



Semiannual Report to the Congress



USAID

Office of Inspector General

October 1, 2001 - March 31, 2002



Photograph of Adrienne Rish, Assistant Inspector General for Investigations, receiving a plaque from Mohamed Ahmed A. Rahman, Chairman of the General Organization for Sanitary Drainage for Greater Cairo, in appreciation of the investigative efforts against several large multi-national construction companies who were involved in bid-rigging.

OFFICE OF INSPECTOR GENERAL



April 30, 2002

The Honorable Andrew S. Natsios
Administrator
U. S. Agency for International Development
Washington, DC 20523

Dear Mr. Natsios:

I am pleased to report to you and the Congress of the United States the accomplishments of the U.S. Agency for International Development (USAID), Office of Inspector General for the six-month period ended March 31, 2002. This report is issued in compliance with the Inspector General Act of 1978, as amended.

During the reporting period the Office of Inspector General issued 310 audit reports with monetary recommendations valued in excess of \$14.7 million, closed 83 investigations and achieved savings and recoveries of \$55.1 million.

The Office of Inspector General continues to place a high priority on keeping the Congress and management officials fully and timely informed regarding our work. The introductory section of this report contains a separate overview of the OIG efforts in this area.

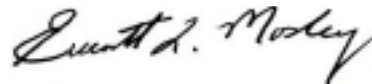
We also have included a section in the report that shows our continued efforts in assessing the environment in which USAID programs operate and the inherent vulnerabilities that exist. We provide an overview of our risk assessments and the challenges USAID faces while operating in a complex overseas environment.

1300 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20523

Lastly, we continue to update the efforts that USAID has made to address its major management challenges and the assistance that OIG has provided in these efforts. USAID management continues to respond positively to OIG recommendations for corrective actions, as is evidenced by this being the third consecutive semiannual reporting period that we report no audit recommendations (issued over six months) without Management Agreement.

The dedicated and professionally capable staff of the OIG continues to be committed to promoting efficiency and effectiveness and helping USAID meet its mission. We appreciate the cooperation we receive from you and USAID managers.

Sincerely,

A handwritten signature in cursive script that reads "Everett L. Mosley".

Everett L. Mosley
Inspector General

OFFICE OF INSPECTOR GENERAL



April 30, 2002

Mr. Ernest G. Green, Chairman of the Board
Mr. Nathaniel Fields, President
African Development Foundation
1400 Eye Street, N.W.
Washington, DC 20005-2248

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the USAID Office of Inspector General (OIG) with regard to the African Development Foundation (ADF) for the period ended March 31, 2002.

The report is issued in compliance with the Inspector General Act of 1978, as amended. The Consolidated Appropriations Act (P.L. 106-113), dated November 29, 1999, assigned audit and investigation responsibilities for the ADF to USAID OIG.

We have added a new section to this report, which outlines OIG's efforts to keep the Congress and management officials fully and currently informed regarding our work. Additionally, for the first time we have reported what OIG has identified as major management challenges facing ADF management.

I appreciate the courtesy and assistance extended to my staff during our work with your organization. The staff of OIG remains committed to helping the ADF achieve ultimate efficiency and effectiveness in its operations.

Sincerely,

A handwritten signature in black ink that reads "Everett L. Mosley".

Everett L. Mosley
Inspector General

OFFICE OF INSPECTOR GENERAL



April 30, 2002

Mr. Frank Yturria, Chairman of the Board
Mr. David Venezula, President
Inter-American Foundation
901 North Stuart Street, Tenth Floor
Arlington, VA 22203

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the USAID Office of Inspector General (OIG) with regard to the Inter-American Foundation (IAF) for the period ended March 31, 2002.

The report is issued in compliance with the Inspector General Act of 1978, as amended. The Consolidated Appropriations Act (P.L. 106-113), dated November 29, 1999, assigned audit and investigation responsibilities for the IAF to USAID OIG.

We have added a new section to this report, which outlines OIG's efforts to keep the Congress and management officials fully and currently informed regarding our work. Additionally, for the first time we have reported what OIG has identified as major management challenges facing IAF management.

I appreciate the courtesy and assistance extended to my staff during our work with your organization. The staff of OIG remains committed to helping the IAF achieve ultimate efficiency and effectiveness in its operations.

Sincerely,

A handwritten signature in cursive script, reading "Everett L. Mosley".

Everett L. Mosley
Inspector General

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Reporting Requirements

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 required reporting areas, as prescribed under Section 5(a) of the Act, are:

Reporting Requirement	Page Reference(s)
(1) Significant Problems, Abuses and Deficiencies	13-32
(2) Recommendations for Corrective Actions	33-65
(3) Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Table C
(4) Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Table F
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Executive Summary

This report presents the results of the Office of Inspector General's audit and investigation efforts at (1) the U.S. Agency for International Development, (2) the African Development Foundation, and (3) the Inter-American Foundation, for the six-month period ended March 31, 2002.

During the semiannual reporting period from October 1, 2001 through March 31, 2002, the Office of Inspector General (OIG) issued 310 audit reports with monetary recommendations valued at \$14.7 million. In addition, the OIG completed 83 investigations and achieved savings and recoveries of \$55.1 million. Because of continued aggressive actions by USAID management, as of March 31, 2002, there were no audit reports over six months old without management decision.

Two new features are included in this report. The first provides an overview of the OIG efforts to keep management and the Congress timely informed of our efforts and the results. The second explains the OIG efforts to address the program integrity risks associated with activities and operations, particularly those in the overseas environment.

The section entitled "Keeping Management and Congress Informed" describes the series of briefings used to communicate effectively with Congress. Regular meetings and special focus briefings are part of the effort to keep the Congress fully and currently informed. The OIG also promptly responds to invitations by USAID management to join meetings of working groups and task forces early in the development of high-profile activities in order to observe and provide independent advice on risk and necessary internal controls. This collaboration is useful to the Agency for the input the OIG can bring and identifies special audit and investigative requirements early in program development.

The section entitled "OIG Risk Assessments" outlines how our resources are targeted in the complex international environment in which the OIG operates. The OIG joint risk-assessment effort by audit and investigation staff targets weak controls and susceptibility to fraud and corruption. Where needed, the OIG implements targeted follow-up actions, such as the OIG Fraud Awareness training program and concurrent audits.

Major Management Challenges for the African Development Foundation and the Inter-American Foundation are reported for the first time and are found in their respective sections of the report.

OIG Overview

The Office of Inspector General is responsible for providing audit and investigation services to USAID, the African Development Foundation and the Inter-American Foundation.

Mission

This OIG is established under the Inspector General Act of 1978 (IG Act), as amended. The OIG is tasked to promote economy, efficiency and effectiveness in the administration of programs and prevent and detect fraud and abuse in worldwide program operations. The IG Act also requires all Inspectors General to keep management and the Congress fully and currently informed about problems and deficiencies relating to the administration of programs and operations, as well as corrective actions.

Organization

The OIG is organized into three operational units: Audit, Investigations, and Management. There are also six overseas field offices, each headed by a Regional Inspector General, located in Budapest, Hungary; Cairo, Egypt; Dakar, Senegal; Manila, Philippines; Pretoria, South Africa; and San Salvador, El Salvador. These regional offices maintain close working relationships with the USAID Missions in their regions. This field presence enables auditors and investigators to carry out our responsibilities more timely and efficiently.

Special Anticorruption Focus Activities

The OIG has a growing involvement in the general area of anticorruption. Efforts to promote accountability and combat corruption through collaboration with Supreme Audit Institutions (SAIs) and Fraud Awareness training programs are well received. The OIG now has formal agreements with 18 SAIs. OIG efforts have helped SAIs obtain training and develop comprehensive policies and procedures. The OIG continues to work with USAID's Missions to promote the SAI program.

Further, the OIG has held a series of workshops aimed at preventing fraud in USAID programs, particularly overseas, where risk to loss in the foreign aid program is high. The OIG field staff continue to deliver these programs worldwide to USAID staff, host government officials, auditors from public accounting firms and grant and contract recipients. Since 2000, the OIG has made presentations in over 28 countries.

Highlights

This section describes the most significant findings of this office for the work concluded in the past six-month period. These findings include major results in investigative and audit work.

The investigation items below reflect continuing large monetary recoveries from a multi-year case, and indictments involving money laundering and false statements. These cases are significant in scope and size.

Our audit work recognized the improvements in the financial statement presentations of USAID, the African Development Foundation (ADF) and the Inter-American Foundation (IAF). Prior to the audit of the FY 2001 financial statements, we disclaimed an opinion on all USAID and IAF financial statements; ADF received a disclaimer on two of its principal financial statements.

Investigations

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 service 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.

Workload Indicator	
Cases Opened	78
Cases Closed	83
Hotline Contacts	664
Results	
Recoveries/Savings	\$55,118,829
Resignations/Terminations	10
Personnel Suspensions	9
Reprimands	4
Indictments	4
Convictions	3

Highlights

Construction Company Ordered to Pay \$54 Million Fine and Former President Found Guilty of Conspiracy to Defraud the U.S.

As a result of a multi-year joint investigation by the OIG and the Department of Justice (DOJ) Antitrust Division into an international cartel of construction companies targeting USAID foreign assistance programs for exploitation, the former president of one company was convicted of conspiracy to defraud the U.S. Government and violation of the Sherman Antitrust Act. The president conspired to rig bids on USAID-funded construction projects in Egypt and faces a total maximum sentence of eight years' imprisonment and a \$600,000 fine. Sentencing is pending.

The same international construction company pled guilty to conspiracy to defraud the U.S. Government in the bid-rigging scheme. The company agreed to pay the U.S. Government a fine of \$54 million.

As of the current reporting period, this investigation has yielded two civil settlements, four separate corporate guilty pleas, a criminal conviction of one corporate officer, an outstanding indictment of a second corporate officer, and criminal fines and civil restitution to the United States totaling \$154.9 million (see page 40).



Photograph of the Inspector General, Everett Mosley (left), the Assistant Inspector General for Investigations, Adrienne Rish (center), and the Deputy Inspector General, James Ebbitt, display a plaque that was received in recognition of the OIG's success in the investigation of the bid-rigging scheme, which had targeted its USAID-funded program.

Highlights

A Company and Its Owner Indicted on Charges of Wire Fraud, False Claims and Money Laundering

An OIG investigation resulted in an indictment charging a U.S. company and its owner with wire fraud, false claims and money laundering. The investigation revealed that the company supplied false bids with inflated prices on scientific equipment procured under the Commodity Import Program in Egypt. This scheme enabled the company and its owner to inflate prices and overcharge by more than \$300,000. Further judicial action is pending (see page 41).

Company President Indicted for Allegedly Providing False Statements to USAID

An OIG investigation resulted in an indictment against the president of a U.S. company for allegedly providing a materially false statement to USAID. The company, a distributor of scientific equipment, sold a spectrometer to an Egyptian University under the Commodity Import Program. It is alleged that the company falsely certified to USAID that the equipment was of U.S. source and origin and that the price of the transaction did not include any commissions, side payments or kickbacks. An investigation determined that the source of the equipment was actually Belarus and that the company inflated the price to include over \$41,000 in commissions and kickbacks to an Egyptian agent. Further judicial action is pending (see page 45).

Highlights

Audit

Audit activities include conducting and reviewing financial and performance audits at USAID, the African Development Foundation, and the Inter-American Foundation. The following is a statistical summary of OIG audit activities during this reporting period.

Type of Report	Number of Reports	Monetary Recommendations (\$)
Financial Audits		
USAID, ADF and IAF Financial Statements	5	
USAID Programs and Operations	5	
U.S.-Based Contractors	35	9,878,097
U.S.-Based Grantees	25	44,529
Quality Control Reviews	3	
Foreign-Based Organizations	191	3,491,169
Quality Control Reviews	17	
Enterprise Funds	3	
Quality Control Reviews	1	
Performance Audits		
Economy and Efficiency	25	1,291,000
TOTAL	310	\$14,704,795

The OIG Issued Qualified Opinions on Three of USAID's Financial Statements for Fiscal Year 2001

For the first time, the USAID OIG issued qualified opinions on three of USAID's five principal financial statements. This is an important milestone and represents progress by USAID.

For fiscal year 2001, the OIG reported that USAID's Balance Sheet, Statement of Changes in Net Position, and Statement of Budgetary Resources present fairly, in all material respects, the financial position of USAID as of September 30, 2001 except for the conditions noted on page 53. However, the OIG was unable to express an opinion on USAID's Statements of Net Cost and Financing due to various system deficiencies.

Highlights

The OIG determined that USAID needs systems that:

- are integrated on a worldwide basis;
- support day-to-day business operations;
- produce financial statements without the need for large infusions of USAID resources (financial management and OIG staff) and heavy reliance on expensive contractor support;
- include a cost accounting module that USAID managers can use to relate costs to program performance; and
- can produce annual audited financial statements within the accelerated timetable mandated by the Office of Management and Budget.

USAID has made progress; however, more work is needed (see page 53).

The African Development Foundation (ADF) Received an Unqualified Opinion on Its Fiscal Year 2001 Financial Statements

The OIG provides oversight to the annual audit of ADF's financial statements, internal controls and compliance with applicable laws and regulations. Although ADF received a disclaimer on two of its five principal financial statements for fiscal year 2000, the Foundation received an unqualified opinion on each of its 2001 financial statements. The 2001 report contained several findings and recommendations, which are being addressed by ADF management. ADF has made substantial progress in preparing its financial statements and in correcting deficiencies noted in each of its most recent financial statement audits (see page 62).

The Inter-American Foundation (IAF) Received an Unqualified Opinion on Its Fiscal Year 2001 Financial Statements

The OIG provides oversight to the annual audit of IAF's financial statements, internal controls, and compliance with applicable laws and regulations. Although IAF received a disclaimer of opinion on its principal financial statements for fiscal year 2000, the Foundation received an unqualified opinion on its 2001 financial statements. The 2001 report did not contain findings or recommendations for IAF management. IAF has made significant progress in preparing its financial statements and correcting deficiencies in the previous year (see page 65).

Keeping Management & Congress Informed

As required by the Inspector General Act, the OIG keeps the Administrator, the Foundations' Presidents, and the Congress fully and currently informed about potential problems and deficiencies related to USAID's, ADF's, and IAF's administration and operations and the necessity for, and progress of, corrective actions. The following examples illustrate some recent efforts.

The Inspector General attends Agency senior staff meetings held by the Administrator. This allows the Inspector General to be aware of any critical Agency issues needing OIG attention and at the same time provides an opportunity for the Inspector General to inform the Administrator and senior officials of OIG audit and investigative activities warranting their attention.

The Inspector General also personally briefs the Administrator on significant audit and investigative matters requiring the Administrator's attention. For example, the OIG staff has kept Agency management informed of the OIG's extensive audit work regarding the Agency's computer system's general controls. Further, the Inspector General and senior OIG staff have provided briefings to all new USAID Assistant Administrators on the role of the OIG, planned audit work dealing with each new Assistant Administrator's area of responsibility, and any audit and investigative issues related to these responsibilities.

Because USAID values the OIG's work, management has invited the OIG to be observers on various Agency task forces dealing with sensitive and complicated issues. For example, OIG staff attends meetings of the Administrator's Central Asia Task Force and the Business Transformation Executive Committee. These meetings allow the OIG to learn about USAID's planned programs in these areas and to begin developing audit and investigative strategies. Although independent from Agency management, the OIG staff can help identify potential risks and vulnerabilities and offer advice concerning accountability issues as management makes its decisions.

The OIG also tries to work closely with Agency officials on a number of other issues. For example, the OIG invites senior Agency and Foundation officials to the OIG's annual planning conference to obtain their views on how audits and investigations can better assist them in meeting their goals. The OIG has also worked closely with USAID managers to suggest solutions to USAID's most serious management challenges, such as improving computer security and financial management systems. OIG and Agency senior staffs have met as frequently as weekly and currently meet quarterly to discuss updates to the new financial management and accounting systems.

The OIG also makes a major effort to keep the Congress informed. For example, after formally transmitting the Semiannual Report to Congress, the Inspector General and senior OIG staff provide detailed briefings on the results of the OIG's work to key

Keeping Management & Congress Informed

congressional staff. Additionally, copies of audit reports are routinely sent to congressional staff.

In some instances, special arrangements have been made to keep congressional staff informed of the OIG's work relating to highly vulnerable USAID programs. To illustrate, in response to the 1999 Hurricanes Mitch and Georges, which devastated several countries in Latin America, USAID launched the Central American and the Caribbean Emergency Disaster Recovery Fund Program, funded by a supplemental appropriation. In the supplemental appropriation, the Congress included funds for OIG audits and investigations. Because these programs were considered high risk, the OIG developed and implemented a comprehensive audit and investigative strategy, including the use of concurrent audits. Beginning in September 1999 and at three-month intervals thereafter, the OIG has briefed key congressional staff on the OIG's audit and investigative strategy, the status of the audit program, and the audit and investigative results. Further, the OIG has highlighted its audit and investigative work in each of the semiannual reports to Congress (see pages 33 through 65 for additional details).

This spring the OIG gave in-depth briefings to congressional committee staff regarding the challenges faced by USAID in the areas of (1) procurement, (2) human capital issues, and (3) financial management. Among other things, the OIG provided a description of the current structure of the three areas and key challenges. In addition, the OIG provided briefings that addressed the new core financial system (Phoenix) and the financial architecture (systems that interface with the financial system).

At times, the Congress has requested that the OIG conduct audits of specific USAID and Foundation activities. For example, in response to a congressional request regarding USAID's procurement function, the OIG conducted audits of contracting officers' independence at selected USAID missions and of USAID non-U.S. direct hire personnel performing procurement functions. The results of these audits are highlighted in this report (see page 56).

Risk Assessments

Attempting to provide adequate audit and investigative coverage of USAID programs poses some unique challenges to the OIG. For example, USAID provides assistance to over 100 countries around the world. Besides dealing with the logistical aspects of trying to conduct audits and investigations in an overseas environment, the OIG must also take into account that the Agency provides assistance to countries known to have some of the most corrupt economic and political systems in the world. Further, the OIG is faced with having to respond with audit and investigative assistance for USAID programs implemented to deal with major disasters.

To help plan the best way to maximize the use of limited audit and investigative resources, the OIG employs various techniques, such as conducting vulnerability or risk assessments of major new USAID initiatives or of USAID programs that have not been covered by audits in recent years. Such studies and assessments help the OIG to determine how vulnerable particular USAID programs might be to fraud and corruption and how best to minimize these vulnerabilities or risks through audits and investigations.

To illustrate, the OIG employed a risk-based approach to decide what type of oversight should be provided for individual activities financed under the \$621 million supplemental appropriation entitled the Central America and Caribbean Emergency Disaster Recovery Fund. OIG staff conducted risk assessments of each activity that considered four factors:

- The experience, performance record, and audit history of the contractors and grantees responsible for implementing each activity.
- The type of activities being financed by USAID (for example, the risks for a construction activity differ from the risks for a technical assistance activity).
- The controls and implementation arrangements for each activity (including arrangements for disbursing funds, delivering services, and monitoring progress).
- The amount of funds devoted to each activity.

Based on these assessments, the OIG decided to perform concurrent financial statement audits of the higher-risk activities and annual audits of the lower-risk activities implemented by contractors and grantees. In addition, our oversight strategy included many innovative types of activities, such as fraud awareness training, aimed at prevention and deterrence.

Risk Assessments

Other examples of risk assessments of USAID activities overseas include the following:

- Risk assessments performed of USAID/EI Salvador's \$110 million Earthquake Recovery Program concluded that all the U.S.-based contractors and grantees would be subject to audits conducted either by U.S. accounting firms or the Defense Contract Audit Agency and thus did not pose significant risks. However, the assessment did identify activities that the OIG believed posed special risks because of the organizational characteristics, the type of activities to be implemented, or the amount of resources devoted to the activity. For these higher-risk activities, the OIG determined that it would be advisable to perform concurrent financial statement audits. An example of such an activity is the \$11.9 million housing reconstruction project implemented by a host government agency. The OIG believed a concurrent financial statement audit was needed because this project was the largest single activity funded and previous experience has shown that construction activities are vulnerable to irregularities and illegal acts.
- A risk assessment of USAID/Bolivia's \$80 million Plan Colombia program, on the other hand, found that planned activities would be adequately covered by various audits. Examples include an annual audit performed by the Government of Bolivia's Supreme Audit Institution, under OIG supervision, of the \$10 million road maintenance and improvement activity and organizational-wide audits of U.S.-based grantees performed by U.S. accounting firms. Thus, the OIG concluded that no additional audit coverage was warranted.
- OIG staff performed a risk assessment of USAID/Jordan to determine (1) the key internal controls the Mission used to safeguard program resources and (2) if the Mission followed USAID policy and procedures in managing significant risks. Internal controls are the plans, methods and procedures used to meet goals and objectives and are critical to safeguarding assets and preventing and detecting fraud. The survey found that USAID/Jordan followed USAID policy for the major internal controls reviewed, but could strengthen controls related to documenting data quality assessments for performance measures and reviewing invoices prior to payment. The OIG provided potential options on how the Mission could improve these controls.

Risk Assessments

- The OIG performed risk assessment surveys of USAID's programs in Central Asia and Russia. These surveys helped to identify high-risk areas in USAID programs and better focus our audit coverage of these programs. For example, our risk assessment of USAID/Russia's program found that the Russia assistance program was especially vulnerable to implementation problems due to the size and complexity of its programs. The majority of USAID/Russia's programs had activities that were being implemented by large numbers of sub-grants to local entities, making it difficult to adequately monitor and manage them. These problems are further compounded by the logistics involved in traveling in Russia, a country that has nine time zones. As a result and in view of the vulnerabilities identified with the Russian assistance program, the OIG added several performance audits of Russian assistance activities to its fiscal year 2002 audit plan.

Major Agency Challenges

USAID implements America's foreign economic and humanitarian assistance programs in accordance with foreign policy guidance provided by the Secretary of State. USAID manages a budget of approximately \$7.5 billion and advances U.S. foreign policy objectives by supporting:

- economic growth, trade, and agricultural development;
- improvements in global health; and
- conflict prevention, democracy, and developmental relief activities.

USAID also serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America, the higher education community, and non-governmental organizations in support of shared objectives.

In pursuit of its mission, USAID faces a number of problems, concerns and difficult issues. These concerns and issues parallel the President's Management Agenda. This section updates the continuing efforts by USAID to address those major management challenges and OIG efforts to assist in overcoming these challenges.

List of Major Challenges

- (1) Financial Management
- (2) Information Resource Management
- (3) Managing for Results
- (4) Procurement Management
- (5) Human Capital Management

Financial Management

Progress continues to be made toward resolving problems with USAID's financial management system. In fact, for the first time, the OIG was able to issue opinions on three of USAID's five principal financial statements. We issued qualified opinions on the Balance Sheet, the Statements of Changes in Net Position, and Statement of Budgetary Resources. We were unable to express an opinion on the Statements of Net Cost and Financing.

This is an important milestone and represents progress by USAID.

However, while USAID has continued to make progress, over the last four years several areas of the financial management system continue to present challenges. For example, qualified opinions for the Balance Sheet and Statement of Changes in Net Position were achieved only through extensive efforts to overcome material weaknesses in internal controls. Although these efforts resulted in an improvement in the information on three of USAID's five principal financial statements, the efforts did not

Major Agency Challenges

provide reliable information to USAID managers throughout fiscal year 2001. As a result, we identified the following material internal control weaknesses:

- advances to grantees were not consistently reconciled and classified;
- unliquidated obligations were not consistently analyzed and deobligated as necessary; and
- accounts receivable were not accurately accounted for and reported.

Advances to Grantees Were Not Consistently Reconciled and Classified

The OIG found that USAID did not consistently reconcile or properly classify its advances to grantees at fiscal year-end. As a result, as of September 30, 2001, a \$439 million difference existed between USAID's general ledger and its subsidiary ledger maintained by the Department of Health and Human Services (DHHS). USAID recorded an adjustment for \$377 million of the \$439 million and is currently analyzing the remaining \$62 million. The OIG also found that USAID did not record about \$155 million in expenses for advances to grantees because the obligations were not recorded in the DHHS system. USAID subsequently made an adjustment to record the \$155 million as expenses.

Unliquidated Obligations Were Not Consistently Analyzed and Deobligated as Necessary

USAID records showed that unliquidated obligations that may no longer be needed for their original purposes were not deobligated. As of September 30, 2001, USAID reported that \$186 million remained in unliquidated obligations for projects that had no expenditures recorded against them for more than one year. Therefore, USAID's internal control process as it relates to the management of unliquidated obligations needs improvement.

Accounts Receivable Were Not Accurately Accounted for and Reported

USAID cannot track and accurately report its accounts receivable. Although this problem was first identified in our 1997 GMRA audit report on USAID's consolidated financial statements, USAID has not yet established adequate policies and procedures to report worldwide accounts receivable.

USAID has built the capacity to establish and report outstanding accounts receivable into its new core accounting system. However, this new system has not been implemented worldwide. When the new core accounting system is fully implemented, the OIG will review the resulting data to verify the system's ability to provide accurate and timely reports.

Major Agency Challenges

Information Resource Management

OIG audits have identified significant weaknesses in USAID's management of information technology resources. The Clinger-Cohen Act of 1996 requires executive agencies to implement a process that maximizes the value and assesses the management risks involved in information technology investments. USAID's management practices have impacted its ability to fully comply with the Act's requirements. As a result, Agency managers have not had access to financial information that is complete, reliable, and timely.

USAID faces three primary information resource management challenges: (1) improving financial reporting and resource management capabilities, (2) improving information resource management processes, and (3) improving computer security.

Improving Financial Reporting and Resource Management Capabilities

The information systems at USAID have not fully supported the Agency's planning and reporting requirements. Therefore, USAID managers have had difficulty consistently obtaining timely, reliable and complete financial and performance data. Even though USAID managers can mitigate the systemic weaknesses by generating individual reports on an ad hoc basis, the Agency's ability to routinely use financial information for decision-making purposes remains impaired.

To correct this weakness, USAID has deployed Phoenix in Washington. Phoenix is the core financial component of a new financial management and accounting system. The Phoenix system replaced key components of USAID's unreliable financial management system, the New Management System. Nonetheless, recent OIG audit work showed that system users were not always able to readily obtain data to manage Agency operations because USAID primarily focused its limited resources on implementation and operations, rather than on reporting. However, USAID has begun to implement a user-friendly reporting tool and plans to focus more on reporting in the future. The OIG continues to monitor the implementation of the Phoenix system.

Improving Information Resource Management Processes

In 1997 and 1998 the OIG reported that USAID's processes for procuring and managing information resource technology have not followed the guidelines established by the Clinger-Cohen Act. USAID management has acknowledged the weaknesses of its information resource management processes, and the Agency has made efforts to improve them. The Agency's Administrator has initiated plans to overhaul and modernize the entire portfolio of systems supporting USAID's procurement and information technology.

To assist in correcting these weaknesses, USAID established a model for governing the acquisition of information technology. Its initial governance structure included four primary components:

Major Agency Challenges

- Information Technology Council—to provide an enterprise-wide perspective on strategic decisions;
- Capital Investment Review Board—to advise on the selection, control and evaluation of information technology investments;
- Program Management Office—to coordinate the management of a specific portfolio of information technology projects to achieve a set of defined business objectives; and
- Project Development Teams—to be responsible for the day-to-day management and execution of individual information technology projects.

In fiscal year 2002, USAID redesigned its overall governance structure for the acquisition and management of information technology in a manner that will likely elevate the entire Information Technology investment process and require higher senior management participation. Specifically, USAID created the Business Transformation Executive Committee (BTEC), which is staffed with senior members of Agency management. One of the purposes of the committee is to recommend, coordinate and oversee Agency-wide investments in information technology.

BTEC is designed to ensure that the Agency has reliable systems that provide management with the information it needs to make informed decisions. In addition, BTEC will facilitate compliance with legislative requirements, including the Clinger-Cohen Act.

The OIG will continue to track and report on USAID's continuing efforts to improve its information resource management process and comply with the requirements of the Clinger-Cohen Act.

Improving Computer Security

OIG audits have confirmed that, although USAID has taken steps to improve computer security, more work is needed to ensure that sensitive data are not exposed to unacceptable risks of loss or destruction. Specifically, recent audits showed that USAID did not have adequate computer security controls in place to mitigate the risks to critical information systems. For instance, USAID needs to improve its security program and correct technical vulnerabilities in its information systems.

Nonetheless, USAID has made computer security improvements. USAID has:

- upgraded the system software for Headquarters and most of the missions;
- updated security policies and improved security training; and

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- developed procedures for evaluating and certifying computer security, including a risk-assessment process.

In addition, USAID is in the process of implementing a methodology that will rank and prioritize its information technology resources. This process will include identifying the kind of activities that could put mission-critical systems at risk, determining the probability that such activities could happen and estimating the dollar value of the impact. These risk factors will allow USAID to determine how much money to spend based on relative risk, costs, and benefits. The OIG will continue to monitor USAID's progress in improving computer security.

Improving Financial Management System Deficiencies

Over the past years, USAID has made progress toward resolving problems with its financial management system, and the Agency has committed significant resources for additional improvements. Nonetheless, USAID's outstanding financial management system deficiencies remain a significant management challenge.

OIG audit work showed that USAID's financial management systems did not comply with the Federal Financial Management Improvement Act (FFMIA) requirements and may be unable to consistently provide complete, reliable, timely, and consistent financial information about Agency operations. To correct this situation, USAID plans to implement an integrated financial management system using a combination of commercial off-the-shelf software products and third-party financial service providers. USAID has:

- implemented a new core financial system in Washington;
- established an automated interface between data extracted from mission systems and the core financial system; and
- developed operating procedures for interfaces and before interfaces occur between the new core financial system and major systems that process financial transactions.

Although USAID has taken steps to meet FFMIA requirements, it needs to continue to improve its financial systems. For instance, while the core financial system has been deployed in Washington, worldwide deployment has been delayed so that USAID can conduct a study that will include a determination of when and how to deploy the system overseas. In addition, USAID has only begun to provide system users with the resources needed to obtain information from the core financial system.

Finally, USAID needs to revise its FFMIA remediation plan to identify sufficient resources and remedies to make its systems substantially compliant with the FFMIA. For instance, USAID's remediation plan needs to fully address compliance with the United States standard general ledger at the transaction level. Although USAID off-

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cials believed that implementing the automated interface discussed above would make the system compliant, according to Office of Management and Budget officials, that interface did not make the system compliant with the standard general ledger. Therefore, USAID officials plan to revise the strategy on how the Agency can meet the FFMIA requirements.

Managing for Results

USAID has programs in over 100 countries promoting a wide range of objectives related to economic growth, agriculture, and trade; global health; and democracy, conflict prevention, and humanitarian assistance. According to a recent GAO audit report addressing the key outcomes and major management challenges, USAID has been faced with a multiplicity of programs, unclear mandates, and an out-of-balance ratio of country programs to staff and budget. Further complicating USAID's work is the often-difficult environments and changing program demands that challenges its ability to manage for results and achieve efficient and effective programs.

Furthermore, Federal laws and regulations exert a powerful influence on USAID's management systems. For instance, the Government Performance and Results Act of 1993 (Results Act) requires agencies to set program goals, measure program performance against those goals, and report on their progress. USAID continues to struggle with developing performance measurement and reporting systems that meet internal and external reporting requirements, including the requirements of the Results Act.

A significant part of USAID's performance management system had been the preparation of annual Results Review and Resource Request (R4) reports by individual operating units. During this semiannual reporting period, USAID developed a new "Annual Report" to replace the R4 submissions and provide a simplified reporting format for other required Agency reports, including a streamlined Congressional Budget Justification.

As USAID's performance management system continues to evolve over time, the OIG keeps abreast of current developments by attending management meetings related to performance reporting and reviewing draft plans and reports. It also evaluates relevant policies and procedures, monitors compliance with existing guidelines, and makes recommendations to help USAID improve its performance measurement and results reporting systems. Recent reports on completed OIG audits have noted inadequacies in the quality of the data reported and areas for improvement in the performance-monitoring plans of individual operating units.

To further assist USAID with its system of performance measurement and reporting, OIG reviewed the performance information included with the Agency's fiscal year 2001 consolidated financial statements. This information, included in the "Management Discussion and Analysis" section of the statements, did not meet relevant reporting

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requirements. For example, the reported program results related to years prior to fiscal year 2001, not to fiscal year 2001 itself. In addition, the reported results were based on the operating units' self-assessments of programs meeting certain strategic objectives, but USAID did not disclose which or how many strategic objectives were not reported or assessed.

In response to our recommendations, USAID has agreed to take actions to address deficiencies noted during our audits. As the President's Management Agenda emphasizes the need to focus on results, the OIG will continue to monitor and recommend improvements to USAID's managing-for-results systems.

Procurement Management

Because the vast majority of its programs are implemented through various types of acquisition and assistance instruments, USAID's procurement function is critically important. The Office of Procurement has been working on a number of different strategies to improve the effectiveness of the acquisition and assistance process. In part, these strategies are in response to the major challenges the Office of Procurement has faced in the areas of procurement staffing, activity planning, and acquisition and assistance administration.

In an effort to assist USAID in improving the effectiveness of its procurement operations, the OIG is reviewing different aspects of the procurement function with an emphasis on processes for awarding and administering contracts and grants. The OIG is developing a multi-year audit plan to identify opportunities to make USAID's procurement operations more efficient and effective.

As part of its multi-year commitment, the OIG initiated audits of several aspects of the procurement function, including two recently completed audits of the independence of overseas contracting officers and the use of non-U.S. direct hire personnel to perform procurement functions. Another ongoing audit addresses procurement-staffing issues (see page 56).

Human Capital Management

To ensure the Agency's ability to fulfill its mission, USAID's human capital must be properly managed. In the summer of 2001, USAID developed a workforce analysis that highlighted several human capital challenges facing the Agency. Among the many challenges the analysis addressed were the Agency's aging workforce and the resulting expected high rate of attrition due to retirement. The workforce analysis was submitted to the Office of Management and Budget (OMB) as the first step in implementing the President's initiative for agencies to restructure their workforces.

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OMB required USAID to develop a five-year workforce restructuring plan as part of the FY 2003 budget submission and performance plan. According to OMB, USAID has made progress with its workforce planning, but much work remains. For instance:

- workforce planning is not integrated into the budget and strategic plans;
- de-layering of organizational levels is not complete; and
- staff is not aligned to support the Agency's mission, goals, and organizational objectives in a systematic way.

To help assist USAID with its human capital challenges, the OIG is committed to increasing audit activity in the area of human capital management. These efforts will build upon ongoing audits of (1) human capital baseline data, and (2) management of USAID's procurement workforce levels.

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Some USAID programs require rapid expansion and implementation to address immediate problems and may operate in nations where economic and/or political instability increases the vulnerability to corruption. To ensure the effective use of U.S. funds, the OIG devotes considerable audit and investigation resources to such programs.

Central Asia Task Force

In response to the United States commitment to provide assistance to Central Asia, the USAID Administrator established a Central Asia Task Force to respond to developing needs in Afghanistan, Pakistan, and the Central Asian Republics. These decisions cut across three USAID bureaus—Democracy, Conflict, and Humanitarian Assistance (DCHA); Asia and the Near East (ANE); and Europe and Eurasia (E&E). The Task Force, which reports directly to the Administrator, is responsible for developing recommendations for USAID policy in Central Asia, providing operational guidance and direction of program activities, and recommending resource allocations for programs in this region. The Task Force works with the three bureaus listed above, which serve as the implementing partners of the Task Force.

The OIG responded to the Administrator's request for assistance to the Task Force primarily by serving as an observer to the Administrator's frequent meetings with the Task Force. In addition, the OIG has provided the Task Force assistance on a selected basis. For example, the OIG provided the Task Force and the ANE Bureau with advice on the audit implications of the Pakistan \$600 million Cash Transfer Agreement. Also, the OIG has made preliminary plans for establishing an audit program for the Central Asia program. These plans will be further developed once the composition of the USAID assistance program to Central Asia is determined.

Central America and the Caribbean Emergency Disaster Recovery Fund

The Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) was created in May 1999 to respond to the effects of hurricanes in Central America and the Caribbean and an earthquake in Colombia. CACEDRF provided \$621 million to reconstruct damaged roads and bridges, rebuild homes and schools, repair and improve wells and sanitation facilities, improve the health status of disaster victims, and spur renewed economic growth.

The OIG performed risk assessments of each CACEDRF-funded activity. Higher-risk activities received more oversight in the form of concurrent financial statement audits. Lower-risk activities received, in most cases, annual financial statement audits.

At the beginning of the program, questioned costs, as a percentage of the amounts audited by the OIG, were approximately seven percent. As a result of corrective actions taken by grantees and contractors in response to audit recommendations over the last two years, questioned costs on current audits are down to about 0.4 percent.

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At the same time, the average number of internal control findings and compliance findings per audit report has fallen by about one-half. These results demonstrate the effectiveness of the concurrent audit concept and reflect a coordinated effort by USAID's grantees and contractors, audit firms, Supreme Audit Institutions, and the OIG to ensure that USAID funds are used for agreed-upon purposes.

As of March 31, 2002, the OIG has issued 13 internal audit reports and 157 financial statement audit reports related to the CACEDRF program. The financial audits disclosed \$3.6 million in questionable costs, 191 reportable internal control conditions, and 187 instances of material noncompliance with agreement terms and applicable laws and regulations.

El Salvador Earthquake Recovery Program

On January 13 and February 13, 2001, major earthquakes struck El Salvador—killing 1,159 people and destroying or damaging more than 330,000 homes, according to El Salvador's National Emergency Committee. Damage to schools, hospitals, water systems, and other infrastructure was also severe. Estimates place property losses at about \$1.7 billion.

USAID is continuing to develop and implement an Earthquake Recovery Program (ERP) to rebuild homes and help restore the economic and social welfare of the rural poor most affected by the disaster. Approximately \$160 million has been approved to fund the ERP through September 2004.

The OIG has worked in collaboration with USAID/El Salvador and other USAID offices to plan oversight measures to ensure that reconstruction funds are well spent. A risk-based approach will be used to establish prudent, cost-effective oversight mechanisms for each planned activity. The OIG performed a risk assessment of fiscal year 2001-funded activities and plans to perform another after USAID/El Salvador has solidified its activity plans.

Based on these risk assessments, USAID/El Salvador is putting into place appropriate oversight mechanisms, such as:

- pre-award surveys for recipients who do not have a recent performance history with USAID or in cases where a recipient's financial management capabilities are not known;
- close supervision of reconstruction activities through (1) review of annual work plans, (2) meetings with implementing organizations and beneficiaries, (3) site visits, (4) review of vouchers supporting payment requests, and (5) review of periodic progress reports; and

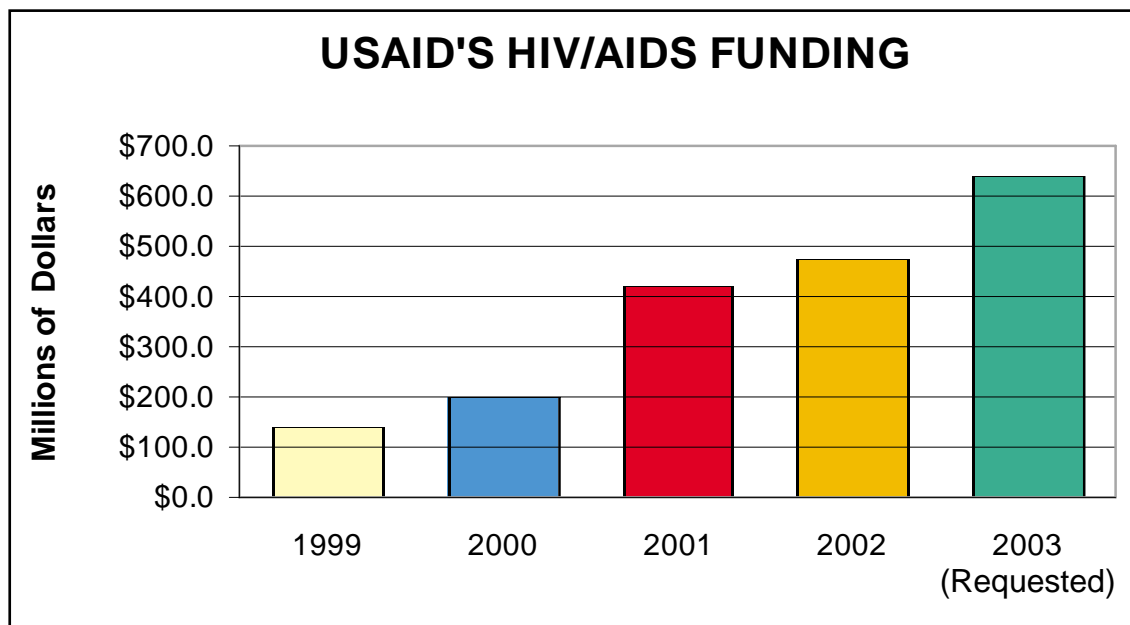
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- audits of USAID-funded activities, conducted in accordance with U.S. laws, regulations and auditing standards, by the Defense Contract Audit Agency, U.S.-based auditors, local accounting firms, and the Court of Accounts (El Salvador's Supreme Audit Institution, similar to the GAO). The OIG will supervise these audits and provide additional audit coverage where necessary.

Furthermore, the OIG is providing fraud prevention and detection training for those involved in the ERP and is currently supervising three concurrent financial audits.

HIV/AIDS

The HIV/AIDS pandemic is taking an enormous toll on many developing nations. In response, USAID funding for HIV/AIDS programs has risen dramatically over the past four years, increasing from approximately \$142 million in fiscal year 1999 to \$475 million in 2002, and the President has requested \$640 million for fiscal year 2003. This request represents more than a four-fold increase since 1999 (see graph).



Graph shows the changes in funding for USAID's HIV/AIDS programs from 1999 through 2002 and requested funding for 2003.

USAID is tailoring its programs for HIV/AIDS based on available resources and the expectations as to when a measurable impact might be achieved. USAID's strategy organized its response around three categories of countries—rapid scale-up, intensive focus, and basic. The “rapid scale-up” countries will receive a significant increase in resources for the expansion of prevention programs and the enhancement of care and

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support activities; measurable health improvements are expected within one to two years.

Resources for “intensive focus” countries and three sub-regions in Africa, Asia, and the Caribbean will be increased and targeted to achieve measurable results—reduction of prevalence rates, reduction of HIV transmission from mother to infant, and increased support services for people living with and affected by AIDS—within three to five years. In other countries receiving assistance, USAID will support host nation efforts to control the pandemic.

In March 2001, the GAO issued a report on USAID’s fight against HIV/AIDS in Africa, recommending that USAID’s overseas missions select standard performance indicators, gather performance data on a regular basis, and report this data to a central point for analysis. USAID is establishing a system to monitor and evaluate its HIV/AIDS activities Agency-wide and to periodically report on progress toward achieving its goals. Although guidance for monitoring progress is still in draft form, missions are preparing to meet the anticipated new requirements.

The OIG is currently conducting audits in eight countries classified as either “rapid scale-up” or “intensive focus” (Zambia, India, Rwanda, Senegal, Uganda, Nigeria, Cambodia, and South Africa). These audits focus on systems currently used by the eight USAID missions to measure and report performance results. Later this year the OIG will issue a summary report detailing any systemic issues or areas for improvement.

Southern Africa Flood Rehabilitation and Reconstruction

The Congress has provided supplemental appropriations of approximately \$160 million for flood relief in southern Africa. The majority of funds are being provided to Mozambique and Madagascar to rehabilitate roads and railways, and to provide direct assistance to flood victims.

The OIG is working closely with USAID to ensure these funds are used efficiently, effectively, and for their intended purposes. The OIG, in consultation with USAID’s Africa Bureau, USAID/Mozambique, and USAID/Madagascar, developed an audit strategy that includes a combination of non-Federal and internal audits. This approach will help identify and eliminate corruption and fraud in the management, administration, and distribution of the supplemental funding.

USAID/Mozambique contracted with an international organization to manage and implement the Resettlement Grants Distribution Activity, whereby approximately \$9.7 million was provided to 106,000 flood-affected families. A prior OIG performance audit revealed that these funds were successfully distributed to intended recipients. The OIG completed an Agency-contracted audit of \$1.9 million in costs and fees

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incurred by the project management unit hired by USAID/Mozambique to implement the activity. The audit showed that costs incurred were charged according to the contract except for a small amount that may have erroneously been charged to the project. USAID/Mozambique will determine the allowability of this amount.

Also underway in Mozambique are four other Agency-contracted financial audits that are examining various aspects of road and rail reconstruction and enterprise credit activities under this program. In addition, the OIG initiated a performance audit of USAID/Madagascar's performance monitoring of selected health services funded under the supplemental appropriation.

Expanding Accountability

Illegal practices and lack of accountability threaten to wipe out the economic advancements that USAID, its partners, and host country governments have made through many years of hard work. It is clear that audits and investigations conducted by OIG staff afford one method of safeguarding USAID funds; nevertheless, the OIG actively pursues additional methods to promote accountability and transparency. For example, the OIG (1) participates in international anti-corruption efforts, (2) works with Supreme Audit Institutions (SAIs) to expand their capabilities, (3) provides fraud awareness training, and (4) provides oversight for audits of the contractors, grantees, and foreign organizations that receive USAID funds.

Expanding Supreme Audit Institutions' Capabilities

In accordance with the OIG's objective to promote transparency and accountability, OIG offices are continuing to work closely with selected SAIs in countries where USAID is present. SAIs, which are the recipient countries' principal government audit agencies, are often the only organizations that have a legal mandate to audit the accounts and operations of their governments. Therefore, an SAI may be called on to audit funds which USAID—or other donors—provide to the government of that country.

But before SAI audits can be accepted by USAID, the SAI must meet certain requirements concerning its professional capability and independence. The acceptance process usually requires that the SAI, the USAID Mission, and the OIG all sign a Memorandum of Understanding (MOU) detailing standards and procedures to be used in auditing USAID funds provided to the host government. The MOU states that the OIG will provide technical advice to the SAIs and that the OIG will perform quality control reviews on SAI work. Our close relationship with the SAIs has led to significant improvements in the quality of their audit work.

SAI Country	MOU Date
Bangladesh	02/04/02
Benin	09/13/99
Bolivia	09/05/95
El Salvador	08/19/99
Ethiopia	07/02/97
Ghana	02/19/98
Honduras	11/17/93
Indonesia	02/15/01
Malawi	08/04/00
Mali	01/02/96
Peru	10/28/97
Senegal	04/15/99
South Africa	02/25/00
Tanzania	08/25/94
Thailand	01/25/00
Uganda	01/25/01
Zambia	01/21/99
Zimbabwe	02/11/99

Chart shows the 18 countries where OIG offices, USAID Missions, and SAIs signed MOUs.

Expanding Accountability

OIG offices and USAID missions have signed MOUs with SAIs in 18 countries. So far in fiscal year 2002, 17 SAI reports have been issued and one new MOU has been signed.

Substantial investments of time are involved in cultivating a SAI, working with the Mission to obtain a signed agreement with the SAI, and reviewing audit reports produced by the SAI—not to mention the training and technical assistance that is often required. Such investments are worthwhile since SAIs can play a vital role in helping ensure the integrity of USAID funds provided to host government agencies.

SAI Coordination and Training Efforts

In South Africa, the Office of the Auditor General completed its first audit of USAID funds provided to the Ministry of Justice under the recipient-contracted audit program. The audit covered USAID funds totaling about \$3.26 million. The Auditor General's Office questioned \$489,832 (\$351,780 in potential ineligible costs and \$138,052 that is potentially unsupported). USAID/South Africa will determine allowability of the amounts and follow up on the internal control weaknesses raised in the report.

In January 2002, the OIG provided training, in two daily sessions, at USAID/Angola on USAID audit requirements to 45 individuals from various non-governmental organizations, United Nations agencies and USAID staff based in Angola.

The OIG also conducted training on the financial audits of USAID programs to 70 mission staff, audit firm employees, and contractors and grantees in Jamaica. OIG staff also trained approximately 100 people from the SAI, audit firms, and mission staff in Peru.

Fraud Awareness Training

OIG proactive efforts to reduce fraud and other illegal activity continue. The following is a summary of fraud awareness training sessions conducted during the current reporting period.

October 2001

The OIG presented a fraud awareness training session at the USAID/Botswana Regional Contracting Service Center at Gaborone, Botswana. A total of 72 USAID employees attended.



Photograph of OIG Special Agent Marvin Burgos conducting fraud awareness training at the USAID Mission for the West Bank and Gaza in Tel Aviv.

Expanding Accountability

November 2001

The OIG presented two fraud awareness training sessions for an international company in Egypt. A total of 53 company employees attended, including personnel working under two USAID/Egypt-funded projects.

The OIG also conducted a fraud awareness training session at the USAID Mission in Mali. A total of 50 Mission and contractor personnel attended, including senior Mission management, senior Foreign Service Nationals, and all activity managers.

Finally, the OIG provided an interagency fraud awareness briefing to 25 Peace Corps staff in South Africa.



Photograph of OIG Auditor Sunil Kadam presenting a fraud awareness training session in Jerusalem.

December 2001

The OIG presented two fraud awareness training sessions at the USAID Office in Moscow. A total of 60 persons attended, including USAID, contractor, and grantee personnel.

January 2002

The OIG provided a fraud awareness training session to 21 USAID, Personnel Service Contractor and Foreign Service National employees from the USAID/Philippines Executive Office, General Services Office and Motor Pool staff.



Photograph of OIG Investigative Aide Samir Mikhail conducting fraud awareness training in Tel Aviv.

Expanding Accountability



Photograph of employees at USAID Mission for the West Bank and Gaza in Tel Aviv attending a fraud awareness training.

February 2002

The OIG provided two fraud awareness training sessions to members of the USAID Family Health and AIDS (FHA) program and others in Abidjan, Cote d'Ivoire. A total of 35 program officers and administrators from USAID and the implementing contractor/grantee community attended.

The OIG also presented a fraud awareness training session at the Controller Conference in Cairo, at which 79 USAID Direct Hires, Foreign Service Nationals and Personnel Service Contractors were in attendance. The group consisted of Controllers and Chief Accountants.

March 2002

The OIG conducted two fraud awareness training sessions in USAID/Morocco, attended by a total of 52 persons, including USAID employees and implementation partner staff. The OIG also presented a fraud awareness briefing at the USAID/Kenya Complex, with 43 USAID employees attending. Finally, the OIG gave three fraud awareness training sessions in Jerusalem and Tel Aviv, where there were 60 attendees.

The OIG provided a fraud awareness presentation at USAID's Office of Procurement's Annual Training Seminar, which was held in Ocean City, Maryland. A total of 150 USAID employees, Foreign Service Nationals, contractors and grantees attended.

Expanding Accountability

Accountability over Contractors, Grantees, and Foreign Organizations

USAID is required by the Federal Acquisition Regulation, 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. The OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and thereby enhancing the accountability of USAID grantees and contractors. Also, in accordance with provisions in USAID contracts and agreements, the OIG reviews audit reports of foreign organizations that receive USAID funds. The OIG further enhances the accountability of grantees and contractors by providing training in U.S. Government cost principles.

Audits of U.S.-Based Contractors

U.S.-based contractors carry out many USAID-funded activities. Since 1994, according to USAID, the Agency has requested audits, reviews, or pre-award surveys on 393 separate for-profit contractors. The Defense Contract Audit Agency (DCAA) conducts this work for USAID; the OIG reviews DCAA's reports and transmits them to USAID management.

During this reporting period, the OIG reviewed and transmitted 35 DCAA reports on U.S.-based contractors. These reports covered approximately \$325 million, including \$9.9 million in questioned costs claimed by the contractors.

Audits of U.S.-Based Grantees

U.S.-based nonprofit organizations (grantees) also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," non-Federal auditors perform annual financial audits of USAID grantees that expend over \$300,000 of Federal funds annually. These auditors are required to identify (1) reportable conditions involving major programs, (2) material noncompliance with laws and regulations, (3) known fraud affecting a Federal award, (4) known questioned costs above \$10,000, (5) misrepresentations of the status of prior audit findings, and (6) the reasons why the auditor's report on compliance for major programs is other than an unqualified opinion.

The OIG provides oversight for the non-Federal auditors performing these audits. The OIG reviews non-Federal audits to determine whether auditors prepared audit reports in accordance with Circular A-133 reporting requirements. The OIG also conducts quality control reviews to determine whether the underlying audits complied with Circular A-133 audit requirements. In some instances, the OIG contracts with DCAA to perform specialized financial audits of U.S.-based grantees.

Expanding Accountability

During the current reporting period, the OIG:

- reviewed and issued 12 non-Federal audit reports covering USAID funds of over \$232 million spent by U.S.-based grantees;
- completed 3 quality control reviews, covering \$130 million in grantee expenditures; and
- issued 13 reports completed by DCAA on U.S.-based grantees.

Audits of Foreign-Based Organizations

OMB Circular A-133 does not apply to foreign-based contractors and grantees. However, given the high-risk environment in which USAID operates, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts and through “Guidelines for Financial Audits Contracted by Foreign Recipients” issued by the OIG.

Under the Recipient-Contracted Audits program, audits are required for all foreign contractors and grantees that spend \$300,000 or more in USAID funds during any of their fiscal years. These audits are conducted by private accounting firms or SAIs. In addition, USAID may request financial audits for programs that fall below the \$300,000 threshold.

The OIG reviews all audit reports and if they are found to be in compliance with the “Guidelines for Financial Audits Contracted by Foreign Recipients,” transmits the report to the appropriate USAID mission. During the most recent reporting period, the OIG reviewed and transmitted 191 audits of foreign-based organizations, resulting in \$3.5 million in questioned costs and 157 recommendations. The OIG also completed 17 Quality Control Reviews to ensure that the audits were completed in accordance with appropriate audit standards.

Reviews of Enterprise Funds

Enterprise Funds are U.S.-based nonprofit organizations established under the Support for Eastern European Democracy Act of 1989. USAID has established eleven Enterprise Funds; ten of these Funds invest in countries in Eastern Europe and Eurasia, and the eleventh Fund invests in South Africa. Enterprise Funds are subject to annual financial statement audits performed by private accounting firms and reviewed by the OIG.

During this reporting period, private accounting firms conducted three Enterprise Fund audits, which were reviewed by the OIG to ensure that the audit reports complied with Government Auditing Standards. These audits covered approximately \$20.2 million in

Expanding Accountability

U.S. grants. Also, the OIG performs detailed Quality Control Reviews of the underlying audit work, thereby overseeing the audit quality.

Cost Principles Training

USAID's contracts and grants include provisions (cost principles) that define what types of costs are legitimate charges to support USAID programs. While the full text of these cost principles are contained in voluminous sections of the Federal Acquisition Regulation (FAR) and various OMB Circulars, there generally is only a single sentence in USAID agreements that refers to the applicable section of the FAR or the applicable Circular. To increase awareness of—and compliance with—cost principles, the OIG has been presenting training to overseas USAID staff, contractors, and grantees. This training provides both a general overview of U.S. Government cost principles and specific real-world examples, demonstrating concepts such as reasonableness, allocability and various specific cost principles (e.g., travel expenses, entertainment costs).

During this reporting period, the OIG provided cost principles training to 60 individuals in Moscow, Russia. The attendees included USAID staff, as well as contractors and grantees and a representative from one of our non-Federal audit firms.

USAID Bureaus

The Office of Inspector General's results presented in this section are organized by the USAID unit or bureau where the audit or investigation was focused.

USAID is organized into ten major bureaus and has additional specialized offices. The bureaus are further divided by region, program focus, and support function. USAID's bureaus are:

Regional Bureaus

- Africa
- Asia and the Near East
- Europe and Eurasia
- Latin America and the Caribbean

The regional bureaus formulate, approve, direct, and implement economic assistance programs with the field mission staff under their responsibility.

Program or Pillar Bureaus

- Democracy, Conflict Prevention and Humanitarian Assistance
- Economic Growth, Agriculture and Trade
- Global Health

The pillar bureaus provide leadership, technical expertise, and management worldwide in primary focus areas. The program activity or technical expertise supports the Agency's regional bureaus, field missions and other operational units within USAID.

Support Bureaus

- Policy and Program Coordination
- Management
- Legislative and Public Affairs

Centralized program and services that serve the entire USAID organization are the focus of the support bureaus. Policy formulation, coordination, budget formulation, resource allocation, management services (including information technology, personnel and financial management), and public and congressional liaison are the tasks of the three main support bureaus.

This report includes results for our work related to some, but not all, of USAID's bureaus.

Bureau for Africa

Audits of USAID's Monitoring of the Performance of Its HIV/AIDS Programs

USAID funding for HIV/AIDS programs has increased significantly over the last several years (see graph on page 23). This increase in funding has created a demand for greater accountability on the part of USAID and its operating units.



Photograph of a counselor giving HIV test results and advising a couple on STI/AIDS prevention at a Voluntary Counseling and Testing Center.

The OIG is in the process of completing audits of USAID's HIV/AIDS programs in eight countries. During this reporting period, the OIG completed three audits of countries in the Africa Bureau—Rwanda, Senegal, and Uganda.

This Agency-wide audit program was designed to determine whether the missions were (1) monitoring their programs in accordance with USAID guidance; (2) achieving intended program results; and (3) preparing to meet anticipated Agency reporting requirements.

Audit of USAID/Rwanda's Monitoring of the Performance of Its HIV/AIDS Program

The OIG selected three performance indicators for review: condom use, sexually transmitted infection (STI) diagnosis and treatment, and STI/HIV knowledge.

The results of the OIG's audit work determined that USAID/Rwanda did not fully monitor performance of its HIV/AIDS program in accordance with USAID guidance; however, the Mission is preparing to meet its anticipated reporting responsibilities. The second audit objective could not be fully answered because, prior to 2000, reliable and pertinent data was not available from which USAID/Rwanda could choose baseline data that reflected indicator activities. Nevertheless, USAID/Rwanda achieved

Bureau for Africa



Photograph of the USAID health team reviewing data records and collection methods.

progress in its HIV/AIDS activities. Those achievements were not quantifiable compared to their targets, but are evidenced by increased services to the community.

The OIG recommended that the Mission fully implement the performance monitoring controls in accordance with USAID guidance and review its performance monitoring plan at least annually.

USAID/Rwanda concurred with our finding and recommendation. (Audit Report No. 4-696-02-003-P)

Audit of USAID/Senegal's Monitoring of the Performance of Its HIV/AIDS Program

To evaluate USAID/Senegal's monitoring of its HIV/AIDS program, the OIG reviewed three performance indicators: (1) portion of persons in high-risk groups reporting condom use for HIV prevention with a non-regular partner during the most recent sexual act in the past 12 months, (2) number of "PROTEC" brand sales points, and (3) portion of persons who cite condoms as a means to prevent sexually transmitted infections/HIV/AIDS transmission.

Bureau for Africa

The OIG determined that the Mission generally monitored performance of its HIV/AIDS program in accordance with USAID guidance and that it has initiated steps to meet the anticipated reporting requirements. The OIG concluded that the Mission achieved its intended results for one performance indicator, but assessments could not be made for the other two because results were due at a later date.

The OIG recommended that the Mission update its performance monitoring plan to include all required information and perform and document data quality assessments.

The Mission agreed with our findings and recommendations. (Audit Report No. 7-685-02-002-P)

Audit of USAID/Uganda's Monitoring of the Performance of Its HIV/AIDS Program



Photograph of clients registering for an AIDS Information Center's voluntary counseling and testing services.

The OIG reviewed four HIV performance indicators that USAID/Uganda uses to manage its HIV/AIDS program: HIV prevalence, HIV testing and counseling, HIV counseling, and socially marketed condoms. The OIG determined that the Mission generally monitored performance of its HIV/AIDS program in accordance with USAID guidance; however, the data reported did not agree with the documents that were used to generate

the data. The OIG also determined that the Mission is preparing to meet the anticipated reporting requirements. A review of the performance data showed that the Mission was achieving intended results for two of the four indicators. The disappointing results for one of those indicators appeared to be, at least in part, due to circumstances beyond the Mission's control.

The OIG recommended that USAID/Uganda establish and implement procedures to monitor its partners' methods of data collection.

USAID/Uganda concurred with our finding and recommendation. (Audit Report No. 4-617-02-004-P)

Bureau for Africa

Audit of USAID/South Africa's Fiscal Year 2001 Financial Operations and Controls

The Government Management Reform Act of 1994 requires agencies to complete audited financial statements each year covering all accounts and associated activities of the agencies. As a result of this legislation, USAID management is required to compile Agency-wide financial statements and supplemental information.

This review is part of a USAID-wide effort, led by the OIG's Office of Financial Audits in Washington, D.C., to audit USAID's FY 2001 financial statements prior to their submission to OMB.

The objective of this audit was to determine whether the financial statement account balances related to USAID/South Africa's costs during fiscal year 2001 were free from material misstatements.

Our results showed that these balances were free from material misstatements for the Mission processes reviewed. However, the audit identified internal control weaknesses in USAID/South Africa's process of monitoring outstanding advances. Specifically, USAID/South Africa did not monitor or follow up on outstanding advances to ensure they were liquidated in a timely manner. As a result, at September 30, 2001, USAID/South Africa had 251 advances—totaling more than \$832,000—outstanding for more than 120 days. These outstanding advances occurred because USAID/South Africa concentrated its efforts on clearing 1221 reconciling items, which was a higher priority. USAID/Office of Financial Management instructed the missions to put efforts into the 1221 reconciliation process because the reconciling items directly affect the presentation of the financial statements. Therefore, the Mission planned to address outstanding advances at a later date.

The audit report recommended that USAID/South Africa develop a plan to collect outstanding advances and initiate write-off action for those advances considered uncollectable.

USAID/South Africa officials concurred with the recommendation, and final action has been taken. (Audit Report No. 4-674-02-001-F)

Audit of USAID Compliance with Military *Coup d'État*-Related Program Suspension Requirements of Section 508 and Other Related Sections of the Foreign Operations Appropriation Acts—Cote d'Ivoire

On December 24, 1999, the Cote d'Ivoire military deposed the country's democratically elected president in a military *coup d'état*. Under the provisions of Section 508 of the Appropriations Act (the Act), on December 29, 1999, the United States Government suspended its assistance program in Cote d'Ivoire.

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The OIG performed this audit to determine whether USAID complied with selected sections of recent legislation, which address the suspension of assistance to countries whose democratically elected head of government was deposed by a military *coup d'état*. The audit disclosed that USAID generally complied with the above legislation, except for two programs.

Following USAID's instructions, most of USAID's recipients reported suspending their activities. USAID then prepared a "wind up" plan, identifying the majority of its programs in Cote d'Ivoire and approving the continuation of the programs under available statutory exemptions. Following the approvals and, in certain required cases, notification to Congress, USAID resumed the majority of its programs.

However, a USAID-funded Peace Corps program in Cote d'Ivoire was not suspended as required by Section 508. This occurred because the Africa Bureau did not have adequate coordination controls with other offices to ensure that the "wind up" plan identified all activities. Therefore, Bureau managers were not aware of the Peace Corps activities, so they did not coordinate with other offices to instruct the Peace Corps to suspend those activities.

A USAID-funded project was also resumed prior to the end of the congressional notification period, contrary to Section 508. Although Democracy and Human Rights Fund activities were initially stopped after the *coup d'état*, the USAID Administrator signed a waiver under Section 541(a), permitting resumption of activities, but also requiring congressional notification. Since one of the activities was resumed prior to the end of the notification period, the waiver technically had not taken effect, and Section 508 sanctions still applied. This occurred because the Bureau for Africa did not coordinate with other offices to ensure that program personnel were clearly instructed regarding when activities could resume.

The OIG recommended that the Bureau for Africa (1) coordinate with other USAID offices to request that USAID-funded Peace Corps activities be suspended until a waiver is obtained; (2) coordinate procedures with other appropriate USAID offices to ensure that in the future all activities are identified on "wind up" plans and all activity personnel are notified of the program suspension; and (3) coordinate procedures with other USAID and government offices to ensure that in the future no activities are resumed prior to the end of any required congressional notification period.

Bureau management generally agreed with the findings in the audit report. (Audit Report No. 7-000-02-003-P)

Bureau for Africa

Audit of USAID/Liberia's Compliance with the Brooke Amendment and Sections 620(q) and 617 of the Foreign Assistance Act of 1961

Liberia became subject to sanctions under Section 620(q) of the Foreign Assistance Act of 1961 and the Brooke Amendment of the Appropriations Act (the Act) for fiscal year 2000 funds when the Act was signed on November 29, 1999. As a result of this legislation, no part of any fiscal year 2000 appropriation contained in the Act should have been used to furnish assistance to Liberia. However, there are several legislative authorities that allow assistance to be furnished to a country subject to Section 620(q) and Brooke despite the prohibitions arising from the legislative sanctions.

We designed the audit to determine whether USAID/Liberia had complied with selected criteria of the Brooke Amendment of the Act and Sections 620(q) and 617 of the Foreign Assistance Act of 1961, as amended, for fiscal year 2000 funding. The audit disclosed that USAID/Liberia had complied with the selected legislation.

The audit report contained no recommendations. (Audit Report No. 7-669-02-001-P)

Bureau for Asia and the Near East

Bid-Rigging Investigation Yields Two Convictions and \$54 Million Criminal Fine

A Federal jury in Birmingham, Alabama, found the former president of an international construction company guilty on both counts of a Federal indictment for conspiring to rig bids on USAID-funded construction projects in the Arab Republic of Egypt—in violation of the Sherman Antitrust Act—and of conspiring to defraud the United States.

The international construction company pled guilty to a one-count felony charge for its role in the bid-rigging conspiracy and agreed to pay a \$54 million criminal fine.

The verdicts and plea agreement resolved all issues associated with a Federal grand jury indictment filed during the summer of 2001, charging the company, its foreign affiliate, and its former president with conspiring to rig bids and to defraud USAID of more than \$250 million of construction work on USAID-funded projects in Egypt from May 1988 until September 1996.

As a result of the conviction, the former president faces a maximum penalty of three years' imprisonment and a \$350,000 fine on the bid-rigging count, as well as a maximum penalty of five years' imprisonment and a \$250,000 fine on the conspiracy to defraud count. Sentencing is pending.

The former president's conviction and the international company's guilty plea constitute the latest in a series of convictions/judgments arising out of a long-term joint investigation by the Department of Justice, Antitrust Division (Atlanta Field Office) and USAID/OIG into allegations that an international cartel of construction companies had targeted the USAID foreign assistance program in Egypt for exploitation. Including the above criminal conviction and corporate guilty plea agreement, this six-year investigation has produced two civil settlement agreements, four separate corporate guilty pleas, a criminal conviction of one corporate officer, and an outstanding indictment of a second corporate officer—all of which will return more than \$154.9 million in criminal fines and civil restitution to the U.S. taxpayer.

Audit of USAID/India's Monitoring of the Performance of Its HIV/AIDS Program

This audit is part of a worldwide series of audits to examine USAID's performance monitoring of its HIV/AIDS program. USAID funding for HIV/AIDS programs has more than doubled from fiscal year 1999 to fiscal year 2001.

USAID/India has or is planning large-scale interventions in two Indian states—Tamil Nadu and Maharashtra. Even though USAID/India and the Government of India signed an agreement for the HIV/AIDS program in 1999, the program in Maharashtra had not started by the time of this audit. Therefore, the OIG's audit efforts were limited

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to reviewing two performance indicators: condom use and sexually transmitted infections (STI) care in the state of Tamil Nadu.

The OIG reviewed USAID/India's HIV/AIDS program to determine (1) how well the Mission monitored its program in accordance with USAID guidance; (2) if the Mission's program achieved its intended results; and (3) the status of the Mission's efforts to meet anticipated reporting requirements.

The OIG determined that in Tamil Nadu, USAID/India's HIV/AIDS program was achieving intended results for the condom-use performance indicator, but not for the STI care program. In addition, USAID/India generally monitored performance in accordance with USAID guidance, and the Mission intended to meet the Agency's anticipated reporting requirements to the extent resources allow. Nevertheless, the OIG concluded that USAID/India needed to (1) revise its strategic objectives and intermediate results to more realistically reflect the intended results of its HIV/AIDS activities or establish performance indicators to directly measure progress toward its goals; (2) establish performance measures to assess whether the Mission is making progress on its goal to provide women with appropriate STI care; and (3) assess the development impact of its field support activities.

The Mission generally agreed with the OIG's recommendations and is consulting with USAID/Washington for guidance on the Agency's view of field support funding. (Audit Report No. 5-386-02-001-P)

Investigation Results in Indictment of U.S. Company on Charges of Wire Fraud, False Claims and Money Laundering

As a result of an OIG investigation, a company and its owner were indicted in the Northern District of California on one count each of wire fraud, false claims and money laundering for allegedly supplying phony bids on a USAID-financed program. If convicted, the company owner could face a maximum penalty of 20 years in prison and a \$500,000 fine.

The investigation was initiated after the OIG was alerted to a series of suspicious price quotations submitted to support financing approval by a beneficiary of the USAID-financed Commodity Import Program (CIP). The CIP helps the Egyptian private sector import U.S. products by providing financing in U.S. dollars. Regulations implementing the CIP generally require competition in the selection of vendors to ensure that the lowest prevailing market price is paid for imported goods. The most popular method of price competition used by beneficiaries is to obtain a minimum of three written price quotes from U.S. suppliers. The beneficiary of this transaction was a privately owned Egyptian university, which purchased over \$20 million of scientific and medical equipment from various vendors in the United States using financing under the CIP.

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In 1998, the subject vendor provided a written price quote to the university in excess of \$900,000 for scientific equipment and was awarded the contract for submission of the lowest bid. The OIG investigation revealed that the owner of the U.S. company was also involved in the submission of two bogus bids that had inflated prices to make the subject vendor's prices appear competitive. For example, a janitorial and landscaping company owned by a brother-in-law of the company's owner submitted one of the competing price quotes—although that company had no involvement with scientific equipment. Through this scheme, the company was able to exaggerate its own price quote and overcharge by more than \$300,000, in violation of CIP regulations requiring market pricing.

Investigation of Philippine Firm Results in Refund to USAID of \$99,933 and Withdrawal of \$670,477 in Claims

A review by the Defense Contract Audit Agency (DCAA) found that a finance company making loans guaranteed by USAID to small businesses in the Philippines had experienced higher than expected losses and failed to follow required collection procedures, resulting in premature and unsupported claims. Consequently, the OIG initiated an investigation.

USAID, under the former Center for Economic Growth and Agricultural Development (EGAD), operated a global loan guarantee program known as the Loan Portfolio Guarantee (LPG). The Micro and Small Enterprise Development Program, a sub-activity of the LPG, was administered from the Philippines. The subject finance company, which was a lender to small businesses, was the recipient of LPG funds under this activity. As part of the agreement with USAID, the recipient was required to follow prudent lending practices and to pursue reasonable and diligent collection efforts before submitting claims to USAID for reimbursement of bad debts.

The OIG investigation, conducted with assistance from USAID/Philippines and the EGAD Office of Credit and Investment, supported the findings of the DCAA review. Hence, USAID requested a full refund of all loan guarantee amounts already paid and advised that pending claims would not be reimbursed. After extensive negotiation, the company refunded approximately \$99,933 and withdrew approximately \$670,477 in pending loss claims against USAID.

Audit of Locally Incurred Costs under the Red Sea Component of the USAID/Egypt-Financed Egyptian Environmental Policy Program

The OIG audited costs incurred by the International Resources Group under the Red Sea component of the USAID/Egypt-Financed Egyptian Environmental Policy Program. Under this policy program, the International Resources Group operated a Program Support Unit that provided the Egyptian Environmental Affairs Agency with

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most of its technical assistance needs, including needs related to natural resources management and conservation of the Red Sea coral reef ecosystem.

The audit was performed to determine whether (1) local accounting and procurement systems met USAID guidelines and (2) locally incurred expenditures were reasonable and supported. The OIG determined that:

- The procurement system met USAID guidelines although one vehicle was not being used as intended. The OIG recommended that USAID/Egypt request the Egyptian Environmental Affairs Agency to assign the vehicle to the appropriate office. USAID/Egypt agreed with our recommendation and took action.
- The International Resources Group had not submitted an Annual Report of Government Property in Custody to USAID/Egypt. International Resources Group officials agreed and took action to submit the required report.
- Locally incurred disbursements were reasonable and supported by documentation. (Audit Report No. 6-263-02-001-F)

Audits of Recipient Audit Universe

Financial audits of contracts and grants are a primary basis for effective management and control of USAID's program expenditures. These audits are designed to provide Agency management reasonable assurance that transactions are properly recorded and accounted for; laws, regulations and provisions of contract or grant agreements are complied with; and USAID-financed funds, property and other assets are safeguarded against unauthorized use or disposition.

In response to congressional concerns, USAID has taken an active role in using audits as a management tool to improve financial accountability of programs. USAID policy requires that the missions (1) establish an audit management program; (2) maintain an audit inventory database; and (3) have audits conducted for non-U.S. grants, contracts and cooperative agreements that meet the \$300,000 audit threshold. Lack of adequate audit coverage constitutes a high risk because without such a control mechanism, financial accountability of program expenditures cannot be reasonably assured.

Audit of USAID/Jordan's Recipient Audit Universe

The OIG found that USAID/Jordan developed a complete and accurate recipient audit universe. For the period audited, none of USAID/Jordan's awards to non-U.S. recipients met the audit threshold of \$300,000 in annual disbursements and, therefore, did not require audits. (Audit Report No. 6-278-02-001-P)

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Audit of USAID/Egypt's Recipient Audit Universe

The OIG found that USAID/Egypt developed an accurate recipient audit universe. However, there was some confusion about the appropriate audit coverage for collateral funds, and fiscal year 2000 and 2001 recipient-contracted audits were not conducted in a timely manner.

The OIG recommended that the Mission obtain an opinion from the Regional Legal Advisor on whether the Mission's collateral funds are subject to an audit and, if so, what the extent and timing of such audits should be. The Regional Legal Advisor agreed with the OIG, and USAID/Egypt took appropriate action. (Audit Report No. 6-263-02-002-P)

Investigation Results in Resignation of Chief of Party on Ethics Violations

The Chief of Party (COP) of a USAID prime contractor in Egypt, in charge of a \$56 million project, was forced to resign after an OIG investigation uncovered several violations of rules and regulations relating to administrative and ethical conduct. The contractor voluntarily refunded a total of \$17,366 to USAID and agreed to pay the repatriation expenses of the COP to the United States, which saved the U.S. Government approximately \$25,000. The U.S. Attorney's Office declined to file criminal charges against the COP.

The investigation disclosed that the COP received approximately \$10,000 in cash that was a reimbursement on behalf of a former employee for funds improperly obtained from the project. Instead of returning the money to the project, the COP kept it and failed to report the incident to the contractor's headquarters. In addition, the COP paid a family member \$1,050 for an internship, which violated the contractor's policy against hiring relatives. Furthermore, the COP awarded a \$4,411 consulting subcontract that was bogus, bypassing internal procedures for subcontract awards. Subsequent to the subcontract award, the COP cashed the check that had been issued for payment of the subcontract. The prime contractor cooperated with the OIG investigation and took immediate action to correct all problems identified.

Investigation of Egyptian Firm Saves Agency \$125,960 in Training Costs

As a result of an OIG investigation, an Egyptian computer-training firm voluntarily agreed not to bill a USAID contractor for \$125,960. The firm, a subcontractor under a USAID program, was supposed to provide computer training to Egyptian professionals.

The company was tasked to train 144 students. It was also responsible for submitting invoices and daily attendance sheets to the prime contractor as proof that all the students had completed the actual training. Billing was based on students completing a series of tests and receiving certificates. However, the OIG investigation determined

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that several students had dropped out of the training and that someone had forged the students' signatures on the daily attendance sheets.

The USAID contractor chose not to pursue action against its subcontractor after the firm voluntarily agreed not to bill for the students who had dropped out of the training.

Investigation Yields Recovery in Excess of \$78,000

As a result of an OIG investigation, a U.S. manufacturer refunded \$78,981 to USAID in response to a demand letter from the OIG. The company had sent a reimbursement on a USAID-financed Commodity Import Program (CIP) transaction directly to a program participant, an Egyptian university, rather than to USAID, in violation of program regulations.

The Egyptian university had purchased telecommunications equipment and related software from the U.S. manufacturer. The transaction, totaling approximately \$1.94 million, was financed under the USAID Commodity Import Program.

The OIG investigation revealed that soon after the sale, the university became disenchanted with the supplier and delayed installation. The university also contended that the company should be responsible for using USAID funds to pay the Egyptian import duties, which is prohibited. In an effort to satisfy its customer, the vendor agreed to pay the university \$200,000. This amount included a \$30,000 refund for cable ducts, \$28,000 in reimbursement of bank fees, \$76,000 (which amounted to approximately 4 percent of contract value) for late delivery of products, and a \$66,000 price reduction.

The U.S. company failed to report the price reduction as a side payment on forms submitted to USAID, as required by regulations, and failed to apply the refund to the USAID financing. After negotiations and further explanation from the manufacturer showing that it had absorbed much of the cost of the side payment, USAID agreed to the company's settlement proposal, and the company refunded the amount of the price reduction, plus interest.

Investigation Results in False Statements Charge against Company President

As a result of an OIG investigation, the U.S. Attorney's Office in the Northern Judicial District of Illinois charged the president of a U. S. company with one count of providing a materially false statement to USAID. Plea negotiations are underway.

The OIG investigation was initiated based on a complaint from the importer that scientific equipment sold to an Egyptian university did not conform to the specifications and description on the pro forma invoice submitted by the U.S. company. The company, a

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scientific equipment distributor, sold a spectrometer to the Egyptian university. The transaction was financed under the USAID Commodity Import Program.

The investigation revealed that the scientific equipment came from Belarus, not from a U.S. source. Further, the price of equipment had been marked up significantly to include over \$41,000 in commissions and kickbacks to an Egyptian agent. The exporter falsely certified on forms submitted to USAID that the equipment was of U.S. source and origin and that the price of the transaction did not include any commissions, side payments or kickbacks.

Investigation of Value-Added Tax Scam Leads to Employee Termination

After an OIG investigation uncovered violations of regulations governing ethical conduct, the USAID Mission in West Bank and Gaza terminated an American personal service contractor (PSC) for cause. The investigation revealed that the PSC was fraudulently submitting Value-added Tax (VAT) receipts worth hundreds of dollars for reimbursement to the American Embassy in Tel Aviv, which in turn submitted the receipts to the Israeli Government for reimbursement. All Americans working for the U.S. Embassy and USAID are exempt from paying the 17 percent VAT to the Israeli Government. The PSC admitted picking up receipts belonging to others, mostly at grocery stores, and submitting them for reimbursement.

Investigation Leads to Personal Services Contractor Being Suspended without Pay

As a result of an OIG investigation, a personal services contractor (PSC) was suspended for exceeding his delegated authority and making unauthorized commitments. The PSC was assigned as the cognizant technical officer (CTO) for a number of contracts. The OIG investigation revealed that, without authority from the contracting officer, the PSC promised a sole-source contract to a local construction company. It also appears that the PSC instructed the company to do the drawings and surveying for the project before the contract had been awarded.

The construction company admitted that it had concealed the origin of the drawings by marking them as if the local water authority had produced them. Company representatives also said that the cost of this work was included in their bid, but was concealed by raising the price of other line items. In addition to giving improper instructions to this contractor, the PSC also told another contractor to go ahead and ship non-U.S.-origin commodities for a USAID project before a systems determination had been made that would allow such components to be eligible for payment.

As a result, the employee was suspended for a week without pay and reprimanded. The PSC's CTO authority was taken away until the employee receives additional

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training and counseling from the contracting officer and the regional legal adviser. Both companies were admonished.

The budget of the construction company's contract will be adjusted to remove the cost of work completed before the contract was awarded.

Investigation Leads to Company Refund of over \$73,000

As a result of an OIG investigation, a U.S. company voluntarily agreed that it had violated the source and origin regulations when it exported irrigation equipment to Egypt under the USAID Commodity Import Program. USAID regulations require that commodities financed under CIP must be made in the U.S., including the assembly of components. An inspection of the delivered equipment revealed that some of it had been assembled in Mexico. The OIG investigation confirmed that it was not of U.S. origin as defined under the regulations. The company stated that it did not knowingly violate the regulations, but rather misinterpreted the rules on components of systems. Accordingly, the vendor voluntarily refunded \$73,112 to USAID.

Investigation Results in Disciplinary Action for Foreign Service National Employees for Falsifying Travel Vouchers

The OIG initiated an investigation after USAID/Manila reported that six Foreign Service National (FSN) employees allegedly committed fraud by submitting travel vouchers requesting reimbursement for expenses not incurred. The OIG investigation confirmed that the FSNs attended packaged seminars. Accommodations and meals were included in the seminar fees. Further investigation revealed that the six FSNs had falsified their travel vouchers, claiming reimbursement for accommodations and meals. Accordingly, USAID/Manila suspended five employees without pay, for periods ranging from 3 to 10 days, issued a written reprimand to one individual and ordered all the FSNs to pay restitution.

Egyptian Government Presents OIG with an Appreciation Plaque

During an office visit to Cairo, Egypt, the Assistant Inspector General for Investigations visited a wastewater treatment facility funded by USAID and targeted by an international cartel of construction companies intent on defrauding USAID. The OIG has been engaged in a major, long-term criminal investigation involving several large multinational construction companies. The companies were found to have engaged in a conspiracy to suppress and eliminate competition by rigging the competitive bid process on several USAID-funded construction contracts valued at more than \$250 million and designed to improve wastewater treatment facilities throughout Egypt. During the visit, the Chairman of the General Organization for Sanitary Drainage for Greater Cairo presented the OIG with a plaque in appreciation for its investigative efforts.

Bureau for Europe and Eurasia

Audit of USAID/Regional Services Center/Budapest's Financial Operations and Management Controls

Under the Government Management Reform Act of 1994 (GMRA), USAID is required to submit audited financial statements to the Office of Management and Budget and appropriate congressional committees. USAID management's ability to develop and maintain adequate internal controls, accounting systems and procedures to generate reliable financial statements is critical to the success of USAID's annual reporting under GMRA.

This audit was conducted as part of a worldwide series of audits designed to determine if USAID's Regional Services Center's Regional Financial Management Office (RSC/RFMO) established and implemented adequate internal controls over its accrued expenditures, Standard Form (SF) 1221 reconciliations, and advances.

The OIG found that the USAID/RSC/RFMO had adequate controls over its accruals and posted its accrued expenditures properly. However, it found that the USAID/RSC/RFMO needs to improve its internal controls over its SF 1221 reconciliations and advances. The SF 1221 reconciliation process directly affects the presentation of the financial statements.

Although the RSC generally agreed with our findings, conclusions, and recommendations, they disagreed with our finding on the monitoring of cash advances. The OIG will continue to work with the RSC to resolve this issue. (Audit Report No. B-194-02-001-F)

Investigation Leads to Grantee Reimbursing USAID in Embezzlement Case

An OIG investigation was initiated based on an allegation that a USAID grantee employee from a former Soviet republic had embezzled USAID funds totaling thousands of dollars. A \$20 million grant was approved to build permanent indigenous financial and non-financial institutions in the Caucasus. The grant would support broad-based economic and employment growth, increase the income and assets of the very poor, and strengthen the ties between the countries of the region. The grantee was tasked to create small business financing through a finance company jointly owned by regional banks and specialized non-bank institutions in order to make credit-worthy loans to small businesses and micro-businesses located in the Caucasus region.

The grantee's employee subsequently fled the country and could not be located. Based on information received in an audit report and a review of the grantee's documents, it was determined that the grantee was liable for the embezzled funds. Accordingly, the grantee agreed to reimburse USAID and submitted a check for \$52,000.

Bureau for Europe and Eurasia

Audit of USAID/Armenia's Activity Monitoring System

Armenia has emerged as a strategically important country whose progress toward a democratic political order and free market economy is critical to U.S. foreign policy interests. USAID/Armenia's development program identified conflict resolution, democracy and human rights, and economic/social sector development as the U.S. Government's highest priorities in that country.

In order to meet its objectives in these areas, the Mission needs to properly manage the oversight of USAID funds. This audit was conducted to determine if USAID/Armenia had a monitoring system in place to ensure proper management of the oversight of USAID-funded activities.

The OIG determined that USAID/Armenia established an activity-monitoring system that generally facilitated management oversight of USAID-funded activities.

The OIG recommended that USAID/Armenia (1) make more periodic visits to project sites and ensure appropriate documentation of results; (2) establish objective, unambiguous and verifiable performance indicators; (3) strengthen the work plan approval process; (4) document the results of meetings and discussions with its development partners; and (5) require one of USAID's development partners to follow USAID guidelines on disbursing loans to microenterprises, and incorporate a required USAID standard provision in the sub-grant.

USAID/Armenia generally agreed with our findings and recommendations and has begun taking corrective action. (Audit Report No. B-111-02-002-P)



Photograph of OIG auditors visiting an orientation and training session for women micro-entrepreneurs, under a USAID-funded program.

Bureau for Latin America and the Caribbean

Audit of the USAID/Colombia-Financed Coca Alternative Development Program under the Plan Colombia Supplemental Appropriation

The OIG performed this audit to determine whether the USAID/Colombia-financed coca alternative development program was on schedule to achieve planned outputs. USAID/Colombia defines alternative development as a process designed to encourage small farmers to voluntarily abandon illicit crop production. Coca, a plant grown in South America, is used in the production of cocaine. The OIG found that:

- the coca alternative development program achieved less than one-fourth of its planned outputs as of September 30, 2001;
- inconsistencies existed in planned outputs agreed upon with the Government of Colombia, USAID/Colombia's contractor, and USAID/Colombia's internal performance monitoring plan; and
- the descriptions of contractor-financed activities did not include sufficient data on intended outputs and the timeframes for reaching them.

The OIG recommended that USAID/Colombia amend the outputs in its performance monitoring plan to be consistent with the planned outputs agreed upon with the Government of Colombia and the contractor. In addition, the OIG recommended that USAID/Colombia review the contractor's annual workplan and sub-agreements to ensure that all documents use the same definitions and timeframes and are sufficiently clear and specific in determining how and by when outputs will be achieved.

USAID/Colombia agreed with the audit findings and recommendations. (Audit Report No. 1-514-02-005-P)

Audit of USAID/Haiti's Public Law 480 Title II Program

The OIG performed an audit of USAID/Haiti's Public Law 480 Title II activities. The program's aim was to ensure that Haiti's most needy received enhanced nutrition. The Mission's cooperating sponsors worked to fulfill these needs by using Title II commodities and proceeds from the sale of these commodities in various programs, including school-feeding, maternal/child health, and food-for-work. The audit sought to determine whether Title II activities were achieving planned outputs and whether or not commodities were protected against loss and diversion.

The audit determined that the Title II program was achieving its planned outputs and that the commodities provided were protected against loss and diversion. Safeguards in place included (1) periodic reporting from each cooperating sponsor on the receipt, use and loss of commodities, (2) restrictions on access to commodity warehouses, (3) regular physical counts of food inventories stored in the warehouses, and (4) inspections of distribution sites. However, the Mission's methodology for selecting sites for

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inspections by its monitoring staff needed improvement. The OIG recommended that the Mission randomly select the sites for its inspection visits.

USAID/Haiti agreed with the audit finding and recommendation. (Audit Report No. 1-521-02-006-P)

Audit of USAID/Honduras-Financed Credit Activities under the Central America and the Caribbean Emergency Disaster Recovery Fund

In May 1999, Congress passed the Emergency Supplemental Appropriations Act, creating the Central America and the Caribbean Emergency Disaster Recovery Fund. The Fund provided reconstruction assistance for countries hit by Hurricanes Mitch and Georges and for earthquake damages in Colombia. Honduras used a portion of its funds to develop and support credit activities.

The OIG found that the credit activities were on schedule to achieve planned outputs and that USAID/Honduras had implemented an adequate monitoring system.

Accordingly, the OIG did not issue any recommendations for this audit. (Audit Report No. 1-522-02-001-P)

Audit of USAID/Honduras' Recipient Audit Inventory

The OIG performed this audit to determine whether USAID/Honduras' audit inventory was complete and accurate and whether the required audits were conducted in a timely manner.

USAID/Honduras developed a complete audit inventory for fiscal year 2001. However, the audit inventory included some inaccurate information. The errors generally pertained to an incorrect amount stated for the grant or cooperative agreement, an incorrect organization type, or an incorrect expiration date. In addition, required audits were not done in a timely manner.

The OIG recommended that USAID/Honduras prepare the audit inventory based on a Mission Accounting and Control System report that includes all award amounts and that it verify that the data is entered correctly. In addition, the OIG recommended that USAID/Honduras provide all past-due audit reports to the OIG, assign sufficient staff to carry out the Mission's audit responsibilities, make use of alternate sources of audit services, and rate the applicable management control "unsatisfactory" in the Mission's internal control assessment for fiscal year 2001.

USAID/Honduras agreed with the OIG's findings and recommendations. (Audit Report No. 1-522-02-003-P).

Bureau for Latin America and the Caribbean

Pre-Award Audit of the Government of Jamaica's Ministry of Justice and Ministry of National Security

At the request of USAID/Jamaica, the OIG performed this pre-award audit to determine whether the Government of Jamaica's Ministry of Justice and Ministry of National Security have sufficient financial management capacity to manage USAID funds in accordance with U.S. Government and USAID requirements.

The OIG reported that the Government of Jamaica's Ministry of Justice and Ministry of National Security had sufficient financial management capacity to manage USAID funds in accordance with U.S. Government and USAID requirements. However, the ministries did not implement a system to track and account for non-expendable property.

The OIG recommended that USAID/Jamaica obtain evidence that the Government of Jamaica's Ministry of Justice and Ministry of National Security have implemented a system to track and account for non-expendable property before the Mission disburses additional funds.

USAID/Jamaica accepted the audit findings and recommendation and decided to take action. (Audit Report No. 1-532-02-001-F)

Investigation Results in Former Finance Director Pleading Guilty to Theft

An OIG investigation was initiated based on an allegation that a former director of finance embezzled funds from a USAID-funded private voluntary organization (PVO). The PVO provided assistance to foreign government and non-governmental organizations in the areas of food security and nutrition. The director worked at the PVO from 1992 to 1997.

The investigation disclosed evidence that the former director wrote checks from the PVO's business account totaling \$47,578 and deposited them into a personal bank account. It also found that the director had wired company funds to relatives and friends in Peru. As a result, the director was indicted and subsequently pled guilty to theft from a government organization. Sentencing is pending.

Bureau for Management

Audit of USAID Financial Statements, Internal Controls, and Compliance for Fiscal Year 2001

The OIG is pleased to report that, for the first time, we are able to issue qualified opinions on three of USAID's five principal financial statements. This is an important milestone and represents progress by USAID. However, on the Balance Sheet and Statement of Changes in Net Position, the opinion was achieved only through extensive efforts to overcome material weaknesses in internal controls. Although these efforts resulted in an improvement in the information on two of USAID's five principal financial statements, they did not provide for reliable information to USAID managers throughout the year.

For fiscal year 2001, the OIG reported in three qualified opinions that USAID's Balance Sheet, Statement of Changes in Net Position, and Statement of Budgetary Resources present fairly, in all material respects, the financial position of USAID as of September 30, 2001, in conformity with generally accepted accounting principles, except for the effects of:

- \$128 million in advances that were not reconciled to ensure proper classification as advances and/or expenses on the Balance Sheet and the Statement of Changes in Net Position; and
- \$186 million in unliquidated obligations that may not be needed for the original obligation purposes on the Statement of Budgetary Resources.

The OIG further reported that it was unable to express an opinion on USAID's Statements of Net Cost and Financing for the year ended September 30, 2001 because it could not perform sufficient audit procedures to determine the effect of:

- \$246 million in expenses (of which \$155 million was attributed to advance liquidations) that may not have been properly allocated to Agency goals and \$128 million in unreconciled advances that may not have been properly classified on the Statement of Net Cost; and
- \$186 million in unliquidated obligations that may not be needed for the original obligation purpose and the \$128 million unreconciled advances that may not have been properly classified on the Statement of Financing.

The OIG also reported that during fiscal year 2001, USAID took steps to meet the Federal Financial Management Improvement Act (FFMIA) requirements by deploying Phoenix, an off-the-shelf accounting system, as a component of its financial management system. However, USAID financial management systems do not substantially comply with the FFMIA requirements. Therefore, USAID places greater reliance on

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manual processes such as reconciliations because data for the same transaction may be separately entered into multiple systems.

USAID management agreed with all findings and recommendations. (Audit Report No. 0-000-02-006-F)

USAID Compliance with Provisions of the Federal Program Information Act of 1977

The OIG determined that USAID is not in compliance with provisions of Public Law 95-220 (31 U.S.C. 1703 § 4(b)(1)) and Office of Management and Budget (OMB) Circular A-89. The law requires each Federal agency to furnish current information on all of its domestic assistance programs to the Director of OMB. OMB Circular A-89 requires Federal agencies to include current information on all domestic assistance programs in the Catalog of Federal Domestic Assistance (CFDA) maintained by the General Services Administration. The OIG determined that USAID awards to domestic nonprofit organizations meet the definition of domestic assistance programs covered by the Act and the Circular and are, therefore, required to be included in the CFDA.

The OIG also determined that USAID has not provided adequate visibility of its domestic assistance awards to prospective recipients and that the absence of programs from the CFDA could, potentially, negatively impact USAID-financed audits of nonprofit entities. Also, because of its noncompliance, USAID is limiting its ability to fully participate in Federal grants management reform innovations, and USAID grant award announcements are not being made available to the widest possible audience.

The OIG recommended that USAID (1) include its programs in the CFDA, (2) participate in grants-management innovations, and (3) give wider notice of the availability of its grants.

USAID management concurred with our recommendations. (Audit Report No. 0-000-02-001-F)

Audit of USAID's Government-Wide Commercial Purchase Card Program

The Government-wide Commercial Purchase Card Program was established to enable Federal agencies to streamline the acquisition of goods and services below the Simplified Acquisition Threshold of \$100,000. This audit was designed to determine whether USAID (1) used purchase cards to the extent required by Federal laws and regulations, and (2) designed and implemented effective controls over its purchase card program.

USAID routinely limited the use of the purchase card to micropurchases made by administrative personnel. The Procurement Executive Council established a goal that

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80 percent of micropurchases made by civilian agencies should be made using the purchase card. The OIG found that USAID placed only 5 percent of their micropurchases of \$15 million on the purchase card for the two-year period reviewed. GSA estimated that agencies incur additional transaction costs of \$53 for every eligible transaction not placed on the purchase card; therefore, USAID could save about \$715,000 annually in unnecessary transaction costs.

Rebates are an additional incentive for using the purchase card. However, USAID did not receive the maximum amount of rebates available from increased transactions because of USAID's restrictions on purchase card use. USAID did not qualify for additional rebates because USAID did not establish a system for electronic transmission of invoices and monthly reports and did not pay invoices promptly. These additional rebates would have totaled about \$576,000 annually. In addition, USAID did not design and implement effective controls over its purchase card program to minimize the risk of inappropriate use of the purchase card.

The OIG recommended that USAID:

- Revise policy and procedures to require the use of the purchase card for all eligible micropurchases;
- Expand the use of the purchase card to include eligible purchases below the Simplified Acquisition Threshold;
- Implement electronic methods to receive purchase card statements and reports to increase rebates received;
- Determine the optimal payment date for purchase card statements to comply with the Prompt Payment Act and receive additional rebates;
- Negotiate an increase in rebates earned as a direct result of increased purchase card transactions; and
- Develop and issue policies and procedures to ensure adequate internal controls of the purchase cards that comply with all Federal laws and regulations applicable to the purchase card program; provide increased training for purchase card program participants; require proper segregation of duties for approving, ordering, and receiving goods and services; and require policies for maintaining support documentation for goods and services purchased.

USAID management generally concurred with all audit recommendations. (Audit Report No. 9-000-02-004-P)

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Audit of Contracting Officers' Independence at Selected USAID Missions Overseas

This audit was conducted in response to a congressional request to determine whether the contracting officers' independence in making procurement decisions had been impaired by organizational and reporting structures at selected USAID missions overseas. The audit found that the organizational and reporting structures did not impair contracting officers' independence in making procurement decisions.

The audit identified several operating structures and processes that comply with Federal law, regulation, or Agency policy and enhance the independence of contracting officers assigned to USAID missions, including:

- The placement of contracting officers at a level that ensures their access to senior mission management and their parity with other senior managers involved with procurement decisions;
- A process that solicits and considers input from multiple sources on contracting officers' performance;
- The availability of the USAID Procurement Executive, located in Washington, D.C., to provide input to procurement decisions and performance evaluations; and
- The placement of contracting officers on Strategic Objective teams, providing them frequent opportunities to advise USAID staff on procurement requirements.

USAID management agreed with our findings, and the OIG did not provide any recommendations. (Audit Report No. 9-000-02-002-P)

Audit of Non-USDH Personnel Performing Procurement Functions within USAID

The OIG conducted this audit in response to a congressional request to determine if USAID has the authority to delegate procurement functions to non-U.S. Direct Hire (USDH) personnel, and how many non-USDHs were performing procurement functions.

The OIG determined that USAID has the authority to delegate procurement functions to non-USDHs. Contracting and obligating authority may be delegated to non-USDHs with the approval of certain senior USAID officials. The OIG also determined that an estimated 230 overseas and 13 domestically based non-USDH employees were performing procurement-related functions for USAID.

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USAID officials concurred with the conclusions. There were no recommendations. (Audit Report No. 9-000-02-003-P)

Management Discussion and Analysis (MD&A) Section of USAID's Fiscal Year 2000 Financial Statements

The MD&A is a brief narrative overview, prepared by USAID's management, which is designed to describe the reporting entity and its mission, activities, program and financial results, and financial condition. The Statement of Federal Financial Accounting Standards (SFFAS) No. 15, "Management's Discussion and Analysis," requires the MD&A to be included in each annual financial statement as required supplemental information. Office of Management and Budget (OMB) Bulletin No. 01-02, "Audit Requirements for Federal Financial Statements," dated October 16, 2000, requires the OIG auditors to (1) obtain an understanding of the components of internal controls relating to the existence and completeness assertions relevant to the performance measures included in the MD&A, and (2) report on those internal controls that have not been properly designed and placed in operation. The OIG sought to determine whether USAID prepared its MD&A for fiscal year 2000 in compliance with applicable laws and regulations.

While the OIG found that the MD&A for fiscal year 2000 generally complied with applicable laws and regulations, the OIG identified the following two areas of noncompliance and brought them to management's attention.

- The fiscal year 2000 MD&A did not meet all of the requirements of OMB Bulletin No. 97-01, "Form and Content of USAID's Financial Statements," dated October 16, 1996, as amended.
- Assessments of program results presented in the MD&A may be inaccurate or incomplete because they were extracted from internal reports that, according to prior OIG audits, contained data quality weaknesses.

The OIG recommended that the Chief Financial Officer, in collaboration with the Bureau for Policy and Program Coordination, develop and implement a detailed plan to prepare the Management Discussion and Analysis in accordance with the reporting requirements included in current OMB guidance.

USAID managers generally agreed with the recommendation. (Audit Report No. 9-000-02-001-P)

Audit of USAID's Printing and Graphic Services

The Office of Administrative Services (the Office) provides printing and graphics services through two direct-hire staff and three contractors. The OIG reviewed USAID's printing and graphic services in Washington, D.C., to determine if the Office of

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Administrative Services had a management control system for monitoring and measuring the economy and efficiency of these services.

The OIG found that the Office did not have an adequate system for monitoring and measuring the economy and efficiency of its printing services. The Office was operating its printing services without basic documented internal controls, thereby exposing itself to errors or other irregularities.

The Office agreed with the findings and recommendation. (Audit Report No. A-000-02-002-P)

African Development Foundation

In November 1999, the President signed Public Law 106-113, which amended the Inspector General Act of 1978 by assigning audit and investigative responsibilities to the USAID/OIG for the African Development Foundation (ADF). ADF is a U.S. government corporation.

ADF began field operations in 1984 and provides grants directly to community groups in Africa. Based in Washington, D.C., and governed by a seven-member Board of Directors appointed by the President of the United States, ADF receives its funding from congressional appropriations and also obtains supplemental funding from public and private sources. As of March 31, 2002, ADF supported 196 projects in 14 African countries. Its budget in fiscal year 2002 was approximately \$16 million.

OIG Strategy for ADF

The OIG is developing a comprehensive strategy to maintain effective oversight of ADF operations that includes financial and performance audits. The first key aspect of the strategy lies in the OIG's annual audit of ADF's organization-wide financial statements. The OIG coordinates the work to achieve the most timely and cost-effective audit and provides technical audit advice and liaison to ADF and its auditors on a continual basis. Also, the OIG advises the auditor and, where appropriate, ADF, of any deficiencies found in the audits when the deficiencies require corrective action by the auditor; and presents audit recommendations to ADF through our annual financial statement audit report.

Performance audits also play a key role in maintaining ADF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected ADF operations. These assessments were used to determine where selected ADF operations could be vulnerable and are assisting us in developing future plans. Further, the OIG has disseminated information to ADF and conducted employee briefings on the OIG "Hotline." ADF employees and others can contact the OIG Hotline or the OIG directly to report their concerns about ADF operations. Finally, the OIG will, at all times, remain responsive to any congressional concerns regarding ADF.

Management Challenges

In pursuit of their mission, ADF faces a number of problems, concerns, and difficult issues. This section describes the continuing efforts by ADF to address those major management challenges and OIG efforts to assist in overcoming these challenges.

African Development Foundation

Performance Monitoring

Prior to fiscal year 2002, ADF established and funded Country Liaison Offices (CLOs) in countries with active grantee projects to help grantees establish benchmarks, prepare monitoring and assessment plans, maintain accounting systems, and submit complete and accurate performance reports to ADF. In addition, CLOs submitted their own periodic reports to ADF describing grantees' progress and the condition of the grantees' financial systems.

In February 2001, the OIG reported on the mechanisms that ADF used for obtaining overseas services and representation, and other financial operating practices.¹ In response to an OIG audit, ADF has replaced its CLOs with new overseas representatives to provide technical assistance to grassroots organizations. ADF plans to add other representatives to assume the monitoring and reporting functions previously performed by CLOs. These representatives will monitor the submission of the grantees' progress and financial reports (including the reports of the technical assistance providers) and screen new grant applications on behalf of ADF.

As of March 31, 2002, ADF was still in the process of hiring field representatives. In the interim, ADF's Washington staff is responsible for monitoring grantee performance. This has proven difficult given (1) ADF's limited staff and (2) the difficulties of providing substantive monitoring of projects that may be located in remote and/or politically unstable areas. The OIG is currently conducting an audit that will evaluate ADF's interim monitoring efforts and its plans for monitoring through overseas representatives.

Improving Computer Security

Recent assessments showed that ADF did not have adequate computer security controls in place to mitigate the risks to critical information systems. Specifically, ADF did not have a fully developed and documented security program for its information systems. In addition, ADF has a large number of high-risk technical vulnerabilities placing its systems at significant risk of unauthorized disclosure and modification of sensitive data, misuse or damage of resources, or disruption of critical operations.

ADF began to take steps to correct these weaknesses. For instance, ADF:

- corrected several technical vulnerabilities in its computer systems;

¹ "Audit of Selected Processes at the African Development Foundation," February 26, 2001 (Audit Report No. 9-ADF-01-002-P)

African Development Foundation

- prepared a statement of work for a contractor to (1) perform an analysis of its current and future information technology requirements and (2) recommend the most cost-effective standardized network infrastructure to meet ADF's needs; and
- began to revise its security policies to reflect changes recommended by ADF's Information Technology Security Committee.

The OIG will continue to monitor ADF's progress in improving its computer security.

Implementing an Integrated Financial Management System

ADF prepares a complete set of financial statements, and a private accounting firm, with OIG oversight, audits those statements. Even though ADF received an unqualified opinion on its financial statements for fiscal year 2001, a number of significant challenges remain. For example, ADF performs significant accounting functions in systems that are not connected to ADF's general ledger. Information from this separate accounting system is used to compile elements of ADF's financial statements. Because of this, significant elements of the financial statements are developed from sources other than the general ledger. Some of these elements include grant advances, accounts payable, undelivered orders, unexpended appropriations, and expenses. ADF has also not effectively implemented the U.S. Standard General Ledger at the transaction level. ADF management has developed an action plan to correct all of these material weaknesses.

OIG Oversight Activities

In November 2001, the OIG initiated its first performance audit of ADF field operations. This audit will build on our February 2001 audit report. The audit will determine whether ADF:

- awards grants in accordance with applicable laws, regulations, and internal policies;
- monitors grantee activities to ensure that intended results are achieved; and
- maintains adequate internal controls to ensure that funds provided to grantees were used only for intended purposes.

African Development Foundation

Audit of the African Development Foundation's Financial Statements for the Fiscal Year Ended September 30, 2001

An audit of the African Development Foundation's financial statements for the fiscal year ended September 30, 2001 was performed, under OIG oversight, by a non-Federal audit firm. The audit firm provided an unqualified opinion on the financial statements. In its report, the audit firm identified two material weaknesses and three findings of noncompliance. These issues involved ADF's general ledger, its separate accounting systems, and its maintenance of asset, liability, and expense accounts.

ADF management agreed with the report's findings and recommendations and stated that it will make the appropriate corrections during fiscal year 2002. (Audit Report Nos. 0-ADF-02-002-F and 0-ADF-02-003-F)

Inter-American Foundation

In November 1999, the President signed Public Law 106-113, which amended the Inspector General Act of 1978 by assigning audit and investigative responsibilities to the USAID/OIG for the Inter-American Foundation (IAF). IAF is a U.S. government corporation.

IAF was established in 1969 and provides grants directly to local organizations in Latin America and the Caribbean. Based in Arlington, Virginia, IAF has 45 employees and is governed by a nine-member Board of Directors appointed by the President of the United States and confirmed by the U.S. Senate. IAF's operating budget and program budget consist of congressional appropriations and funds derived through the Social Progress Trust Fund. As of March 2002, IAF supported 232 projects in 17 countries. With a budget of about \$13 million in fiscal year 2002, it provides development grants directly to local organizations in Latin America and the Caribbean.

OIG Strategy for IAF

The OIG is developing a comprehensive strategy to maintain effective oversight of IAF operations that includes financial and performance audits. The first key aspect of the strategy lies in the OIG's annual audit of IAF's organization-wide financial statements. The OIG contracts with IAF's auditors directly; coordinates the work to achieve the most timely and cost-effective audit; and provides technical audit advice and liaison to IAF and its auditors on a continual basis. Also, the OIG advises the auditor and, where appropriate, IAF, of any deficiencies found in the audits when the deficiencies require corrective action by the auditor, and presents audit recommendations to IAF through our annual financial statement audit report.

Performance audits also play a key role in maintaining IAF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected IAF operations. These assessments were used to determine where selected IAF operations could be vulnerable and are assisting us in developing future plans. Further, the OIG has disseminated information to IAF and conducted employee briefings on the OIG "Hotline." IAF employees and others can contact the OIG Hotline or the OIG directly to report their concerns about IAF operations. Finally, the OIG will, at all times, remain responsive to any congressional concerns regarding IAF.

Management Challenges

In pursuit of their mission, IAF faces a number of problems, concerns, and difficult issues. This section describes the continuing efforts by the IAF to address those major management challenges and OIG efforts to assist in overcoming these challenges.

Inter-American Foundation

Performance Monitoring

A General Accounting Office (GAO) audit report issued in September 2000 reviewed IAF's procedures for awarding grants and for monitoring grantee organizations' compliance with the grant agreements. In addition, GAO reviewed requirements for financial audits, conducted by local independent accounting firms, to determine whether the grantees were effectively obtaining, controlling, and using U.S. funds in accordance with the grant agreements. GAO's analysis showed that IAF's compliance with its key procedures had been mixed. IAF fully complied with procedures requiring the submission of financial disclosure reports, the performance of internal reviews of new proposals, and the disbursement of funds only after the review of required financial and progress reports. However, GAO identified problems with IAF staff not meeting requirements for annual monitoring visits to grantee organizations and embassies, and documenting results; IAF's in-country service contractors not submitting required monitoring reports; and independent auditors not submitting financial audits of grantees to IAF on a timely basis.

In February 2001, the OIG reported on the mechanisms that IAF used for obtaining overseas services and representation, and other financial operating practices.¹ As discussed during our audit, IAF decided to award contracts to their overseas representatives to assist grantees with technical assistance needs. In addition, other representatives (independent contractors) will visit grantees to confirm information reported by grantees for use in tracking project results. Prior to July 2000, IAF awarded one contract in each country to obtain these services. In fiscal year 2002, the OIG is conducting an audit to follow up on IAF's systems to award and monitor grants. In addition, the audit will follow up on the actions taken as a result of the GAO September 2000 audit report.

OIG Oversight Activities

In March 2002, the OIG initiated its first performance audit of IAF grants management. This audit will build on our February 2001 audit report. The audit will determine whether IAF:

- evaluated and selected proposals for funding in accordance with IAF policies and procedures;
- implemented an effective system to monitor the progress of grantee activities and measured program results; and
- implemented policies and procedures to ensure grantees used IAF funds for intended purposes.

¹ "Audit of Selected Processes at the Inter-American Foundation," February 26, 2001 (Audit Report No. 9-IAF-01-001-P)

Inter-American Foundation

Audit of the Inter-American Foundation's Financial Statements for the Fiscal Year Ended September 30, 2001

An audit of the Inter-American Foundation's financial statements for the fiscal year ended September 30, 2001, was performed, under OIG oversight, by a non-Federal audit firm. The audit firm provided an unqualified opinion on the financial statements, and the report did not contain findings or recommendations for IAF management relative to noncompliance or material weaknesses in internal controls. (Audit Report Nos. 0-IAF-02-004-F and 0-IAF-02-005-F)

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 revisions or 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.

The 1988 amendments to the Inspector General Act also require the reporting of statistical information, which is presented in the following tables:

Table A	Reports Issued October 1, 2001 through March 31, 2002
Table B	Audit Reports Over Six Months Old With No Management Decision as of March 31, 2002
Table C	Significant Audit Recommendations Described in Previous Semiannual Reports Without Final Action as of March 31, 2002
Table D	Reports Issued With Questioned and Unsupported Costs (October 1, 2001 through March 31, 2002)
Table E	Reports Issued With Recommendations That Funds Be Put to Better Use (October 1, 2001 through March 31, 2002)
Table F	Reports of Investigative Actions and Recoveries (October 1, 2001 through March 31, 2002)

Table A

REPORTS ISSUED

October 1, 2001 through March 31, 2002

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
		-- USAID and Foundation Financial Statements --		
0-ADF-02-002-F	03/20/02	Report on Audit of the African Development Foundation's Financial Statements for the Fiscal Year Ended September 30, 2001		
0-ADF-02-003-F	03/20/02	Management Report Prepared in Connection with the Audit of the African Development Foundation's Financial Statements for the Fiscal Year Ended September 30, 2001		
0-IAF-02-004-F	03/20/02	Report on Audit of the Inter-American Foundation's Financial Statements for the Fiscal Year Ended September 30, 2001		
0-IAF-02-005-F	03/20/02	Management Report Prepared in Connection with the Audit of the Inter-American Foundation's Financial Statements for the Fiscal Year Ended September 30, 2001		
0-000-02-006-F	02/25/02	Report on USAID's Consolidated Financial Statements, Internal Controls and Compliance for Fiscal Year 2001		
		-- USAID Programs and Operations --		
0-000-02-001-F	02/13/02	Report on USAID's Compliance with Provisions of the Federal Program Information Act of 1977		
1-532-02-001-F	01/31/02	Preaward Audit of the Government of Jamaica's Ministry of Justice and Ministry of National Security		
4-674-02-001-F	02/28/02	Audit of USAID/South Africa's Fiscal Year 2001 Financial Operations and Controls		
6-263-02-001-F	02/03/02	Audit of Locally Incurred Costs Under the Red Sea Component of the USAID/Egypt-Financed Egyptian Environmental Policy Program		
B-194-02-001-F	03/14/02	Audit of USAID/Regional Services Center/Budapest's Financial Operations and Management Controls		
		-- U.S.-Based Contractors --		
0-000-02-001-D	10/03/01	CH2M Hill International Services, Inc. Report on 1998 Incurred Cost Audit	132	QC
0-000-02-002-D	10/03/01	Arthur Andersen, LLP Report on Audit of Incurred Costs for Fiscal Year Ended 31 August 1999	38	QC
0-000-02-003-D	10/03/01	CH2M Hill International, Ltd. Report on Compliance with Cost Accounting Standard (CAS) 403 Allocation of Home Office Expense to Segments		
0-000-02-004-D	10/03/01	CH2M Hill International Services, Inc. Report on Compliance with Cost Accounting Standard (CAS) 410 Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives		
0-000-02-005-D	10/03/01	CH2M Hill International Services, Inc. Report on Compliance with Cost Accounting Standard (CAS) 418 Allocation of Direct and Indirect Costs		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-02-006-D	10/03/01	Black & Veatch, LLP Report on Audit of Calendar Year 1998 Incurred Costs		
0-000-02-007-D	10/03/01	Abt Associates, Inc. Report on Audit of General Dollar Magnitude Submissions for Two Unilateral Changes in Accounting Practice RE: Temporary Labor & Material		
0-000-02-009-D	10/03/01	Nathan Associates, Inc. Report on Audit of Fiscal Year 1998 Incurred Cost		
0-000-02-010-D	10/03/01	Datex, Inc. Report on Audit of Fiscal Year 1998 Incurred Cost		
0-000-02-011-D	10/03/01	Land O'Lakes, Inc. Report on Evaluation of Labor Floor Check Performed		
0-000-02-012-D	10/03/01	Land O'Lakes, Inc. Report on Fiscal Year 1999 Direct Costs and Indirect Cost Rates		
0-000-02-013-D	10/03/01	International Science & Technology Institute, Inc. Report on Audit of Fiscal Years 1997/1998 Incurred Costs	13	QC
0-000-02-014-D	10/12/01	K&M Engineering & Consultant, Corp. Report on Incurred Cost Fiscal Year 1998		
0-000-02-015-D	10/12/01	Hagler Bailly, Inc. and Hagler Bailly Services, Inc. Report on Adequacy and Compliance of Revised Disclosure Statement Dated January 1, 2000		
0-000-02-017-D	10/12/01	The Pragma Corporation, Report on Audit of Fiscal Year 1998 and FY 1999 Incurred Cost Review		
0-000-02-018-D	10/12/01	Casals & Associates, Inc. Report on 1998 Incurred Cost Audit		
0-000-02-021-D	11/28/01	Barents Group, LLC Supplemental Audit Report of Incurred Costs for Fiscal Year Ended 30 June 1997	469	QC
0-000-02-022-D	11/28/01	Barents Group, LLC Audit of Incurred Costs for Fiscal Year Ended 30 June 1998 and 1999	5,890	QC
0-000-02-024-D	11/28/01	Camp Dresser and McKee International Revised Disclosure Statement Review		
0-000-02-025-D	11/28/01	Evensen Dodge, Inc. Report on Pre-Award Accounting System Review		
0-000-02-026-D	12/21/01	John Snow, Inc. Report on Adequacy of Revised Disclosure Statements Revision 1, effective 10/4/99 and Revision 2, effective 10/4/99		
0-000-02-027-D	12/21/01	Deloitte Touche Tohmatsu Emerging Markets, Report on Fiscal Year 2001 Floorcheck Evaluation		
0-000-02-029-D	01/03/02	The Futures Group International, Inc. Report on Audit of Revised Disclosure Statement		
0-000-02-030-D	01/03/02	Medical Service Corporation International, Report on Audit of Fiscal Years Ended December 31, 1998 and 1999 Incurred Cost	29	QC
0-000-02-031-D	01/03/02	Aurora Associates International, Inc. Report on Audit of Fiscal Year 1998 Incurred Costs	16	QC
0-000-02-032-D	01/03/02	IGI International, Report on Review of Calendar Year 1999 Incurred Costs		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-02-035-D	02/21/02	International Resource Group, Ltd. Report on Fiscal Year 2001 Floorcheck		
0-000-02-036-D	02/21/02	Computer Assisted Development, Inc. Review of Fiscal Year 2000 Incurred Costs		
0-000-02-037-D	03/12/02	Hagler Bailly Services, Inc. Report on Incurred Cost Audit for Fiscal Year Ended December 31, 1998	51	QC
0-000-02-038-D	03/12/02	Price Waterhouse, LLP Report on Audit of Claimed Direct Costs - Fiscal Years 1992 through 1994	3,240	QC
0-000-02-039-D	03/12/02	PA Government Services, Inc. Report on Floorcheck Review		
0-000-02-040-D	03/28/02	DPK Consulting Report on CY 1998 Incurred Cost		
0-000-02-041-D	03/28/02	DPK Consulting, Report on Fiscal Year 1999 Incurred Costs		
1-522-02-006-D	12/13/01	Concurrent Financial Statement Audit of the USAID Resources Managed by DevTech Systems, Inc. in Honduras, Under Contract No. 522-C-00-00-00243-00 "Component for the Educational Opportunities Provided for Hurricane Affected Students Activity," (Education Activity), Under the Hurricane Reconstruction Program, for the Quarter Ended June 30, 2001		
1-522-02-009-D	01/22/02	Concurrent Financial Statement Audit of the USAID Resources Managed by DevTech Systems, Inc. in Honduras, Under Contract No. 522-C-00-00-00243-00 "Component for the Educational Opportunities Provided for Hurricane Affected Students Activity" (Education Activity), Under the Hurricane Reconstruction Program, for the Quarter Ended September 30, 2001		
-- U.S.-Based Grantees --				
0-000-02-008-D	10/03/01	International Intellectual Property Institute, Report on Pre-award Accounting System Survey		
0-000-02-016-D	10/12/01	Armenian Technology Group, Incorporated Report on Pre-award Accounting System Survey		
0-000-02-019-D	11/08/01	Community Forestry International, Inc. Report on Pre-award Accounting System Survey		
0-000-02-020-D	11/08/01	Synergos Institute, Report on Pre-Award Accounting System Survey		
0-000-02-033-D	01/14/02	International Medical Services for Health, Report on Pre-Award Accounting System Survey		
0-000-02-034-D	02/21/02	Armenian Technology Group Foundation, Report on Audit of Pre-Award Accounting System Survey		
0-000-02-042-D	03/28/02	International Foundation for Election Systems, Report on Agreed Upon Procedures		
1-524-02-002-D	11/20/01	Academy for Educational Development, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, for the Quarter Ended September 30, 2001		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-02-003-D	12/12/01	Audit of USAID Resources Managed by Barents Group LLC, Under Special Objective Grant Agreement No. 522-0410, "Component for the Reactivation of the Economy Through Agricultural Credit and Technologies Activity," Under the Hurricane Reconstruction Program, for the Period from March 29 to December 31, 2000		
1-522-02-004-D	12/12/01	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 Quarter Ended June 30, 2001		
1-522-02-005-D	12/12/01	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 Quarter Ended June 30, 2001		
1-522-02-008-D	01/22/02	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 Quarter Ended September 30, 2001		
5-367-02-002-D	02/28/02	Audit Report Related to the Private Agencies Collaborating Together, Inc. (PACT) - Women's Empowerment Program Under Cooperative Agreement No. 367-A-00-98-00006-00	45 2	QC UN
0-000-02-001-T	10/16/01	Initial Review of the Audit Report of the Eurasia Foundation for the Fiscal Year Ended September 30, 1999		
0-000-02-002-T	11/15/01	Initial Review of the Audit Report for Corporate Council on Africa, Inc. for the Fiscal Year Ended December 31, 2000		
0-000-02-003-T	11/30/01	Initial Review of the Audit Report of the Academy for Educational Development for the Fiscal Year Ended December 31, 2000		
0-000-02-004-T	11/30/01	Initial Review of the Audit Report of the American Ort, Inc. for the Fiscal Year Ended December 31, 2000		
0-000-02-005-T	11/30/01	Initial Review of the Audit Report of Adventist Development and Relief Agency for the Fiscal Year Ended December 31, 2000		
0-000-02-006-T	01/09/02	Initial Review of the Audit of the General Board of Higher Education and Ministry of the United Methodist Church for the Fiscal Year Ended December 31, 2000		
0-000-02-007-T	02/06/02	Initial Review of the Audit Report of the Education Fund of the American Center for International Labor Solidarity for the Fiscal Year Ended December 31, 2000		
0-000-02-008-T	02/06/02	Initial Review of the Audit Report of EnterpriseWorks Worldwide, Inc. for the Fiscal Year Ended December 31, 2000		
0-000-02-009-T	02/04/02	Initial Review of the Audit Report of Accion International, Inc. for the Fiscal Year Ended December 31, 1999		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-02-010-T	02/04/02	Initial Review of the Audit Report of the American Center for International Labor Solidarity for the Fiscal Year Ended December 31, 2000		
0-000-02-011-T	02/04/02	Initial Review of the Audit Report of the Eurasia Foundation for the Fiscal Year Ended September 30, 2000		
0-000-02-012-T	03/13/02	Initial Review of the Fiscal Year 2000 Audit of Salesian Missions, Inc.		
		-- Foreign-Based Organizations --		
0-000-02-023-D	11/28/01	Swiss Contact Philippines, Report on Pre-Award Accounting System Survey		
0-000-02-028-D	12/21/01	University of Natal the Health Economics & HIV/AIDS Research Division, Report on Pre-award Accounting System Survey		
1-524-02-001-D	10/23/01	Fondo de Inversion Social de Emergencia, Concurrent Financial Statement Audit of the Fund Accountability Statement, for the Quarter Ended June 30, 2001		
1-524-02-007-D	12/17/01	Fondo de Inversion Social de Emergencia, Concurrent Financial Statement Audit of the Fund Accountability Statement, for the Quarter Ended September 30, 2001		
5-492-02-001-D	10/11/01	Audit Report Related to the FriendlyCare Foundation, Inc. - Private Sector Family and Reproductive Health System Program Under Cooperative Agreement No. 492-A-00-99-00015	43 29	QC UN
7-625-02-001-D	12/14/01	Audit of USAID Resources Granted to the Permanent Interstate Committee for Drought Control in the Sahel by the USAID/Sahel Regional Program for the Period January 1, 1998 to December 31, 1999	3	QC
B-121-02-001-D	10/04/01	Report on the Application of Agreed-Upon Procedures for Evaluation of Grant Management and Accounting Systems Internal Controls at the Eurasia Foundation Kyiv Regional Office	3	QC
1-522-02-001-N	10/01/01	Concurrent Financial Statement Audit of the Honduran Social Investment Fund Damaged School Installations Replacement Project, Under the Hurricane Reconstruction Program, USAID/Honduras Project No. 522-0410.06, for the Period December 21, 1999 to December 31, 2000		
1-524-02-002-N	10/01/01	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 April 1, 2001 to June 30, 2001		
1-517-02-003-N	10/01/01	The Cooperative Housing Foundation, Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID/DR Cooperative Agreement No. 517-A-00-00-000102-00, for the Quarter Ended June 30, 2001		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-524-02-004-N	10/11/01	Concurrent Financial Statement Audit of the Agricultural Reconstruction Program in the Republic of Nicaragua, USAID Cooperative Agreement No. 524-A-00-00-00004-00, Managed by the World Relief Corporation, for the Period January 1, 2001 to March 31, 2001		
1-514-02-005-N	10/12/01	Concurrent Financial Statement Audit of the USAID/Colombia Resources Under the Earthquake Reconstruction Program Project No. 514-9005, Managed by Planning and Development Collaborative International, for the Quarter Ended June 30, 2001	9	QC
1-517-02-006-N	10/12/01	Audit of USAID/Dominican Republic Resources Managed by ENTRENA, S.A., Under the Post-Hurricane Georges Reconstruction Project No. 517-0278/0280 and Private Voluntary Organization Co-Financing Project No. 517-0247, Contract No. 517-C-00-96-00148, for the Year Ended December 31, 2000		
1-520-02-007-N	10/16/01	Audit of the USAID Resources Managed by the Ministry of Agriculture, Livestock, and Food, through the International Center for Agriculture Preinvestment, Under Project 520-0433 "Special Objective: Rural Economy Recovers from Mitch and is Less Vulnerable to Disasters," for the Quarter Ended June 30, 2001		
1-519-02-008-N	10/16/01	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, 2001		
1-524-02-009-N	10/25/01	Concurrent Financial Statement Audit of the USAID Resources Under Cooperative Agreement No. 524-A-00-00-00002-00, "Program of Agricultural Rehabilitation and Credit for Poor Families in the Hurricane Mitch Devastated Areas of Northern and Northwestern Nicaragua," Managed by the Catholic Relief Services for the Period January 1 to March 31, 2001		
1-524-02-010-N	10/26/01	Concurrent Financial Statement Audit of the USAID Resources Under Cooperative Agreement No. 524-A-00-00-00002-00, "Program of Agricultural Rehabilitation and Credit for Poor Families in the Hurricane Mitch Devastated Areas of Northern and Northwestern Nicaragua," Managed by the Catholic Relief Services for the Period April 1 to June 30, 2001		
1-524-02-011-N	11/07/01	Concurrent Financial Statement Audit of the Agricultural Reconstruction Program in the Republic of Nicaragua, USAID Cooperative Agreement No. 524-A-00-00-00004-00, Managed by the World Relief Corporation, for the Period April 1, 2001 to June 30, 2001		
1-519-02-012-N	12/03/01	Closeout Audit of USAID/EI Salvador Resources Managed by the Cooperative Housing Foundation, Under Agreement No. 519-A-00-99-00088-00, Mitch Integrated Reconstruction Activity, for the Period from July 1, 2000 to July 31, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

October 1, 2001 - March 31, 2002

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-02-013-N	12/04/01	Concurrent Financial Statement Audit of USAID Resources Managed by the Honduran Social Investment Fund/Employment Generation Unit (FHIS/UGE-Urban Water), Under the Hurricane Reconstruction Program No. 522-0410.03 and No. 522-0410.05, for the Period from July 1 to December 31, 2000	20	QC
			20	UN
1-522-02-014-N	12/05/01	Concurrent Financial Statement Audit of USAID Resources Managed by the Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Under Grant Agreement No. 522-A-00-00-0205-00, "Reactivation of the Economy through the Agricultural Credit and Technologies Activity Component of the Hurricane Reconstruction Program," for the Period from January 1 to March 31, 2001	62	QC
			2	UN
1-522-02-015-N	12/06/01	Concurrent Financial Statement Audit of USAID Resources Managed by the Cooperative Federation of Credit Unions of Honduras, Ltd., Under Cooperative Agreement No. 522-A-00-00-0247-00, "REACT Activity Component of the Hurricane Reconstruction Program," for the Period from October 1 to December 31, 2000	19	QC
1-518-02-016-N	12/07/01	Financial Closeout Audit of the Child Survival and Health Project, Administered by the Ecuadorian Ministry of Public Health, for the Period from January 1, 1998 to September 30, 2000		
1-519-02-017-N	12/10/01	Closeout Audit of USAID/EI Salvador Resources Managed by the Technical Secretariat for External Financing, Under Project No. 519-0449, Rural Electrification, for the Period from July 1, 2000 to September 30, 2001		
1-521-02-018-N	12/10/01	Pan American Development Foundation, Concurrent Financial Statement Audit of the Hurricane Georges Recovery Program, USAID/Haiti - Project No. 521-A-00-99-00072-00, for the Period from October 1, 2000 to March 31, 2001	83	QC
			1	UN
1-517-02-019-N	01/04/02	The Cooperative Housing Foundation, Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID Cooperative Agreement No. 517-A-00-00-000102-00, for the Quarter Ended September 30, 2001		
1-517-02-020-N	01/04/02	International Resources Group, Ltd., Financial Statement Audit of the Post-Hurricane Georges Technical Assistance and Reconstruction Program, USAID/Dominican Republic Task Order No. OUT-AOT-I-800-97-00023-00, for the Period October 19, 1999 to June 30, 2001		
1-519-02-021-N	01/08/02	Annual Financial Statement Audit Report of the Project "Water and Sanitation Activities in the Mitch-Affected Areas," Managed by CARE International of El Salvador Under USAID Cooperative Agreement No. 519-A-00-99-000-90-00, for the Period from July 1, 2000 to May 31, 2001		
1-522-02-022-N	01/08/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Fondo Nacional de Produccion y Vivienda, Under Special Objective Grant Agreement No. 522-0410.01 "Agriculture Reactivation Credit Activity, Component of the Hurricane Reconstruction Program," for the Period October 1 to December 31, 2000		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-02-023-N	01/15/02	Concurrent Financial Statement Audit of Damaged School Installations Replacement Project Under the Hurricane Reconstruction Program, USAID/Honduras Project No. 522-0410.06, Managed by the Honduran Social Investment Fund, for the Period January 1 to March 31, 2001		
1-522-02-024-N	01/15/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Honduran Social Investment Fund Under Special Objective Grant Agreement No. 522-0410.00 "Emergency and Reconstruction Roads and Bridges Project (RECAP Activity)," Under the Hurricane Reconstruction Program, for the Period January 1 to March 31, 2001	2	QC
1-520-02-025-N	01/16/02	Audit of the USAID Resources Managed by the Ministry of Agriculture, Livestock, and Food, through the International Center for Agriculture Preinvestment, Under Project 520-0433 "Special Objective: Rural Economy Recovers from Mitch and is Less Vulnerable to Disasters," for the Quarter Ended September 30, 2001		
1-522-02-026-N	01/22/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Cooperative Federation of Credit Unions of Honduras, LTD., Under Cooperative Agreement No. 522-A-00-00-0247-00, "REACT Activity Component of the Hurricane Reconstruction Program," for the Period January 1 to March 31, 2001	152	QC
1-522-02-027-N	01/22/02	Financial Statement Audit of the USAID Resources Managed by FINTRAC, Under Cooperative Agreement No. 522-A-00-00-0236-00, "REACT Activity Component of the Hurricane Reconstruction Program," for the Period January 24 to December 31, 2000	7	QC
1-519-02-028-N	01/24/02	The Ministry of Public Works, Closeout 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 September 30, 2001		
1-517-02-029-N	01/24/02	International Resources Group, Ltd., Closeout Financial Statement Audit of the Post-Hurricane Georges Technical Assistance and Reconstruction Program, USAID/Dominican Republic Task Order No. OUT-AOT-I-800-97-00023-00, for the Period July 1 to November 30, 2001		
1-514-02-030-N	01/25/02	Concurrent Financial Statement Audit of the USAID/Colombia Resources Under the Earthquake Reconstruction Program Project No. 514-9005, Managed by Planning and Development Collaborative International, for the Quarter Ended September 30, 2001	2	QC
1-522-02-031-N	02/01/02	Financial Statement Audit of the USAID Resources Managed by Development Alternative Inc., Under Contract No. LAG-I-801-99-00017-00, Upper Watershed Rehabilitation Activity, Component of the Hurricane Reconstruction Program, for the Period February 25 to December 31, 2000	15 7	QC UN

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-02-032-N	02/04/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Honduran Social Investment Fund, Under Special Objective Grant Agreement No. 522-0410.00 "Emergency and Reconstruction Roads and Bridges Project (RECAP Activity)," Under the Hurricane Reconstruction Program for the Period April 1 to June 30, 2001	2	QC
1-522-02-033-N	02/08/02	Financial Statement Audit of the USAID/Honduras Funds Managed by Chemonics International Under Modification No. 1 to Contract No. 522-C-00-00-00203-00, "Productivity and Policy Enhancement Program," for the Period October 28, 1999 to December 31, 2000	62 1	QC UN
1-522-02-034-N	02/08/02	Concurrent Financial Statement Audit of the USAID Resources Managed by the Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Under Grant Agreement No. 522-A-00-00-0205-00, "Reactivation of the Economy Through Agricultural Credit and Technologies Activity," Component of the Hurricane Reconstruction Program for the Period April 1 to June 30, 2001	32	QC
1-522-02-035-N	02/08/02	Financial Statement Audit of USAID/Honduras Resources, Managed by American Institutes of Research Under Contract No. HNE-I-808-00029-00, "Improving Educational Quality II (IEQ II-Honduras)," for the Period November 1, 1999 to December 31, 2000		
1-522-02-036-N	02/13/02	Financial Statement Audit of the USAID Resources Managed by the Escuela Agricola Panamericana-Zamorano, Under Grant Agreement No. 522-A-00-00-00202-00, REACT Activity Component of the Hurricane Reconstruction Program, for the Period October 29, 1999 to December 31, 2000	7	QC
1-522-02-037-N	02/14/02	Concurrent Financial Statement Audit of the USAID Resources Managed by Jose Maria Covelo Foundation, Under Cooperative Agreement No. 522-A-00-00-00206-00, "Post Mitch Revitalization of the Micro-Finance Sector of Honduras," for the Period January 1 to March 31, 2001		
1-521-02-038-N	02/13/02	Pan American Development Foundation, Concurrent Financial Statement Audit of the Hurricane Georges Recovery Program, USAID/Haiti Project No. 521-A-00-99-00072-00, for the Period from April 1 to September 30, 2001	56 54	QC UN
1-522-02-039-N	02/20/02	Financial Statement Audit of the USAID/Honduras Resources Managed by Fernandez, Fortin, Bogran y Asociados, Under Contracts: No. 522-C-00-00-00244, No. 522-C-00-99-00003-00 and No. 522-C-00-99-00043-00 for the Period January 1 to December 31, 2000		
1-519-02-040-N	03/05/02	Audit of USAID/El Salvador Resources, Managed by the National Popular Housing Fund Under the Special Objective Grant Agreement Housing Activity No. 519-0458 "Earthquake Recover Program," for the Period from May 1 through December 31, 2001		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-520-02-041-N	03/08/02	Closeout Audit of USAID Resources Managed by the Ministry of Agriculture, Livestock, and Food, through the International Center for Agriculture Preinvestment, Under Project 520-0433 "Special Objective: Rural Economy Recovers from Mitch and is Less Vulnerable to Disasters," from the Quarter Ended December 31, 2001		
4-656-02-001-N	10/15/01	Audit of USAID/Mozambique Trust Fund for Period April 8, 1998 to February 28, 2001	56	QC
			56	UN
4-656-02-002-N	02/19/02	Audit of USAID Resources Managed by the Project Management Unit/Deloitte & Touche Under the Emergency Recovery: Agriculture & Commercial Trade Program, Resettlement Grants Program for the Period October 2000 to June 30, 2001	29	QC
5-367-02-001-N	10/24/01	Audit of USAID/Nepal's Disbursements to Management Support Services P. Ltd. Under Contract Number 367-0157-C-00-4074 Relating to Project 367-0157	130	QC
			69	UN
6-263-02-001-N	11/05/01	Audit of the Ministry of International Cooperation, Expenditures Incurred Under Project Implementation Letters No. 2 and 7, Under USAID/Egypt's Technical Support for Sector Policy Reform Project (Project No. 263-0233)		
6-263-02-002-N	03/07/02	Audit of Horticulture Exporters Improvement Association, USAID/Egypt Grant Agreement No. 263-G-00-99-00010-00 for the Period December 21, 1998 through September 30, 2000	5	QC
			5	UN
1-522-02-001-R	10/01/01	Audit of the Private Sector Population III Project, USAID/Honduras Project No. 522-0389, Managed by the Asociacion Hondurena de Planificacion de Familia, for the Year Ending December 31, 1999	36	QC
			12	UN
1-517-02-002-R	10/01/01	Audit of "Access to Primary Health Care, Potable Water, and Basic Sanitation Services, Program No. 517-G-00-00-00119-00," "Primary Health Care, Water, and Basic Sanitation for Communities Affected by Hurricane Georges, Program No. 517-G-00-00-00124-00," and "Recovery of Renewable Natural Resources Seriously Affected by Hurricane Georges, Program No. 517-G-00-00-00133-00;" Managed by Fondo Pro-Naturaleza, Inc.; Financial Statements for the Period April 24, 2000 to December 31, 2000 and Independent Auditor's Report		
1-517-02-003-R	10/01/01	Audit of Primary Health Care, Water and Sanitation Project, and Rehabilitation of Production and Water and Sanitation Systems Project, USAID Donation Agreements No. 517-G-00-99-00226-00 and No. 517-G-00-00-00126-00, Managed by Fundacion de Apoyo al Suroeste, Inc., Financial Statements for the Periods September 23, 1999 to December 31, 2000 and May 26 to December 31, 2000 and Independent Auditor's Report		
1-518-02-004-R	10/04/01	Independent Auditors' Report on the Fund Accountability Statement, Agreement No. 518-A-00-98-00-00187-00, Programa de Sostenibilidad Financiera y Alianzas Estrategicas, Managed by Fundacion Grupo Esquel - Ecuador, for the Year Ended December 31, 2000		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-517-02-005-R	10/04/01	Democratic Initiatives Support Project, Pontificia Universidad Catolica Madre y Maestra, Cooperative Agreement USAID No. 517-A-00-92-0080-00 (Originally No. 517-0265-A-2080-00), for the Year Ended March 31, 2000	51	QC
			51	UN
1-517-02-006-R	10/11/01	Audit of Project USAID/Dominican Republic Managed by Centro de Apoyo a la Micro, Pequena y Mediana Empresa/Instituto Tecnologico de Santo Domingo, Cooperative Agreement No. 517-A-00-97-00019-00, Under USAID Projects Productivity and Income Enhancement for the Disadvantaged, No. 517-0267 and Hurricane Georges Reconstruction 517-0280 for the Period January 1, 2000 to December 31, 2000		
1-517-02-007-R	10/12/01	Audit of Program in Protection of the Health of Children Affected by Hurricane Georges, Project No. 517-G-00-99-00227-00; Program in Reconstruction Project for Primary Health Care, Water and Sanitation, Project No. 517-G-00-00-00122-00; Program in Organization and Community Participation in the Construction and Transfer of Rural Aqueducts in Three Communities of the Municipality of El Valle, Project No. 517-G-00-00-00136-00; and Reproductive Health Services to Rural Women and Men in Reproductive Age, As Well As to Adolescents, Project No. 517-G-00-00138-00, Managed by Mujeres en Desarrollo Dominicana, Inc., for the Period September 16, 1999 to December 31, 2000	6	QC
			5	UN
1-526-02-008-R	10/15/01	Audit of Program No. 526-A-00-93-00001-00, Development of Economic Policies Programs, Managed by Centro Paraguayo para la Promocion de la Libertad Economica y de la Justicia Social for the Year Ended December 31, 2000		
1-526-02-009-R	10/19/01	Audit of Agreement No. 526-A-00-94-00008-00 Managed by the Alter Vida Association for the Year Ended December 31, 2000	5	QC
			3	UN
1-527-02-010-R	10/22/01	Financial Statements of Asociacion Benefica PRISMA at December 31, 1999, Fund Accountability Statement and Its Reconciliation with the Balance of Cash and Food Statement - Commodity Status Report of Programs and/or Projects Funded through the United States Agency for International Development, for the Period from October 1, 1998 to September 30, 1999 and from January 1 to December 31, 1999		
1-518-02-011-R	10/22/01	Audit of Agreement No. 518-0117-G-00-3320-00 Proyecto de Educacion Ambiental, Generacion y Transferencia de Tecnologia-Educacion, Administered by the Corporacion de Gestion Tecnologica y Cientifica Sobre el Ambiente -- Corporacion Oikos and Funded by the United States Agency for International Development for the Period October 1, 1999 to September 30, 2000, and an Audit of the Financial Statements of the Corporacion de Gestion Tecnologica y Cientifica Sobre el Ambiente -- Corporacion Oikos Together with the Auditor's Report		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-526-02-012-R	10/23/01	Audit of Project No. 526-A-00-92-00019-00, Managed by the Paraguay Kansas Committee, for the Year Ended December 31, 2000	16	QC
			10	UN
1-525-02-013-R	10/24/01	Chamber of Commerce, Industry, and Agriculture of Panama, Trade and Investment Development Project, USAID/Panama Cooperative Agreement No. 525-A-00-92-00204-00, for the Year Ended March 31, 2001		
1-527-02-014-R	10/25/01	Audit of the Bilateral Grant Agreement Between the Republic of Peru and the United States of America "Addressing the Threats of Emerging and Reemerging Diseases -- VIGIA Project," from September 29, 1997 to December 31, 1999 (With Management Letter)		
1-517-02-015-R	10/25/01	Audit of the USAID/Dominican Republic Projects, Managed by Asociacion Dominicana de Planificacion Familiar, Inc., for the Period September 20, 1999 to December 31, 2000	1	QC
1-524-02-016-R	10/30/01	First Recipient-Contracted Audit Report of "The Rapid Reconstruction and Sustainable Recovery Program and PL-480 Title II Program," Under Award No. 524-A-00-00-00022-00, Managed by Project Concern International, for the Period December 21, 1999 to December 20, 2000		
1-520-02-017-R	10/31/01	Audit of the Program of Recovery of the Rural Economy on the Effects of Hurricane Mitch and Decrease in the Vulnerability of Disasters, Cooperative Agreement USAID/ANACAFE No. 520-A-00-00-00002-00, Implemented by National Coffee Association - ANACAFE, for the Period from November 4, 1999 to September 30, 2000	308	QC
1-524-02-018-R	11/15/01	Audit of the USAID Resources Managed by Fundacion Alistar Nicaragua Under Project No. CA-524-A-00-00-00029-00 "Sustainable Reconstruction and Rehabilitation of the Communities of the Coco and Bocay Rivers," for the Period January 26 to December 31, 2000	16	QC
			13	UN
1-523-02-019-R	11/15/01	Report on the Grant Agreement Program: "I am a Citizen, I am the Government" No. 523-G-00-98-00009-00, Managed by Movimiento de Ciudadanos, A.C., for the Year Ended December 31, 2000		
1-596-02-020-R	11/15/01	Audit of the Following Agreements: Copyright Protection in Central America, Program for Trade Liberalization and General Framework of Investment Policies, Program for the Modernization of the Labor Market and Enhanced Capability of the Region to Mitigate the Transnational Effects of Disasters, Implemented by the Secretariat for the Central American Economical Integration, for the Year Ended December 31, 2000		
1-527-02-021-R	11/15/01	Financial Statements of Asociacion Benefica PRISMA at December 31, 2000, Fund Accountability Statement and Its Reconciliation with the Balance of Cash and Food Statement - Commodity Status Report of Programs and/or Projects Funded through the United States Agency for International Development, for the Period from October 1, 1999 to September 30, 2000 and from January 1 to December 31, 2000		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-524-02-022-R	11/20/01	Audit of USAID's Resources Managed by the Nicaraguan Development Center Under Cooperative Agreement No. 524-A-00-00-00023-00 for the Period from October 29, 1999 through December 31, 2000	62	QC
			24	UN
1-522-02-023-R	11/20/01	Audit of USAID's Municipal Development Projects No. 522-A-0093-00264-00, Technical Assistance to Municipalities in the Concessioning of Municipal Services No. 522-A-0098-00116-00, Strengthening of the Accounts Submittal System No. 522-0381 and USAID/Honduras' Urban Cleaning Municipal Program No. 522-G-00-99-00021-00 for the Period from January 1, 1998 to December 31, 1999	58	QC
			1	UN
1-527-02-024-R	11/21/01	Audit of the Fund Accountability Statement of the Framework Sub-Agreement of the Alternative Development Program Signed by CONTRADROGAS and the National Development Institute -- INADE, USAID Grant Agreement No. 527-0348, Alternative Development Program, for the Period from June 1 to December 31, 1998 and for the Year Ending December 31, 1999	2	QC
1-527-02-025-R	11/26/01	Asociacion de Municipalidades de La Region San Martin - AMRESAM, Audit of the Fund Accountability Statement of USAID Cooperative Agreement No. 527-A-00-98-000151-00, Component 1, Improve Provision of Basic Services to the Community and Citizen Participation in Decision-Making and Audit of AMRESAM Financial Statements for General Purposes, as of December 31, 2000		
1-520-02-026-R	12/06/01	Audit of USAID/G-CAP Project No. 520-A-00-00-00004-00, Rural Economy Recovers from Hurricane Mitch and is Less Vulnerable to Disaster, Managed by Cooperative Housing Federation, for the Period from November 3, 1999 to September 30, 2000		
1-527-02-027-R	12/06/01	Audit of the Fund Accountability Statement of the Projects "Quality Cacao" (Agreement No. 527-G-00-98-00262-00, Component 2), for the Period from January 1 to September 30, 2000 and "Creation of an Awareness on Drug Use" (Agreement No. 527-A-00-98-0071-00, Component 5), and the General Purpose Financial Statements of CEDRO for the Year Ended December 31, 2000		
1-527-02-028-R	12/06/01	Audit of the Fund Accountability Statement of the Framework Subagreement of the Alternate Development Program, Administered by the National Development Institute, through Special Project Sierra Centro Sur, USAID Grant Agreement No. 527-0348, for the Years Ended at December 31, 1998 and 1999	35	QC
			35	UN
1-518-02-029-R	12/14/01	Audit of the "Biodiversity Conservation in the Galapagos Marine Reserve Project, No. 518-0126," Financed by USAID/Ecuador and Managed by the Charles Darwin Foundation for the Galapagos Islands; Fund Accountability Statement for the Year Ended on December 31, 1999 with Independent Auditor's Report		
1-527-02-030-R	12/21/01	Sociedad Peruana de Derecho Ambiental - SPDA; Audit of the Fund Accountability Statements of the Program Environment, Participation and Private Administration, USAID Contract No. 527-C-00-97-00201-00 for the Period Between June 1, 1997 and December 31, 1999 and Audit of the Financial Statements of SPDA, for General Purposes as of December 31, 1999 and 1998		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-596-02-031-R	12/21/01	Audit of USAID/Guatemala Donation Agreement No. 596-0180, Proyecto Ambiental Regional Centroamericana, for the Period from January 1 to December 31, 2000		
1-520-02-032-R	12/21/01	Report on the Grant Project: "Upgrade the Capacity of the Costa Rican Educational System in Selected Communities Affected by Mitch-Related Nicaraguan Migration" (the Project), Award No. 596.0182.00, Managed by International Organization for Migration, for the Period from December 20, 1999 to December 31, 2000		
1-526-02-033-R	01/04/02	Audit of the Program No. 526-A-00-92-00018-00, Managed by the Foundation Moises Bertoni for the Conservation of Nature, for the Six-Month Period Ending June 30, 2000		
1-527-02-034-R	01/04/02	Audit of the Fund Accountability Statements of the Children's Nutrition and Agricultural Income Generation Programs, Funded by the USAID Food Aid Grant Agreement Monetization and Direct Distribution with Resources of Public Law 480 Title II, Managed by the Adventist Development and Relief Agency, for the Periods October 1, 1998 through September 30, 1999 and October 1, 1999 through September 30, 2000		
1-521-02-035-R	01/08/02	Audit of USAID/Haiti's Education 2004 Activity, Project No. 521-A-00-99-00070-00, Component Managed by Fondation Haitienne de L'Enseignement Prive, Fund Accountability Statement, for the Period from September 17, 1999 to July 31, 2000	3	QC
1-596-02-036-R	01/09/02	Audit of USAID/G-CAP's Program Supporting Central American Participation in the Free Trade Area of the Americas, Under Contract No. 520-C-00-99-00071-00, Implemented by Mr. Carlos Monge Rodriguez, for the Period from August 16, 1999 to February 28, 2001		
1-527-02-037-R	01/10/02	Audit of the Bilateral Grant Agreement No. 527-0352, "Support for the Implementation of the Ombudsman's Office," Signed Between the Governments of the Republic of Peru and the United States of America, for the Two Year Period Ending December 31, 1999		
1-527-02-038-R	01/15/02	Audit of the Fund Accountability Statement and its Reconciliation with the Cash Balance of the Development Programs Funded through the Food Monetization Program PL 480-Title II, Managed by Technoserve Inc., for the Year Ended September 30, 2000		
1-523-02-039-R	01/16/02	Audit of Fund Accountability Statement and Financial Statements for the Trust Fund Established in Accordance with the Agreement Signed Between El Fondo Mexicano para la Conservacion de la Naturaleza, A.C. and the U.S. Agency for International Development for the Period from January 1 to December 31, 2000		
1-522-02-040-R	01/25/02	Audit of USAID Resources Under Cooperative Agreement No. 522-A-00-98-00253-00 Reproductive Health Project No. 522-389.01, Managed by Asociacion Hondurena de Predicar y Sanar - PREDISAN, for the Period August 20, 1998 to September 30, 2000		
1-522-02-041-R	01/25/02	Audit of Municipal Development Program, USAID/Honduras Project No. 522-A-00-93-00324-00, Managed by the Foundation for Municipal Development, for the Year Ended December 31, 2000		

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-517-02-042-R	01/29/02	Audit of the Integrated Health Care, Water and Sanitation Project, No. 517-G-00-00-00116-00, and the Integrated Health Care, Water, Sanitation and Agriculture Project, No. 517-G-00-00-00123-00, Financed by USAID/Dominican Republic and Managed by the Fundacion Para el Desarrollo Comunitario, Inc.; Fund Accountability Statement for the Period from April 4, 2000 to June 30, 2001, and for the Period from April 24, 2000 to June 30, 2001, respectively		
1-522-02-043-R	01/30/02	Audit of the Project Centro Nacional de Concientizacion y Prevencion del SIDA, USAID/Honduras Project No. 522-A-00-98-00117-00, Managed by the Fundacion Fomento en Salud, for the Period January 1 to September 30, 1999		
1-522-02-044-R	01/30/02	Audit of the Project Centro Nacional de Concientizacion y Prevencion del SIDA, USAID/Honduras Project No. 522-A-00-98-00117-00, Managed by the Fundacion Fomento en Salud, for the Year Ended November 30, 2000		
1-518-02-045-R	02/05/02	Audit of the Project on the Analysis and Promotion of Health Policies in Ecuador (USAID/Ecuador Agreement No. 518-A-00-95-00133-00), Managed by Centro de Estudios de Poblacion y Desarrollo Social, for the Year Ended December 31, 1999		
1-532-02-046-R	02/06/02	Audit of the USAID/Jamaica AIDS/STD Prevention and Control Project Number 532-0153, Managed by the Ministry of Health, for the Period from January 1, 1999 to December 31, 2000	4	QC
1-517-02-047-R	02/07/02	Closeout Financial Audit of the Rural Electrification, Water System and Soil Conservation Project, USAID/Dominican Republic Project No. 517-G-00-97-07027-00, Managed by the "Fundacion para el Desarrollo Comunitario, Inc.," for the Period February 21, 1997 to December 31, 1999		
1-532-02-048-R	02/07/02	Audit of the Development of Environmental Management Organizations - Protected Areas Resources Conservation II (DEMO PARC II) and Environmental Initiatives for the Americas Coastal Management Project Components, USAID Project Number 532-0173, Managed by Natural Resources Conservation Authority, for the Period April 1, 1996 to May 31, 1999		
1-527-02-049-R	02/13/02	Audit of USAID Grant Agreement No. 527-0348, Pichis-Palcazu Special Project, Resources of the Sub-Agreement of the Execution Frame of the Alternative Development Program Between the Commission Against Drug Consumption - CONTRADROGAS and the National Institute of Development - INADE, for the Period from February 23, 1998 to December 31, 1999	4 4	QC UN
1-527-02-050-R	02/13/02	Audit of the Resources of the Sub-Agreement of the Execution Frame of the Contingency Development Program (USAID/Peru Agreement No. 527-0348), Managed by Huallaga Central and Bajo Mayo Special Project, for the Period February 23, 1998 to December 31, 1999	4 4	QC UN

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-524-02-051-R	02/14/02	Closeout Audit of USAID's Resources Managed by Programas para la Mujer, for the Execution of the Project Rapid Reconstruction and Recovery of Sustainability in Hurricane Mitch-Affected Areas, Under Cooperative Agreement No. 524-A-00-99-0043-00, for the Period August 5, 1999 to August 9, 2001		
1-518-02-052-R	02/28/02	Audit of the "Centro sobre Derecho y Sociedad - CIDES Independent Auditors' Report on the Fund Accountability Statement of Agreement No. 518-0120-A-00-6181-00 Programa de Mejoramiento del Acceso a la Administracion de Justicia, Funded by USAID and on the Financial Statements of the Center for the Year Ended December 31, 1999"		
1-524-02-053-R	02/27/02	Closeout Audit of USAID's Resources Managed by Fundacion CHISPA, for the Project Denominated Sustainable Reconstruction Program for Certain Hurricane Mitch-Affected Areas, Under Cooperative Agreement No. 524-A-00-99-00041-00, for the Period August 1, 2000 to August 3, 2001		
1-517-02-054-R	03/04/02	Audit of USAID Funds Managed by Asociacion Dominicana de Rehabilitacion, Inc. Under the Job Training Project for the Physically and Mentally Challenged, No. GA-517-G-00-96-00081-00 for the Thirty-Six (36) Month Period from July 31, 1996 to July 31, 1999		
1-524-02-055-R	03/06/02	KATALYSIS Partnership, Financial Audit of the Project: "Rapid Reconstruction and Sustainable Recovery in Mitch-Affected Areas" Under USAID/Nicaragua Cooperative Agreement No. 524-A-00-99-00056-00; for the Period from October 1, 2000 to September 30, 2001		
1-521-02-056-R	03/07/02	Closeout Audit of the Enhancing Food Security II Project, Managed by International Maritime Terminal, S.A., USAID/Haiti Project No. 521-0258-C-00-6112-00, for the Period from October 1, 2000 to September 30, 2001		
1-520-02-057-R	03/08/02	Audit of the Small Coffee Farmer Improvement Program, USAID/ANACAFE Cooperative Agreement No. 520-0381-A-00-9637-00, Implemented by National Coffee Association - ANACAFE, for the Year Ended September 30, 2001		
1-520-02-058-R	03/13/02	Audit of USAID/Guatemala, Component 520-0433: Farm Productivity Recovery and Credit to Micro-Enterprises Activity, Implemented by Banco de Desarrollo Rural, S.A. -- BANRURAL through the Rural Credit Trust Fund, for the Year Ended December 31, 2000		
4-615-02-001-R	10/15/01	Audit of the Kenya Agricultural Research Institute Under USAID Project Nos. 615-0268 and 615-0229 for the Period February 1, 1999 to October 31, 2000	2	QC
4-612-02-002-R	10/10/01	Audit of Malawi Centre for Advice, Research and Education on Rights Under USAID Grant No. 612-0243-G-00-5346 for the Period from October 1, 1999 to September 30, 2000		
4-674-02-003-R	10/10/01	Audit of Educational Opportunities Council Under USAID Agreement No. 674-0309-A-00-0038-00 for the Period from January 1, 2000 to December 31, 2000		
4-617-02-004-R	10/12/01	Audit of The AIDS Support Organization Uganda Limited Under USAID Agreement No. 623-0133-A-00-6030-00 for the Year Ended December 31, 2000		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-617-02-005-R	10/12/01	Audit of Feed the Children Uganda Under USAID Grant No. 617-G-00-00-00004-00 for the 15-Month Period Ended February 28, 2001		
4-617-02-006-R	10/17/01	Audit of Faulu Uganda Limited Under USAID Award No. 617-G-00-00-00006-00 for the Period from October 29, 1999 to November 30, 2000		
4-617-02-007-R	10/17/01	Audit of AIDS Information Centre Under USAID Agreement No. 623-0133-00-A-00-6007 for the Period from July 1, 1999 to June 30, 2000		
4-617-02-008-R	10/17/01	Audit of International Service Volunteers' Association Under USAID Agreement No. 617-G-00-99-00013-00 for the Period from September 1, 2000 to December 31, 2000		
4-663-02-009-R	10/18/01	Audit of Basic Education System Overhaul Project Under USAID Agreement No. 663-0015-A-00-5010-00 for the Year Ended June 30, 2000		
4-674-02-010-R	10/18/01	Audit of Development Law Services Trust Under USAID Agreement No. 674-0302-G-SS-3030-01 for the Period from March 1, 1995 to February 29, 1996		
4-674-02-011-R	10/19/01	Audit of Desmond Tutu Educational Trust Under USAID Award No. 674-0309-G-SS-2038 for the Year Ended December 31, 2000		
4-611-02-012-R	11/15/01	Audit of the Churches Medical Association of Zambia Under USAID Award No. 690-A-00-99-00265-00 for the Year Ended September 30, 2000	5	QC
4-674-02-013-R	10/19/01	Audit of the Education Foundation Trust Under USAID Award No. 674-0320-G-00-6029-00 for the Period from April 1, 2000 to March 31, 2001		
4-674-02-014-R	10/30/01	Audit of the South African Teachers' Union, Under USAID Grant Agreement No. 674-G-00-99-0061-00, for the Year Ended December 31, 2000		
4-674-02-015-R	11/30/01	Auditor's Reports on the Tertiary Education Linkages Project - Peninsula Technikon, Under USAID Grant Agreement No. 674-0315, for the Period 1 February 1996 to 31 December 2000		
4-674-02-016-R	11/30/01	Audit of the South African Institute of Race Relations, Under USAID Grant Agreement No. 674-A-00-90-00039-00, for the Period 1 April 2000 to 31 March 2001		
4-674-02-017-R	12/21/01	Audit of the English Language Educational Trust, Agreement No. 674-G-00-00-00004-00, for the Period 1 December 1999 to 31 March 2001		
4-656-02-018-R	01/11/02	Audit of Austral Consultoria e Projectos, LDA Under USAID Award Nos. 656-0232-C-00-7065-00, 656-C-00-98-00012-00, 656-C-00-98-00051-00, 656-C-00-99-00005-00, 656-0218-0-00-9177-00, 656-C-00-99-00026-00, and 656-C-00-99-00040-00, for the Period January 1, 1997 to December 31, 1999		
4-674-02-019-R	01/11/02	Audit of the National Institute for Community Education Trust, Trust Deed No. 1722/93, Agreement No. 674-A-00-96-00044, for the Period 1 April 2000 to 31 March 2001		
4-621-02-020-R	01/15/02	Audit of the Family Planning Unit, USAID Project No. 621-0173, for the Period 1 July 1999 to 30 June 2000	40	QC
			40	UN

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-696-02-021-R	01/11/02	Audit of Women in Transition Initiatives, Project No. 968-5004.96, for the Period 1 February 2000 to 31 January 2001		
4-661-02-022-R	01/11/02	Audit of the Support for the War-Affected Eritrans, Grant No. 9688052.61, for the Period 1 November 1998 to 31 March 1999		
4-623-02-23-R	01/15/02	Audit of the Common Market for Eastern and Southern Africa for the Two Year Period Ended December 31, 2000	23	QC
			23	UN
4-617-02-024-R	01/15/02	Audit of Save the Children Denmark - Uganda/RRCAACNU Project, Grant No. 617-G-00-99-00007-00, for the Period 1 January 2000 to 31 December 2000	14	QC
4-617-02-025-R	01/18/02	Audit of the Micro Enterprise Development Network (MED-Net), USAID Award No. 617-G-00-00-0004-00, for the Year Ended September 30, 2000		
4-617-02-026-R	01/15/02	Audit of the Uganda Women's Effort to Save Orphans, Presto Project No. 617-G00-00-00005-00, for the Period 29 October 1999 to 30 November 2000		
4-617-02-027-R	01/18/02	Audit of the Uganda Wildlife Education Centre Trust, Under USAID Grant Agreement No. 617-SO02 (Phase II) for the Period 1 July 1999 through 30 June 2000		
4-617-02-028-R	01/18/02	Audit of the Law Development Centre/Legal Aid Clinic Project Under USAID Grant Agreement No. PL-617-0128-13, for the Period 1 December 1998 through 31 December 2000		
4-674-02-029-R	01/18/02	Audit of the Centre for Higher Education Transformation Trust Under USAID Grant Agreement No. 674-G-00-00-0003-00, for the Period 26 November 1999 through 31 December 2000		
4-674-02-030-R	01/25/02	Audit of the South Africa Foundation for Public Management and Development, Under USAID Agreement No. 674-0318-G-SS-4168-00 for the Year Ended September 30, 2000		
4-674-02-031-R	01/25/02	Audit of the Centre for Human Rights, Under USAID Agreement No. 674-0301-G-SS-5062-00 for the Year Ended December 31, 2000		
4-674-02-032-R	02/15/02	Audit of the Department of Justice and Constitutional Development Under USAID Agreement No. 674-0301-G-00-4182-00, for the Period Mid-1996 to March 31, 1999	490	QC
			138	UN
4-663-02-033-R	02/25/02	Audit of the Disaster Prevention and Preparedness Commission Strengthening Emergency Response Abilities Under Project Number 663-0021, for the Period September 26, 1997 to June 30, 1999		
4-663-02-034-R	02/25/02	Audit of the Ethiopian Orthodox Church Development and Inter-Church Aid Commission Under the USAID/FFP P.L. 480 Title II Program for the Year Ended September 30, 2000		
4-615-02-035-R	02/25/02	Audit of the Marie Stopes Kenya Under the USAID Award No. 623-A-98-00-00035-00, for the Period January 1, 1999 to December 31, 1999		
4-615-02-036-R	03/12/02	Audit of the International Federation of Red Cross and Red Crescent Societies and Kenya Red Cross Society Under USAID Agreement No. 623-A-00-99-00047-00, for the Period June 30, 1999 to August 30, 2000		
4-615-02-037-R	02/26/02	Audit of the International Federation of Red Cross and Red Crescent Societies and Kenya Red Cross Society Under USAID Agreement No. 623-G-00-99-00036-00, for the Period May 27, 1999 to August 30, 2000		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-615-02-038-R	02/26/02	Audit of the K-Rep Holdings Ltd. Capacity Building and Micro Finance Research Programs Under USAID Agreement No. 623-A-00-97-00039-00, for the Period January 1, 1999 to April 30, 2001		
4-674-02-039-R	03/15/02	Audit of University of Fort Hare Under USAID Project Implementation Letter Nos. 28, 50, 50A, 115, and 122, for the Year Ended December 31, 2000	1	QC
4-696-02-040-R	03/15/02	Audit of the Genocide Survivors Fund Under USAID Project No. 0156-01, for the Period from May 1, 1999 through July 31, 2001	4	QC
5-492-02-001-R	10/03/01	Audit of the Philippine Exporters Confederation, Inc. Under Grant Agreement No. 492-0452-A-00-5011-00	4	QC
5-492-02-002-R	10/17/01	Audit of the Notre Dame Foundation for Charitable Activities Inc.'s Strategic Program for Enhancing Education and Development in Mindanao Under Grant Agreement No. 492-0470-G-SS-6074-00 for the Period January 1, 1998 to December 31, 1999	167 135	QC UN
5-388-02-003-R	10/17/01	Audit of USAID/Bangladesh's Disbursements to International Center for Diarrhoeal Disease Research, Bangladesh Under Cooperative Agreement No. 388-A-00-97-00032-00	23	QC
5-388-02-004-R	10/22/01	Audit of International Center for Living Aquatic Resources Management, Research for Development of Sustainable Aquaculture Practices in Bangladesh Program Under Grant Agreement Nos. LAG-4111-G-00-5022-00 and LAG-G-00-95-00022-00 for the Period December 31, 1995 to December 31, 2000		
5-367-02-005-R	10/24/01	Audit of USAID/Nepal's Disbursements to the Government of Nepal's Ministry of Agriculture Under the Sustainable Income and Rural Enterprise Program (Project No. 367-0167) and the Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products Program (Project No. 367-0172)	335 292	QC UN
5-386-02-006-R	10/29/01	Audit of the Industrial Development Bank of India -- Green House Gas Pollution Prevention Project No. 386-0534		
5-388-02-007-R	11/09/01	Audit of USAID/Bangladesh's PL-480 Title II Monetized Local Currency Program Under USAID Integrated Food for Security Program to CARE Bangladesh for the Period July 1, 1999 to June 30, 2000	8	QC
5-386-02-008-R	11/19/01	Audit of the Industrial Credit & Investment Corp. of India Ltd. - Program for the Advancement of Commercial Technology - Child and Reproductive Health Division Project No. 386-0496	411 21	QC UN
5-386-02-009-R	12/12/01	Audit of the Power Finance Corporation Limited Under the Energy Management Consultation and Training Project 386-0517		
5-493-02-010-R	12/18/01	Audit of the Department of Communicable Disease Control, Ministry of Public Health of Thailand Under Project Agreement No. 398-K-390	32	QC
5-493-02-011-R	12/20/01	Audit of the Office of the Civil Service Commission for Thailand Under the USAID Supplement Fund for Thai Scholars Project	11	QC
5-386-02-012-R	12/26/01	Audit of the Industrial Development Bank of India Ltd. Under the Energy Management Consultation and Training Project No. 386-0517	17	QC

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-386-02-013-R	01/07/02	Audit of the Voluntary Health Services, Under the AIDS Prevention and Control Project (No. 386-0525)	12	QC
5-386-02-014-R	02/08/02	Audit of the National Institute of Urban Affairs, Under the Financial Institution's Reform and Expansion Project (FIRE D-II), Grant Agreement No. 386-A-00-99-00075-00		
5-442-02-015-R	02/08/02	Audit of Reproductive Health Association of Cambodia, Under the Institutional Development and Service Delivery Support Project, Cooperative Agreement No. 442-A-00-99-00033-00	50	QC
5-497-02-016-R	02/14/02	Audit of Yayasan WWF Indonesia, Under the Integrated Protected Area Management and Spatial Planning Program, Cooperative Agreement No. 497-A-00-00-00002-00	19	QC
			3	UN
5-386-02-017-R	02/19/02	Audit of the Industrial Development Bank of India - Green House Gas Pollution Prevention Project No. 386-0534		
5-492-02-018-R	02/27/02	Audit of the Philippine Exporters Confederation, Inc. - Trade and Investment Policy Analysis and Advocacy Support Project, Grant Agreement No. 492-0452-A-00-5011-00	5	QC
5-386-02-019-R	03/15/02	Audit of the Industrial Credit & Investment Corporation of India Ltd. - Program for the Advancement of Commercial Technology -- Child and Reproductive Health Division Project No. 386-0496	302	QC
			1	UN
5-492-02-020-R	03/15/02	Audit of the Philippine Business for Social Progress, Inc. -- Technical Assistance to Undertake Activities to Support People's Participation in Local Governance (GOLD 2), Cooperative Agreement No. 492-A-00-95-00129		
6-263-02-001-R	11/04/01	Audit of the National Population Council, USAID/Egypt Project No. 263-0267, Implementation Letter No. 6, for the Period July 1, 1999 through June 30, 2000		
6-294-02-002-R	11/05/01	Audit of the Palestine Trade Center Under Grant No. 294-A-00-98-00066-00		
6-294-02-003-R	11/06/01	Audit of the Women Affairs Technical Committee, Advocacy for Equal Rights for Women through Strengthening the Networking of Women's Institutions and Committees, USAID Award No. 294-A-00-98-00034-00, for the Year Ended December 31, 1999		
6-263-02-004-R	11/08/01	Audit of USAID Resources Managed by the Supreme Council of Universities - Foreign Relations Co-ordination Unit, Under University Linkage Project II, Project Implementation Letter No. 14, USAID/Egypt Project No. 263-0211, for the Period from July 1, 1999, through June 30, 2000		
6-263-02-005-R	11/13/01	Audit of USAID Resources Managed by the State Information Service/Information, Education, and Communication Center Under Grant Agreement No. 263-0267, Implementation Letter No. 5, for the Period from July 1, 1998, through June 30, 1999	52	QC
			28	UN
6-263-02-006-R	11/13/01	Audit of the Fund Accountability Statement of the American Chamber of Commerce in Egypt, Grant Agreement No. 263-G-00-96-00073-00, with USAID/Egypt, for the Year Ended December 31, 2000		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

October 1, 2001 - March 31, 2002

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-02-007-R	12/13/01	Audit of the Palestinian Working Women Society, Ramallah-Palestine, Cooperative Agreement No. 294-97-00-A-0029-00, Women's Participation in Decision Making, A Grassroots Approach, for the Year Ended December 31, 2000		
6-263-02-008-R	01/06/02	Audit of USAID Resources Managed by Dakahlya Businessmen Association for Community Development, Under Cooperative Agreement No. 263-A-00-97-00062-00, for the Period from January 1, 2000 through December 31, 2000		
6-263-02-009-R	01/14/02	Audit of the Egyptian Center for Economic Studies, Cooperative Agreement No. 263-A-00-93-00104-09, Under USAID/Egypt Grant Agreement No. 263-0230, for the Period January 1, 2000 through December 31, 2000		
6-263-02-010-R	03/07/02	Audit of the Assiut Businessmen's Association, Small and Micro Enterprise Project, USAID/Egypt, Cooperative Agreement No. 263-0212-A-00-5055, Under Project No. 263-0212, for the Period from January 1, 1999 through March 31, 2000	3	QC
6-263-02-011-R	03/07/02	Audit of the State Information Service/Information, Education and Communication Center, Under USAID/Egypt Grant Agreement No. 263-0267, Implementation Letter No. 5, for the Period July 1, 1999 through June 30, 2000	9 7	QC UN
6-263-02-012-R	03/14/02	Audit of the Egyptian Exporters Association, Cooperative Agreement No. 263-A-00-98-00004-00 Under the Growth through Globalization Results Package, for the Period January 1, 1999 through December 31, 1999		
6-263-02-013-R	03/14/02	Audit of USAID Resources Managed by Egyptian Exporters Association-Expolink, Cooperative Agreement No. 263-A-00-98-00004-00, for the Period January 1, 2000 through December 31, 2000		
7-688-02-001-R	01/04/02	Audit of Expenditures Made by Youth Strategic Objective (SOAG) Agreement No. 688-0272 for the Period August 1, 1999 to December 31, 2000	19 17	QC UN
7-688-02-002-R	01/07/02	Audit of Expenditures Made by the Ministry of Education Under the Basic Education and Expansion Project (BEEP) in Mali Agreement No. 688-0258 for the Period January 1, 2000 to December 31, 2000		
7-685-02-003-R	01/18/02	Audit of the Local Currency Expenditures Managed by SECID Under the Community-Based Natural Resources Management Project (No. 685-0305) for the Period October 1, 1999 to September 30, 2000	19 15	QC UN
B-121-02-001-R	11/27/01	Audit of the Center for Social and Economic Research, in Warsaw, Poland, Under USAID Agreement Numbers 121-G-00-00816-00, 114-G-00-00161, 121-A-00-98-00623, and 181-G-00-00307 for the Various Time Periods During 2000	3	QC
B-118-02-002-R	11/27/01	Audit of IPO Junior Achievement Russia Under USAID Grant No. 118-G-00-98-00151-00 for the Year Ended December 31, 2000		
B-183-02-003-R	02/25/02	Audit of the Foundation for Local Government Reform, in Sofia, Bulgaria, Under USAID Agreement Number 183-G-00-00-00101-00 for the Period March 13, 2000 to July 31, 2001, and Agreement Number 183-G-00-99-00109-00 for the Period September 24, 1999 to July 31, 2001	2	BU

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

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
B-650-02-004-R	02/22/02	Audit of Tierarzte ohne Grenzen e.V., Hannover, Germany, Under USAID Grant Nos. AOT-G-00-98-00187-00 and AOT-G-00-00196-00 for the Year Ended December 31, 2000		
-- Enterprise Funds --				
0-000-02-001-E	12/18/01	Audit of the Consolidated Financial Statements as of September 30, 2000 Together with the Auditors Report on Internal Controls and the Report on Compliance for the Romanian-American Enterprise Fund, dated October 20, 2000		
0-000-02-002-E	11/30/01	Audit of the Consolidated Financial Statements as of September 30, 1999 Together with the Auditors Report on Internal Controls and the Report on Compliance for the Romanian-American Enterprise Fund, dated December 2, 1999		
0-000-02-003-E	12/05/01	Audit of the Consolidated Financial Statements as of September 30, 2000 and Supplemental Financial Reports Required by Office of Management and Budget Circular A-133 for the Year Ended September 30, 2000 Together with the Auditors Report on the U.S. Russia Investment Fund, dated December 15, 2000		
-- Quality Control Reviews --				
0-000-02-001-Q	10/25/01	Quality Control Review of the Fiscal Year Ended September 30, 2000 Audit of World Vision, Inc. Performed by PricewaterhouseCoopers		
0-000-02-002-Q	12/28/01	Quality Control Review of the Western NIS Enterprise Fund for Fiscal Year Ended September 30, 2000, Conducted by Arthur Andersen, LLP		
0-000-02-003-Q	01/18/02	Quality Control Review of the Fiscal Year Ended June 30, 2001 Audit of the Nature Conservancy Performed by Arthur Andersen LLP		
0-000-02-004-Q	02/19/02	Quality Control Review of the Fiscal Year Ended June 30, 2000 Audit of Pathfinder International Performed by PricewaterhouseCoopers		
1-532-02-001-Q	11/15/01	Quality Control Review of Two Audits Entitled "Financial Audit of the USAID/Jamaica AIDS/STD Prevention and Control Project Number 532-0153 Managed by the Ministry of Health" January 1, 1997 to December 31, 1998 and January 1, 1999 to December 31, 2000		
1-532-02-002-Q	01/30/02	Quality Control Review of KPMG/Jamaica's Draft Audit Report and Working Papers Related to the Financial Audit of the University of the West Indies, Management Education Project, USAID/Jamaica Project No. 532-0129, for the Period October 1, 1996 to May 31, 1998		
1-520-02-003-Q	03/14/02	Quality Control Review of Amory Gonzalez, C.P.A. Working Papers Related to the Financial Audits of Superintendencia de Bancos de Guatemala and Proyecto de Fortalecimiento a las Aduanas, both for the Period Ending December 31, 2000		
4-656-02-001-Q	10/02/01	Quality Control Review of a Recipient-Contracted Audit of POWER Mozambique, Cooperative Agreement No. 656-0215-A-00-6002-00		
4-656-02-002-Q	10/10/01	Quality Control Review of a Recipient-Contracted Audit Performed by KPMG (Maputo), for IBIS Mozambique - Labour Intensive Road Rehabilitation Project, Agreement No. 656-0232-A-00-6038-00, for the Period March 1, 1996 through December 31, 1996		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Table A

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-656-02-003-Q	10/09/01	Quality Control Review of a Recipient-Contracted Audit of IMPACTO, Projectos e Estudos Ambientais, Contract No. 656-C-00-98-00066-00, for the Period November 23, 1998 to December 31, 1999		
4-656-02-004-Q	10/10/01	Quality Control Review of a Recipient-Contracted Audit Performed by Deloitte & Touche Tohmatsu (Maputo), for POWER, Cooperative Agreement No. 656-0215-A-00-6002-00, for the Period September 1, 1995 to October 31, 2000		
4-617-02-005-Q	10/02/01	Quality Control Review of a Recipient-Contracted Audit of the AIDS Support Organisation Uganda Limited, Grant No. 623-0133-A-00-6030-00, for the Period from July 1, 1998 to December 31, 1999		
4-617-02-006-Q	10/02/01	Quality Control Review of a Recipient-Contracted Audit of the AIDS Information Centre, Agreement No. 623-0133-A-00-6007, for the Period from July 1, 1998 to June 30, 1999		
4-617-02-007-Q	10/02/01	Quality Control Review of a Recipient-Contracted Audit of Aktion Afrika Hilfe E.V. Northern Uganda Food Security Project, Agreement No. 617-G-00-98-00005-00, for the Period from July 1, 1999 to June 30, 2000		
5-386-02-001-Q	10/29/01	Quality Control Review of the Recipient-Contracted Audit Conducted by C.C. Chokshi & Co., Mumbai, India of the USAID/India Grant to the Industrial Development Bank of India Relating to the Costs Incurred on the Green House Gas Pollution Prevention Project No. 386-0534		
5-386-02-002-Q	11/19/01	Quality Control Review of the Recipient-Contracted Audit Conducted by Dalal & Shah, Chartered Accountants, Mumbai, India of the USAID/India Grant to the Industrial Credit & Investment Corporation of India Ltd., Program for the Advancement of Commercial Technology, Child and Reproductive Health Project No. 386-0496		
5-492-02-003-Q	01/24/02	Quality Control Review of the Recipient-Contracted Audit Conducted by Guzman, Bocaling & Co., Makati City, Philippines of the USAID/Philippines Grant to TSPi Development Corporation Relating to the Costs Incurred on the Developing Standards for Microfinance Program		
5-497-02-004-Q	02/28/02	Quality Control Review of the Recipient-Contracted Audit Conducted by Drs. Paul Hadiwinata Hidajat & Rekan, Registered Public Accountants, of the USAID/Indonesia Grants to Yayasan Wahana Lingkungan Hidup Indonesia Relating to the Costs Incurred on the Strengthening Democratic Initiatives Project and Strengthening An Environmentally Conscious Society and Governance Project		
5-497-02-005-Q	02/28/02	Quality Control Review of the Recipient-Contracted Audit Conducted by Drs. Paul Hadiwinata Hidajat & Rekan, Registered Public Accountants, of the USAID/Indonesia Grant to Yayasan Penguatan, Partisipasi, Inisiatif dan Kermitraan Masyarakat Indonesia Relating to the Costs Incurred on the Strengthening Democratic Initiatives Project		
7-675-02-001-Q	10/19/01	Quality Control Review of the Financial Audit of USAID Resources Managed by the Agricultural Marketing Loan Guarantee Fund (AMLGF) Under the Agricultural Marketing Investment Project No. 675-0221 for the Period from October 1, 1997 through May 31, 1999		
7-688-02-002-Q	01/18/02	Quality Control Review of the Financial Audit of the USAID's Grant to World Education, Mali Under the Institutional Savings and Credit Program - PIYELI No. 688-A-00-99-00178-00 for the Period April 1, 1999 through May 31, 2001		

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

Table A

Performance Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-02-001-P	10/01/01	Audit of USAID/Honduras-Financed Credit Activities Under the Central America and the Caribbean Emergency Disaster Recovery Fund		
1-523-02-002-P	11/08/01	Follow-Up Audit on Recommendation No. 1 from Audit Report No. 1-523-99-001-P Entitled "Quality of Results Reported in USAID/Mexico's Results Review and Resource Request (R4) Report Prepared in 1997"		
1-522-02-003-P	11/13/01	Audit of USAID/Honduras' Recipient Audit Inventory		
1-504-02-004-P	11/21/01	Audit of Data Quality for USAID/Guyana's Results Review and Resource Request Report		
1-514-02-005-P	01/16/02	Audit of the USAID/Colombia-Financed Coca Alternative Development Program Under the Plan Colombia Supplemental Appropriation		
1-521-02-006-P	01/28/02	Audit of USAID/Haiti's Public Law 480 Title II Program		
1-511-02-007-P	02/06/02	Audit of General Controls Over USAID/Bolivia's Mission Accounting and Control System		
4-674-02-001-P	11/09/01	Audit of USAID/South Africa's Performance Monitoring for Selected Indicators Appearing in the FY 2003 Results Review and Resource Request Report		
4-674-02-002-P	01/15/02	Audit of USAID/South Africa's Information Systems General Computer Controls		
4-696-02-003-P	03/11/02	Audit of USAID/Rwanda's Monitoring of the Performance of Its HIV/AIDS Program		
4-617-02-004-P	03/12/02	Audit of USAID/Uganda's Monitoring of the Performance of Its HIV/AIDS Program		
5-386-02-001-P	12/14/01	Audit of USAID/India's Monitoring of the Performance of Its HIV/AIDS Program		
6-278-02-001-P	11/08/01	Audit of USAID/Jordan's Recipient Audit Universe		
6-263-02-002-P	12/26/01	Audit of USAID/Egypt's Recipient Audit Universe		
6-263-02-003-P	02/03/02	Audit of USAID/Egypt's Information Systems' General Computer Controls		
7-669-02-001-P	03/07/02	Audit of USAID/Liberia's Compliance with the Brooke Amendment and Sections 620(q) and 617 of the Foreign Assistance Act of 1961		
7-685-02-002-P	03/08/02	Audit of USAID/Senegal's Monitoring of the Performance of Its HIV/AIDS Program		
7-000-02-003-P	03/21/02	Audit of USAID Compliance with Military Coup d'Etat-Related Program Suspension Requirements of Section 508 and Other Related Sections of the Foreign Operations Appropriation Acts - Cote d'Ivoire		
9-000-02-001-P	12/13/01	Audit of the Management Discussion and Analysis Section of USAID's Fiscal Year 2000 Financial Statements		
9-000-02-002-P	01/10/02	Audit of Contracting Officers' Independence at Selected USAID Missions Overseas		

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

Table A

Performance Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
9-000-02-003-P	03/15/02	Audit of Non-USDH Personnel Performing Procurement Functions Within USAID		
9-000-02-004-P	03/19/02	Audit of USAID's Governmentwide Commercial Purchase Card Program	1,291	BU
A-000-02-002-P	03/22/02	Audit of USAID's Printing and Graphic Services		
B-185-02-001-P	03/14/02	Audit of General Controls Over USAID/Regional Services Center/Budapest's Computer Systems		
B-111-02-002-P	03/14/02	Audit of USAID/Armenia's Activity Monitoring System		

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

Table B

AUDIT REPORTS OVER SIX MONTHS OLD WITH NO MANAGEMENT DECISION

As of March 31, 2002

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

Table C

SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of March 31, 2002

USAID

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
A-000-97-008-P	USAID's Compliance with Federal Computer Security Requirements	09/30/97	2.2	09/30/97	09/03
			2.4	09/30/97	09/03
			2.5	09/30/97	09/03
0-000-98-001-F	USAID's Financial Statements for FY 1997/96	03/02/98	7.1	03/31/99	12/02
			9.1	03/02/98	06/02
			9.2	03/02/98	06/02
			9.3	03/02/98	06/02
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	09/02
0-000-99-001-F	USAID's Financial Statements, Internal Controls, and Compliance for FY 1998	03/01/99	1.1	03/01/99	09/02
0-000-99-005-F	Acordia Healthcare Solutions, Inc.	03/26/99	2.1	07/14/00	04/02
			2.2	07/14/00	04/02
0-000-99-002-F	Report to USAID Managers on Selected USAID Internal Controls	03/31/99	10.2	07/01/99	12/02
0-000-00-003-F	USAID Advances and Related Internal Controls for FY 1999	02/01/00	3	09/12/00	09/02
			4	09/12/00	07/02
5-386-00-003-P	USAID/India's Innovation in Family Planning Services Program	08/14/00	1	08/14/00	04/02
A-000-00-003-P	USAID's Actions to Correct Financial Management System Planning Deficiencies	08/24/00	1.1	08/24/00	09/02
			1.2	08/24/00	09/02
0-000-01-005-F	USAID's Fund Balance with the U.S. Treasury & Related Internal Controls (FY 2000)	02/15/01	1.1	02/15/01	04/02
			1.2	02/15/01	04/02
			2	02/15/01	04/02

Table C

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-000-01-003-P	USAID's Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936	03/30/01	1	03/30/01	05/02
			2	03/30/01	05/02
			3	03/30/01	07/02
			5	03/30/01	07/02
			6	03/30/01	07/02
A-000-01-001-P	USAID's Compliance with Internet Privacy Policies	05/14/01	1	05/14/01	05/02
			2	05/14/01	05/02
1-524-01-007-P	USAID/Nicaragua's Agricultural Activities	07/20/01	2	07/20/01	05/02
0-000-01-011-F	Indirect Costs Charged by CARE, Inc. to USAID Internal Transport Storage and Handling Awards	08/31/01	1	02/14/02	12/02
			2	02/14/02	12/02
			3	02/14/02	12/02
0-000-01-012-F	OMB Circular A-133 Audit Costs of Catholic Relief Services	08/31/01	1	02/15/02	12/02
			2	02/15/02	12/02
5-497-01-004-P	USAID/Indonesia's Democracy & Governance Program	09/14/01	1.1	09/14/01	04/02
			1.2	09/14/01	04/02
9-611-01-004-P	USAID/Zambia's Monitoring of the Performance of Its HIV/AIDS Program	09/17/01	1.1	10/25/01	04/02
			1.2	10/25/01	04/02
A-000-01-002-P	USAID's Compliance with the Provisions of the Government Information Security Reform	09/25/01	1	09/25/01	09/02
			2	09/25/01	09/03
			3	09/25/01	09/02
			4	09/25/01	04/02
			5	09/25/01	04/02
			6	09/25/01	09/02
			7	09/25/01	09/02
			8	09/25/01	06/02
			9	09/25/01	04/02
			10	09/25/01	09/02
9-000-01-005-P	Performance Monitoring for Indicators Appearing in Selected USAID Operating Units' Results Review & Resource Request Reports	09/27/01	2	02/28/02	06/02

Table C

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-000-01-006-P	USAID's Monitoring of Interagency Arrangements with the Department of State and Other Federal Agencies	09/28/01	1	09/28/01	06/02
			2	09/28/01	06/02
			3	09/28/01	06/02
			4	09/28/01	06/02
			5	09/28/01	06/02
			6	03/27/02	09/02

African Development Foundation

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-ADF-01-002-P	Selected Processes at the African Development Foundation	02/26/01	1	06/14/01	09/02
0-ADF-01-008-F	African Development Foundation's Financial Statements, Internal Controls & Compliance (FY 2000)	03/21/01	1.1	03/21/01	09/02
			1.2	03/21/01	09/02
			1.3	03/21/01	09/02
			2.1	03/21/01	09/02
			2.2	03/21/01	09/02
			3	03/21/01	09/02

Inter-American Foundation

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-IAF-01-001-P	Selected Processes at the Inter-American Foundation	02/26/01	1	02/26/01	10/02
			2	02/26/01	10/02
0-IAF-01-009-F	Inter-American Foundation's Financial Statements, Compliance, & Internal Controls (FY 2000)	04/02/01	1.1	04/02/01	09/02
			1.2	04/02/01	09/02
			1.3	04/02/01	09/02
			2	04/02/01	09/02
			3.1	04/02/01	09/02
			3.2	04/02/01	09/02
			4	04/02/01	09/02
			5.1	04/02/01	09/02
			5.2	04/02/01	09/02
			5.3	04/02/01	09/02
			5.4	04/02/01	09/02
			6.1	04/02/01	09/02
			6.2	04/02/01	09/02
			6.3	04/02/01	09/02
			6.4	04/02/01	09/02

Table D

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS October 1, 2001 through March 31, 2002

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs ¹
For which no management decision had been made as of October 1, 2001	31	\$ 1,940,025 ^{2,3}	\$ 392,772 ^{2,3}
Add: Reports issued October 1, 2001 through March 31, 2002	80	\$ 13,411,833 ⁴	\$ 1,133,939 ⁴
Subtotal	111	\$ 15,351,858	\$ 1,526,711
Less: Reports with a management decision made October 1, 2001 through March 31, 2002	89 ⁵	\$ 10,819,985 ^{6,7}	\$ 1,329,767 ^{6,7}
For which no management decision had been made as of March 31, 2002	22	\$ 4,531,873 ⁸	\$ 196,944 ⁸
For which no management decision was made within six months of issuance	0	\$ 0	\$ 0

¹Unsupported 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).

²The ending balances at September 30, 2001, for Questioned Costs totaling \$2,091,022 and Unsupported Costs totaling \$394,669 were decreased by \$150,997 and \$1,897, respectively, to reflect adjustments in the finding amounts of recommendations contained in previously issued reports.

³Amounts include \$848,357 in Questioned Costs and \$1,047 in Unsupported Costs for audits performed for the OIG by other Federal audit agencies.

⁴Amounts include \$9,971,376 in Questioned Costs and \$31,215 in Unsupported Costs for audits performed for the OIG by other Federal audit agencies.

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

⁶Agency Officials disallowed \$2,459,441 in Questioned Costs (\$502,850 in Unsupported Costs) cited in 70 reports. Agency Officials did not sustain \$8,360,544 in Questioned Costs (\$826,917 in Unsupported Costs) cited in 53 reports.

⁷Amounts include \$7,514,966 in Questioned Costs and \$30,326 in Unsupported Costs for audits performed for the OIG by other Federal audit agencies.

⁸Amounts include \$3,335,008 in Questioned Costs and \$1,936 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 October 1, 2001 through March 31, 2002

Reports	Number of Audit Reports	Dollar Values
For which no management decision had been made as of October 1, 2001	3	\$ 30,502,022
Add: Reports issued October 1, 2001 through March 31, 2002	3	\$ 1,292,962
Subtotal	6	\$ 31,794,984
Less: Reports with a management decision made October 1, 2001 through March 31, 2002	3 ¹	\$ 30,502,022 ²
For which no management decision had been made as of March 31, 2002	3	\$ 1,292,962
For which no management decision was made within six months of issuance	0	\$ 0

¹Unlike the monetary figure of this row, this figure is not subtracted from the subtotal.

²Agency Officials agreed with \$30,472,003 in actions cited in three reports and Agency Officials did not agree with \$30,019 in actions cited in three reports.

Table F

REPORTS OF INVESTIGATIVE ACTIONS AND RECOVERIES

As of March 31, 2002

Investigative Actions

WORK LOAD		CIVIL	
Cases Pending (10/01/01)	127	Civil Referrals	0
Cases Opened	78	Complaints	0
Cases Closed	83	Judgements/Recoveries	0
Cases Pending (03/31/02)	122	Settlements	0
CRIMINAL		ADMINISTRATIVE	
Prosecutive Referrals	3	Reprimands	4
Prosecutive Declinations	5	Personnel Suspensions	9
Indictments	4	Resignations/Terminations	10
Convictions	3	Other Administrative Actions	2
Fines	1	Recoveries	6
Restitutions	0	Suspensions/Debarments	0
		Savings	3

Investigative Recoveries

Judicial Recoveries	\$54,000,000
Administrative Recoveries	\$327,392
Savings	\$791,437
Total Investigative Savings/Recoveries	\$55,118,829

The Hotline



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 also has oversight of the Inter-American Foundation (IAF), the African Development Foundation (ADF), and upon request, of the Overseas Private Investment Corporation. 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.

During this reporting period, the OIG received 664 hotline contacts. Of these, 20 cases were initiated, 8 actions were referred for management resolution, 7 actions were held pending review or additional information, and 109 actions were referred to other law enforcement agencies. The remaining contacts were solicitations for money, advertisements, or requests for general information or other non-OIG related matters.

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.

Hotline Phone Number - 800-230-6539 or 202-712-1023

Hotline Email Address - IG.HOTLINE@USAID.GOV

**Hotline Address:
USAID/IG/I
P.O. Box 657
Washington, DC 20044-0657**

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Room 6.06D
Washington, DC 20523

**The Semiannual Report to the Congress
is available on the Internet at
<http://www.usaid.gov/oig/public/semiannual1.htm>**