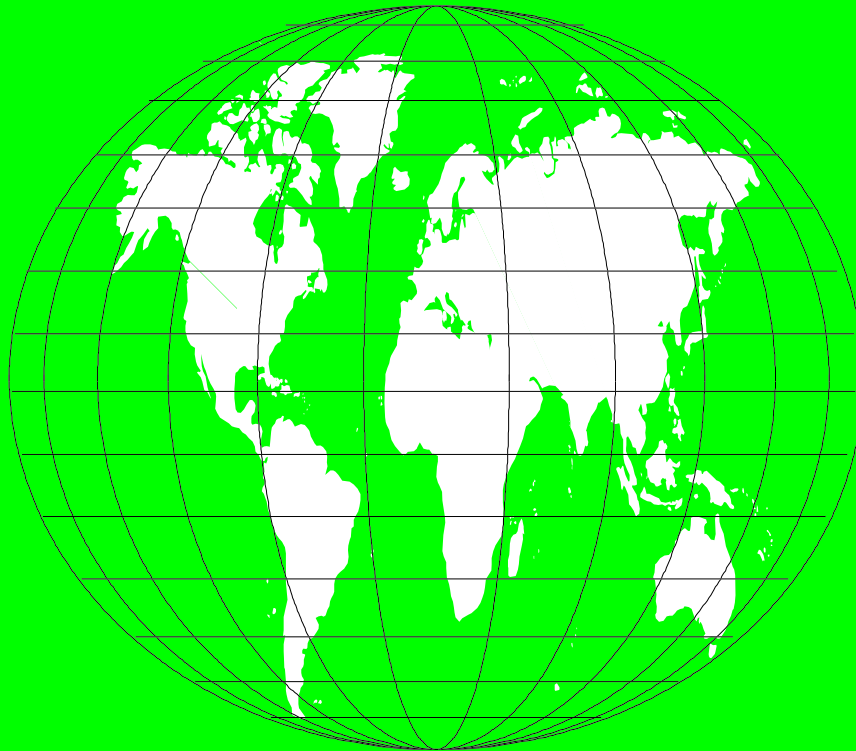


USAID

OFFICE OF INSPECTOR GENERAL

*Semiannual Report to the Congress
October 1, 1997 - March 31, 1998*



**U.S. Agency for
International Development**

Office of Inspector General Field Office Structure



This semiannual report to the Congress is available on the internet at
www.ignet.gov/ignet/internal/aid/aid.htm.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

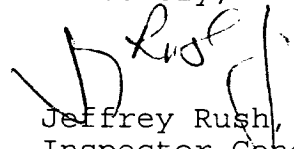
April 30, 1998

Dear Mr. Atwood:

Enclosed is my Semiannual Report to the Congress for the period ending March 31, 1998.

Our report highlights USAID's accomplishments and some deficiencies in its management of information technology, its accounting for resources, and its efforts to link resources to results.

Sincerely,


Jeffrey Rush, Jr.
Inspector General

Enclosure: As stated

USAID

OFFICE OF INSPECTOR GENERAL

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**U.S. Agency for
International Development**



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INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

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

Reporting Requirement	Page Reference(s)
(1) Significant Problems, Abuses and Deficiencies	6 - 23, 29 - 32
(2) Recommendations for Corrective Action	6 - 23
(3) Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Table C
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EXECUTIVE SUMMARY

During the semiannual reporting period from October 1, 1997 through March 31, 1998, the OIG issued 234 audit reports with recommended savings of \$513 million. In addition, the OIG completed 21 investigations and achieved recoveries of \$36,944. Significant results from audits and investigations are summarized in the following sections.

Audit Results

- USAID has not committed itself to implementing the OIG's recommendation to suspend operations of AWACS (the USAID Worldwide Accounting and Control System—the accounting module of USAID's New Management System). While USAID has suspended AWACS operations in its field missions, it continues to use AWACS in Washington. This decision leaves USAID vulnerable to losses from fraud or abuse and hinders USAID's ability to provide adequate assurance that it can account for resources.
- The OIG issued a disclaimer of opinion (was unable to express an opinion) on USAID's consolidated financial statements for fiscal years 1997 and 1996, because of scope impairments resulting from material weaknesses in USAID's internal controls and other factors. The OIG's audit, conducted pursuant to the Government Management Reform Act of 1994 (GMRA), identified several material internal control weaknesses and several material instances of noncompliance with applicable laws and regulations.

During the course of the GMRA audit, instances of material noncompliance came to the OIG's attention regarding the following laws: the Federal Financial Management Improvement Act of 1996, the Computer Security Act of 1987, the Budget and Accounting Procedures Act of 1950, the Antideficiency Act, the Chief Financial Officers Act of 1990, the Supplemental Appropriations Act of 1955, the Prompt Payment Act of 1982, the Debt Collection Act of 1982, the Debt Collection Improvement Act of 1996, the Foreign Assistance Act of 1961 as amended in 1968, and the Federal Managers' Financial Integrity Act of 1982.

- USAID generally reviewed and certified its unliquidated obligations for project and non-project assistance in fiscal year 1996 in accordance with applicable U.S. laws and regulations and USAID policies and procedures. However, USAID guidelines and procedures were inadequate to prevent or detect excessive obligation balances. Based on a sample of obligations which were tested by the auditors at 19 locations, the OIG projected that \$495 million (5 percent) of USAID's \$9.7 billion in unliquidated obligations were in excess of current requirements or no longer needed as of September 30, 1996.

- The OIG previously recommended that USAID develop a work plan for meeting the requirements of the Government Performance and Results Act but USAID has not yet prepared such a plan. USAID efforts to date may not lay an adequate foundation for meeting future requirements under the Act.
- Supreme Audit Institutions (SAIs), which are national auditing agencies similar in many respects to the U.S. General Accounting Office, are essential to democratic processes in developing countries. Their work fosters the principles of transparency and public accountability and helps discourage public sector corruption. The OIG continues to work with USAID to help strengthen these important developing country institutions.

Investigations Results

- A senior USAID official assigned to the immediate Office of the Administrator was convicted on two counts of providing false statements to the U.S. Department of Agriculture (his previous employer) and one count of providing false statements to USAID. The official had provided a sworn statement to OIG employees claiming that he had received no remuneration of any kind from any source except the U.S. Government since he became a Federal employee in 1993. In fact, the Office of Independent Counsel in the investigation of former Secretary of Agriculture Mike Espy had discovered payments to the employee totaling \$22,025. The official's employment with USAID was terminated after his conviction and he was sentenced to 27 months in prison.
- Auditors identified a shortage of \$152,000 during an annual financial audit of a USAID grantee in South Africa. A subsequent OIG investigation disclosed that the grantee's director had used funds from the grant, which were intended to finance educational activities for South African teachers, to make mortgage payments on a personal real estate investment. He was found guilty of theft by the Magistrate's Court for the District of Pretoria.
- A USAID controller stationed in Zambia was convicted of conversion of USAID funds to personal use. The controller was separated from employment, sentenced to three years' probation, six months' home confinement, and 200 hours of community service, and ordered to pay \$8,195 in restitution to USAID.

AUDIT ACTIVITIES

Audit activities include conducting and reviewing financial audits and performance audits. Following is a statistical summary of OIG audit activities from October 1, 1997 through March 31, 1998.

Type of Report	Number of Reports	Monetary Recommendations (\$ millions)
Financial Audits:		
USAID financial statement audits	1	-
Financial-related audits of USAID programs and operations	25	495
Audits of U.S.-based organizations	34	4
Audits of non-U.S.-based organizations	131	5
Audits of enterprise funds	5	-
Audits of U.S.-based contractors performed by the Defense Contract Audit Agency (DCAA)	19	9
Audits of non-U.S.-based organizations performed by DCAA	8	-
Performance audits:		
Economy and efficiency audits	11	-
Miscellaneous reports:		
Quality control reviews	16	-
Other reports	<u>18</u>	=
Totals for the current period	<u>268</u>	<u>513</u>

FINANCIAL AUDIT PROGRAM

The OIG's financial audit program comprises financial statement and financial-related audits of USAID activities, as well as reviews of audits done by non-Federal auditors (independent public accounting firms).

Financial Statement Audits

Under a series of legislative initiatives beginning in 1990, the Federal Government has embarked on a course to increase the quality of the financial management information used to manage its activities. These legislative initiatives include the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Federal Financial Management Improvement Act of 1996. Each of these laws deals with the preparation and audit of annual financial statements by Federal agencies.

Chief Financial Officers Act of 1990

The Chief Financial Officers (CFO) Act of 1990 sought to: (1) bring more effective general and financial management practices to the Federal Government; (2) provide for improvement of systems of accounting, financial management, and internal controls to ensure the issuance of reliable financial information and to deter fraud, waste, and abuse of Government resources; and (3) provide for the production of complete, reliable, timely, and consistent financial information for use in the financing, management, and evaluation of Federal programs. The CFO Act required that Federal agencies have annual financial statement audits conducted on each of their revolving funds and trust funds. USAID has seven revolving funds and trust funds which were required to be audited under the CFO Act.

Government Management Reform Act of 1994

The Government Management Reform Act (GMRA) builds on the CFO Act by extending the requirement for financial audits from revolving funds and trust funds to Federal agency consolidated financial statements which cover the operations of each agency as a whole. These consolidated financial statements cover the revolving funds and trust funds which were previously audited under the CFO Act as well as other Federal agency operations for which financial statements were not previously required. Under the Government Management Reform Act, USAID is required to: (1) prepare consolidated financial statements each year for all USAID activities and accounts worldwide, beginning with fiscal year 1996, and (2) submit audited financial statements to the Office of Management and Budget.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 builds on and complements the CFO Act, the Government Performance and Results Act of 1993 (discussed in a later section of this report), and the GMRA. The purposes of this Act are to:

- provide for consistency of accounting by an agency from one fiscal year to the next and uniform standards within the Federal Government,
- increase the accountability and credibility of Federal financial management, and
- improve the performance, productivity, and efficiency of Federal Government financial management.

Under the Federal Financial Management Improvement Act of 1996, USAID is required to implement and maintain financial management systems that comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the U.S. Government standard general ledger at the transaction level beginning in fiscal year 1997.

Scope of Financial Statement Audits

Financial statement audits provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles or any of several other accepted bases of accounting.

An audit report on the financial statements renders an opinion which can be:

- Unqualified—issued when the auditor believes that the financial statements are presented fairly in all material respects.
- Disclaimed—issued when the auditor is unable to form or has not formed an opinion as to the fair presentation of the financial statements, generally because an audit of sufficient scope has not been performed.
- Adverse—issued when the auditor believes that the financial statements, taken as a whole, are not presented fairly.
- Qualified—issued when (1) there are restrictions on the scope of the audit and the auditor has concluded not to disclaim an opinion or (2) the auditor believes that the financial statements contain a material departure from the applicable accounting principles and the auditor has concluded not to disclaim an opinion.

Financial statement audits also test the entity's internal controls and compliance with laws and regulations. The auditors issue reports on these tests that present the reportable conditions in internal controls, irregularities, illegal acts and any other material noncompliance identified during the audit.

Audit of USAID's Financial Statements, Internal Controls, and Compliance for Fiscal Years 1997 and 1996

In its audit report on USAID's consolidated financial statements for fiscal years 1997 and 1996, the OIG issued a disclaimer of opinion because the scope of the audit was impaired due to (1) material weaknesses in USAID's internal controls, which precluded the OIG from obtaining sufficient evidential matter to complete the audit; (2) the lack of complete, reliable, timely, and consistent financial information, which precluded the OIG from performing necessary audit testing; (3) the lack of a USAID plan for compiling the financial statements, which prevented the OIG from adequately planning the nature, timing, and extent of audit testing; and (4) the lack of timely access to documents that were critical to the audit at the time the documents were requested. Also, during fiscal year 1997, USAID staff tried to establish a new integrated accounting and financial management system as part of USAID's New Management System, but the system did not work as intended. As a result, USAID was relying on a combination of older legacy systems, informal records maintained by individual managers or organizational units, and the new system.

Many of the internal control weaknesses described in the OIG's report have existed for years, as identified in prior audit reports and USAID reports on internal controls. The most significant weaknesses reported in USAID's report for fiscal year 1997 under the Federal Managers' Financial Integrity Act related to (1) the primary accounting system; (2) data reconciliation; (3) accounts receivable; (4) financial management procedures; and (5) the direct loan program. In attempting to audit USAID's financial statements for fiscal year 1997, the OIG identified additional material internal control weaknesses. Some of the additional weaknesses related to (1) reviewing obligated and unobligated balances; (2) processing letters of credit; and (3) accruing expenditures for advances and prepayments. The material weaknesses in internal controls impair the Office of Financial Management from providing complete, reliable, timely, and consistent financial information. These weaknesses are due primarily to the lack of an integrated accounting and financial management system.

As a result of the material weaknesses in USAID's internal controls during fiscal year 1997 and the consequential risk of material misstatements in its financial statements, the amount of substantive testing required to express an opinion on the presentation of the financial statements would have been prohibitive and unattainable by the statutory deadline of March 1, 1998 for submitting the financial statements to the Office of Management and Budget.

Although the OIG could not fully report on USAID's compliance with applicable laws and regulations because of scope impairments, instances of material noncompliance came to the OIG's attention with respect to the requirements of the Federal Financial Management Improvement Act of 1996, the Computer Security Act of 1987, the Budget and Accounting Procedures Act of 1950, the Antideficiency Act, the Chief Financial Officers Act of 1990, the Supplemental Appropriations Act of 1955, the Prompt Payment Act of 1982, the Debt Collection Act of 1982, the Debt Collection Improvement Act of 1996, the Foreign Assistance Act of 1961 as amended in 1968, and the Federal Managers' Financial Integrity Act of 1982.

As part of its audit, the OIG followed up on recommendations from its previous audit of USAID's fiscal year 1996 financial statements. USAID has not reached management decisions or taken final action on any of the three recommendations from the OIG's previous audit (Audit Report No. 0-000-97-001-C dated February 24, 1997) of USAID's fiscal year 1996 financial statements.

The audit report included 10 new recommendations that focused on improving internal controls and compliance with laws and regulations. USAID management agreed with 7 of the recommendations, partially agreed with 1 recommendation, and disagreed with 2 recommendations. The OIG plans to seek clarification of USAID management's position during the audit follow-up process. (*Audit Report No. 0-000-98-001-F*)

Financial-Related Audits

Financial-related audits are used to determine whether (1) financial information is presented in accordance with established or stated criteria, (2) an entity has adhered to specific financial compliance requirements, or (3) an entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives. Additionally, special purpose financial-related audits may be performed by the OIG upon request by USAID officials.

USAID is required by the Federal Acquisition Regulations, the Single Audit Act, Office of Management and Budget (OMB) Circulars and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees. To fulfill these requirements, USAID contracts with the Defense Contract Audit Agency (DCAA) or other Federal agencies to audit its U.S.-based contractors and relies on non-Federal auditors (independent public accounting firms) to audit its U.S.-based grantees. USAID's foreign grantees and contractors are also audited by non-Federal auditors.

Quality Control Reviews of Non-Federal Audits

Under the provisions of the Inspector General Act of 1978, as amended, the OIG is responsible for ensuring that audits of USAID funds are conducted in compliance with generally accepted government auditing standards. The OIG fulfills this responsibility, in part, by performing quality control reviews (QCRs) of selected audits conducted by non-Federal auditors on behalf of the OIG. QCRs consist of thorough reviews of final reports and audit working papers in order to determine compliance with generally accepted government auditing standards. During the semiannual reporting period, the OIG completed 16 QCRs.

Audits of U.S.-Based Contractors

Many USAID-funded activities are carried out through U.S.-based contractors, subject to the Federal Acquisition Regulations. USAID's inventory of U.S.-based contractors, as of December 31, 1997, consisted of 326 contractors, of which USAID was cognizant for 209. Once audit submissions are received from contractors for which USAID is the cognizant audit agency,

USAID contracts with the Defense Contract Audit Agency (DCAA) to conduct an audit. USAID pays DCAA for these services. For those contractors where USAID is not the cognizant agency, USAID is billed by the cognizant agency for a prorated share of the audit cost.

During this reporting period, the OIG transmitted to USAID officials 19 audit reports issued by DCAA. These 19 audits covered approximately \$182 million in costs claimed by the contractors.

Audits of U.S.-Based Grantees

As described previously, USAID relies on non-Federal auditors (independent public accounting firms) to perform annual audits of its U.S.-based grantees under the Single Audit Act and OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Under these requirements, one agency is designated as the cognizant agency for each nonprofit organization. In addition, Circular A-133 prescribes certain responsibilities for cognizant, oversight and awarding agencies. Some of the major responsibilities cited in the Circular are:

- issuing a management decision for findings that relate to Federal awards made to recipients,
- obtaining or conducting quality control reviews of selected audits made by non-Federal auditors,
- advising the auditor and, where appropriate, the auditee of any deficiencies found in the audit that require corrective action, and
- ensuring that audits are completed and reports are received in a timely manner.

USAID currently has grants awarded to approximately 737 U.S.-based nonprofit organizations. During the current reporting period, the OIG reviewed 33 audit reports on U.S.-based grantees covering \$255 million in expenditures.

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

- reportable conditions in the internal control structure over major programs;
- material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program;
- known fraud affecting a Federal award;
- known questioned costs which are greater than \$10,000 for an individual compliance requirement of a major program and known questioned costs which are greater than \$10,000 for a Federal program which is not audited as a major program;

- instances where the audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding; and
- the circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion.

Additionally, the revised Circular establishes a central clearinghouse designated by OMB for all non-Federal audit reports. This central clearinghouse will distribute to Federal agencies only those audit reports that meet the findings criteria described above. However, the Circular continues to allow Federal agencies discretion in requesting audit reports directly from recipients. USAID will continue to require its recipients to submit annual A-133 audit reports to the Agency in order to maintain adequate monitoring and tracking of its audits.

Audits of Enterprise Funds

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

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

The OIG performs desk reviews of enterprise fund audit reports for compliance with generally accepted government auditing standards. Additionally, the OIG performs quality control reviews (QCRs) of selected audits conducted by non-Federal auditors on behalf of the OIG. As mentioned previously, QCRs consist of thorough reviews of final reports and audit working papers in order to determine compliance with generally accepted government auditing standards. During this semiannual reporting period, the OIG completed 5 desk reviews of audits of enterprise funds. These audits covered expenses of \$108 million.

Audits of Non-U.S.-Based Grantees and Contractors

As a U.S. requirement, OMB Circular A-133 does not apply to non-U.S. grant recipients. However, USAID, through standard provisions in individual grant agreements, has generally applied the standards of OMB Circular A-133 to foreign-based grantees. USAID's foreign-based grantees receiving a minimum threshold level of USAID funding undergo annual financial audits performed by either local auditing firms or host country Supreme Audit Institutions. These audits, among other things, identify unallowable expenses charged to USAID grants.

During the reporting period, the OIG issued 131 audits of foreign-based grantees and contractors covering \$162.3 million.

Following is an example of a significant financial-related audit completed during the period.

Acordia Healthcare Solutions, Inc.

In November 1997, USAID asked the OIG to review billings from Acordia Healthcare Solutions, Inc., the USAID contractor which collects premiums and processes claims under USAID's health and accident insurance program for participant trainees.

During the period under audit—July 1, 1996 to June 30, 1997—the contractor collected premiums from USAID contractors and paid claims for health care expenses. It paid claims from the premiums collected, which were held in an interest-bearing account established for this purpose.

The OIG found that the Federal cash transactions reports submitted to USAID were traceable to contractor records and found that the contractor had properly segregated USAID funds. However, the OIG found that excessive funds were being held by the contractor and should be remitted to USAID: as of December 18, 1997, the balance of USAID funds under control of the contractor was \$3,955,650. Figure 1 shows the increase in funds held by the contractor.

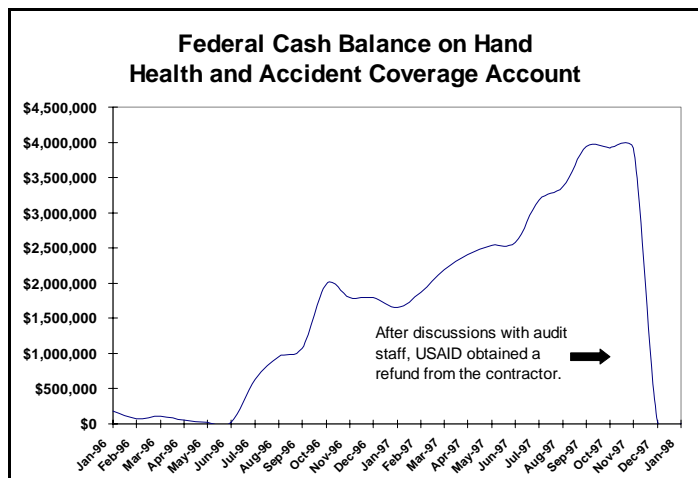


Figure 1

The major reason for this significant increase in cash being held by the contractor was that the amount of claims paid by the contractor was in decline. Figure 2 shows the decline in claims paid by the contractor.

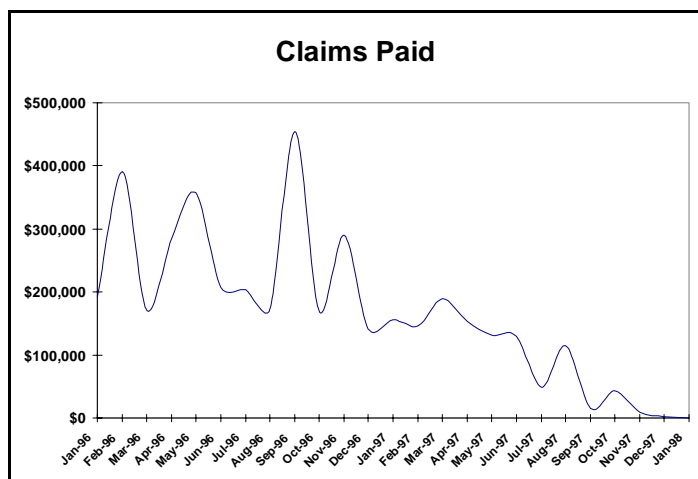


Figure 2

The OIG recommended that USAID recover the outstanding funds and modify the contract so that all excess funds would be collected periodically. USAID reported recovering \$3,950,594 on December 31, 1997 and amended the contract as recommended by the OIG. Of the recovered amount, USAID determined that the interest earned on Federal funds amounted to about

\$131,000 and that this amount will be returned to the U.S. Treasury. USAID is consulting with its Office of General Counsel concerning the disposition of the remaining \$3.8 million. (*Audit Report No. 0-000-98-002-F*)

Financial-Related Audits of USAID Programs and Operations

The following sections summarizes 2 of the 26 financial-related audits of USAID programs and operations completed during this semiannual reporting period.

USAID's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance

USAID generally reviewed and certified its unliquidated obligations for project and non-project assistance in fiscal year 1996 in accordance with applicable U.S. laws and regulations and USAID policies and procedures. However, USAID guidelines and procedures were inadequate to prevent or detect excessive obligation balances. Based on a sample of obligations which were tested by the auditors at 19 locations, the OIG projected that \$495 million (5 percent) of USAID's \$9.7 billion in unliquidated obligations were in excess of current requirements or no longer needed as of September 30, 1996. (This projection has a precision of plus or minus 23 percent at the 95 percent confidence level. That is, there is a 95 percent probability that the true value of excessive obligations was between \$379 million and \$613 million.)

Excess obligations existed for several reasons. First, USAID staff were not following USAID's forward funding guidelines which generally limited obligations to funds required to meet anticipated expenses for no more than 24 months. In the opinion of the OIG, the forward funding guidelines were not adequately disseminated or sufficiently detailed to promote a high degree of adherence to the guidelines. Second, when periodic reviews of unliquidated obligations were conducted and excess obligation balances were identified, follow-up action was not always methodically pursued. Third, USAID followed a practice of not deobligating funds from expired obligations until all administrative closeout procedures were completed. These procedures include receiving and paying final invoices, obtaining all unspent advances due from contractors or grantees, and completing overhead or incurred cost audits. These steps can take years to complete and, in the meantime, the entire unspent balance may remain obligated, even if the balance is more than is considered necessary to safely meet potential expenses. Fourth, in some cases, there was no evidence that financial plans or budgets were prepared to support the amounts obligated, and in other cases, no effort was made to reassess budgets when an activity was scaled back during program implementation. Finally, personnel carrying out obligation reviews tended to focus their attention on obligations which were approaching their completion dates rather than focusing on all unliquidated obligations as required by USAID guidelines.

The OIG's audit report on USAID's fiscal year 1997 financial statements (discussed on pages 6 and 7 above) noted that USAID/Washington did not review obligated or unobligated balances as part of certifying the account balances of appropriations in fiscal year 1997, and described the absence of such a review as a material weakness in USAID's internal controls. The report

recommended that USAID's Chief Financial Officer ensure that its obligated and unobligated funds are reviewed annually in accordance with U.S. laws and regulations.

A total of 21 reports resulted from the worldwide review of USAID's unliquidated obligations. The OIG's principal report on this series of audits summarized the worldwide findings and recommended that USAID's Management Bureau (1) issue policies and procedures that clarify how USAID's forward funding guidelines should be implemented and assign responsibility for enforcing them and (2) develop appropriate training which can be provided to all staff in those offices or bureaus responsible for reviewing unliquidated obligations. USAID agreed with the recommendations and has begun to implement them. (*Audit Report No. 9-000-98-003-F*)

Selected USAID Missions' Role in Obtaining Audit Coverage of Contracts, Grants, and Cooperative Agreements

USAID conducts its assistance programs, in large part, through contracts, grants, and cooperative agreements with contractors in the United States and abroad. Financial audits of these agreements help verify that USAID funds are used for agreed-upon purposes. In May 1996, USAID consolidated its policies and procedures for financial audits, previously found in several of USAID's Handbooks and directives, into Chapter 591 of the Automated Directives System (ADS). USAID field missions were held responsible for obtaining required audits from non-U.S. contractors and grantees, while responsibility for obtaining required audits from U.S. contractors and grantees remained with USAID/Washington.

In order to assess USAID's performance in obtaining financial audits of its contracts, grants, and cooperative agreements, the OIG reviewed 14 USAID missions. All 14 missions had taken positive actions to obtain audits and 11 of the 14 missions were generally successful in carrying out their role in obtaining audits of contracts, grants, and cooperative agreements. Overall, for the 14 missions reviewed, 709 audits with \$380 million in disbursements were required, of which 517 audits with \$302 million in disbursements were actually obtained by USAID missions. Thus, there were 192 audits with \$78 million in disbursements which were required but not performed.

On the other hand, USAID had not obtained required audits at three missions where improvements were still underway to ensure that all audit requirements for recipients were met. These three missions accounted for 137 out of the 192 audits that were required but not performed.

Further, the audit disclosed that large amounts of funds disbursed by the 14 missions are not addressed by current USAID audit requirements. During the period from January 1, 1993 through September 30, 1995, the 14 missions disbursed about \$1.6 billion to non-U.S. entities of which only about \$380 million was subject to USAID audit requirements. Part of this gap represents cash transfers and other forms of non-project assistance, which should be audited to ensure proper accountability for USAID funds. (Certain other categories of assistance, such as fixed price contracts and personal services contracts, may not need to be audited.) The audit report recommends that USAID issue a written policy to require audits of USAID cash transfer and non-project assistance agreements. USAID generally agreed with the report recommendation

and has reached a management decision to implement the recommendation. (*Audit Report No. 9-000-98-002-F*)

PERFORMANCE AUDIT PROGRAM

Performance audits are objective and systematic examinations of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function.

During the current semiannual reporting period, the OIG issued 11 performance audit reports. Following are summaries of several significant audits.

USAID's Compliance With the Federal Financial Management Improvement Act of 1996

USAID's financial management system does not substantially comply with Federal financial management system requirements, including requirements to apply applicable accounting standards and properly record individual transactions using the U.S. standard general ledger.

These deficiencies have hindered USAID for a number of years. A series of reports by the OIG and the General Accounting Office, as well as USAID management assessments, have disclosed numerous financial and management problems that were caused by ineffective financial management systems. Since 1988, USAID has identified the lack of an effective, integrated financial management system as a material weakness under the Federal Managers' Financial Integrity Act (Integrity Act).

Although USAID has made several attempts to correct these deficiencies, it has not yet succeeded. Most recently, USAID developed a new integrated financial management system, called the New Management System, which was deployed worldwide in October 1996. This system was designed to replace aging and ineffective computer systems that USAID used to perform accounting, budgeting, procurement, and operational functions.

During fiscal year 1997, however, the OIG issued five reports identifying technical and operational problems that prevented the New Management System from operating effectively.¹ These reports, as well as studies and analyses conducted by USAID, show that, throughout fiscal year 1997, USAID's financial management system did not substantially comply with any of the 12 requirements listed in Section 7 of the OMB's Circular No. A-127 entitled *Financial Management Systems*.² USAID accurately reported this noncompliance in its fiscal year 1997

¹ Audit of the Worldwide Deployment of the New Management System (Audit Report No. A-000-97-004-P dated March 31, 1997); Audit of USAID's Efforts to Resolve the Year 2000 Problem, (Audit Report No. A-000-97-005-P dated July 11, 1997); Audit of USAID's Compliance with Federal Computer Security Requirements (Audit Report No. A-000-97-008-P dated September 30, 1997); Audit of the Internal Controls for the Operational New Management System (Audit Report No. A-000-97-009-P dated September 30, 1997); and Audit of the Status of USAID's New Management System, (Audit Report No. A-000-97-010-P dated September 30, 1997).

² Because the NMS has not operated effectively, USAID relied on a combination of older legacy systems, informal records maintained by individual managers or organizational units, and the new system. As a result, the USAID financial management system consists of non-compliant legacy systems, informal records, and the New Management System.

report under the Integrity Act, which stated that USAID's financial management system did not substantially comply with Federal financial management system requirements, applicable accounting standards, or the standard general ledger at the transaction level.

USAID recognizes that, because its financial management system does not incorporate the requirements of the Federal Financial Management Improvement Act (FFMIA), managers do not always receive the information they need to reliably report financial or performance results or efficiently manage agency operations. In addition, our audit of fiscal year 1997 financial statements found numerous material internal control weaknesses, due in large part to financial management system deficiencies. In this regard, USAID's fiscal year 1997 Integrity Act report identified six material weaknesses that cause various adverse financial and operational problems.

USAID has not been able to implement Federal financial management system requirements because it lacks effective information resources management (IRM) processes. USAID's CFO and Chief Information Officer (CIO) share organizational responsibility for the ineffective IRM processes. USAID recognizes that effective IRM processes are essential to implement systems that meet FFMIA requirements, and has begun taking steps to strengthen its organizational control over information technology investments. USAID also identified ineffective IRM processes as a material weakness in its fiscal year 1997 Integrity Act report.

In February 1998, USAID issued an agency-wide notice describing its disappointment with the performance of NMS and committing to implement a financial management system that complies with Federal standards and can produce an auditable consolidated financial statement. USAID is currently analyzing alternative ways to implement a financial management system that meets Federal requirements. USAID currently estimates that the system deficiencies will not be corrected until fiscal year 2000, but these estimates may change when it completes its alternatives analysis and develops a detailed plan.

The following sections list each of the 12 system requirements and discuss indicators of the status of USAID's compliance with Federal system requirements for fiscal year 1997.

- Information Classification System - USAID relied on a combination of legacy systems, informal records, and the New Management System. Because these systems do not contain standard data definitions or formats, USAID lacked an agency-wide classification structure.
- Integrated System - Because USAID relied on multiple incompatible systems that are not able to exchange data, it does not have an integrated system.
- United States Standard General Ledger at the Transaction Level - Several major categories of USAID transactions are not supported by the United States standard general ledger at the transaction level.
- Applicable Accounting Standards - USAID systems do not comply with Federal accounting standards requiring implementation of an automated accrual function.

- Financial Reporting - USAID has identified aspects of financial reporting as a material internal control weakness in its report for fiscal year 1997 under the Integrity Act.
- Budget Reporting - USAID's Office of Financial Management reported that obligations exceeded the appropriated amount in two cases in fiscal year 1997. USAID believes that the over obligations are the result of double recording of obligations rather than an actual over-obligation.
- Functional Requirements - The New Management System has not been tested to determine its compliance with functional requirements and USAID reports numerous joint financial management improvement project requirements that have not been met.
- Computer Security - USAID identified its computer security program and the New Management System computer security as material weaknesses in its fiscal year 1997 report under the Integrity Act.
- Documentation - USAID has reported that it lacks New Management System source code and has identified the lack of financial management policies as a material weakness in its fiscal year 1997 report under the Integrity Act.
- Internal Controls - The New Management System does not have a system of internal controls that met Federal government standards.
- Training and User Support - NMS was deployed without providing the necessary training to many users.
- Maintenance - NMS is difficult to maintain because programmers developing the NMS software used ad hoc coding standards that were inconsistently enforced, resulting in numerous deficiencies in the code.

Because these deficiencies have been previously reported by the OIG, and USAID is taking steps to implement the recommendations made in previous OIG reports, this report does not contain any new recommendations. USAID agreed with the conclusions in the report. (*Audit Report No. A-000-98-003-P*).

USAID's New Management System

The OIG's most recent audit of the status of USAID's New Management System (NMS) focused on actions USAID has taken to implement previous OIG recommendations regarding NMS. USAID's actions in response to the OIG's recommendations are discussed below:

- USAID has appointed an Acting Chief Information Officer and has taken steps to implement disciplined information resources management processes by establishing a Capital Investment Review Board. USAID has also hired a consulting firm to recommend investment review and management processes that comply with the Clinger-Cohen Act. This work is scheduled to be completed by May 1998.
- USAID has appointed a program manager for NMS, but project management responsibility and authority still need to be clearly defined. An analysis of the NMS development process performed under a contract with the General Services Administration's Federal Systems Integration and Management Center concluded that USAID does not have an NMS development organization with clearly defined roles, responsibilities, and authorities. The report further concluded that diffusion of responsibility within USAID had fragmented efforts and eroded accountability for results. The OIG believes that the analysis used an appropriate methodology and that the report provides a good framework for considering alternative implementation strategies at a high level although the OIG still sees a need for some additional analysis of alternatives.
- Although it has not yet implemented performance-based contracts for NMS, USAID has committed itself to implementing performance-based contracting practices to correct NMS deficiencies. USAID is developing a strategy for moving toward performance-based contracting and at the same time build capability within USAID to better manage contractor performance.
- In October 1997, USAID suspended development of new NMS functions and directed its contractors to focus their resources on maintaining those parts of the NMS which were already operational and correcting deficiencies which prevent the system from operating effectively.
- USAID has not committed itself to implementing the OIG's recommendation to suspend operations of AWACS—the accounting module of NMS. While USAID has suspended AWACS operations in its field missions, it plans to continue using AWACS in Washington. Continued use of AWACS in Washington leaves USAID vulnerable to losses from fraud or abuse and hinders USAID's ability to provide adequate assurance that it can account for resources. Part of USAID's continuing NMS development effort is devoted to identifying and correcting these financial management vulnerabilities. In addition, USAID is putting together a security plan to address security weaknesses in all of USAID's systems, including the NMS.

The OIG's report contained one new recommendation, which is that USAID analyze the costs, benefits, and risks of (1) using commercial procurement and budget packages and/or (2) using cross-servicing arrangements with other Federal agencies before deciding to repair the NMS budget module and acquisition and assistance module. USAID concurred with the recommendation. (*Audit Report No. A-000-98-004-P*)

Government Performance and Results Act

The OIG first reported to USAID in September 1996 that it needed to focus on the requirements imposed by the Government Performance and Results Act (GPRA) by developing a work plan to meet the legislative requirements.³ The OIG said that such a work plan should identify specific tasks, timelines, and responsible offices or individuals. A year later, in a September 1997 report,⁴ the OIG again recommended that the cognizant office, the Bureau for Policy and Program Coordination (PPC), develop such a work plan. Nevertheless, as of March 1998, PPC had still not developed such a work plan. PPC officials stated that they are working on a plan, but said that they would not provide the OIG a copy because it is a draft. The U.S. General Accounting Office also recognized the need for such a plan in a January 1998 report on strategic planning challenges.

As part of its audit of USAID's fiscal year 1997 consolidated financial statements (pages 6 and 7), the OIG reviewed the performance results reported by USAID in the overview section of the consolidated financial statements. The OIG concluded that USAID has not yet been able to present the significant results for the previous fiscal year, or compare goals and benchmarks with actual results. The information in the overview section was seriously outdated and included high-level results that were difficult, if not impossible, to attribute to USAID's activities.

USAID efforts to date may not lay an adequate foundation for meeting future requirements under GPRA. For example, USAID will need to submit its first annual performance report under the GPRA no later than March 31, 2000, and this report will need to compare planned and actual results achieved for fiscal year 1999. It is unlikely that USAID will be able to meet this requirement because (1) USAID plans to rely on information published by international organizations like the World Bank and the United Nations to report on actual results, and this data is normally at least two years old; (2) USAID's internal reporting periods do not coincide with GPRA-mandated reporting periods; and (3) USAID's reporting systems do not allow data to be aggregated at the overall agency level. (*Audit Report No. 0-000-98-001-F*)

Civil Society, Natural Resources Management, and Biodiversity Activities in Support of USAID's Actions To Implement the Government Performance and Results Act

This worldwide audit was based on audit fieldwork conducted in 11 countries to assess how well USAID missions were implementing requirements of the Government Performance and Results Act (GPRA) for their civil society, natural resources management, and biodiversity activities. (Ten of the 11 overseas audits were reported on in previous semiannual reports to the Congress.)

³ Interim Report on USAID's Implementation of the Government Performance and Results Act of 1993 (Report No. 9-000-97-003-P dated September 27, 1996).

⁴ Audit of USAID's Status in Implementing the Government Performance and Results Act of 1993 (Audit Report No. 9-000-97-003-P, dated September 30, 1997).

Ten of 11 missions audited had developed strategic plans and annual plans which were consistent with USAID's strategic framework. That is, the missions' strategic objectives had a direct, causal relationship to one or more objectives at the overall agency level. (The strategic plan for one mission was not yet due at the time the OIG conducted its audit.)

Nine of 11 missions reviewed had developed performance indicators which were generally consistent with USAID goals. Notwithstanding this positive finding, though, nine missions still needed to make further improvements in their performance indicators. Some indicators were not well defined, leaving it unclear exactly what was going to be measured. For example, USAID's office in Romania developed 13 performance indicators for its civil society activities, but 5 of the indicators did not have written definitions. USAID is now in the process of developing common performance indicators for use by overseas missions. The OIG expects that use of these common indicators will correct many of the problems found.

Collecting and reporting accurate performance data was an area where continued improvement was needed. Ten of 11 missions audited did not have an ongoing system of data collection and verification to report accurate and reliable performance data. In some cases, data was collected on an *ad hoc* basis rather than through an established reporting system. Also, missions had not instituted procedures to validate information reported by grantees, contractors, and host government agencies.

For eight of 11 missions audited, the missions were not using performance information to enhance program effectiveness. Mission officials explained that it was still too early to begin using the performance information. For example, in South Africa, the mission had just begun to obtain performance data from its grantees. Since it had just begun to obtain the information, it had not yet had the opportunity to use the information to make improvements in its program activities.

The audit report did not contain any new recommendations but the eleven mission audits included a total of 27 recommendations. Mission officials agreed with all but four of these

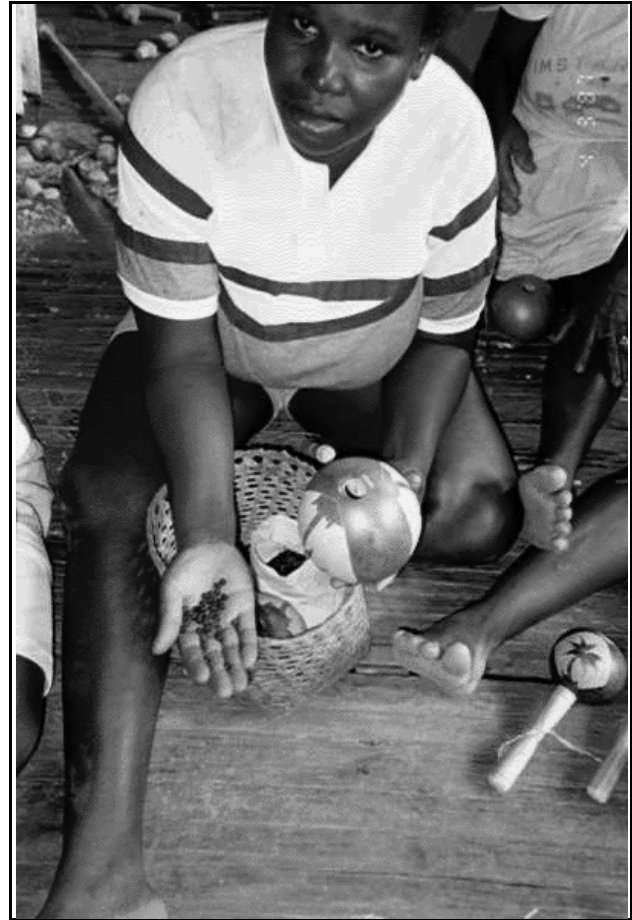


Figure 3 A participant in a USAID-supported handicrafts operation in Ecuador.

recommendations and were in the process of implementing the recommendations. (*Audit Report No. 9-000-98-001-P*)

Other Reports on USAID's Implementation of the Government Performance and Results Act

In addition to the report discussed above, the OIG issued audit reports on the Regional Development Support Office/West and Central Africa's implementation of the Results Act for its Family Health and Acquired Immune Deficiency Syndrome Project and on USAID/Mali's implementation of the Results Act for activities financed under its youth strategic objective. Both audits found that the missions had developed strategic plans and annual plans which were consistent with USAID's strategic framework. The audits also found that the missions developed performance indicators which were generally consistent with USAID goals; however, the missions needed to further develop or expand their performance indicators and targets to fully measure the results achieved by their programs. The missions also needed to retain documentation to substantiate reported baselines and actual results. Both missions had developed systems for collecting and reporting performance data but the missions did not verify reported information. As a result, reported information for 9 of 22 items tested was inaccurate.

The audits concluded that the missions were using performance information to improve program performance. For example, the Regional Development Support Office/West and Central Africa used performance information to hold its development partners (grantees) responsible for achieving planned results. Where critical milestones were not achieved under one cooperative agreement, the Office did not extend the cooperative agreement. As another example, USAID/Mali used performance information to restructure its child survival activities and reduce the number of organizations it is working with. The OIG believes that these changes will lead to improved performance.

The audits contained eight recommendations to improve the missions' systems for measuring results. The missions generally agreed with the recommendations and have completed final action on three of them. (*Audit Report Nos. 7-688-98-001-P and 7-624-98-002-P*)

U.S. Assistance to Bosnia-Herzegovina

USAID is the primary agency responsible for delivering U.S. assistance in the Federation of Bosnia-Herzegovina. The OIG is conducting ongoing audits of USAID's two major programs in Bosnia-Herzegovina: the 4 1/2-year, \$182 million Municipal Infrastructure and Services Program and the 5-year, \$278 million Bosnian Reconstruction Finance Facility. During the current semiannual reporting period, the OIG issued four reports on these programs.

Municipal Infrastructure and Services Program (MISP) - The OIG issued two reports on the Municipal Infrastructure and Services Program (MISP), covering the three-month periods ending June 30, 1997 and September 30, 1997. The results of the audits were positive. In the 17 months since the program was authorized, USAID has disbursed about \$58.4 million to implement specific projects. To facilitate implementation of these projects, USAID/Bosnia-

Herzegovina uses the services of a contractor to issue subcontracts and purchase orders. As of September 30, 1997, the contractor has issued 89 subcontracts to implement major projects in five areas: energy, transportation, water resources, education, and health. The contractor has issued 173 subcontracts for small community infrastructure rehabilitation projects and has issued 184 purchase orders for project commodities. For the items tested by the auditors, USAID/Bosnia-Herzegovina and the contractor were using economic revitalization funds designated for the Municipal Infrastructure and Services Program for purposes authorized by the grant agreement and Public Law 104-122.

Two cases were identified where USAID-financed projects were not being used for the intended purposes. A health center facility which was completed at a cost of \$44,600 was not being used as a health center because of electrical problems and leaking water pipes. Also, a school which was repaired at a cost of \$47,126 was not being used because there was no heat, water, furniture, or equipment. Because USAID/Bosnia-Herzegovina took corrective action on these cases during the audit, the report did not contain any recommendations. (*Audit Report Nos. B-168-98-002-P and B-168-98-003-P*)

Bosnian Reconstruction Finance Facility Program - For the items it tested, the OIG concluded that USAID/Bosnia-Herzegovina and its contractor were using economic revitalization assistance funds for purposes authorized under the grant agreement and Public Law 104-122. USAID/Bosnia-Herzegovina has disbursed \$99.5 million to the Federation of Bosnia-Herzegovina, of which \$49 million has been disbursed to borrowers under 92 loans.

Loan volume has increased but is still behind targeted amounts: USAID's contractor has recommended \$69.6 million in loans since the program began, compared to \$135 million in loans planned. The shortfall in loan volume corresponds to a shortfall of 9,000 estimated jobs which could have resulted if loan volume targets were met. During the most recent quarter reported on by the OIG, from July 1, 1997 through September 30, 1997, USAID's contractor almost doubled loan volume although it was still short of its quarterly target. The contractor's ability



Figure 4 The old Kalesija electrical substation, rebuilt under the MISP.



Figure 5 The new Kalesija substation.

to increase loan volume further was constrained by several factors, including difficulties in recruiting and retaining staff and administrative challenges which absorbed staff effort that otherwise could have been used to make loans.

Since the beginning of the project, the contractor has sponsored 62 training events with 1,815 participants. A second contractor has prepared 185 diagnostics (formerly known as loan application support) and has completed 65 performance improvement projects designed to help businesses restart operations and establish initial viability and direction. The contractor is beginning to achieve targets for diagnostics but is falling behind targets for performance improvement projects. The OIG will continue monitoring performance in meeting targets as the reconstruction program progresses. The OIG's reports did not contain any new recommendations. (*Audit Report Nos. B-168-98-001-P and B-168-98-004-P*)

USAID/Philippines' Use of Award Fee Contracts

USAID/Philippines has made commendable efforts to implement Federal policies and requirements which encourage the use of performance-based contracting methods. However, the mission did not comply with these policies and requirements with respect to award fee contracts. This tended to increase costs to the U.S. Government and reduce the intended incentives for good contractor performance. The following specific problems were noted:

- OMB Policy Letter 91-2 requires that performance-based contracting include formal and measurable—in terms of quality, quantity, and timeliness—standards for contractor performance. In many cases, the mission developed standards for quantity and timeliness, but it did not establish measurable standards for assessing the quality of the contractors' performance. For example, the work plan for one contractor stated that the contractor would assist 34 municipalities and prepare 6 coastal resource management plans. However, quality standards for these activities were not developed.
- According to the Federal Acquisition Regulations, incentive increases are to be applied to performance targets rather than to minimum performance requirements. In the Philippines, however, contractors could be paid a percentage of award fees for performance ranging from "poor" to "superior." Two of the contractors reviewed could receive award fees totaling \$247,000 for "poor" performance and \$586,000 for "fair" performance. (USAID/Philippines officials believed that the base fees for these contracts were unrealistically low and the award fees were probably too high. In other words, they believed that the contractors should have received a larger base fee which would have been payable irrespective of the contractors' performance and a smaller award fee which would have been payable only for better-than-average performance.)
- Award fees not earned by contractors in one period were routinely "rolled over" by the mission so they would remain available to the contractor in subsequent periods. This tended to increase the Government's costs and reduce the fee differential between average and above average performance. For example, under one contract, if the contractor's performance was rated "fair" over the nine rating periods of the contract, the contractor

would be paid \$255,360, or 35 percent of the available award fee for "excellent" performance. However, rolling over the unearned award fees for nine periods would result in additional payments to the contractor of \$348,205 for the same "fair" level of performance. The contractor's total compensation would then be \$603,565, an amount equal to 83 percent of the available award fee for "excellent" performance.

The audit report recommended that USAID/Philippines establish measurable contractor performance standards, tie payment of award fees to achievement of specific performance targets, and prohibit the practice of rolling over unearned award fees. The mission agreed with the first two recommendations but wanted to preserve the practice of rolling over unearned award fees where the practice is in the interest of program objectives (e.g., when civil unrest, natural disasters, or other factors outside of the contractor's control prevent accomplishment of planned targets in one period but permit them to be accomplished in a later period). The OIG concurred with the mission's proposal and the mission is working to implement the recommendations. (*Audit Report No. 5-492-98-002-P*)

USAID/Tanzania Operating Expenses

USAID/Tanzania, for the most part, managed its operating expenses economically and efficiently and complied with USAID policies and procedures. Several categories of such expenses—travel and shipping, non-expendable property, office and residential leases, and procurement of goods and services—were properly handled, adequately supported by required documentation, and processed for payment in accordance with USAID administrative and financial management criteria.

However, improvements were needed in areas relating to: (1) physical and accounting controls over expendable property inventory; (2) motor pool vehicle usage; and (3) prompt liquidation of unneeded obligations. For example:

- Expendable property valued at approximately \$53,000 was not supported by proper inventory records and could not be physically accounted for. The storekeeper was fired by mission management for falsifying the physical inventory records and for being unable to account for several missing items for which he had custodial responsibility.
- The motor vehicle fleet of eight vehicles, acquired for \$126,756, was significantly under utilized. The mission needed to assess and analyze its vehicle usage in accordance with USAID policy in order to justify the size of its fleet.
- Several unliquidated operating expense obligations totaling \$65,842 appeared to be excessive because the purposes for which the obligations were originally incurred no longer existed.

The OIG made three recommendations for corrective actions which USAID/Tanzania agreed to implement. The mission had made substantial progress in addressing the recommendations as of the date of report issuance. (*Audit Report No. 4-621-98-005-F*)

OTHER SIGNIFICANT MATTERS

Coordination with Supreme Audit Institutions

Supreme Audit Institutions (SAIs), which are national auditing agencies similar in many respects to the U.S. General Accounting Office, are essential to democratic processes in developing countries. Their work fosters the principles of transparency and public accountability and helps discourage public sector corruption. The OIG continues to work with USAID to help strengthen these important developing country institutions.

Assessment and Training for the Ethiopian Office of Auditor General

In October 1997, the OIG completed an assessment of the Ethiopian Office of Auditor General (OAG) to see whether the OAG was qualified to conduct audits of USAID-financed activities with the Government of Ethiopia. The assessment concluded that the OAG complied with auditing standards issued by the International Organization of Supreme Audit Institutions, although it still needed training in audit requirements that are specific to USAID programs.

To address this need, the OIG provided training on USAID and U.S. Government audit requirements to 55 participants in Ethiopia, including staff from the OAG and the USAID missions in Ethiopia and Eritrea. Local newspaper and television coverage of the four-day training session underlined the importance of the OAG to standards of public accountability. Participants judged the training to be successful, and the OAG plans to begin its first audit of USAID funds shortly.

Strengthening of Ghana's Audit Service

Almost four years ago, in September 1994, USAID/Ghana and the OIG signed a memorandum of understanding with the Government of Ghana Audit Service (GOGAS), to establish the terms by which GOGAS would contract for audits of USAID grants to recipient agencies of the Government of Ghana. In June 1997, the memorandum of understanding was amended to increase GOGAS's involvement in conducting internal control reviews, certifications of host country contributions to USAID-financed development activities, and audits of USAID cash transfers. During a three-day planning meeting, the parties to the memorandum of understanding identified several steps that were needed to strengthen GOGAS's capability, including the following:

- training the management and staff of GOGAS in the use of computers as audit tools,
- developing a management information system for GOGAS, and
- establishing a computer network to link the GOGAS's headquarters with its field offices.

Since the planning meeting, USAID/Ghana has funded training for 95 GOGAS management and staff employees in the areas of: corporate management strategies, audit sampling techniques, computer basics, and computer auditing. Additionally, by financing computer hardware and software and technical assistance, USAID/Ghana has spearheaded the formation of a country-wide intranet computer system for GOGAS.

In January 1998, OIG representatives joined the staff of USAID/Ghana and the Auditor General of Ghana for a demonstration of GOGAS's new intranet computer system. The system, the first of its kind in Ghana, facilitates communication between GOGAS's headquarters and its 10 regional offices.

In March 1998, the OIG helped coordinate a two-day fact finding mission by the Auditor General of Ghana and members of his staff to South Africa. OIG representatives participated in discussions between the Auditor General and his staff, the Auditor General of South Africa, and USAID/South Africa staff.

Memorandum Reports

The OIG occasionally issues memorandum reports, which are designed to quickly report on matters requiring USAID management attention or corrective action. These reports do not include formal recommendations to be tracked by the OIG and USAID but they may include suggestions for corrective actions and the OIG asks to be apprised of the corrective actions taken. Three memorandum reports issued during the semiannual reporting period are summarized below.

Selected Office of Transition Initiatives Activities in Bosnia-Herzegovina - Based on a request by USAID, the OIG reviewed selected aspects of the operations of the Office of Transition Initiatives/Bosnia-Herzegovina (OTI/Bosnia-Herzegovina) and its contractor, RONCO Consulting Corporation. The OIG concluded that OTI/Bosnia-Herzegovina is reasonably located, staffed, and organized; that OTI/Bosnia-Herzegovina is doing an excellent job of monitoring grantee performance; and that RONCO is managing a larger-than-planned workload while complying with its contractual obligations. The report included suggested actions to improve the efficiency of OTI/Bosnia-Herzegovina's monthly status reporting procedures, improve the consistency with which grants are evaluated, and improve management controls over real property (residences and vehicles). (*Report No. B-168-98-001-S*)

Allegations Concerning Possible Mismanagement of the Romania-American Enterprise Fund - At USAID's request, the OIG reviewed several allegations concerning possible mismanagement of the Romania-American Enterprise Fund (RAEF). The OIG found no evidence to support the contention that the RAEF president's position as the president of a separate corporation detracted from his ability to devote full-time effort to his duties as president of the RAEF. In fact, USAID managers and members of the RAEF's board of directors are very pleased with the president's performance. Allegations of unwise investment practices, poor personnel decisions, and lack of board oversight appear to reflect differences of opinion between former and current members of the board of directors. These differences of opinion, in turn,

appear to be based on philosophical differences and different interpretations of the overall goals of the RAEF.

The OIG did note that the RAEF's administrative expenses (5 percent of investment capital) are significantly higher than the average expenses for investment funds reported by a USAID-contracted management consulting firm (2.4 percent of investment capital). However, according to USAID documents, administrative expenses are also high for other enterprise funds that have only recently begun operations. RAEF fund managers stated that they expect the ratio of administrative expenses to investment capital to fall as the fund's program matures. In addition, the fund's president has taken action to reduce expenses, moving the fund's headquarters to less expensive leased office space and terminating several highly-paid staff members. The OIG's report did not make any recommendations or suggestions for corrective actions. (*Report No. A-000-98-001-S*)

Alleged Procurement Improprieties in Ukraine - In response to a letter from a private individual, the OIG reviewed allegations concerning two contractors in Ukraine. The first allegation was that USAID awarded a contract to a U.S. firm without competitive bidding. The OIG found that USAID's Office of Procurement awarded a task order to the firm on a non-competitive basis under an approved waiver as a follow-on to two previous task orders that were awarded competitively to the firm. This non-competitive award under an approved waiver was in conformance with the relevant provisions of the Federal Acquisition Regulations and USAID's procurement regulations. The OIG also found that the firm's use of a subcontractor was approved by the USAID contracting officer, contrary to what was alleged. With respect to a third allegation, which was that another USAID contractor paid excessive amounts for an employee's salary, rent and other expenses in Ukraine, the OIG confirmed that the employee's salary was in excess of amount allowed by USAID's procurement regulations, although the other expenses appeared to be reasonable. The report suggested that USAID's Office of Procurement follow up to make sure that the contractor reimbursed USAID for the unallowable portion of the employee's salary. The OIG also provided a copy of the report to the Defense Contract Audit Agency for its use during its next financial audit of the contractor. (*Report No. A-000-98-002-S*)

USAID's Payment of Claims Resulting From Evacuations in Somalia and Liberia

In 1991, the OIG issued an audit report on USAID's payment of claims submitted by evacuees from Liberia and Somalia for the loss of personal property they left behind when they were evacuated from Liberia and Somalia in 1990 and 1991.⁵ The report concluded that USAID acted without legal authority when it waived a \$40,000 limit on the amount of each claim which is contained in the Military Personnel and Civilian Employees' Claims Act of 1964, as amended. This led to payment of excess claims totaling about \$392,000. Twelve individuals received payments from \$42,099 to \$108,418.

⁵ Audit of A.I.D.'s Procedures for Processing Personal Property Claims Submitted by Evacuees from Liberia and Somalia (Audit Report No. 9-000-92-002 dated November 25, 1991)

After the OIG issued its report, the Congress amended the Military Personnel and Civilian Employees' Claims Act of 1964 to permit the Secretary of State to retroactively waive the \$40,000 limit. According to documentation provided by USAID's Office of General Counsel, the Secretary of State exercised this authority to cover the claims made by evacuees from Liberia and Somalia.

The OIG's audit report also noted that some of the items included in the claims appeared to be unreasonable, excessive, or indicative of negligence on the part of the employees involved. Several recommendations in the audit report called on USAID to reevaluate the claims it had paid, apply stricter standards for substantiation of claims, and assess whether any items claimed were unreasonable or indicative of fraud by the claimant. To implement these recommendations, USAID developed an action plan which was agreed to by the OIG in February 1994. According to the action plan, USAID planned to accomplish the following steps:

- appoint an independent claims officer to selectively review the claims paid,
- flag for non-payment those items claimed which appeared not to be reasonable or useful to the employee incident to their assignments to Somalia or Liberia, and
- identify any items claimed which appeared to be fraudulent and refer those claims to the OIG for further review.

In February 1998, USAID closed the last remaining open recommendations from this audit based in part on a legal opinion by its Office of General Counsel which concluded that USAID's payment of the original claims was final and conclusive, and that USAID did not have authority to reexamine any of the claims paid. Notwithstanding this legal opinion, USAID did in fact reexamine seven paid claims. However, USAID's review did not identify any items which appeared to USAID to be unreasonable or questionable as to their value. There were no referrals to the OIG or any bills of collection issued for unreasonable or unsubstantiated claims as a result of the reviews conducted.

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. 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 significant management decisions which the OIG disagreed with. Nor did the OIG make any reports to the Administrator of USAID describing instances where information or assistance was unreasonably refused or not provided.

There was one significant revised management decision during the period. In response to Recommendation No. 1.1 from the OIG's audit report on USAID/Washington's Review and Certification of Funds Obligated for Operating Expenses (Audit Report No. A-000-97-001-P dated February 7, 1997), USAID's Office of Financial Management issued procedures and guidelines for reviewing obligations in USAID/Washington on August 12, 1996. Subsequently, the Office of Financial Management concluded that it could not implement the procedures and guidelines and suspended the requirement to review obligations altogether during fiscal year 1997. These reviews were suspended in large part because of difficulties in implementing a new accounting system. This accounting system is a component of USAID's integrated financial management system, the New Management System (NMS). Accordingly, the basis for reaching the original management decision is no longer valid. The Office now plans to develop and implement new policies and procedures for reviewing obligations which will supersede the August 12, 1996 procedures. The OIG agrees with this new management decision.

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

Table A: *Reports Issued (October 1, 1997 through March 31, 1998)*

Table B: *Audit Reports Over Six Months Old With No Management Decision as of March 31, 1998*

Table C: *Significant Audit Reports Described in Previous Semiannual Reports Without Final Action as of March 31, 1998*

Table D: *Reports Issued With Questioned and Unsupported Costs (October 1, 1997 through March 31, 1998)*

Table E: *Reports Issued With Recommendations That Funds Be Put to Better Use (October 1, 1997 through March 31, 1998)*

INVESTIGATIONS ACTIVITIES

At the opening of this semiannual reporting period, 87 investigative cases were pending completion. During the period, the OIG opened 16 investigative cases and closed 29 cases. At the end of the period, 74 cases were pending completion. OIG investigative efforts resulted in three resignations/terminations and one suspension of USAID employees, one indictment, two convictions, and monetary recoveries of \$36,944.

OIG investigations focus on USAID programs and operations which are most vulnerable to fraudulent activities. Investigative priorities include program integrity (contract fraud, grant fraud, and cooperative agreement fraud) and employee integrity (direct hire employee misconduct and personal services contractor misconduct). OIG investigations may result in criminal, civil or administrative action.

During this reporting period, the OIG inaugurated a prevention program to reduce employee misconduct. The "Ounce of Prevention Program," which was launched at the beginning of this year, involves issuance of a series of informal employee notices which focus on conduct prohibited by law, regulation or policy. Topics covered to date include misuse of government travel credit cards and employees' obligation to report fraud, waste, and abuse. Future notices will address matters such as avoiding questionable travel claims; misuse of government vehicles and government property such as computers, fax machines, copiers, and telephones; restrictions on gifts, meals and entertainment; nepotism restrictions, etc. In addition to what has already been planned, an effort will be made to solicit employee feedback regarding areas that may warrant future notices. It is hoped that through education and the highlighting of potential problem areas, incidents of employee misconduct will be minimized. Significant accomplishments under this initiative will be noted in future reports.

— Procurement Integrity Cases —

Criminal Actions

Grantee Director Convicted of Theft of USAID Funds

Auditors identified a shortage of \$152,000 during an annual financial audit of a USAID grantee in South Africa. A subsequent OIG investigation disclosed that the grantee's director had used funds from the grant, which were intended to support educational activities for South African teachers, to make mortgage payments on a personal real estate investment. Despite claims that

the money had not been diverted for his personal use, he was found guilty of the theft by the Magistrate's Court for the District of Pretoria.

Supplier Sentenced in False Statements Conviction

The OIG's previous Semiannual Report to the Congress reported that a U.S. supplier of polyvinyl chloride resins had pled guilty to making false statements regarding products shipped to Egypt. During the current reporting period, the supplier was sentenced to three months of imprisonment in the U.S. Bureau of Prisons and 3 years of supervised release. As a special condition of the supervised release, the supplier must reside in a community treatment center, half-way house, or similar facility for three months following his incarceration. The court also ordered the supplier to make restitution in the amount of \$10,800.



Figure 6 Part of 365 tons of substandard polyvinyl chloride resins shipped to Egypt.

Administrative Actions

Contractor Issued Bill for Collection of \$17,949

In Indonesia, the home of the team leader for a USAID-financed contractor was burglarized. USAID-financed equipment and funds which were being kept at the home were stolen during the burglary. A subsequent OIG investigation determined that the contractor was liable under the terms of its contract to replace the value of the stolen project items. Accordingly, a bill of collection was issued to the contractor resulting in a recovery of \$17,949.

Sub-Grantee Director Resigns over Allegations of Conflict of Interest

A confidential source alleged that the project director of a Hungarian non-governmental organization (NGO) had been giving contracts to another local NGO in which she had an interest. In response to the allegation, the OIG initiated an investigation with the assistance and collaboration of USAID/Hungary staff. The investigation confirmed that the project director was on the board of directors of the local NGO which had received the contracts, and also revealed other administrative irregularities. Accordingly, the regional contracting officer issued a notice to the U.S. grantee requiring that all identified irregularities be corrected, including the removal of the project director. Subsequently, the U.S. grantee advised that the project director had resigned and presented an action plan to rectify administrative policies and procedures.

— Employee Integrity Cases —

Criminal Actions

Senior USAID Official Convicted of False Statements

A senior USAID official assigned to the immediate Office of the Administrator was convicted on two counts of providing false statements to the U.S. Department of Agriculture (his previous employer) and one count of providing false statements to USAID. USAID OIG staff became involved in the case at the request of the Office of Independent Counsel in the investigation of former Secretary of Agriculture Mike Espy.

OIG staff were made part of the investigative team and testified at the employee's trial regarding evidence compiled by the OIG. The official had provided a sworn statement to OIG employees which in part claimed that he had received no remuneration of any kind from any source except the U.S. Government since he became a Federal employee in 1993. In fact, the Office of Independent Counsel had already discovered payments to the employee totaling \$22,025. The official's employment with USAID was terminated after his conviction and he was sentenced to 27 months in prison.

USAID Controller Convicted of Funds Conversion

A USAID controller stationed in Zambia was convicted in U.S. District Court, District of Columbia, on one count of conversion of USAID funds to his own personal use. The controller was sentenced to three years' probation, six months' home confinement, 200 hours of community service, and ordered to pay \$8,195 in restitution to USAID. The controller was also separated from employment. This investigation was initiated when a U.S. embassy review of the mission's cashier office revealed discrepancies in the amount of funds on hand.

Administrative Actions

Employee Terminated for Soliciting Kickbacks

A USAID employee was terminated for cause after an investigation showed that the employee was soliciting kickbacks. Based upon information provided by the USAID Mission, the OIG undertook a joint investigation with the Regional Security Office (RSO), U.S. Embassy-Kampala, to determine whether a foreign service national employee working for the USAID Mission in Uganda as a procurement agent was engaged in a scheme to defraud the U.S. Government by inflating invoices. The joint OIG/RSO investigation determined that local merchants were submitting inflated invoices to the Mission and that they were paying the employee a 5 percent kickback.

USAID Representative Suspended for 10 Days

A USAID Representative based in Yemen was issued a 10-day suspension for conduct unbecoming of a Federal employee. An investigation determined that the agency official misused government vehicles by allowing his girlfriend to use his official vehicle for personal business and by using the vehicle himself for personal business. The investigation also found that the official inappropriately approved overtime for a USAID driver to transport him to a private party. Further, the investigation disclosed that the employee misused government equipment and subordinates' time by having wedding invitations and poker invitations prepared during business hours on office computers and by having his secretary accompany him to a local market during work hours.

OIG Hotline

The OIG Hotline is staffed from 9:00 a.m. to 5:00 p.m., Eastern time Monday through Friday. During non-duty hours, telephone calls are recorded. People contacting the OIG Hotline can do so anonymously or they can request confidentiality. The Hotline phone number is 800-230-6539 or 202-712-1023. The mailing address is: USAID/IG/I, P.O. Box 657, Washington, D.C. 20044-0657.

USAID employees, contractors, and the public can contact the Hotline to report any information involving suspected fraud, waste, abuse, bribery, conflict of interest, and violations of USAID rules and regulations. Matters that are not within the purview of the OIG are referred to management and handled in accordance with USAID administrative procedures. During the reporting period, the OIG received 20 hotline referrals.

REPORTS ISSUED

October 1, 1997 through March 31, 1998

Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		— USAID Financial Statement Audits —		
0-000-98-001-F	03/02/98	Reports on USAID's Financial Statements, Internal Controls and Compliance for Fiscal Year 1997 and 1996		
		— Financial-Related Audits of USAID Programs and Operations —		
B-181-98-001-F	12/10/97	Audit of OAR/Poland's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	900	BU
B-118-98-002-F	01/16/98	Audit of USAID/Moscow's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	185	BU
1-518-98-001-F	11/06/97	Audit of USAID/Ecuador's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	569	BU
1-517-98-001-P	12/30/97	Audit of USAID/Dominican Republic's Role in Obtaining Audits of Contracts, Grants, and Cooperative Agreements for Dominican Republic, Guyana, and the Regional Development Office for the Caribbean		
1-511-98-002-F	01/06/98	Audit of USAID/Bolivia's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	10	BU
1-511-98-002-P	01/21/98	Audit of USAID/Bolivia's Role in Obtaining Audits of Contracts, Grants, and Cooperative Agreements for Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay		
1-519-98-003-F	03/18/98	Audit of USAID/El Salvador's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	634	BU
1-522-98-004-F	03/26/98	Audit of USAID/Honduras' Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	21	BU
4-690-98-001-F	10/01/97	Audit of USAID/RCSA's Review and Certification of USAID/Botswana's Unliquidated Obligations for Project and Non-Project Assistance		
4-673-98-002-F	10/02/97	Audit of USAID/Zimbabwe's Review and Certification of USAID/Namibia's Unliquidated Obligations for Project and Non-Project Assistance		
4-674-98-003-F	11/17/97	Audit of USAID/South Africa's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	307	BU
4-611-98-004-F	11/21/97	Audit of USAID/Zambia's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	1,179	BU

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-621-98-005-F	02/26/98	Audit of USAID/Tanzania's Operating Expenses	66	BU
5-386-98-001-P	10/10/97	Audit of USAID/India's Role in Obtaining Audits of Its Contracts, Grants and Cooperative Agreements		
5-492-98-001-F	11/28/97	Audit of USAID/Philippines' Role in Obtaining Audits of Its Contracts, Grants and Cooperative Agreements		
5-497-98-002-F	12/31/97	Audit of USAID/Indonesia's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance		
5-367-98-003-F	12/31/97	Audit of USAID/Nepal's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	64	BU
5-492-98-004-F	01/30/98	Audit of USAID/Philippines' Review and Certification of the Regional Support Mission/East Asia's Unliquidated Obligations for Project and Non-Project Assistance	230	BU
5-492-98-005-F	01/30/98	Audit of USAID/Philippines' Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	1,541	BU
6-263-98-001-F	12/30/97	Audit of USAID/Egypt's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	319	BU
7-624-98-001-F	02/06/98	Audit of REDSO/WCA's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	88	BU
9-000-98-001-F	01/30/98	Audit of USAID/Guatemala's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	344	BU
9-000-98-002-F	03/20/98	Worldwide Audit of Selected Missions' Role in Obtaining Audits of Their Contracts, Grants, and Cooperative Agreements		
9-000-98-003-F	03/27/98	Audit of USAID's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	481,097	BU
9-000-98-004-F	03/30/98	Audit of USAID/Washington's Review and Certification of Unliquidated Obligations for Project and Non-Project Assistance	7,512	BU
		— Audits of U.S.-Based Organizations —		
0-000-98-002-F	03/26/98	Interim Audit Report of Acordia Healthcare Solutions, Inc.,--Excess Federal Cash Being Held--Contract No. FAO-C-00-93-00012-00	3,956	BU
0-000-98-001-A	11/10/97	Audited Financial Statements of Program for Appropriate Technology in Health and Subsidiary for the Years Ended December 31, 1996 and 1995		
0-000-98-002-A	12/02/97	Audit of Financial Statements of FINCA International, Inc. for the Period September 1, 1994 through August 31, 1995		
0-000-98-003-A	03/24/98	Audited Financial Statements of FINCA International, Inc. for the Period from September 1, 1995 through August 31, 1996		

BU - Better use of funds
 QC - Questioned Costs
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 Note: UN is part of QC

Table A

Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-98-004-A	11/04/97	Audited Financial Statements of National Rural Electric Cooperative Association & Subsidiaries for the Years Ended December 31, 1996 and 1995		
0-000-98-005-A	11/13/97	Audit of the National Council of Young Men's Christian Association of America for the Fiscal Year Ending December 31, 1996		
0-000-98-006-A	11/04/97	Audit of Financial Statements of the Joint Center for Political and Economic Studies, Incorporated for the Period January 1, 1996 through December 31, 1996		
0-000-98-007-A	11/25/97	Audit of Management Sciences for Health, Inc. and Subsidiary for Period July 1, 1995 to June 30, 1996		
0-000-98-008-A	11/13/97	Audited Financial Statements of the Northwestern University for the Fiscal Year Ended August 31, 1996		
0-000-98-009-A	12/23/97	Audit of Financial Statements of International Fertilizer Development Center for the Period January 1, 1996 through December 31, 1996		
0-000-98-010-A	12/02/97	Audited Financial Statements of the Missouri Botanical Garden for the Years Ended December 31, 1996		
0-000-98-011-A	01/20/98	Audit of Financial Statements of America-Mideast Educational and Training Services, Inc. for the Period October 1, 1995 through September 30, 1996		
0-000-98-012-A	01/14/98	Audit of Financial Statements of the African Medical & Research Foundation, Inc. (United States) for the Period October 1, 1994 through September 30, 1995		
0-000-98-013-A	01/27/98	Audited Financial Statements of the Citizens' Network for Foreign Affairs for the Year Ended December 31, 1996		
0-000-98-014-A	01/23/98	Audited Financial Statements of the Cooperative League of the U.S.A. d.b.a National Cooperative Business Association for the Year Ended December 31, 1996	21 1	QC UN
0-000-98-015-A	01/22/98	Audited Financial Statements of the Food for the Hungry International for the Year Ended December 31, 1996		
0-000-98-016-A	12/23/97	Office of Management and Budget Circular No. A-133 Reports and Other Information of TechnoServe, Inc. for the Year Ended December 31, 1996		
0-000-98-017-A	12/22/97	Audited Financial Statements of the Search for Common Ground for the Year Ended December 31, 1996		
0-000-98-018-A	12/19/97	Audit of the Center for Citizen Initiatives-USA for the Year Ending December 31, 1996		
0-000-98-019-A	12/22/97	Audited Financial Statements of Builders for Peace, Inc. for the Year Ended December 31, 1996	3	QC
0-000-98-020-A	02/17/98	Audit of the Center for Citizen Initiatives-USA for the Year Ending December 31, 1995		

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Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-98-021-A	01/06/98	Audit of Population Services International for the Fiscal Year Ending December 31, 1996	38	QC
0-000-98-022-A	12/23/97	Audited Financial Statements of the ILSI Research Foundation and Affiliate for the Year Ended December 31, 1996		
0-000-98-023-A	01/02/98	Audit of Financial Statements of Air Serv International for the Period January 1, 1996 through December 31, 1996		
0-000-98-024-A	01/23/98	Audited Financial Statements of the Centre for Development and Population Activities for the Year Ended December 31, 1996		
0-000-98-025-A	01/08/98	Audited Financial Statements of the Lutheran World Relief, Inc. for the Year Ended September 30, 1996		
0-000-98-026-A	01/20/98	Audit of Financial Statements of AICF/USA International Action Against Hunger for the Period January 1, 1996 through December 31, 1996		
0-000-98-027-A	01/23/98	Audit of Financial Statements of the Eurasia Foundation for the Period October 1, 1995 through September 30, 1996		
0-000-98-028-A	02/17/98	Audited Financial Statements of the PolioPlus Program of the Rotary Foundation of Rotary International for the Year Ended June 30, 1996	27 1	QC UN
0-000-98-029-A	03/10/98	Audited Financial Statements of Planning Assistance for the Year Ended December 31, 1996		
0-000-98-030-A	03/10/98	Audited Financial Statements of Partners in Economic Reform, Inc. for the Year Ended August 31, 1996		
0-000-98-031-A	03/13/98	Audited Financial Statements of the World Resources Institute for the Fiscal Year Ended September 30, 1996		
0-000-98-032-A	03/10/98	Audit of Federal Awards at the Academy for Educational Development in Accordance with OMB Circular A-133 for the Year Ended December 31, 1996		
0-000-98-033-A	03/10/98	Audited Financial Statements of the People-to-People Health Foundation, Inc. (Project HOPE) for the Year Ended June 30, 1996		
		— Audits of Enterprise Funds —		
0-000-98-001-E	03/20/98	Review of Audit Report on the Albanian-American Enterprise Fund as of September 30, 1996 Performed by Coopers & Lybrand L.L.P.		
0-000-98-002-E	03/16/98	Review of Audit Report on the Baltic-American Enterprise Fund for the Year Ended September 30, 1996 Performed by Coopers & Lybrand L.L.P.		
0-000-98-003-E	03/20/98	Review of Audit Report on the Central Asian-American Enterprise Fund and Subsidiary (Asian Crossroads Loan Company) for the Year Ended September 30, 1996 Performed by Deloitte & Touche LLP		
0-000-98-004-E	03/20/98	Review of Audit Report on the Hungarian-American Enterprise Fund and Subsidiary for the Year Ended September 30, 1996 Performed by Ernst & Young LLP		

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Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-98-005-E	03/26/98	Review of Audit Report on the Czech and Slovak American Enterprise Fund for the Year Ended September 30, 1996 Performed by KPMG Slovensko s.r.o.		

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Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		— Audits of Non-U.S.-Based Organizations —		
		— Agency-Contracted Audits of Non-U.S.-Based Organizations—		
4-613-98-001-N	11/12/97	Audit of Coopers & Lybrand Contract No. 613-0234-C-00-4021 Under the Zimbabwe Grain Marketing Reform Research Project	192 123	QC UN
4-674-98-002-N	01/15/98	Audit of the Educational Opportunities Council Grant Agreements Number 674-0230-A-00-5003, 674-0230-G-SS-9037, 674-0309-A-00-0038, and 674-0309-G-SS-3132	2,100 2,100	QC UN
5-367-98-001-N	02/28/98	Audit of USAID/Nepal's Agreements Nos. 367-XXX-000-7626 and OSGM/416 DDP: G-367-1/643-00 with the Dairy Development Corporation		
6-263-98-001-N	10/08/97	Financial Audit of Allied Accountants, Expenditures Incurred Under Indefinite Quantity Contract Nos. 263-0000-I-00-3057-00 and 263-0000-I-00-3123-00	22 14	QC UN
6-263-98-002-N	10/30/97	Financial Audit of Curative Care Organization, Expenditures Incurred Under Cooperative Agreement No. 263-0170-A-00-1024-00 and Project Implementation Letters Nos. 6, 9, and 20 Under USAID/Egypt's Cost Recovery for Health Project	22 10	QC UN
6-263-98-003-N	12/04/97	Financial Audit of the Ministry of Education, Expenditures Incurred Under Project Implementation Letter Nos. 9 and 10 of the Basic Education Project (USAID/Egypt Project No. 263-0139)	223 34	QC UN
6-263-98-004-N	12/15/97	Financial Audit of Price Waterhouse, Costs Billed to USAID/Egypt Under Indefinite Quantity Contract Nos. 263-0000-I-00-3058-00 and 263-0000-I-00-3121-00	22 1	QC UN
6-278-98-005-N	12/22/97	Financial-Related Audit of USAID/Jordan Resources Managed by the Housing and Urban Development Corporation		
6-278-98-006-N	12/28/97	Financial-Related Audit of USAID/Jordan Resources Managed by the General Union for Voluntary Societies	3 3	QC UN
6-263-98-007-N	01/05/98	Financial Audit of the National Population Council, Expenditures Incurred Under the Population and Family Planning III Project (USAID/Egypt Project No. 263-0227)		
6-263-98-008-N	01/08/98	Financial Audit of the Ministry of Health, Expenditures Incurred Under Project Implementation Letters Nos. 4, 7, 13, 14, and 24 Under USAID/Egypt's Cost Recovery for Health Project No. 263-0170	31 26	QC UN
6-263-98-009-N	01/14/98	Financial Audit of the USAID/Egypt Special Accounts (Grant Agreement Nos. 263-0201, 263-K-627, 263-K-629, 263-K-632, 263-K-633, and the Memorandum of Understanding)		

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Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-98-010-N	01/20/98	Financial Audit of the Ministry of Education's Special Education Department, Costs Incurred Under Project Implementation Letter No. 55 of USAID/Egypt's Basic Education Project No. 263-0139		
6-263-98-011-N	01/25/98	Financial Audit of the United Engineering and Marketing Company, Expenses Incurred Under USAID/Egypt Contract No. 263-0000-C-00-5019-00	14	BU
6-263-98-012-N	02/03/98	Financial Audit of the Development Research and Technological Planning Center, Expenditures Incurred Under Project Implementation Letter Nos. 4 and 10 of USAID/Egypt's Energy Conservation and Environment Project	2	QC
6-263-98-013-N	02/04/98	Financial Audit of the Ministry of Agriculture's Agricultural Research Center Funded Under USAID/Egypt's National Agricultural Research Project No. 263-0152	163 132	QC UN
6-263-98-014-N	02/08/98	Financial Audit of the Health Insurance Organization, Costs Incurred Under USAID/Egypt's Cost Recovery for Health Project No. 263-0170	6 2	QC UN
6-263-98-015-N	02/10/98	Financial Audit of the State Information Service, Costs Incurred Under USAID/Egypt's Population and Family Planning III Project	7	QC
6-263-98-016-N	02/19/98	Financial Audit of the Alexandria Business Association, Costs Incurred Under USAID/Egypt's Small and Micro Enterprise Project No. 263-0212	3	QC
6-263-98-017-N	02/22/98	Financial Audit of the Ministry of Education's Center for Curriculum and Instructional Materials Development, Costs Incurred Under Project Implementation Letter No. 35 of USAID/Egypt's Basic Education Project No. 263-0139	1	QC
6-263-98-018-N	03/05/98	Financial Audit of the Assiut Businessmen Association, Costs Incurred Under Cooperative Agreement No. 263-A-00-95-00055-00 of USAID/Egypt's Small and Micro Enterprise Development Project No. 263-0212		
6-263-98-019-N	03/09/98	Financial Audit of the Tabbin Institute for Metallurgical Studies, Costs Incurred Under the USAID/Egypt Energy Conservation and Environment Project No. 263-0140		
6-263-98-020-N	03/17/98	Financial Audit of the Federation of Egyptian Industries, Costs Incurred Under the USAID/Egypt Energy Conservation and Environment Project No. 263-0140		
6-263-98-021-N	03/22/98	Financial Audit of the Ministry of Health's Systems Development Project II, Costs Incurred Under USAID/Egypt's Population/Family Planning III Project No. 263-0227	2	QC
6-263-98-022-N	03/23/98	Financial Audit of Coopers & Lybrand, Costs Billed to USAID/Egypt Under Indefinite Quantity Contract Nos. 263-0000-I-00-3064-00 and 263-0000-I-00-3119-00	4 1	QC UN
		— Recipient-Contracted Audits of Non-U.S.-Based Recipients —		

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Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
B-185-98-001-R	10/03/97	Audit of the Share Participation Foundation Grant No. 181-0014-A-00-6307 for the Period January 1, 1996 to December 31, 1996		
B-181-98-002-R	01/20/98	Audit of the Urban Management Support Program Operated by the Cooperation Fund Under Grant No. 181-0034-G-00-5223 for Calendar Year 1996	38 38	QC UN
B-181-98-003-R	02/26/98	Audit of the Warsaw Journalism Center Grant No. 181-0022-A-00-5230 for the Period January 1 through December 31, 1996		
B-181-98-004-R	02/26/98	Audit of Expenditures by CARESBAC-Polska S.A. Under Grant No. 181-0023-G-00-5208 for the Period January 1, 1996 to December 31, 1996		
B-160-98-005-R	02/26/98	Audit of the Christian Humanitarian Association "My Neighbour" Grant No. 181-0016-G-00-6324 for Calendar Year 1996		
0-690-98-002-R	12/08/97	Audit of the Southern African Centre for Cooperation in Agricultural Research for the Period April 1, 1995 to March 31, 1996, Grant No. 690-0225-SG-001	2	QC
0-623-98-003-R	12/23/97	Audit of the Christian Health Association of Kenya and the Community Based Distribution Project for the Period from August 23, 1995 to August 31, 1996 Under USAID Grant Agreement No. 623-0264-G-00-6001-00		
0-492-98-004-R	02/17/98	Audit of the Economic Development Foundation, Inc., Child Survival Activity Project for the Period February 3, 1995 to July 31, 1996 Under USAID Grant No. 492-0432-G-SS-5045-00	58	QC
0-663-98-005-R	02/26/98	Audit of the Ethiopian Orthodox Church Development and Inter-Church AID Commission USAID Food for Peace PL 480 Title II Program for the Year Ended September 30, 1995	155 90	QC UN
0-690-98-006-R	01/27/98	Audit of the Zimbabwe Trust Management of the Natural Resources Management Project for the Period from June 1, 1994 to May 31, 1995 Under USAID Project No. 690-0251-13		
1-520-98-001-R	10/23/97	Audit of Expansion of Family Planning Services Projects, Managed by Asociacion Pro-Bienestar de la Familia de Guatemala, Project No. 520-0288 AID/Guatemala, Project No. 520-0357 AID/Guatemala, January 1 to December 31, 1993	28 7	QC UN
1-525-98-002-R	01/30/98	Audit of the Chamber of Commerce, Industry and Agriculture of Panama: Trade and Investment Development Project, USAID/Panama Cooperative Agreement No. 525-0309-A-00-2204-00 for the Year Ended March 31, 1997		
1-519-98-003-R	01/30/98	Audit of the Salvadoran Demographic Association; Report on Financial and Compliance Audit as of December 31, 1996, Cooperative Agreement USAID/EI Salvador No. 519-0363-A-00-0408-00		
1-596-98-004-R	02/13/98	Audit of the Central American Regional Environment Project, USAID/G-CAP Project No. 596-0180, Managed by Comision Centroamericana de Ambiente y Desarrollo for the Period July 1 to December 31, 1996		
1-526-98-005-R	02/19/98	Audit of Alter Vida Association, Education and Study Center for Eco-Development, Project No. 526-0616-A-00-4008, 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

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-511-98-006-R	02/19/98	Audit of Micro and Small Business Development Project Component Implemented by the Center for Promotion of Economic Initiatives, USAID Cooperative Agreement No. 511-0596-A-00-6012-00 for the Period Between December 11, 1995 and December 31, 1996	28 28	QC UN
1-511-98-007-R	02/20/98	Audit of Bolinvest Foundation Export and Investment Promotion Project, Grant Agreement No. 511-0585-A-006028 for the Period March 21 to December 31, 1996	42 35	QC UN
1-519-98-008-R	02/20/98	Audit of Fundacion Empresarial Para El Desarrollo Educativo, USAID/EI Salvador Donation Agreement No. 519-0315 and No. 519-0349, for the Period January 1 to August 31, 1997	8 8	QC UN
1-511-98-009-R	02/20/98	Audit of Caja Nacional de Salud, Reproductive Health Services Project, USAID Grant Agreement No. 511-0568, Year Ended December 31, 1996	2 1	QC UN
1-519-98-010-R	02/20/98	Audit of Fundacion Salvadorena para el Desarrollo Economico y Social, USAID/EI Salvador Donations Agreements, December 31, 1996	43 43	QC UN
1-520-98-011-R	02/20/98	Close-out Audit of the Basic Education Strengthening Project, USAID/G-CAP No. 520-0374, Managed by the Ministry of Education for the Period January 1, 1996 to August 31, 1997		
1-520-98-012-R	02/23/98	Audit of Maya Biosphere Reserve Project (MAYAREMA 520-0355), National Council for Protected Areas	3 3	QC UN
1-526-98-013-R	02/23/98	Audit of Centro Paraguayo para la Promocion de la Libertad Economica y de la Justicia Social, Project No. 526-0616-G-SS-3001-00 (USAID) December 31, 1996		
1-526-98-014-R	02/27/98	Audit of the Program No. 526-0616-G-SS-2018-00 Managed by the Foundation Moises Bertoni for the Conservation of Nature for the Years Ended on December 31, 1996		
1-524-98-015-R	02/27/98	Audit of Asociacion Mujeres de Nicaragua "Conciencia," Project Under Grant Agreement No. 524-A-00-97-00002-00 with the United States Agency for International Development for the Period from October 1, 1996 through November 15, 1997		
1-520-98-016-R	03/02/98	Audit of the Trade and Labor Relations Development Project, USAID/G-CAP Agreement No. 520-0403-A-00-3257-00 Administered by the Association of Non-Traditional Products Exporters for the Year Ended June 30, 1997		
1-524-98-017-R	03/02/98	Close-Out Financial Audit of the USAID Resources Managed by the Centro de Estudios Estrategicos de Nicaragua Under Project No. 524-0316-A-00-7003-00, "Strengthening Civilian Control of the Military" for the Period November 21, 1996 to November 30, 1997		
1-524-98-018-R	03/03/98	Close-Out Financial Audit of the USAID Resources Managed by the Ministry of Labor of Nicaragua Under Project No. 524-0000.07, "Survey of Rural Employment Project" for the Period July 25, 1996 to June 30, 1997		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-526-98-019-R	03/10/98	Audit of Project No. 526-642-G-SS-2021-00, Judicial Reform Executed by the Government of the Republic of Paraguay Acting through the Supreme Court and the Public Ministry for the Period Covering January 1, 1996 up to December 31, 1996		
1-521-98-020-R	03/11/98	Audit of Expanded Urban Health Services (USAID/Haiti--Project No. 521-0218) Component Managed by Centers for Development and Health (Centres Pour le Developpement et la Sante--CDS) December 31, 1996	61 15	QC UN
1-521-98-021-R	03/12/98	Audit of Agribusiness Guarantee Fund, USAID/Haiti - Project No. 521-0256 Component Managed by Societe Financiere Haitienne de Developpement S.A. Fund Accountability Statement, for the Period June 2, 1995 to September 30, 1996		
1-521-98-022-R	03/12/98	Audit of Organisation Pour la Rehabilitation de l'Environnement Seed Production Project USAID/Haiti--Project No. 521-0245, September 30, 1996		
1-520-98-023-R	03/16/98	Audit of the Communities in Transition Managed by the Canadian Center of Studies and International Cooperation, USAID/G-CAP Project No. 520-0413 for the Period September 29, 1995 to March 31, 1997	1	QC
1-520-98-024-R	03/17/98	Audit of the USAID Resources Managed by the Reproductive Health Unit of the Ministry of Health and Social Assistance, Family Health Services Project (USAID Project No. 520-0357) for the Period January 1, 1995 to March 31, 1997		
1-532-98-025-R	03/19/98	Report on the Audit of the AIDS/STD Prevention and Control Project, USAID/Jamaica Project Number 532-0153 Managed by the Ministry of Health, Period April 1, 1993 to December 31, 1996		
1-532-98-026-R	03/19/98	Report on the Financial Audit of the Sanitation Support Unit Project, USAID/Jamaica Project Number 532-0149, for the Period July 1, 1995 to December 31, 1996		
1-524-98-027-R	03/24/98	Audit of the USAID Resources Managed by Asociacion Nicaraguense de Productores y Exportadores de Productos No Tradicionales Under Cooperative Agreement No. 524-0315-A-00-1343-00, for the Year Ended June 30, 1997 and for the Period from October 1, 1994 through June 30, 1996	3	QC
4-674-98-001-R	10/02/97	Audit of South African Foundation for Public Management & Development Grant No. 674-0318-G-SS-4168 for the Period from October 1, 1995 to September 30, 1996		
4-674-98-002-R	10/02/97	Audit of the Legal Resources Trust Grants Nos. 674-0312-G-SS-3064, 674-0305-G-SS-9034 and 674-0305-G-SS-1019-06 for the Period April 1, 1995 to March 31, 1996		
4-674-98-003-R	10/02/97	Audit of the Enhancement of Graduate Programs and Research Capacity at the Historically Black Universities Grant No. 674-0309-G-SS-5023 for the Period from July 1, 1995 to May 31, 1996		
4-674-98-004-R	11/20/97	Audit of the Careers Research and Information Centre Grant No. 674-0309-G-SS-3101 for the Year Ended 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**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-98-005-R	10/06/97	Audit of the Street Law Program Grant No. 674-0301-G-00-4182 for the Period from September 15, 1995 to September 30, 1996		
4-674-98-006-R	10/09/97	Audit of the Community Law Centre South Africa Community Outreach and Leadership Development Project for the Year Ended August 31, 1995	155 105	QC UN
4-674-98-007-R	10/15/97	Audit of the Small Beginnings: Early Years Grant No. 674-0314-G-00-4108 for the Period from April 1, 1996 to February 28, 1997	67 6	QC UN
4-674-98-008-R	11/03/97	Audit of the South African Black Economic Empowerment Program Grant No. 674-G-0303-G-SS-4128 for the Year Ended March 31, 1997		
4-674-98-009-R	11/05/97	Audit of the Independent Training and Education Centre Program Grant No. 674-0314-G-SS-4128 for the Year Ended March 31, 1997		
4-674-98-010-R	11/12/97	Audit of the Independent Projects Trust Grant No. 674-0301-G-SS-3154 for the Period from January 1, 1995 to December 31, 1995	4 4	QC UN
4-674-98-011-R	11/13/97	Audit of the Independent Projects Trust Grant No. 674-0301-G-SS-3154 for the Period from January 1, 1996 to August 31, 1996	1 1	QC UN
4-674-98-012-R	11/12/97	Audit of the Peace Corps Grant No. 674-0301-G-SS-4097 for the Period June 21, 1994 to February 29, 1996		
4-674-98-013-R	11/17/97	Audit of Southern African Political Economy Series/South Africa for the Period September 15, 1993 to June 30, 1996	31 26	QC UN
4-674-98-014-R	11/14/97	Audit of the Association for Training and Resources in Early Education Grant No. 674-0314-G-SS-4059 for the Year Ended December 31, 1996		
4-674-98-015-R	11/14/97	Audit of the Institute for Democracy in South Africa Agreement No. 674-0318-A-00-5038 for the Period from December 22, 1995 to February 28, 1997		
4-674-98-016-R	11/17/97	Audit of the Institute for Democracy in South Africa Grant No. 674-0301-G-SS-4174 for the Period from September 23, 1994 to February 28, 1997	84 17	QC UN
4-674-98-017-R	11/18/97	Audit of the National Welfare, Social Services and Development Forum Grant No. 674-0301-G-SS-4153-02 for the Period from April 1, 1995 to March 31, 1996	8 7	QC UN
4-674-98-018-R	11/17/97	Audit of South African Students Internship Foundation for the Period October 1, 1995 to March 31, 1996	15	QC
4-674-98-019-R	11/20/97	Audit of Soft Sheen International Foundation's Grant No. 674-0303-G-SS-3050 for the Period from May 1, 1993 to July 31, 1995	70 43	QC UN
4-674-98-020-R	11/19/97	Audit of National Institute for Public Interest Law and Research for the Period August 1, 1995 to September 30, 1996		
4-674-98-021-R	11/20/97	Audit of South Africa Basic Education Reconstruction Project's Grant No. 674-0314-G-SS-2087 for the Period April 1, 1995 to July 31, 1995	123	QC
4-674-98-022-R	12/02/97	Audit of South Africa Basic Education Reconstruction Project's Grant No. 674-0314-G-SS-2087 for the Period April 1, 1994 to March 31, 1995		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-98-023-R	11/25/97	Audit of South Africa Basic Education Reconstruction Project's Grant No. 674-0314-G-SS-2087 for the Period April 1, 1993 to March 31, 1994	42	QC
4-656-98-024-R	11/25/97	Audit of Handicap International for the Two Calendar Years Ending December 31, 1994		
4-656-98-025-R	12/01/97	Audit of Grupo Joao Ferreira dos Santos (Cooperative Agreement No. 656-0218-A-00-5028) for the Period May 1, 1995 to December 31, 1995	213 213	QC UN
4-656-98-026-R	12/01/97	Audit of Grupo Joao Ferreira dos Santos (Cooperative Agreement No. 656-0218-A-00-5028) for the Calendar Year Ending December 31, 1996		
4-615-98-027-R	12/02/97	Audit of the Conservation of Biodiverse Resource Areas Project (Project No. 615-0247) for the Period April 14, 1992 through June 30, 1996	24 20	QC UN
4-623-98-028-R	02/23/98	Audit of the Centre for African Family Studies, USAID Cooperative Agreement No. 623-0005-A-00-4143 for the Year Ended December 31, 1996	1 1	QC UN
4-674-98-029-R	01/08/98	Audit of the South African Black Construction Assistance Program Grant No. 674-0312-G-SS-3059 for the Year Ended February 28, 1997		
4-674-98-030-R	02/23/98	Audit of the Project Preparation Trust of Kwazulu-Natal, USAID Grant No. 674-0312-G-SS-3077-01 for the Year Ended September 30, 1996		
4-674-98-031-R	02/23/98	Audit of the Centre for Socio-Legal Studies' Democracy for All Program, USAID Grant No. 674-0301-G-SS-4134, for the Period July 1, 1995 to June 30, 1996	52 28	QC UN
4-674-98-032-R	02/23/98	Audit of the Education Foundation Trust, USAID Grant Nos. 674-0302-G-SS-1057-05 and 674-0302-G-00-6029, for the Year Ended March 31, 1997		
4-674-98-033-R	02/17/98	Audit of the Valley Trust (Grant No. 674-0301-G-SS-3040) for the Period April 1, 1996 to March 31, 1997		
4-674-98-034-R	02/25/98	Audit of Operation Hunger's Grant No. 674-0301-G-SS-4177 for the Period October 1, 1994 to March 31, 1997 and Grant No. 674-0301-G-SS-9024 for the Period June 22, 1989 to December 31, 1995	5	QC
4-674-98-035-R	02/18/98	Audit of the English Literacy Project Trust's Grant No. 674-0302-G-SS-3086 for the Period September 1, 1994 to August 31, 1995		
4-674-98-036-R	02/19/98	Audit of the Fund for the Promotion of Medical Education for South African Blacks USAID Grant Funds for the Year Ended June 30, 1997		
4-674-98-037-R	02/20/98	Audit of Early Learning Resource Unit's Grant No. 674-0314-G-SS-3038-01 for the Year Ending March 31, 1997		
4-674-98-038-R	02/24/98	Audit of the Programme for Technological Careers' Grant No. 674-0302-G-SS-3104 for the Period January 1, 1995 to August 31, 1996		
4-674-98-039-R	02/24/98	Audit of African Research and Educational Puppetry Programme's Grant No. 674-0301-G-SS-2040-02 for the Year Ended December 31, 1995	2	QC
4-674-98-040-R	02/24/98	Audit of People Communication Group's Grant No. 674-0301-G-SS-3117 for the Year Ended July 31, 1995		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-98-041-R	02/25/98	Audit of People Communication Group's Grant No. 674-0301-G-SS-3117 for the Year Ended July 31, 1996		
4-674-98-042-R	02/25/98	Audit of People Communication Group's Grant No. 674-0301-G-SS-3117 for the Year Ended July 31, 1997		
4-674-98-043-R	02/26/98	Audit of the Shelter and Urban Development Support Grant No. 674-0312-G-00-6034 for the Year Ended March 31, 1997		
4-674-98-044-R	02/26/98	Audit of the Ethiopian Orthodox Church Development and Inter-Church Aid Commission's USAID/Food for Peace PL 480 Title II Program for the Period from October 1, 1995 to September 30, 1996	18 1	QC UN
4-611-98-045-R	03/04/98	Audit of the Wildlife Conservation Revolving Fund's Project Implementation Letter Nos. 9, 10, 14, and 15 for the Period from May 20, 1994 to September 30, 1996	14 12	QC UN
4-611-98-046-R	03/04/98	Audit of the Nyamaluma Training and Research Center's Project Implementation Letter Nos. 12, 17, and 18 for the Period from May 15, 1994 to July 15, 1997	69 48	QC UN
4-621-98-047-R	03/13/98	Audit of the Agricultural Transport Assistance Programme's USAID Project No. 621-0166 for the Year Ended June 30, 1995	594 545	QC UN
4-633-98-048-R	03/02/98	Audit of the Rossing Foundation's USAID Grant No. 633-0004-A-00-3016 for the Year Ended December 31, 1996		
4-674-98-049-R	03/06/98	Audit of the Health Systems Planning & Development's Grant No. 674-0301-G-SS-4162 for the Period from September 24, 1994 to September 30, 1996	124 105	QC UN
4-674-98-050-R	03/06/98	Audit of the Tertiary Education Fund of South Africa's Grant No. 674-0309-G-SS-5030 for the Year Ended March 31, 1997		
4-674-98-051-R	03/06/98	Audit of New South Africa Housing Association for the Period April 1, 1994 to December 31, 1995	5 5	QC UN
4-674-98-052-R	03/06/98	Audit of the Read Educational Trust's USAID Grant No. 674-0314-G-SS-2072 for the Year Ended March 31, 1997		
4-674-98-053-R	03/09/98	Audit of the Institute for Multi-Party Democracy's Grant Nos. 674-0305-G-SS-1021-04 and 674-0301-G-SS-5054-01 for the Year Ended March 31, 1997	337	QC
4-674-98-054-R	03/13/98	Audit of the Desmond Tutu Educational Trust's USAID Grant No. 674-0309-G-SS-2038-01 for the Year Ended December 31, 1995		
4-674-98-055-R	03/13/98	Audit of Project Vote's USAID Grant for the Period October 1, 1996 to June 30, 1997		
4-623-98-056-R	03/03/98	Audit of the Family Planning Association of Kenya's Grant No. 623-0264-G-00-6003 for the Period September 1, 1995 to December 31, 1996	4	QC
4-690-98-057-R	03/09/98	Audit of the Institute for Multi-Party Democracy's USAID Grant No. 690-0284-G-00-6883 for the Year Ended March 31, 1997		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
5-386-98-001-R	02/28/98	Audit of State Innovations in Family Planning Services Project Agency for Fiscal Years 1994, 1995, and 1996 (Project No. 386-0527)		
6-278-98-001-R	10/01/97	Financial Audit of USAID Resources Managed by the Noor Al-Hussein Foundation's Jordan Design and Trade Center for the Period September 15, 1994 to July 31, 1995 (Grant Agreement No. 278-0277-G-SS-0001-11)		
6-278-98-002-R	10/02/97	Financial Audit of Five USAID Grants to the Noor Al-Hussein Foundation		
6-263-98-003-R	02/09/98	Financial Audit of the Ministry of Health's Schistosomiasis Research Project, Costs Incurred Under USAID/Egypt's Science and Technology for Development Project No. 263-0140	1	QC
6-263-98-004-R	02/26/98	Financial Audit of the American University in Cairo for the Year Ended August 31, 1997		
6-278-98-005-R	03/18/98	Financial Audit of the Royal Society for the Conservation of Nature, Costs Incurred Under USAID/Jordan Grant Nos. 278-0277-G-00-5539-00, 278-0288-G-SS-4056-00, and 278-0266-G-00-6518-00	11	QC
7-688-98-001-R	11/04/97	Audit of Local Currency Expenses Incurred by the Ministry of Finance and the Ministry of Justice Under the Policy Reform for Economic Development Project from April 1, 1994 through December 31, 1996		
7-683-98-002-R	01/09/98	Audit of the Non-Project Assistance Component of the Niger Disaster Preparedness and Mitigation Program for April 1995 to April 1996		
7-641-98-003-R	01/26/98	Audit of the Planned Parenthood Association of Ghana Expenditures for the Period July 1, 1995 through December 31, 1996, Funded Under USAID's Ghana Population and AIDS Project (641-0131)		
7-641-98-004-R	02/05/98	Audit of the Private Enterprise Foundation for the Year Ended December 31, 1996 (USAID/Ghana Grant No. 641-0126-G-4025-00)		
7-688-98-005-R	02/26/98	Audit of the Fund Accountability Statement of the Controller General of Mali Under the Financial Management and Training Project (688-0261) for the Period from July 1, 1994 through September 30, 1996		
7-655-98-006-R	03/26/98	Audit of the Local Currency Expenditures Incurred Under the Cape Verde PL-480 Monetization Program for the Period July 1, 1996 through September 30, 1997		
		— Audits of U.S.-Based Contractors by DCAA —		
0-000-98-001-D	11/04/97	Audit of Aguirre International's Final Indirect Cost Rates for Calendar Years 1993 and 1994		
0-000-98-002-D	11/04/97	Audit of K&M Engineering and Consulting Corporation's Incurred Costs for Fiscal Years 1994 through 1996	216	QC
0-000-98-003-D	11/07/97	Audit on Abt Associates, Inc.'s Compliance with Cost Accounting Standard 404 - Capitalization of Tangible Assets		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A

Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-98-004-D	11/25/97	Audit of Associates in Rural Developments, Inc. Incurred Costs Submissions for Fiscal Years 1995 and 1996		
0-000-98-005-D	01/07/98	Audit of Hagler Bailly Consulting, Inc.'s Incurred Costs Submissions for Fiscal Years 1992 through 1995	263 131	QC UN
0-000-98-006-D	11/12/97	Audit Report on Comprehensive Rate Information System EDP Application and Controls of Stanford University		
0-000-98-007-D	11/12/97	Audit of AMEX International, Inc.'s Incurred Costs for Calendar Years 1993 through 1995	31 5	QC UN
0-000-98-008-D	12/04/97	Audit of Fiscal Year 1994 Incurred Costs for Morrison Knudsen Corporation Environmental Services Business Unit		
0-000-98-009-D	12/17/97	Audit of Volunteers in Cooperative Assistance's Incurred Costs for Fiscal Years 1994, 1995, and 1996	279	QC
0-000-98-010-D	12/22/97	Audit of Calendar Year 1995 Incurred Costs for Aurora Associates International, Inc.		
0-000-98-011-D	01/07/98	Audit of Management Systems International, Inc.'s Incurred Costs for Fiscal Years 1994, 1995, and 1996		
0-000-98-012-D	01/14/98	Supplemental Audit of Fiscal Year 1990 Incurred Costs of Bechtel Group, Inc.		
0-000-98-013-D	01/08/98	Audit of Incurred Costs for Fiscal Year 1995, Development Alternatives, Inc.	28	QC
0-000-98-014-D	01/14/98	Audit of Timekeeping Practices, Aguirre International		
0-000-98-015-D	02/22/98	Report on Audit of Equitable Price Adjustment Claim Submitted by Murshid Builders Limited, Contract No. 391-0488-C-00-8936-00	8,482	QC
0-000-98-016-D	01/06/98	Audit of Fiscal Year 1996 Incurred Costs for the Training Resources Group		
0-000-98-017-D	02/27/98	Audit of Incurred Costs at the Construction Control Services Corporation Under USAID Contract No. 306-0205-C-00-9372-00 for the Period June 1, 1993 to May 31, 1994	38	QC
0-000-98-018-D	03/16/98	Audit of the Fund Accountability Statement of the Philippine Chamber of Commerce and Industry Under USAID Cooperative Agreement No. 492-0452-A-00-4048-00 for the Period April 1, 1996 to April 30, 1997	6	QC
0-000-98-024-D	03/20/98	Audit of Calendar Year 1997 Floorcheck at AMEX International, Inc.		
		— Audits of Non-U.S. Organizations by DCAA —		
B-183-98-001-D	10/08/97	Report on Preaward Accounting System Survey, Central Depository AD, Sofia, Bulgaria		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A**Financial Audit Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
B-181-98-002-D	10/09/97	Report on Preaward Accounting System Survey, Women in Rural Enterprise Development, Warsaw, Poland		
B-181-98-003-D	10/09/97	Report on Preaward Accounting System Survey, Polish Foundation for Energy Efficiency, Krakow, Poland		
B-181-98-004-D	11/05/97	Report on Preaward Accounting System Survey, Municipal Development Agency, Warsaw, Poland		
B-181-98-005-D	12/02/97	Report on Preaward Accounting System Survey, CASE Foundation, Warsaw, Poland		
B-183-98-006-D	01/07/98	Report on Preaward Accounting System Survey, Regional Municipal Association "Trakia," Stara Zagora, Bulgaria		
B-183-98-007-D	01/16/98	Report on Results of Follow-up Audit of the Institute for Sustainable Communities, Sofia, Bulgaria		
B-183-98-008-D	02/27/98	Report on Accounting System Survey, MTK Konsult, Sofia, Bulgaria		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A

Performance Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		— Economy and Efficiency Audits —		
A-000-98-003-P	03/02/98	Audit of the Extent to Which USAID's Financial Management System Meets Requirements Identified in the Federal Financial Management Improvement Act of 1996		
A-000-98-004-P	03/31/98	Audit of the New Management System (NMS) Status		
B-168-98-001-P	10/10/97	Audit of USAID/Bosnia-Herzegovina's Bosnian Reconstruction Finance Facility Program for the Period April 1 through June 30, 1997		
B-168-98-002-P	01/09/98	Audit of USAID/Bosnia-Herzegovina's Municipal Infrastructure and Services Program for the Period April 1 through June 30, 1997		
B-168-98-003-P	03/26/98	Audit of USAID/Bosnia-Herzegovina's Municipal Infrastructure and Services Program for the Period July 1 through September 30, 1997		
B-168-98-004-P	03/26/98	Audit of USAID/Bosnia-Herzegovina's Bosnian Reconstruction Finance Facility Program for the Period July 1 through September 30, 1997		
4-617-98-001-P	10/15/97	Audit of USAID/Uganda's Implementation of GPRA for Natural Resources Management and Biodiversity Activities		
5-492-98-002-P	02/28/98	Audit of USAID/Philippines' Use of Award Fee Contracts		
7-688-98-001-P	03/23/98	Audit of USAID/Mali's Implementation of the Government Performance and Results Act for Youth Strategic Objective Activities		
7-624-98-002-P	03/24/98	Audit of REDSO/WCA's Implementation of the Government Performance and Results Act in Its Family Health and AIDS - West and Central Africa Project		
9-000-98-001-P	03/26/98	Agency-wide Audit of Civil Society, Natural Resources Management, and Biodiversity Activities by USAID Missions in Support of the Agency's Actions to Implement the Government Performance and Results Act		

BU - Better use of funds
 QC - Questioned Costs
 UN - Unsupported Costs
 Note: UN is part of QC

Table A

Miscellaneous Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		<i>— Quality Control Reviews —</i>		
1-527-98-001-Q	11/25/97	Quality Control Review of the Audit of the Program of Field Epidemiology Managed by Peruvian University Cayetano Heredia Under the Child Survival Project, USAID/Peru Project No. 527-0285 for the Period from January 1, 1993 to June 30, 1995 and Audit of Peruvian University Cayetano Heredia, PROCAME, In-Service Clinical Training Program, Cooperation Agreement No. 527-0285-A-00-4042-00 for the Period from October 1, 1993 to May 15, 1995		
1-519-98-002-Q	02/20/98	Quality Control Review of El Salvador's Corte de Cuentas de la Republica		
1-527-98-003-Q	03/09/98	Quality Control Review of the Audit of the Activities of Programs, Project and Agreement Funded by the Agency for International Development, Managed by Asociacion Benefica PRISMA, and of the Financial Statements of Asociacion Benefica PRISMA, for the Year Ended December 31, 1995		
4-621-98-001-Q	10/01/97	Quality Control Review of the Recipient-Contracted Audit of the Family Planning Unit of the Ministry of Health of Tanzania for the Period July 1, 1994 to June 30, 1995		
4-674-98-002-Q	12/15/97	Quality Control Review of the Recipient-Contracted Audit of the Legal Resources Trust for the Year Ended March 31, 1995		
4-674-98-003-Q	12/03/97	Quality Control Review of the Recipient-Contracted Audit of the Institute for Democracy in South Africa for the Period September 27, 1993 to September 30, 1994		
4-674-98-004-Q	11/24/97	Quality Control Review of the Recipient-Contracted Audit of the Western Cape Community-Based Housing Trust for the Year Ended December 31, 1996		
4-674-98-005-Q	12/15/97	Quality Control Review of the Recipient-Contracted Audit of the Savings and Credit Co-Operative League of South Africa for the Year Ended March 31, 1996		
4-674-98-006-Q	12/22/97	Quality Control Review of the Recipient-Contracted Audit of the Entrepreneurial Development Southern Africa (grantee), Grant No. 674-0312-G-SS-3060 for the Year Ended March 31, 1995	21	QC
6-278-98-001-Q	11/10/97	Quality Control Review of Bawab & Co.'s Financial-Related Audit of USAID/Jordan Resources Managed by the Housing and Urban Development Corporation for Project Implementation Letters Numbers 99 and 21 for the Periods June 3, 1990 to May 31, 1997 (PIL 99) and January 23, 1994 to December 31, 1996 (PIL 21)		
6-278-98-002-Q	11/10/97	Quality Control Review of Bawab & Co.'s Financial-Related Audit of USAID/Jordan Resources Managed by the General Union for Voluntary Societies Under Grant Agreement No. 278-0270-G-SS-3004-00 for the Period February 14, 1993 to January 31, 1994 and Grant Agreement No. 278-0277-87-0003 for the Period September 10, 1987 to July 1, 1994		

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Table A**Miscellaneous Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-98-003-Q	01/07/98	Quality Control Review of Coopers & Lybrand's Financial Audit of the Egyptian Fertility Care Society Under USAID/Egypt's Population and Family Planning Project No. 263-0144, for the Period October 1, 1990 through May 31, 1993		
6-263-98-004-Q	03/15/98	Quality Control Review of Mohamed Hilal & Co.'s Financial Audit of the Ministry of Health's Systems Development Project II Under USAID/Egypt's Population and Family Planning III Project No. 263-0144, for the Period April 1, 1996 through June 30, 1997		
7-625-98-001-Q	10/28/97	Quality Control Review of the Audit of USAID's Grant to the Permanent Interstate Committee for Drought Control in the Sahel Under the Sahel Regional Institutions Project (No. 625-0975) from May 1, 1993 through February 28, 1995 (Audit Report No. 7-625-96-008-N)		
7-688-98-002-Q	10/28/97	Quality Control Review of the Audit of USAID's Grant to the National Center for Literacy and Applied Linguistic Under the Upper Valley Development Project (No. 688-0233) for the Period from January 1, 1991 to December 31, 1993 (Audit Report No. 7-688-97-001-R)		
7-688-98-003-Q	10/28/97	Quality Control Review of the Audit of Local Expenditures of the Road Reinforcement Service Under the Upper Valley Development Project (No. 688-0233) for the Period from January 1, 1991 to December 31, 1993 (Audit Report No. 7-688-97-006-R)		
		— Other Reports —		
A-000-98-001-S	11/14/97	Memorandum Report on Allegations Concerning Mismanagement of the Romanian-American Enterprise Fund		
A-000-98-002-S	12/02/97	Memorandum Report on Alleged Procurement Irregularities in USAID/Ukraine		
A-000-98-003-S	03/17/98	Memorandum Report on the Follow-Up of USAID's Implementation of Recommendation No. 1.1, Audit of USAID/Washington's Review and Certification of Funds Obligated for Operating Expenses, Audit Report No. A-000-97-001-P, dated February 7, 1997		
B-168-98-001-S	12/08/97	Survey Report on Selected OTI Activities in Bosnia-Herzegovina		
1-522-98-001-S	02/17/98	Survey of the Status of Unreconciled Disbursements Between USAID/Honduras and the Regional Administrative Management Center in Mexico		
1-517-98-002-S	02/27/98	Survey Report on the Transfer of Certain Audit Management Responsibilities Resulting from the Closure of USAID's Regional Development Office for the Caribbean		
4-663-98-001-S	10/10/97	Assessment of the Ethiopian Office of Auditor General's Audit Capabilities		

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Table A**Miscellaneous Reports**

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-98-001-O	12/10/97	Report on Agreed-Upon Procedures Related to USAID/Egypt Resources Managed by the Central Agency for Public Mobilization and Statistics Under the Technical Support for Sector Policy Reform Program		
6-263-98-002-O	01/06/98	Report on Agreed-Upon Procedures Applied to USAID Resources Managed by Raytheon Ebasco Overseas Limited Under USAID/Egypt's Power Sector Support Project No. 263-0215	153	QC
6-268-98-001-S	01/26/98	Memorandum Survey Report on Financial Audit Coverage of USAID Contracts, Grants and Cooperative Agreements in Lebanon		
6-298-98-002-S	01/26/98	Memorandum Survey Report on Financial Audit Coverage of USAID Contracts, Grants and Cooperative Agreements in Oman and Yemen		
6-263-98-003-S	03/17/98	Follow-up Review on Recommendation No. 1 from the Audit of USAID/Egypt's Management of Project-Related Participant Training, Report No. 6-263-95-001		
6-263-98-004-S	03/24/98	Memorandum Information Report on Certain Issues Noted During Field Testing at USAID/Egypt as Part of the OIG's Audit of the Agency's Fiscal Year 1997 Financial Statements		
7-688-98-001-S	12/19/97	Survey Report on the Review of USAID/Mali's Cashier Operations		
7-685-98-002-S	12/19/97	Survey Report on the Review of USAID/Senegal's Cashier Operations		
7-624-98-003-S	12/19/97	Survey Report on the Review of REDSO/WCA's Cashier Operations		
7-624-98-001-O	01/14/98	Pre-Award Survey of the African Business Roundtable		
7-688-98-004-S	01/20/98	Survey Report on the Review of Save the Children (Sahel Field Office) and Group Pivot's Internal Controls Over Payroll Disbursements		

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**Audit Reports Over Six Months Old
With No Management Decision
As of March 31, 1998**

<i>REPORT NUMBER</i>	<i>AUDITEE</i>	<i>ISSUE DATE</i>	<i>CURRENT RECOMMENDATION STATUS</i>	<i>DESIRED DECISION TARGET DATE</i>
0-000-94-028-R	U.S. Export Council for Renewable Energy	05/12/94	Recommended that USAID's Office of Procurement resolve the \$66,175 of unallowable costs. The Office of Procurement is working on a response and expects to make a management decision during the second quarter of fiscal year 1998.	04/15/98
0-000-94-421-R	American University of the Caribbean	09/13/94	Recommended that ASHA review and determine the allowability of construction costs totaling \$1,447,806. ASHA submitted a proposed management decision and the OIG requested additional information. ASHA advised that it has requested a decision from its General Counsel on the recommendation.	04/30/98
0-000-97-001-C	USAID's Financial Statements	02/24/97	Provided USAID's Chief Financial Officer three recommendations for improving internal controls. In a memorandum dated March 26, 1998, the Office of Financial Management indicated that it had begun corrective action on part of the recommendations, needed additional staff to implement some other parts of the recommendations, and disagreed with the remaining parts of the recommendations. The OIG plans to follow up over the next three months.	06/30/98
0-000-97-004-D	Morrison-Maierle, Inc.	11/15/96	Recommended that USAID's Office of Procurement make a management decision on \$1,136,666 in questioned costs. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-007-A	Adventist Development and Relief Agency, International	12/12/96	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$63,972. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-009-D	Abt Associates, Inc.	02/14/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$45,662. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98

Table B

<i>REPORT NUMBER</i>	<i>AUDITEE</i>	<i>ISSUE DATE</i>	<i>CURRENT RECOMMENDATION STATUS</i>	<i>DESIRED DECISION TARGET DATE</i>
0-000-97-010-D	Black and Veatch, International	03/26/97	Recommended that USAID's Office of Procurement make a management decision on the allowability of questioned indirect costs. USAID's Office of Procurement has responded that it is waiting for the cognizant government agency to finalize the indirect cost rates and will report to the OIG when this is complete.	09/01/98
0-000-97-011-D	Black and Veatch International	03/31/97	Recommended that USAID's Office of Procurement make a management decision on the allowability of questioned indirect costs. USAID's Office of Procurement has responded that it is waiting for the cognizant government agency to finalize the indirect cost rates and will report to the OIG when this is complete.	09/01/98
0-000-97-019-A	IRI Research Institute, Inc.	12/13/96	Recommended that USAID's Office of Procurement make a management decision on the adequacy of the recipient's plan to improve its financial position, as detailed in the audit report. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-029-D	Chemonics International, Inc.	09/11/97	Recommended that USAID's Office of Procurement finalize the indirect cost rates for FYs 1994 and 1995. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-036-A	Midwest Consortium for International Action	12/18/96	Recommended that USAID's Office of Procurement make a management decision on total questioned costs of \$833,795. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-043-A	Pathfinder International	01/17/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$24,204. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-045-A	Population Services International	12/03/96	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$1,750. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98

Table B

REPORT NUMBER	AUDITEE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0-000-97-046-A	Population Council, Inc.	01/13/97	Recommended that USAID's Office of Procurement make a management decision on the adequacy of the grantee's actions to correct the findings and respond to the recommendations in the report. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-051-A	Catholic Relief Services	12/26/96	Recommended that various USAID Offices make a management decision on internal control weakness and \$775,349 in questioned costs. A management decision was made on the recommendations concerning internal control weaknesses but the OIG is still working with BHR to obtain additional information on the recommendations dealing with questioned costs.	06/30/98
0-000-97-052-A	Volunteers in Overseas Cooperative Assistance	12/18/96	Recommended that USAID's Office of Procurement ensure that the grantee not charge the cost of its unoccupied office space to USAID. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-065-A	Africare	01/17/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$4,872. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-070-A	Institute for Contemporary Studies	12/19/96	Recommended that USAID's Office of Procurement make a management decision on the questioned costs of \$146,452. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-078-A	International City/County Management Association	12/26/96	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$19,572. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-080-A	World Concern	6/12/97	Recommended that USAID's Office of Procurement make a management decision on World Concern's corrective action plan to resolve the \$14,324 of unsupported and questioned costs and recover those amounts determined to be unallowable. Missions and Offices are working to resolve these issues.	06/30/98

Table B

<i>REPORT NUMBER</i>	<i>AUDITEE</i>	<i>ISSUE DATE</i>	<i>CURRENT RECOMMENDATION STATUS</i>	<i>DESIRED DECISION TARGET DATE</i>
0-000-97-091-A	Carter Center, Inc.	01/14/97	Recommended that USAID's Office of Procurement make a management decision on the three material noncompliance issues. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-092-A	Citizens' Democracy Corps, Inc.	01/03/97	Recommended that USAID's Office of Procurement make a management decision on material internal control weaknesses. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-093-A	National Cooperative Business Association	12/30/96	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$14,663. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-100-A	Internews Network	01/29/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$345,203 incurred and recover amounts determined to be unallowable. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-103-A	Management Sciences for Health, Inc.	03/24/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$12,051. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-106-A	National Council of Negro Women, Inc.	5/30/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$45,342 and recover the amounts determined to be unallowable. Also, recommended that USAID's Office of Procurement require the recipient to reconcile the difference between the \$245,417 actually expended at Council Headquarters and the \$400,000 requested and recover the amounts determined to be unallowable. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-107-A	Nature Conservancy	03/31/97	Recommended that USAID's Office of Procurement make a management decision on the material internal control weakness. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98

Table B

REPORT NUMBER	AUDITEE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0-000-97-117-A	CSLA, Inc.	01/03/97	Recommended that USAID's Office of Procurement make a management decision on internal control weakness and follow-up on the action(s) of CSLA to correct the deficiency in the internal controls. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-122-A	The National Council of Negro Women, Inc	03/31/97	Recommended that USAID's Office of Procurement make a management decision on the material internal control weakness. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-129-A	Oceanic Institute	04/14/97	Recommended that the USAID's Office of Procurement make a management decision on questioned costs of \$30,842 and on certain internal control weaknesses both material and non-material. Also, recommended that the Office of Procurement make a management decision on the adequacy of the action plan of Oceanic Institute to address the other matters in the audit. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-145-A	American Institute for Free Labor Development	05/15/97	Recommended that the USAID's Office of Procurement make a management decision on questioned costs of \$1,052 incurred under grant No. LAC-0806-G-00-3027-00 and recover the amounts determined to be unallowable. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-157-A	Fund for Democracy and Development	05/16/97	Recommended that USAID's Office of Procurement make a management decision on questioned costs of \$110,195 incurred under grant No. CCN-001-A-00-4008-00 and recover the amounts determined to be unsupported. Also, recommended that USAID's Office of Procurement make a management decision on the acceptability of the recipient's travel practices for Moscow. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-158-A	Consortium for International Development	6/18/97	Recommended that USAID's Office of Procurement make a management decision on the allowability of \$270,942 costs incurred in excess of contract No. DHR-0000-Z-00-0020-00. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98

Table B

<i>REPORT NUMBER</i>	<i>AUDITEE</i>	<i>ISSUE DATE</i>	<i>CURRENT RECOMMENDATION STATUS</i>	<i>DESIRED DECISION TARGET DATE</i>
0-000-97-170-A	Cooperative Housing Foundation	6/19/97	Recommended that USAID's Office of Procurement make a management decision on the Cooperative Housing Foundation's methods and procedures for recording and controlling cash disbursements. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-191-A	Catholic Relief Services (CRS)- United States Catholic Conference, Inc.	08/07/97	Recommended that the appropriate USAID office make a management decision on questioned costs \$213,006 billed to USAID and recover unallowed costs. Also, recommended that the Director, USAID's Office of Food for Peace, make a management decision on the effectiveness of CRS's system to properly calculate the value of USAID resources provided to subrecipients, verify that all required audits have been performed, and make a management decision on the effectiveness of CRS's system of compliance with USAID provisions against the purchase of restricted goods. OIG awaiting replies from various offices.	06/30/98
0-000-97-196-A	Conservation International Foundation	08/18/97	Recommended that USAID's Office of Procurement make a management decision on the cost impact of the auditor's adverse opinion on the financial information presented on USAID funds. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-200-A	The Population Council, Inc.	08/18/97	Recommended that USAID's Office of Procurement make a decision on the actions of The Population Council to arrange for and obtain all of the required audit reports under OMB Circular A-133 in a timely manner. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-209-A	International Eye Foundation (IEF)	08/18/97	Recommended that the USAID's Office of Procurement make a management decision on questioned costs of \$4,319 incurred under Grant No. FAO-0500-A-00-5018-00, and recover the amounts determined to be unsupported. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98

Table B

REPORT NUMBER	AUDITEE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0-000-97-214-A	Institute for Contemporary Studies	08/18/97	Recommended that the USAID's Office of Procurement make a management decision on excess indirect costs of \$146,452 reimbursed by USAID in 1994, on questioned costs of \$2,500 paid without adequate supporting documentation and recover the amounts determined to be unallowable. USAID's Office of Procurement has not responded to the audit report or subsequent follow-up communications.	06/30/98
0-000-97-222-A	American ORT, Inc.	08/29/97	Recommended that the Mission Director, USAID/Russia make a management decision on questioned costs of \$13,605 and recover any amounts deemed to be unallowable. The Mission has not responded to our follow-up of March 13, 1998.	06/30/98
0-492-97-042-R	Economic Development Foundation	05/16/97	Recommended that the Mission Director, USAID/Philippines make a management decision on the adequacy of the Economic Development Foundation's actions to correct the internal control conditions identified in the report. The Mission Director made a management decision on nine of the eleven audit recommendations. We are waiting clarification on the decisions concerning internal controls.	04/30/98
0-623-97-027-R	International Union for Conservation of Nature/Regional Office for Southern Africa (IUCN/ROSA)	04/18/97	Recommended that the Mission Director, USAID/Kenya make a management decision that a second bank signatory be considered to further enhance controls in respect of authorization and accuracy of payments to suppliers of goods and services and make a management decision that funds in the project bank should not be commingled with non-USAID funds.	06/30/98
0-623-97-072-R	Center for Agricultural Research and Policy Analysis	07/02/97	Recommended that the Mission Director, Regional Economic Development and Support Office/East Africa make a management decision on unsupported salary costs of \$50,777, ineligible cost overruns of \$792 and recover any amounts deemed unallowable.	06/30/98
8-000-96-001-R	International Committee for Economic Reform and Coop.	09/13/96	Recommended that the grant officer ensure the recipient meet its cost sharing requirements under the grant. The Office of Procurement advised that it is working on this recommendation and will have a management decision soon.	04/30/98

Table B

<i>REPORT NUMBER</i>	<i>AUDITEE</i>	<i>ISSUE DATE</i>	<i>CURRENT RECOMMENDATION STATUS</i>	<i>DESIRED DECISION TARGET DATE</i>
8-000-97-006-D	Norwegian People's Aid	02/19/97	Recommended that the Grant Officer require Norwegian People's Aid to refund to USAID the excess amount of \$681,754 under the completed grants and resolve questioned costs of \$38,918 arising from exchange rate difference for the audited years, 1994 and 1995. The Office of Procurement advised that the recommendation is being reviewed and a management decision will be made soon.	04/30/98
8-TR-96-006	Action Internationale Contre La Faim	07/17/96	The Grant Officer is resolving indirect rates. Anticipating resolution by April 1, 1998.	04/01/98
8-TR-96-007	Medecins Sans Frontieres	07/25/96	Recommended that the Grant Officer resolve the \$22,663 in questioned costs. Audit is being reviewed by management and recipient with anticipated resolution by April 30, 1998.	04/30/98
8-TR-96-008	Medecins Du Monde	08/02/96	Recommended that the Grant Officer resolve the unsupported costs. The Grant Officer anticipates resolving these recommendations by April 1, 1998.	04/01/98
8-TR-96-009	Feed the Children	08/14/96	Recommended that the Grant Officer resolve the questioned costs of \$40,327 in 1994 and \$244,554 in 1995. The OIG sent a follow-up memorandum on July 14, 1997. Grant Officer anticipates resolution of these recommendations by April 1, 1998.	04/01/98
8-TR-97-002	Mines Advisory Group	10/01/96	Recommended that the grant officer require the Mines Advisory Group to correct the weakness in its accounting system. Recommendations being re-assigned to another office, which anticipates timely resolution.	06/30/98
1-521-95-001-N	International Lifeline, Inc.	10/06/94	Recommended that USAID/Haiti resolve \$722,893 in questioned costs. Responsibility has been transferred to the Bureau for Humanitarian response.	Unknown
7-688-97-006-P	USAID/Mali's Role in Obtaining Audit Coverage of Contracts, Grants, and Cooperative Agreements	06/06/97	USAID Mali needs to decide to develop operational guidance which will better ensure that it obtains required audits of grantees and contractors.	04/30/98
9-000-97-001-P	Disaster Assistance Activities	09/10/97	The Bureau for Humanitarian Response has not yet decided what action it will take to implement the report recommendations.	12/31/98

**Significant Audit Recommendations Described In
Previous Semiannual Reports Without Final Action
As of March 31, 1998**

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
1-000-97-002-P	Follow-up on USAID's Implementation of Recommendation No. 1, Audit of the Activities of the Bahamian Agricultural Credit Guarantee Fund	07/28/97	1	03/26/98	06/98
4-000-96-001	USAID's Disaster Assistance Program in Angola	09/20/96	2.1	03/26/98	04/98
			2.2	09/20/96	05/98
			4	09/20/96	05/98
			5	03/26/98	05/98
4-674-97-005-P	Audit of USAID/South Africa's Implementation of GPRA for Democracy - Civil Society Activities	09/11/97	2	09/11/97	04/98
5-388-97-002-P	Audit of USAID/Bangladesh's Title II Non-Emergency Food Aid Program	05/30/97	2	05/30/97	04/98
			3	05/30/97	05/98
6-294-96-006-N	Society for the Care of the Handicapped in Gaza	11/28/95	1	06/16/96	04/00
6-294-96-018-N	AMIDEAST/Jerusalem	04/11/96	1	03/08/98	04/99
7-683-96-005	USAID/Niger Cash Transfers	05/31/96	1.1	05/31/96	04/98
7-624-97-001-P	REDSO/West and Central Africa's P.L. 480 Title II Non-Emergency Food Aid Program in Burkina Faso	11/29/96	2	01/03/97	06/98
			6	01/28/97	04/98
			7.1	11/29/96	04/98
			7.2	11/29/96	04/98
			8	11/29/96	06/98
7-685-97-003-P	USAID/Senegal's Implementation of the Govt. Performance and Results Act for Environment - Natural Resources Management and Biodiversity Activities	02/21/97	1	02/21/97	04/98

Table C

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
			2	02/21/97	04/98
			4	03/25/97	04/98
			5.1	03/25/97	04/98
			5.2	02/21/97	04/98
			5.3	02/21/97	04/98
7-688-97-006-R	Road Reinforcement Service Under the Upper Valley Development Project (Mali)	02/13/97	1	05/19/97	09/98
8-180-95-015	Economy & Efficiency of Central & Eastern Europe Enterprise Funds	08/25/95	1.1	09/25/97	08/98
9-000-96-006	Audit of A.I.D.'s Accounts Receivable	08/31/93	1.3	03/03/94	09/98
			2	03/23/94	10/98
			4.1	08/31/93	10/98
			4.2	03/23/94	10/98
			4.3	08/31/93	10/98
			6	08/31/93	06/98
9-000-95-005	USAID/Washington's Management of Cash Advances to Recipient Organizations	12/15/94	8	12/15/94	06/98
9-000-96-001	Patent Reporting, Disclosure and Procurement	12/05/95	1.1	12/05/95	04/98
			1.2	12/05/95	04/98
			2.1	12/05/95	06/98
			5.2	12/05/95	04/98
			6	12/05/95	04/98
9-000-96-002	Accountability for USAID Funds with Non-U.S. Grantees	12/29/95	1.2	12/29/95	09/98
			1.3	12/29/95	12/98
			1.4	12/29/95	12/98
9-000-96-005	Controls Over the Quality of Financial Management Data	07/11/96	1	07/11/96	02/00
9-000-97-001-P	Audit of USAID's Disaster Assistance Activities	09/10/97	1	No Decision	09/98
			2.1	No Decision	09/98

Table C

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
			2.2	No Decision	05/98
			3.1	03/31/98	05/98
			3.2	No Decision	05/98
			3.3	03/31/98	05/98
9-000-97-003-P	Audit of USAID's Status in Implementing the Government Performance and Results Act of 1993	09/30/97	1	09/30/97	06/98
A-000-97-001-P	USAID/Washington's Review and Certification of Funds Obligated for Operating Expenses	02/07/97	1.1	03/17/98	09/98
			1.2	02/25/98	09/98
			1.3	02/25/98	09/98
A-000-97-004-P	Worldwide Deployment of the New Management System	03/31/97	1	08/18/97	05/98
			2	08/18/97	10/98
			3	08/18/97	06/98
A-000-97-005-P	Audit of USAID's Efforts To Resolve the Year 2000 Problem	07/11/97	3.2	07/11/97	07/98
A-000-97-008-P	Audit of USAID's Compliance with Federal Computer Security Requirements	09/30/97	1	09/30/97	04/98
			2.1	09/30/97	04/98
			2.2	09/30/97	04/98
			2.3	09/30/97	01/00
			2.4	09/30/97	01/00
			2.5	09/30/97	01/00
A-000-97-009-P	Audit of the Internal Controls for the Operational New Management System	09/30/97	1	12/26/97	10/98
B-186-97-004-P	Follow-up of Recommendation No. 1, Audit of the Romanian Agriculture Sector Support Program	05/14/97	1.2	03/26/98	03/99

Table C

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
B-168-97-006-P	Audit of USAID/Bosnia-Herzegovina's Bosnian Reconstruction Finance Facility Program for the Period January 1 Through March 31, 1997	06/27/97	1.1	03/30/98	03/99
			1.2	03/30/98	03/99
B-186-97-007-P	Audit of OAR/Romania's Implementation of the Government Performance and Results Act for Its Civil Society Activities	08/15/97	1	08/15/97	05/98
			2	08/15/97	05/98
			3	08/15/97	05/98

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS

October 1, 1997 Through March 31, 1998

(Dollars in Thousands)

<i>REPORTS . . .</i>	<i>NUMBER OF AUDIT REPORTS</i>	<i>QUESTIONED COSTS</i>	<i>UNSUPPORTED COSTS¹</i>
For which no management decision had been made as of October 1, 1997	81	\$12,387 ^{2,3}	\$4,260 ^{2,3}
Add: Reports issued October 1, 1997 through March 31, 1998	74	\$14,956 ⁴	\$4,040 ⁴
Subtotal	155	\$27,343	\$8,300
Less: Reports with a management decision made October 1, 1997 through March 31, 1998	76	\$6,410 ^{5,6}	\$4,422 ⁵
For which no management decision had been made as of March 31, 1998	88	\$20,933 ⁷	\$3,877 ⁷
For which no management decision was made within six months of issuance	34	\$8,699	\$2,013

¹ Unsupported Costs are included in Questioned Costs, but are provided as additional information as required by the Inspector General Act Amendments of 1988 (P.L. 100-504).

² Amounts include \$2,790,013 in Questioned Costs and \$72,403 in Unsupported Costs for audits performed for the IG by other federal audit agencies.

³ The ending balance at September 30, 1997 for Questioned Costs totaling \$12,300,319 was increased by \$87,154 to reflect correction of a \$2,246 error in the prior period as well as \$84,908 in adjustments in the amount of recommendations contained in five reports; the ending balance at the same period for Unsupported Costs of \$4,269,626 was decreased by \$9,789 to correct a duplication of an audit finding in one report.

⁴ Amounts include \$9,343,077 in Questioned Costs and \$135,692 in Unsupported Costs for audits performed for the IG by other federal audit agencies.

⁵ Agency Officials disallowed \$1,316,001 in Questioned Costs (\$484,020 in Unsupported Costs) cited in 51 reports. Agency Officials did not sustain \$5,094,112 in Questioned Costs (\$3,938,390 in Unsupported Costs) cited in 53 reports.

⁶ Amounts include \$228,686 in Questioned Costs for audits performed for the IG by other federal audit agencies.

⁷ Amounts include \$11,904,404 in Questioned Costs and \$208,095 in Unsupported Costs for audits performed for the IG by other federal audit agencies.

Table E

**REPORTS ISSUED WITH RECOMMENDATIONS THAT
FUNDS BE PUT TO BETTER USE
October 1, 1997 Through March 31, 1998**

(Dollars in Thousands)

<i>REPORTS . . .</i>	<i>NUMBER OF AUDIT REPORTS</i>	<i>DOLLAR VALUES</i>
For which no management decision had been made as of October 1, 1997	2	\$78,097
Add: Reports issued October 1, 1997 through March 31, 1998	19	\$499,035
Subtotal	21	\$577,132
Less: Reports with a management decision made October 1, 1997 through March 31, 1998	20	\$91,985 ¹
For which no management decision had been made as of March 31, 1998	4	\$485,147
For which no management decision was made within six months of issuance	0	\$0

¹ Agency Officials agreed with \$12,359,048 in actions cited in 19 reports, and Agency Officials did not agree with \$79,626,189 in actions cited in four reports.

OIG STATISTICAL SUMMARY

Investigative Actions

Workload

Cases Pending (10/1/97)	87
Cases Opened	16
Cases Closed	29
Cases Pending (03/31/98)	74

Civil

Civil Referrals	1
Complaints	0
Judgements/Recoveries	0
Settlements	0

Criminal

Prosecutive Referrals	5
Prosecutive Declinations	6
Indictments	1
Convictions	2
Fines	0
Restitutions	2

Administrative

Reprimands	0
Personnel Suspensions	1
Resignations/Terminations	3
Contract/Grant/CoAgr Terminations	0
Recoveries	1
Suspensions/Debarments	0
Savings	0

Investigative Recoveries

Settlements	\$18,995
Administrative Recoveries	<u>\$17,949</u>
Total Investigative Recoveries	<u>\$36,944</u>

**If you are aware of any fraud, waste, or
abuse involving USAID activities . . .**

**Please call the
Inspector General
hotline at:
800-230-6539
202-712-1023**

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

**Via AIDNET e-mail at the
following address:
IG_HotLine@ig.i.hotline.**