDS/STDs Prevention and Control Project, USAID Grant Agreements Nos. 511-0608 and 511-0644, Independent Auditors' Report, for the Period January 1, 1999 to October 22, 1999 (Project Closing Date)  |                                    |                         |
| 1-521-00-104-R       | 09/26/00              | Audit of the Incentive to Improve Basic Education Project, USAID/Haiti – Project No. 521-0190, Component Managed by Fondation Haitienne de L'Enseignement Prive, Fund Accountability Statement, for the Period September 1, 1998 to October 30, 1999   |                                    |                         |
| 1-511-00-105-R       | 09/26/00              | Bolinvest Foundation, Export Promotion Project, Cooperative Agreement No. 511-0585-A-00-6028, for the Period Between January 1 through September 30, 1999  |                                    |                         |
| 4-674-00-043-R       | 04/14/00              | Audit of South African Institute of Race Relations, Agreement No. 674-0309-A-00-0039-00, for the Period from April 1, 1998 to March 31, 1999   | 5<br>5                             | QC<br>UN                |
| 4-674-00-044-R       | 04/14/00              | Audit of Black Lawyers Association – Legal Education Centre, Agreement No. 674-0301-G-00-6082-00, for the Period October 1, 1996 to March 31, 1998   |                                    |                         |
| 4-674-00-045-R       | 04/10/00              | Audit of Black Lawyers Association – Legal Education Centre, Agreement No. 674-0301-G-00-6082-00, for the Period from October 1, 1996 to March 31, 1999  |                                    |                         |
| 4-674-00-046-R       | 04/14/00              | Audit of the King Luthuli Transformation Centre, Grant Agreement No. 674-0301-G-SS-4147-00, for the Period April 1, 1994 to February 10, 1997  |                                    |                         |
| 4-611-00-047-R       | 04/10/00              | Audit of the XI International Conference on AIDS and STDs in Africa (ICASA), for the Period from August 4, 1999 to October 30, 1999  |                                    |                         |
| 4-623-00-048-R       | 05/08/00              | Audit of the Institute of Policy Analysis and Research Limited, Cooperative Agreement No. 623-0266-A-00-4145 for the Year Ended December 31, 1998  |                                    |                         |
| 4-615-00-049-R       | 05/15/00              | Audit of the Family Planning Association of Kenya, Project No. 623-0264-G-00-6003 for the Period January 1, 1998 to June 30, 1998; and Project No. 623-A-98-00-00030 for the Period August 1, 1998 to December 31, 1998  | 1                                  | QC                      |
| 4-674-00-050-R       | 04/10/00              | Audit of the National Institute for Economic Policy, Grant Agreement No. 674-0318-G-SS-5040-00, for the Period March 1, 1999 to September 30, 1999   |                                    |                         |
| 4-674-00-051-R       | 05/12/00              | Audit of the USAID Technikon Education Project, Agreement No. 674-0309-G-SS-1016-01, for the Year Ended December 31, 1999  |                                    |                         |
| 4-663-00-052-R       | 05/22/00              | Audit of the Relief Society of Tigray, PL 480 Title II Development Program for the Year Ended September 30, 1997   |                                    |                         |
| 4-663-00-053-R       | 05/22/00              | Audit of the Relief Society of Tigray, PL 480 Title II Development Program for the Year Ended September 30, 1998   |                                    |                         |
| 4-674-00-054-R       | 05/15/00              | Audit of African Research and Educational Puppetry Programme, Agreement No. 674-0301-G-SS-2040-02, for the Period January 1, 1996 to December 31, 1997   | 18                                 | QC                      |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 4-674-00-055-R       | 06/15/00              | Audit of the Institute of Urban Primary Health Care, Grant Agreement No. 674-0301-G-SS-4008-00, for the Period from December 13, 1993 to March 31, 1998   | 20<br>20                           | QC<br>UN                |
| 4-674-00-056-R       | 05/15/00              | Audit of Vuleka Trust, Grant Agreement No. 674-0301-A-00-6078-00, for the Year Ended December 31, 1999  | 5                                  | QC                      |
| 4-615-00-057-R       | 06/15/00              | Audit of Kenya Management Assistance Program, Grant Agreement No. 623-0263-A-00-6038-00, for the Period from July 30, 1996 to June 30, 1999   | 8                                  | QC                      |
| 4-674-00-058-R       | 06/09/00              | Audit of South Africa Opportunities Industrialisation Centre, Grant Agreement No. 674-A-00-98-00057-00, for the Period from October 1, 1998 to September 30, 1999   |                                    |                         |
| 4-612-00-059-R       | 06/12/00              | Audit of Malawi Centre for Advice, Research and Education on Rights (Malawi CARER) for the Year Ended September 30, 1998  |                                    |                         |
| 4-674-00-060-R       | 06/30/00              | Audit of the Youth Development Area for the 19 Months Ended December 31, 1999   |                                    |                         |
| 4-696-00-061-R       | 06/30/00              | Audit of the University of Quebec at Montreal English Language Law Program for the Period from January 23, 1997 through May 31, 1999  |                                    |                         |
| 4-621-00-062-R       | 08/14/00              | Audit of Court of Appeal of Tanzania, Grant Agreement No. 621-0182, for the Period from July 1, 1997 to June 30, 1999   |                                    |                         |
| 4-623-00-063-R       | 08/21/00              | Audit of the Family Planning Association of Kenya, Agreement No. 623-A-98-00-00030-00 for the Period January 1, 1999 through December 31, 1999  |                                    |                         |
| 4-674-00-064-R       | 08/15/00              | Audit of the Centre for Human Rights Studies, Grant Agreement Nos. 674-0301-G-SS-5062-00 and 674-0301-A-00-6083-00 for the Period January 1, 1999 to December 31, 1999 and Contract 99A 901 for the Period February 1, 1999 to October 31, 1999 |                                    |                         |
| 4-674-00-065-R       | 08/15/00              | Audit of the AIDS Consortium, Grant Agreement No. 674-0301-G-SS-3017-03, for the Year Ended December 31, 1997   | 1                                  | QC                      |
| 4-674-00-066-R       | 08/14/00              | Audit of Urban Sector Network for the Period from October 1, 1995 to October 31, 1999   |                                    |                         |
| 4-656-00-067-R       | 08/14/00              | Audit of POWER for the Year Ended December 31, 1999   |                                    |                         |
| 4-674-00-068-R       | 08/14/00              | Audit of National Urban Housing and Reconstruction Agency for the Year Ended February 28, 1999  |                                    |                         |
| 4-674-00-069-R       | 08/14/00              | Audit of National Urban Housing and Reconstruction Agency for the Year Ended February 28, 1998  |                                    |                         |
| 4-617-00-070-R       | 09/15/00              | Audit of Grants Management Unit Under the Action Program for the Environment Project Agreement No. 617-0124.00 for the Period January 1 through December 31, 1999   |                                    |                         |
| 4-617-00-071-R       | 09/15/00              | Audit of the Cooperative Bank, Grant Agreement No. 617-A-00-97-00001-02, for the Period June 1, 1998 through May 31, 1999   | 31<br>27                           | QC<br>UN                |
| 4-617-00-072-R       | 09/15/00              | Audit of the Co-operative Bank Micro-enterprise Program, Grant Agreement No. 617-A-00-97-00001-00, for the Period from April 1, 1997 through May 31, 1998   | 62<br>56                           | QC<br>UN                |
| 4-617-00-073-R       | 09/15/00              | Audit of Foundation for Credit and Community Assistance Uganda, Grant Agreement No. 617-G-00-98-000-00, for the Year Ended September 30, 1999   | 41                                 | QC                      |
| 4-617-00-074-R       | 09/15/00              | Audit of Aktion Africa Hilfe e.V. – NUFS Project, Grant Agreement No. 617-G-00-98-00005-00, for the Period from July 1, 1998 through June 30, 1999  |                                    |                         |

**TABLE A**  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 5-383-00-010-R       | 04/26/00              | Financial Audit of the Hambantota Women's Development Federation Under Grant Agreement Nos. 386-G-00-97-00202-00 and 386-G-00-97-00216-00  | 1                                  | QC                      |
|                      |                       |  | 1                                  | UN                      |
| 5-383-00-011-R       | 04/28/00              | Financial Audit of the Hambantota Women's Development Federation Under Grant Agreement Nos. 386-G-00-97-00216-00 and 383-G-00-97-00222-00  | 18                                 | QC                      |
|                      |                       |  | 18                                 | UN                      |
| 5-492-00-012-R       | 05/31/00              | Financial Audit of the Philippine Center for Population and Development, Inc. Under Grant Agreement Nos. 492-0480-G-SS-5025-00 and 492-0470-G-SS-5134-00   |                                    |                         |
| 5-492-00-013-R       | 06/09/00              | Financial Audit of Silliman University, Center of Excellence-Coastal Resources Management Under Cooperative Agreement No. 492-0444-A-5110-00 for the Year Ended May 31, 1997   | 1                                  | QC                      |
| 5-492-00-014-R       | 06/14/00              | Financial Audit of the Ayala Foundation, Inc. for the Makati Development Program Under Grant No. AID 492-0395-G-SS-3102-00 and for the Promoting Local Initiatives for Democracy and Justice Under Grant No. AID 492-0470-G-SS-4089-00 |                                    |                         |
| 5-492-00-015-R       | 06/15/00              | Financial Audit of Philippine Exporters Confederation, Inc., Trade and Investment Policy Analysis and Advocacy Support Under Grant No. AID 492-0452-A-5011-00 for the Period November 4, 1994 to December 31, 1996                     | 3                                  | QC                      |
|                      |                       |  | 1                                  | UN                      |
| 5-388-00-016-R       | 08/21/00              | Financial Audit of USAID/Bangladesh's Disbursements to International Center of Diarrhoeal Disease Research, Bangladesh under Grant Agreement No. HRN-A-00-96-90005-02  | 10                                 | QC                      |
| 5-388-00-017-R       | 08/23/00              | Financial Audit of USAID/Bangladesh's Disbursements to International Center of Diarrhoeal Disease Research, Bangladesh under Grant Agreement No. 388-A-00-97-00032-00  | 6                                  | QC                      |
| 5-367-00-018-R       | 08/31/00              | Financial Audit of Butwal Power Company Limited for Andhikhola Hydel Rural Electrification Project-Phase II Under USAID/Nepal Grant Agreement Nos. 367-0167-G-6008-00 and 367-G-00-96-00008-01   | 18                                 | QC                      |
| 5-492-00-019-R       | 09/06/00              | Financial Audit of the Gerry Roxas Foundation, Inc., Panay Alliances for Research, Technology, Networking, and Enterprise Resources for Democracy and Progress (PARTNERS) Under Grant No. 492-0470-G-SS-4083                           |                                    |                         |
| 5-386-00-020-R       | 09/18/00              | Financial Audit of the Power Finance Corporation Ltd., Under the Energy Management Consultation and Training Project, Project No. 386-0517   |                                    |                         |
| 5-386-00-021-R       | 09/20/00              | Audit of the Grant to the Voluntary Health Services Relating to the AIDS Prevention and Control Project (No. 386-0525) for the Period April 1, 1998 to March 31, 1999  | 2,398                              | QC                      |
|                      |                       |  | 2,389                              | UN                      |
| 6-294-00-008-R       | 04/30/00              | Audit of USAID Resources Managed by the Palestinian Academic Society for the Study of International Affairs Under USAID/West Bank and Gaza's Grant Agreement No. 294-00-97-A-00025   |                                    |                         |
| 6-263-00-009-R       | 05/15/00              | Audit of USAID Resources Managed by the Ministry of Agriculture's Agricultural Technology Utilization and Transfer Project Under Grant Agreement No. 263-0240  | 1                                  | QC                      |
| 6-294-00-010-R       | 08/07/00              | Audit of USAID Resources Managed by the Women's Affairs Technical Committee Under USAID/West Bank & Gaza's Cooperative Agreement No. 294-A-00-98-00034-00  |                                    |                         |
| 6-263-00-011-R       | 09/17/00              | Audit of USAID Resources Managed by the Dakahlya Businessmen Association for Community Development Under Cooperative Agreement No. 263-A-00-97-00062-00  |                                    |                         |
| 6-263-00-012-R       | 09/26/00              | Audit of USAID Resources Managed by the National Population Council Under Project Implementation Letter No. 6B of USAID/Egypt Project No. 263-0227   |                                    |                         |

TABLE A  
**Financial Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 7-641-00-007-R       | 04/06/00              | Audit of Funds Provided by USAID Grant No. 641-0131-A-00-5016-00 for the Year Ended June 30, 1999  |                                    |                         |
| 7-608-00-008-R       | 04/28/00              | Audit of USAID Resources Managed by VITA Al Amana Association Under the Micro-Enterprise Finance Activity (No. 6080218.00) in Morocco for the Years Ended December 31, 1997 and 1998 |                                    |                         |
| 7-655-00-009-R       | 05/23/00              | Audit of Local Currency Expenditures Incurred by ACDI/VOCA Under the Cape Verde PL-480 Monetization Program for the Period from October 1, 1997 through September 30, 1999           |                                    |                         |
| 7-655-00-010-R       | 05/23/00              | Audit of Local Currency Expenditures Incurred by DGASP Under the Cape Verde PL-480 Monetization Program for the Period October 1, 1994 through September 30, 1999                    |                                    |                         |
| 7-655-00-011-R       | 05/23/00              | Audit of Local Currency Expenditures Incurred by GEP/MAAA Under the Cape Verde PL-480 Monetization Program for the Period July 1, 1996 through September 30, 1999                    |                                    |                         |
| 7-641-00-012-R       | 06/27/00              | Audit of USAID's Grant (No. 641-0126-G-4025-00) to the Private Enterprise Foundation Under the Ghana Trade and Investment Project for the Year Ended December 31, 1998               |                                    |                         |
| 7-680-00-013-R       | 08/18/00              | Audit of USAID Resources Managed by Songhai Center (680-0214) in Benin from January 1, 1999 through December 31, 1999  |                                    |                         |
| 7-688-00-014-R       | 09/12/00              | Audit of Local Currency Expenses Incurred by the Population, Health, and Rural Water Project (No. 688-0248) in Mali from January 1, 1997 through December 31, 1999                   |                                    |                         |



TABLE A

**Performance Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
|                      |                       | <i>-- Economy and Efficiency Audits --</i>  |                                    |                         |
| A-000-00-003-P       | 08/24/00              | Audit of USAID's Actions to Correct Financial Management System Planning Deficiencies   |                                    |                         |
| A-000-00-004-P       | 08/24/00              | Audit of USAID's Activities to Prevent, Mitigate, and Resolve Conflicts in Sub-Saharan Africa   |                                    |                         |
| B-168-00-005-P       | 08/14/00              | Audit Report on USAID/Bosnia-Herzegovina's Financial Stabilization Program Activity   |                                    |                         |
| 1-527-00-002-P       | 05/05/00              | Audit of USAID/Peru's P.L. 480 Title II Program Results   |                                    |                         |
| 1-527-00-003-P       | 05/05/00              | Audit of the Follow Up on Recommendations from Audit Report No. 9-527-96-007 on USAID/Peru's Management of Non-Emergency Title II Food Aid Programs |                                    |                         |
| 1-522-00-004-P       | 05/16/00              | Audit of USAID/Honduras' Road Reconstruction Activities   |                                    |                         |
| 1-512-00-005-P       | 07/17/00              | Audit of USAID/Brazil's Performance Monitoring for Indicators   |                                    |                         |
| 1-520-00-006-P       | 09/27/00              | Audit of USAID/Guatemala's Road and Bridge Repair Activities  |                                    |                         |
| 4-621-00-005-P       | 04/03/00              | Audit of USAID/Tanzania's Environment Strategic Objective   |                                    |                         |
| 4-623-00-006-P       | 05/04/00              | Audit of USAID/REDSO/ESA's Implementation of the Federal Managers' Financial Integrity Act  |                                    |                         |
| 4-615-00-007-P       | 05/08/00              | Audit of USAID/Kenya's Implementation of the Federal Managers' Financial Integrity Act  |                                    |                         |
| 4-696-00-008-P       | 05/12/00              | Audit of the Accuracy of USAID/Rwanda's Recipient Audit Universe  |                                    |                         |
| 4-612-00-009-P       | 06/19/00              | Audit of the Accuracy of USAID/Malawi's Recipient Audit Universe  |                                    |                         |
| 4-617-00-010-P       | 08/11/00              | Audit of the Accuracy of USAID/Uganda's Recipient Audit Universe  |                                    |                         |
| 4-696-00-011-P       | 08/31/00              | Audit of USAID/Rwanda's P.L. 480 Title II Emergency Monetization Program  |                                    |                         |
| 5-492-00-002-P       | 06/22/00              | Audit of Accountability for Local Costs of U.S.-Based Grantees and Contractors in the Philippines   | 10<br>7                            | QC<br>UN                |
| 5-386-00-003-P       | 08/14/00              | Audit of USAID/India's Innovations in Family Planning Services Program  |                                    |                         |
| 6-278-00-002-P       | 05/30/00              | Audit of USAID/Jordan's Implementation of the Federal Managers' Financial Integrity Act   |                                    |                         |
| 7-680-00-006-P       | 04/17/00              | Audit of USAID/Benin's Implementation of the Federal Managers' Financial Integrity Act  |                                    |                         |
| 7-641-00-007-P       | 06/30/00              | Audit of USAID/Ghana's Performance Monitoring for Indicators Appearing in the FY 2001 Results Review and Resource Request                           |                                    |                         |
| 7-636-00-008-P       | 08/25/00              | Audit of Internal Controls Over USAID Relief Commodities at the Port of Freetown in Sierra Leone  |                                    |                         |
| 7-698-00-009-P       | 09/27/00              | Audit of the USAID Bureau for Africa's Implementation of the Federal Managers' Financial Integrity Act  |                                    |                         |
| 7-655-00-010-P       | 09/27/00              | Audit of USAID/Senegal's PL-480 Title II Monetization Program in Cape Verde   |                                    |                         |

TABLE A  
**Performance Audit Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 9-000-00-003-P       | 09/26/00              | Audit of Global Bureau's Center for Economic Growth and Agricultural Development's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report |                                    |                         |
| 9-000-00-004-P       | 09/27/00              | Audit of USAID's Internal Controls Over Its Government-Sponsored Travel Card Program  |                                    |                         |

TABLE A

### Miscellaneous Reports

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
|                      |                       | <i>-- Quality Control Reviews --</i>  |                                    |                         |
| B-181-00-003-Q       | 04/28/00              | Quality Control Review of the "Audit of the Foundation for Energy Efficiency Fund Accountability Statement Under Agreement Number 181-G-00-97-00323 for the Period from October 26, 1997 to December 31, 1998"  |                                    |                         |
| 0-000-00-004-Q       | 06/22/00              | Quality Control Review of the PricewaterhouseCoopers, LLP Audit of Eurasia Foundation, Inc. for the Fiscal Year Ended September 30, 1998  |                                    |                         |
| 0-000-00-005-Q       | 07/24/00              | Quality Control Review of the Turnquist Schmitt Kitrosser & McMahon Audit of Project Concern International for the Fiscal Year Ended June 30, 1999  |                                    |                         |
| 0-000-00-006-Q       | 09/29/00              | Quality Control Review of the Tonneson & Company Audit of Management Sciences for Health, Inc. for the Fiscal Year Ended June 30, 1999  |                                    |                         |
| 1-527-00-006-Q       | 04/13/00              | Quality Control Review of "Empresa Regional de Servicio Publico de Electricidad Electro Norte Medio S.A. HIDRANDINA; Financial Statements for the Period January 1 to December 31, 1998"  |                                    |                         |
| 1-511-00-007-Q       | 04/14/00              | Quality Control Review of "Viceministerio de Asuntos de Genero, Generacionales y Familia; Autoridad para el Desarrollo Internacional; Apoyo Puente al Programa Nacional de la Mujer, Financial Statements for the Period August 1, 1998 to July 31, 1999"   |                                    |                         |
| 1-519-00-008-Q       | 04/14/00              | Quality Control Review of "Salvadoran Demographic Association (ADS); Report on Financial and Compliance Audit as of December 31, 1996; Cooperative Agreement USAID/El Salvador No. 519-0363-A-00-0408-00" and "Ministry of Public Works, Project Coordinator Unit, External Audit Report of the Rehabilitation and Improvement of Rural Streets III ETAPA, Loan Agreement GOES-BID No. 844/ES, as of December 31, 1997 and 1998"  |                                    |                         |
| 1-511-00-009-Q       | 04/25/00              | Quality Control Review of "DOMIBOL S.R.L. Financial Statements Ending March 31, 1999"   |                                    |                         |
| 1-527-00-010-Q       | 04/27/00              | Quality Control Review of "Ministerio de Educacion, Proyecto Especial Mejoramiento de la Calidad de la Educacion en los Niveles de Inicial, Secundaria, Y de Educacion para el Trabajo, Prestamo BID N 956/OC-PE, for Period Ending December 31, 1998   |                                    |                         |
| 1-527-00-011-Q       | 05/15/00              | Quality Control Review of "Ayuda en Accion for Year Ended December 31, 1998"  |                                    |                         |
| 1-527-00-012-Q       | 05/15/00              | Quality Control Review of "Caritas del Peru, Financial Statements, 1997"  |                                    |                         |
| 1-517-00-013-Q       | 05/30/00              | Quality Control Review of the Following Audits: (1) "Financiera Intercontinental, S.A. (FISA) for the Fiscal Year Periods Ended December 31, 1999 and 1998" and (2) "Consejo Estatal del Azucar--CEA, Financial Valuation as of June 30, 1998, Divisions: (a) Plan de Retiro, Jubilaciones, Pensiones o Indemnizaciones; (b) Ingenio Monte Llano; (c) Consejo Estatal del Azucar (Oficina Principal); (d) CEA—Division Malazas Dominicanos; (e) CEA—Division de Transporte; (f) CEA—Zona Franca Villa Altigracia" |                                    |                         |

TABLE A

**Miscellaneous Reports**

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>   | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 1-520-00-014-Q       | 06/09/00              | Quality Control Review of "Financial Audit of the Support Project for the Participation of Central America in the Free Trade Area of the Americas (PROALCA) USAID/G-CAP Project No. 596-0178.01, Implemented by Secretariat for Central American Economic Integration (SIECA), for the Period January 1 to December 31, 1997"   |                                    |                         |
| 1-520-00-015-Q       | 07/17/00              | Quality Control Review of "Communities in Transition Project, Financial Audit of the USAID/G-CAP Project No. 520-0413-A-00-5130-00, Managed by Centro Canadiense de Estudios y Cooperacion Internacional for the Period April 1, 1998 to March 31, 1999"  |                                    |                         |
| 1-521-00-016-Q       | 08/11/00              | Quality Control Review of "Policy and Administrative Reform/Technical Assistance, Contract Number: 521-C-00-98-00019-00 (521-0222-C-00-8019-00), Managed by: Expert Consultants & Associates, Fund Accountability Statement Period: May 20, 1998 to January 31, 1999"   |                                    |                         |
| 1-517-00-017-Q       | 08/23/00              | Quality Control Review of: (1) "Proyecto Modular Piloto para la Prevencion Control y Erradicacion de la Fiebre Porcina Clasica en Dominican Republic Low Cost Housing, FUDASEP-AID, for the Periods January 1, 1999 to March 31, 2000"; (2) "Informe de Auditoria Financiera del Sub-programa 'B' ATN/SF-3940-DR del convenio entre el Banco Interamericano de Desarrollo (BID) y el Instituto Dominicano de Desarrollo Integral, INC. (IDDI), para el periodo comprendido desde el 2 de abril de 1992 al 31 de Diciembre de 1998"; (3) "Informe de Auditoria Financiera del Sub-programa 'A' del convenio SP/SF-92-01-DR entre el Banco Interamericano de Desarrollo (BID) y el Instituto Dominicano de Desarrollo Integral, INC (IDDI), para el ano terminado el 31 de Diciembre de 1998" |                                    |                         |
| 1-522-00-018-Q       | 09/27/00              | Quality Control Review of "Informes Financieros del Credito No. 2940-HO de la Asociacion Internacional de Fomento y Contrapartes, Manejado por la Secretaria de Agricultura y Ganaderia, Unidad Coordinadora del Proyecto de Administracion de Areas Rurales, para el periodo 1 de enero de 1996 al 31 de diciembre de 1998"  |                                    |                         |
| 5-442-00-002-Q       | 06/22/00              | Quality Control Review of Ernst & Young   |                                    |                         |
| 5-492-00-003-Q       | 09/13/00              | Quality Control Review of Joaquin Cunanan and Co.   |                                    |                         |
| 6-263-00-001-Q       | 09/17/00              | Quality Control Review of Grant Thornton International/Mohamed Hilal & Co.'s Recipient-Contracted Audit of Dakahlya Businessmen Association for Community Development Under Cooperative Agreement No. 263-A-00-97-00062-00  |                                    |                         |
|                      |                       | <b>-- Other Reports --</b>  |                                    |                         |
| 4-612-00-003-X       | 05/12/00              | Audit of Malawi Centre for Advice, Research and Education on Rights (Malawi CARER) for the Year Ended September 30, 1997  |                                    |                         |
| 4-612-00-004-X       | 05/12/00              | Audit of Malawi Centre for Advice, Research and Education on Rights (Malawi CARER) for the Year Ended September 30, 1998  |                                    |                         |
| 4-674-00-005-X       | 08/15/00              | Audit of Independent Mediation Services of South Africa Project Agreement No. 674-030-G-SS-4113, for the Period January 1, 1999 through May 31, 1999  |                                    |                         |

TABLE B

**AUDIT REPORTS OVER SIX MONTHS OLD  
WITH NO MANAGEMENT DECISION**

**As of September 30, 2000**

| <i>Report Number</i> | <i>Auditee</i>                             | <i>Issue Date</i> | <i>Current Recommendation Status</i>  | <i>Desired Decision Target Date</i> |
|----------------------|--|-------------------|---|-------------------------------------|
| 0-000-97-043-A       | Pathfinder International                   | 01/17/97          | USAID's Contracting Officer is reviewing the recommendations. The OIG is awaiting a management decision.  | 11/30/00                            |
| 0-000-98-013-D       | Development Alternatives, Inc.             | 01/08/98          | Contract records are not available due to the bombing in Nairobi.   | 11/30/00                            |
| 0-000-98-017-D       | Construction Control Services Corp.        | 02/27/98          | The contractor has been unwilling to negotiate the questioned direct and indirect costs with USAID's Office of Procurement. The contract is in the close out process. | 03/31/01                            |
| 0-000-99-036-D       | CH2M Hill International Services, Inc.     | 12/08/98          | USAID's Office of Procurement reassigned the recommendation to the appropriate Contracting Officer in April 2000. The OIG is awaiting a management decision.          | 11/30/00                            |
| 0-000-99-004-A       | National Academy of Sciences               | 12/18/98          | USAID Office of Procurement needs to locate the appropriate action office. The OIG is awaiting a management decision.   | 11/30/00                            |
| 0-000-99-048-D       | DevTech System, Inc.                       | 01/08/99          | USAID's Procurement Officials are reviewing the recommendations for determination of questioned costs. The OIG is awaiting a management decision.                     | 03/31/01                            |
| 0-000-99-053-D       | Abt Associates, Inc.                       | 01/14/99          | A letter was sent to the contractor requesting additional information in March 2000. The OIG is awaiting a management decision.                                       | 03/31/01                            |
| 0-000-99-072-D       | Barents Group, LLC                         | 02/02/99          | USAID's Contracting Officer has requested additional supporting documentation from the contractor. The OIG is awaiting a management decision.                         | 12/31/00                            |
| 0-000-99-014-A       | Freedom House                              | 03/20/99          | USAID management is currently awaiting supporting data from the recipient. The OIG is awaiting a management decision.   | 11/30/00                            |
| 0-000-99-084-D       | Harvey & Company, Inc.                     | 04/16/99          | USAID's Contracting Officer is currently reviewing the recommendation. The OIG is awaiting a management decision.   | 03/31/01                            |
| 0-000-99-098-D       | Casals & Associates                        | 05/28/99          | USAID's Contracting Officer is preparing a letter to the auditee. The OIG is awaiting a management decision.  | 12/15/00                            |
| 0-000-99-110-D       | Selective Environmental Technologies, Inc. | 06/03/99          | USAID's Contracting Officer is currently reviewing the recommendation. The OIG is awaiting a management decision.   | 12/15/00                            |

TABLE B

| <i>Report Number</i> | <i>Auditee</i>  | <i>Issue Date</i> | <i>Current Recommendation Status</i>  | <i>Desired Decision Target Date</i> |
|----------------------|---|-------------------|---|-------------------------------------|
| 0-000-99-117-D       | Development Assistance Corp.                          | 06/11/99          | The recommendation was recently reassigned to a contracting officer in the field. The OIG is awaiting a management decision.  | 12/15/00                            |
| 0-000-99-029-A       | ACDI/VOCA   | 06/21/99          | USAID management is waiting on further corrective action and data from the recipient. The OIG is awaiting a management decision.  | 12/31/00                            |
| 0-000-99-137-D       | Association for International Resources & Development | 06/23/99          | The Contracting Officer is reviewing supporting documentation supplied by the contractor. The OIG is awaiting a management decision.  | 10/30/00                            |
| 0-000-99-146-D       | Center for Financial Engineering in Development       | 06/29/99          | USAID's Contracting Officer is waiting for the contractor to respond and will issue a bill for collection, if necessary. Contractor is bankrupt and is no longer in business; therefore, collection is not likely. The OIG is awaiting a management decision. | 12/31/00                            |
| 0-000-99-157-D       | Scientech, Inc.                                       | 06/30/99          | USAID's Contracting Officer is currently reviewing the recommendation. The OIG is awaiting a management decision.   | 12/15/00                            |
| 0-000-99-161-D       | Kramer Associates, Inc.                               | 06/30/99          | USAID's Contracting Officer is currently waiting for supporting data from the contractor. The OIG is awaiting a management decision.  | 12/31/00                            |
| 0-000-99-163-D       | IGI International, Inc.                               | 07/08/99          | USAID's Contracting Officer is currently waiting for supporting data from the contractor. The OIG is awaiting a management decision.  | 11/30/00                            |
| 0-000-99-165-D       | Abt Associates, Inc.                                  | 07/09/99          | USAID's Contracting Officer is awaiting DCAA's concurrence that the contractor's corrective action is sufficient. The OIG is awaiting a management decision.  | 12/31/00                            |
| 0-000-99-019-A       | International City/County Management Association      | 07/23/99          | USAID's Contracting Officer is awaiting concurrence that the contractor's corrective action is sufficient. The OIG is awaiting a management decision.   | 10/31/00                            |
| 0-000-99-033-A       | Johns Hopkins University                              | 07/30/99          | USAID's Contracting Officer has sent a letter to the recipient and is awaiting a response. The OIG is awaiting a management decision.   | 12/31/00                            |
| 0-000-99-179-D       | International Resource Group, Ltd.                    | 07/30/99          | USAID's Contracting Officer is currently preparing a letter to the auditee. The OIG is awaiting a management decision.  | 03/31/01                            |
| 0-000-00-006-D       | Pharmaciens Sans Frontieres                           | 10/15/99          | USAID's Contracting Officer is currently reviewing the recommendations. The OIG is awaiting a management decision.  | 10/31/00                            |
| 0-000-00-013-D       | University of North Carolina at Chapel Hill           | 11/04/99          | USAID's Contracting Officer is currently reviewing the recommendations. The OIG is awaiting a management decision.  | 12/15/00                            |



TABLE B

| <i>Report Number</i> | <i>Auditee</i>           | <i>Issue Date</i> | <i>Current Recommendation Status</i>   | <i>Desired Decision Target Date</i> |
|----------------------|--------------------------|-------------------|--|-------------------------------------|
| 0-000-00-027-D       | Premiere Urgence         | 12/03/99          | USAID's Contracting Officer is currently waiting for a check from the contractor. The OIG is awaiting a management decision.       | 10/31/00                            |
| 0-000-00-050-D       | Abt Associates, Inc.     | 03/08/00          | USAID's Contracting Officer is currently reviewing the recommendations. The OIG is awaiting a management decision.                 | 12/15/00                            |
| 0-000-00-053-D       | Louis Berger Int'l, Inc. | 03/10/00          | USAID's Contracting Officer is currently reviewing the recommendations. The OIG is awaiting a management decision.                 | 12/15/00                            |
| 0-000-00-054-D       | The Intrados Group       | 03/16/00          | The Office of Procurement is in the process of identifying the cognizant contracting officer for one of the audit recommendations. | 03/31/01                            |

TABLE C

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

As of September 30, 2000

| <i>Report Number</i> | <i>Subject of Report</i>   | <i>Issue Date</i> | <i>Rec. No.</i> | <i>Management Decision Date</i> | <i>Final Action Target Date</i> |
|----------------------|--|-------------------|-----------------|---------------------------------|---------------------------------|
| 0-000-97-001-C       | USAID's Financial Statements for FY 1996                                     | 02/24/97          | 1.1             | 09/16/98                        | 12/00                           |
|                      |  |                   | 1.2             | 09/16/98                        | 12/00                           |
|                      |  |                   | 1.3             | 09/16/98                        | 12/00                           |
|                      |  |                   | 2.2             | 03/31/99                        | 12/00                           |
| 7-688-97-006-R       | Road Reinforcement Service Under the Upper Valley Development Project (Mali) | 02/13/97          | 1               | 05/19/97                        | 12/00                           |
| 9-000-96-005         | Controls Over the Quality of Financial Management Data                       | 07/11/96          | 1               | 07/11/96                        | 03/01                           |
| A-000-97-004-P       | Worldwide Deployment of the New Management System                            | 03/31/97          | 2               | 08/18/97                        | 10/00                           |
|                      |  |                   | 3               | 08/18/97                        | 10/00                           |
| A-000-97-008-P       | USAID's Compliance with Federal Computer Security Requirements               | 09/30/97          | 2.2             | 09/30/97                        | 04/01                           |
|                      |  |                   | 2.3             | 09/30/97                        | 12/00                           |
|                      |  |                   | 2.4             | 09/30/97                        | 09/01                           |
|                      |  |                   | 2.5             | 09/30/97                        | 09/01                           |
| A-000-97-009-P       | Internal Controls for the Operational New Management System                  | 09/30/97          | 1               | 12/26/97                        | 10/00                           |
| 0-000-98-001-F       | USAID's Financial Statements for FY 1997/96                                  | 03/02/98          | 3               | 12/14/99                        | 01/01                           |
|                      |  |                   | 5               | 03/31/99                        | 12/02                           |
|                      |  |                   | 7.1             | 03/31/99                        | 12/02                           |
|                      |  |                   | 8.1             | 03/02/98                        | 10/00                           |
|                      |  |                   | 9.1             | 03/02/98                        | 12/00                           |
|                      |  |                   | 9.2             | 03/02/98                        | 12/00                           |
|                      |  |                   | 9.3             | 03/02/98                        | 12/00                           |
| A-000-98-004-P       | New Management Systems Status  | 03/31/98          | 1               | 03/31/98                        | 10/00                           |
| 7-688-98-001-P       | Implementation of GPRA for Youth Strategic Objectives/Mali                   | 03/23/98          | 4.1             | 03/23/98                        | 12/00                           |
|                      |  |                   | 4.2             | 03/23/98                        | 12/00                           |
| 0-000-99-001-F       | USAID's Financial Statements, Internal Controls, and Compliance for FY 1998  | 03/01/99          | 1.1             | 03/01/99                        | 09/01                           |
| 0-000-99-002-F       | Report to USAID Managers on Selected USAID Internal Controls                 | 03/31/99          | 1.1             | 07/26/99                        | 10/00                           |

TABLE C

| <i>Report Number</i> | <i>Subject of Report</i>   | <i>Issue Date</i> | <i>Rec. No.</i> | <i>Management Decision Date</i> | <i>Final Action Target Date</i> |
|----------------------|--|-------------------|-----------------|---------------------------------|---------------------------------|
|                      |  |                   | 2.1             | 06/07/99                        | 12/00                           |
|                      |  |                   | 6.1             | 12/14/99                        | 12/00                           |
|                      |  |                   | 6.2             | 12/14/99                        | 12/00                           |
|                      |  |                   | 10.2            | 07/01/99                        | 12/02                           |
| 0-000-99-064-D       | Incurred Costs for Burns and Roe Enterprises, Inc. (CY 1996)   | 01/22/99          | 1               | 03/08/00                        | 03/01                           |
|                      |  |                   | 2               | 03/08/00                        | 03/01                           |
| 0-000-99-005-F       | Acordia Healthcare Solutions, Inc.   | 03/26/99          | 2.1             | 07/14/00                        | 07/01                           |
|                      |  |                   | 2.2             | 07/14/00                        | 07/01                           |
| A-000-99-002-P       | Access and System Software Security Controls Over the Mission Accounting and Control System                      | 12/31/98          | 1               | 12/31/98                        | 09/01                           |
| A-000-99-004-P       | General Controls Over USAID's Mainframe Computer Environment   | 03/01/99          | 4               | 03/01/99                        | 09/01                           |
| 9-000-99-007-P       | USAID's Interagency Agreements Under Section 632(b) of the Foreign Assistance Act                                | 04/15/99          | 1.1             | 06/17/99                        | 12/00                           |
|                      |  |                   | 1.2             | 06/17/99                        | 12/00                           |
|                      |  |                   | 1.3             | 06/17/99                        | 12/00                           |
| 0-000-99-033-A       | Johns Hopkins University   | 07/30/99          | 2               | -                               | 12/01                           |
| 0-000-99-180-D       | Burson-Marsteller, Ltd.  | 08/05/99          | 1               | 09/29/00                        | 10/00                           |
|                      |  |                   | 2               | 09/29/00                        | 10/00                           |
| 7-688-99-004-P       | USAID/Mali's Operating Expenses  | 08/13/99          | 1.4             | 08/13/99                        | 12/00                           |
|                      |  |                   | 4.1             | 08/13/99                        | 12/00                           |
|                      |  |                   | 5               | 08/13/99                        | 12/00                           |
| A-000-99-006-P       | USAID's Processing of Personal Property Claims in Ordered Evacuation of USAID Employees                          | 08/20/99          | 1.1             | 01/13/00                        | 01/01                           |
| B-111-99-005-P       | The 1996 Natural Gas Import Program In Armenia   | 09/07/99          | 1.1             | 09/07/99                        | 09/01                           |
|                      |  |                   | 1.2             | 09/07/99                        | 09/01                           |
|                      |  |                   | 1.3             | 09/07/99                        | 09/01                           |
|                      |  |                   | 2               | 09/07/99                        | 09/01                           |
|                      |  |                   | 3.1             | 09/07/99                        | 09/01                           |
|                      |  |                   | 3.2             | 09/07/99                        | 09/01                           |
| 0-000-99-007-F       | USAID's Section 620(q) & Brooke Amendment Violations Involving Indonesia   | 09/30/99          | 2.2             | 09/30/99                        | 12/00                           |
| B-168-00-001-P       | USAID/Bosnia-Herzegovina's Monitoring of Parsons' Subcontractor Selection Process and Construction Change Orders | 11/19/99          | 2               | 11/19/99                        | 11/00                           |
| 4-674-00-007-F       | Tertiary Education Linkage Project   | 11/30/99          | 1               | 11/30/99                        | 11/00                           |
|                      |  |                   | 2.1             | 02/29/00                        | 02/01                           |
|                      |  |                   | 2.2             | 02/29/00                        | 02/01                           |

TABLE C

| <i>Report Number</i> | <i>Subject of Report</i>  | <i>Issue Date</i> | <i>Rec. No.</i> | <i>Management Decision Date</i> | <i>Final Action Target Date</i> |
|----------------------|---|-------------------|-----------------|---------------------------------|---------------------------------|
|                      |   |                   | 2.3             | 02/29/00                        | 02/01                           |
|                      |   |                   | 3.1             | 02/29/00                        | 02/01                           |
|                      |   |                   | 3.2             | 02/29/00                        | 02/01                           |
| B-111-00-002-P       | The 1996 Emergency Wheat Assistance Program in Armenia  | 12/10/99          | 1.1             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.2             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.3             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.4             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.5             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.6             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.7             | 12/10/99                        | 12/00                           |
|                      |   |                   | 1.8             | 12/10/99                        | 12/00                           |
|                      |   |                   | 2               | 12/10/99                        | 12/00                           |
|                      |   |                   | 3.1             | 12/10/99                        | 12/00                           |
|                      |   |                   | 3.2             | 12/10/99                        | 12/00                           |
| A-000-00-001-P       | The Effectiveness of USAID's Contractor Performance Evaluation Program                            | 12/14/99          | 1               | 12/14/99                        | 12/00                           |
|                      |   |                   | 2               | 06/16/00                        | 06/01                           |
|                      |   |                   | 3               | 12/14/99                        | 12/00                           |
|                      |   |                   | 4               | 12/14/99                        | 12/00                           |
| B-110-00-006-D       | Grant Management Controls at Eurasia Foundation Field Offices – Central Russia and Siberia Region | 12/30/99          | 1               | 09/20/00                        | 11/00                           |
|                      |   |                   | 3               | 06/13/00                        | 11/00                           |
|                      |   |                   | 4               | 06/13/00                        | 11/00                           |
|                      |   |                   | 5               | 06/13/00                        | 11/00                           |
|                      |   |                   | 6               | 06/13/00                        | 11/00                           |
|                      |   |                   | 7               | 06/13/00                        | 11/00                           |
| B-110-00-007-D       | Grant Management Controls at Eurasia Foundation Field Offices – Tbilisi Regional Office           | 01/31/00          | 1               | 06/06/00                        | 11/00                           |
|                      |   |                   | 2               | 06/06/00                        | 11/00                           |
|                      |   |                   | 3               | 06/06/00                        | 11/00                           |
|                      |   |                   | 4               | 06/06/00                        | 11/00                           |
| 0-000-00-002-F       | USAID's Credit Programs and Related Internal Controls for FY 1999                                 | 02/01/00          | 2.1             | 02/01/00                        | 12/00                           |
|                      |   |                   | 2.2             | 02/01/00                        | 12/00                           |
|                      |   |                   | 2.3             | 02/01/00                        | 12/00                           |

TABLE C

| <i>Report Number</i> | <i>Subject of Report</i>  | <i>Issue Date</i> | <i>Rec. No.</i> | <i>Management Decision Date</i> | <i>Final Action Target Date</i> |
|----------------------|---|-------------------|-----------------|---------------------------------|---------------------------------|
| 0-000-00-003-F       | USAID Advances and Related Internal Controls for FY 1999                                    | 02/01/00          | 1               | 02/01/00                        | 03/01                           |
|                      |   |                   | 2               | 02/01/00                        | 02/01                           |
|                      |   |                   | 3               | 09/12/00                        | 12/00                           |
|                      |   |                   | 4               | 09/12/00                        | 03/01                           |
| 0-000-00-004-F       | USAID's Accrued Expenses, Accounts Payable, Related Internal Controls for FY 1999           | 02/09/00          | 1               | 02/09/00                        | 03/01                           |
| 0-000-00-005-F       | USAID's Fund Balance with the U.S. Treasury and Related Internal Controls for FY 1999       | 02/17/00          | 4               | 02/17/00                        | 12/00                           |
| B-110-00-010-D       | Grant Management Controls at Eurasia Foundation Field Offices – Almaty Regional Office      | 02/25/00          | 2               | 09/20/00                        | 11/00                           |
| B-110-00-011-D       | Grant Management Controls at Eurasia Foundation Field Offices – Vladivostok Regional Office | 03/13/00          | 2               | 09/20/00                        | 11/00                           |
| 9-000-00-001-P       | USAID's Management of the Central Contraceptive Procurement Project                         | 03/21/00          | 2               | 03/21/00                        | 03/01                           |
|                      |   |                   | 3               | 03/21/00                        | 03/01                           |
|                      |   |                   | 4               | 03/21/00                        | 03/01                           |
| 5-398-00-001-P       | U.S. Asia Environmental Partnership Program   | 03/24/00          | 1               | 03/24/00                        | 02/01                           |
|                      |   |                   | 2.1             | 03/24/00                        | 12/00                           |
|                      |   |                   | 2.2             | 03/24/00                        | 12/00                           |
|                      |   |                   | 3               | 03/24/00                        | 04/01                           |
|                      |   |                   | 5.2             | 03/24/00                        | 12/00                           |
|                      |   |                   | 6               | 03/24/00                        | 12/00                           |
|                      |   |                   | 7               | 03/24/00                        | 12/00                           |
|                      |   |                   | 8.1             | 03/24/00                        | 12/00                           |
|                      |   |                   | 8.2             | 03/24/00                        | 12/00                           |
|                      |   |                   | 8.3             | 03/24/00                        | 12/00                           |
| 9-000-00-002-P       | USAID's P.L. 480 Title II Monetization Programs   | 03/29/00          | 1               | 03/29/00                        | 03/01                           |
|                      |   |                   | 2               | 03/29/00                        | 03/01                           |

**TABLE D**

**REPORTS ISSUED WITH QUESTIONED AND  
UNSUPPORTED COSTS  
April 1, 2000 through September 30, 2000**

*(Dollars in Thousands)*

| REPORTS  | NUMBER OF<br>AUDIT<br>REPORTS | QUESTIONED<br>COSTS     | UNSUPPORTED<br>COSTS <sup>1</sup> |
|--|-------------------------------|-------------------------|-----------------------------------|
| For which no management decision had been made as of April 1, 2000                     | 80                            | \$57,498 <sup>2,3</sup> | \$51,434 <sup>2,3</sup>           |
| Add: Reports issued April 1, 2000 through September 30, 2000                           | 62                            | \$16,357 <sup>4</sup>   | \$6,317 <sup>4</sup>              |
| Subtotal   | 142                           | \$73,855                | \$57,751                          |
| Less: Reports with a management decision made April 1, 2000 through September 30, 2000 | 111 <sup>5</sup>              | \$14,256 <sup>6,7</sup> | \$9,684 <sup>6,7</sup>            |
| For which no management decision had been made as of September 30, 2000                | 41                            | \$59,599 <sup>8</sup>   | \$48,067 <sup>8</sup>             |
| For which no management decision was made within six months of issuance                | 22                            | \$47,495                | \$45,166                          |

<sup>1</sup>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).

<sup>2</sup>The ending balance at March 31, 2000, for Questioned Costs totaling \$57,415,798 was increased by \$82,933 to reflect adjustments in the amount of recommendations contained in five reports; the ending balance at the same period for Unsupported Costs of \$51,288,769 was increased by \$145,019 to reflect adjustments in three reports.

<sup>3</sup>Amounts include \$50,554,123 in Questioned Costs and \$45,328,871 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>4</sup>Amounts include \$9,324,051 in Questioned Costs and \$227,580 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>5</sup>Unlike the monetary figures of this row, this figure is not being subtracted from the total. Some audit reports counted here are again counted in the figure below it.

<sup>6</sup>Agency Officials disallowed \$2,817,459 in Questioned Costs (\$806,951 in Unsupported Costs) cited in 84 reports. Agency Officials did not sustain \$11,438,565 in Questioned Costs (\$8,876,935 in Unsupported Costs) cited in 67 reports.

<sup>7</sup>Amounts include \$3,734,158 in Questioned Costs and \$535,302 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>8</sup>Amounts include \$56,326,949 in Questioned Costs and \$45,166,168 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.



TABLE E

**REPORTS ISSUED WITH RECOMMENDATIONS THAT  
FUNDS BE PUT TO BETTER USE**

**April 1, 2000 through September 30, 2000**

*(Dollars in Thousands)*

| <b>REPORTS</b>  | <b>NUMBER OF<br/>AUDIT<br/>REPORTS</b> | <b>DOLLAR<br/>VALUES</b> |
|---|--|--------------------------|
| For which no management decision had been made as of April 1, 2000                  | 1                                      | \$4,916 <sup>1</sup>     |
| Add: Reports issued April 1, 2000 through September 30, 2000                        | 0                                      | \$0                      |
| Subtotal  | 1                                      | \$4,916                  |
| Less: Reports with a management decision made April 1, 2000 -<br>September 30, 2000 | 1                                      | \$4,916 <sup>2</sup>     |
| For which no management decision had been made as of September 30, 2000             | 0                                      | \$0                      |
| For which no management decision was made within six months of issuance             | 0                                      | \$0                      |

<sup>1</sup>The ending balance at March 31, 2000 (\$3,822,092), was increased by \$1,094,040 to reflect adjustments in the amount of a recommendation contained in one report.

<sup>2</sup>Agency Officials agreed with \$3,592,524 in actions cited in two reports and Agency Officials did not agree with \$1,323,608 in actions cited in one report.

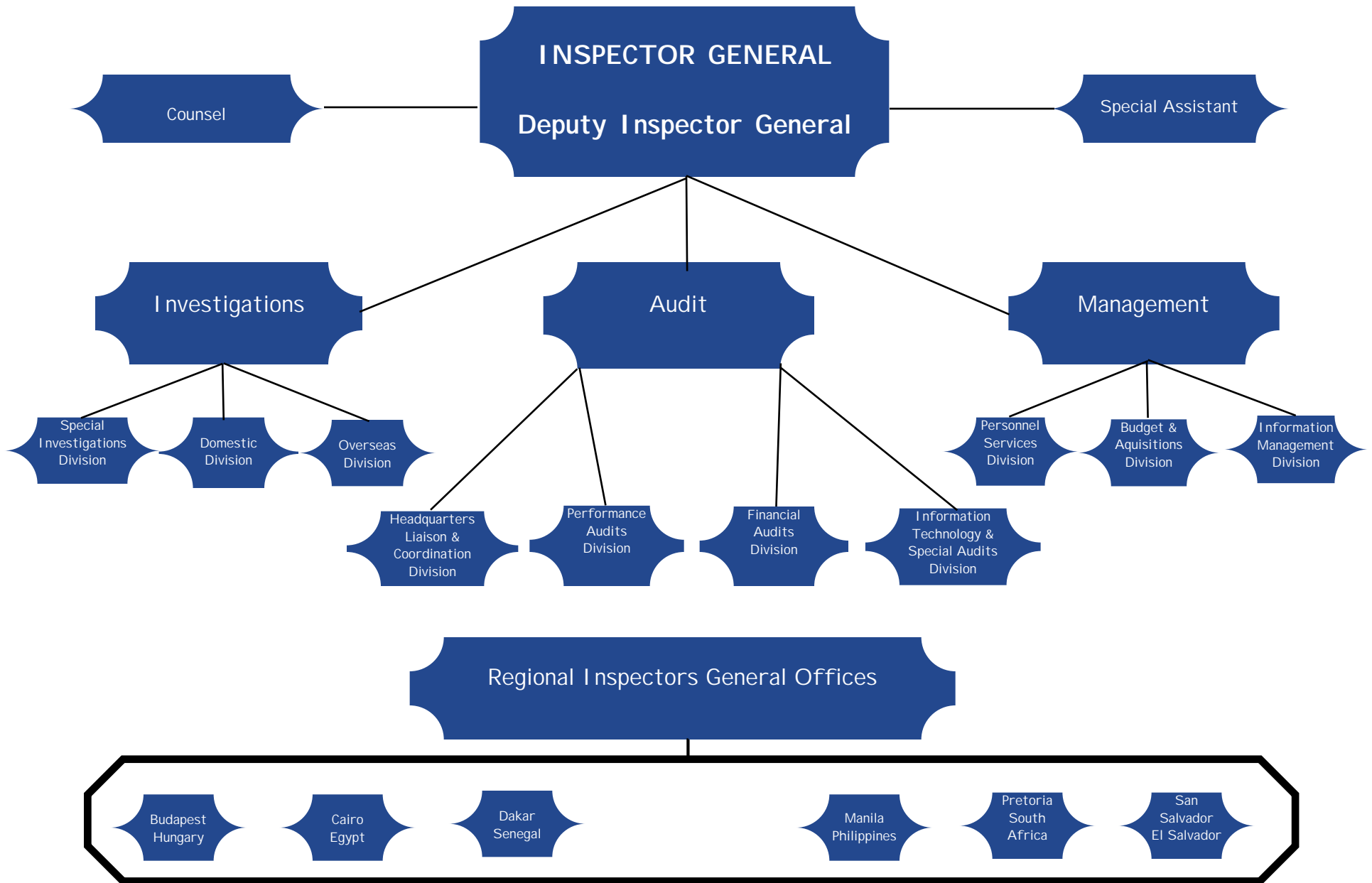
TABLE F

**OIG STATISTICAL SUMMARY**  
**As of September 30, 2000**  
**INVESTIGATIVE ACTIONS**

| <b>WORK LOAD</b>         |     |  | <b>CIVIL</b>                    |   |
|--------------------------|-----|--|---------------------------------|---|
| CASES PENDING (4/1/00)   | 139 |  | CIVIL REFERRALS                 | 0 |
| CASES OPENED             | 94  |  | COMPLAINTS                      | 0 |
| CASES CLOSED             | 84  |  | JUDGEMENTS/RECOVERIES           | 0 |
| CASES PENDING (9/30/00)  | 149 |  | SETTLEMENTS                     | 1 |
| <b>CRIMINAL</b>          |     |  | <b>ADMINISTRATIVE</b>           |   |
| PROSECUTIVE REFERRALS    | 2   |  | REPRIMANDS                      | 1 |
| PROSECUTIVE DECLINATIONS | 3   |  | PERSONNEL SUSPENSIONS           | 6 |
| INDICTMENTS              | 0   |  | RESIGNATIONS/<br>TERMINATIONS   | 9 |
| CONVICTIONS              | 3   |  | OTHER ADMINISTRATIVE<br>ACTIONS | 2 |
| FINES                    | 3   |  | RECOVERIES                      | 4 |
| RESTITUTIONS             | 1   |  | SUSPENSIONS /<br>DEBARMENTS     | 0 |
|                          |     |  | SAVINGS                         | 0 |

**INVESTIGATIVE RECOVERIES**

|                                       |                     |
|---------------------------------------|---------------------|
| JUDICIAL RECOVERIES                   | \$35,145,800        |
| ADMINISTRATIVE RECOVERIES             | \$144,082           |
| SAVINGS                               | \$0                 |
| <b>TOTAL INVESTIGATIVE RECOVERIES</b> | <b>\$35,289,882</b> |



U.S. Agency for International Development  
Office of Inspector General

# THE HOTLINE

During this reporting period, the OIG received 73 hotline referrals. Of these, 38 cases were initiated, 14 actions were referred for management resolution, 10 actions were held pending review or additional information, and 11 complaints were not pursued due to lack of investigative merit.

The purpose of the OIG Hotline is to receive and resolve complaints of fraud, waste or abuse in USAID programs and operations, including mismanagement or violations of law, rules or regulations by USAID employees or program participants. The OIG Hotline also has cognizance over the Inter-American Foundation (IAF) and the African Development Foundation (ADF). Complaints may be received directly from USAID, IAF or ADF employees, contractors, or the general public. Matters that are not within the purview of the OIG are referred to other agencies or to management and handled in accordance with USAID administrative procedures.

The Inspector General Act and other pertinent laws provide for the protection of persons making Hotline complaints. Individuals have the option of submitting their complaints via the Internet, telephone, or the U.S. mail. If persons elect to submit their complaints via the Internet, they waive confidentiality due to the non-secure nature of Internet electronic mail systems.

The OIG Hotline is staffed from 9:00 a.m. to 5:00 p.m., Eastern Time, Monday through Friday. During non-duty hours, telephone calls are recorded. The Hotline telephone numbers are 800-230-6539 and 202-712-1023. The mailing address is: USAID/IG/I, P.O. Box 657, Washington, D.C. 20044-0657. The email address is [IG.HOTLINE@USAID.GOV](mailto:IG.HOTLINE@USAID.GOV)



*U.S. Agency for  
International Development*

**U.S. Agency for International Development  
Office of Inspector General  
1300 Pennsylvania Avenue, N.W.  
Room 6.06D  
Washington, D.C. 20523**