



USAID
FROM THE AMERICAN PEOPLE

OFFICE OF INSPECTOR GENERAL
**SEMIANNUAL REPORT
TO THE CONGRESS**

October 1, 2004 - March 31, 2005





USAID
FROM THE AMERICAN PEOPLE

Inspector General **HOTLINE**

The Office of Inspector General (OIG) maintains a Hotline to make it easy to report allegations of fraud, waste, abuse, mismanagement or misconduct in the programs and operations of the United States Agency for International Development (USAID), the Inter-American Foundation (IAF), the African Development Foundation (ADF), and the Millennium Challenge Corporation (MCC). USAID, IAF, ADF and MCC employees, contractors, and program participants or the general public may report allegations directly to the OIG. The Inspector General Act of 1978 and other laws protect persons making hotline complaints. Submit complaints by e-mail, telephone, or mail to:

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

E-mail ig.hotline@usaid.gov

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



Individuals who contact the Hotline are not required to identify themselves. However, the OIG encourages those who report allegations to identify themselves so they can be contacted if additional questions arise as OIG evaluates their allegations. Pursuant to the Inspector General Act of 1978, the Inspector General will not disclose the identity of an individual who provides information unless that individual consents or unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation. You may request confidentiality when using the telephone or mail. E-mail complaints can not be kept confidential because electronic e-mail systems are not secure.



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General

April 29, 2005

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

Dear Mr. Natsios:

I am pleased to report to you and the Congress of the United States the accomplishments of the USAID Office of Inspector General (OIG) for the six-month period ended March 31, 2005. This report is issued in compliance with the Inspector General Act of 1978, as amended.

During this period the OIG issued 309 audit reports with monetary recommendations of about \$42 million, completed 62 investigations, and achieved savings and recoveries of \$474,000.

Our oversight initiatives for high-risk USAID operations in Iraq and Afghanistan produced significant results in this period.

In Iraq, our review of USAID's Community Action Program found that 98 percent of the intended outputs were achieved for projects tested. This is a significant result given the difficult environment. The Health System support program had a lower achievement rate but the Mission was receptive to our report findings and recommendations.

In Afghanistan, our concurrent financial and performance audit program seeks to make contributions to the implementation plan and ensure accountability.

We have also directed significant efforts to developing an audit strategy for the relief and rehabilitation activities related to USAID's response to the Tsunami events in India, Sri Lanka and Indonesia.

Our work on HIV/AIDS activities identified concerns about sustainability.

It is my pleasure to serve as the Agency's Acting Inspector General and I appreciate the cooperation extended to me and the OIG staff.

Sincerely,

Bruce N. Crandlemire
Acting Inspector General



USAID
FROM THE AMERICAN PEOPLE

*Office of Inspector General
for
The American Development Foundation*

April 29, 2005

Mr. Edward Brehm, Chairman
Mr. Nathaniel Fields, President
The African Development Foundation
1400 Eye Street, N.W., Tenth Floor
Washington, D.C. 20005-2248

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the U.S. Agency for International Development (USAID), Office of Inspector General (OIG) with regard to the African Development Foundation (ADF) for the period ended March 31, 2005.

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

I appreciate the courtesy and assistance extended to my staff during our work with your organization.

Sincerely,

Bruce N. Crandlemire
Acting Inspector General



USAID
FROM THE AMERICAN PEOPLE

*Office of Inspector General
for
The Inter-American Foundation*

April 29, 2005

Mr. Roger Wallace, Chairman of the Board
Ms. Linda Borst Kolko, Interim President
The Inter-American Foundation
901 North Stuart Street, 10th Floor
Arlington, Virginia 22203

Dear Sir and Madam:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the U.S. Agency for International Development (USAID) Office of Inspector General (OIG) with regard to the Inter-American Foundation (IAF) for the period ended March 31, 2005.

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

I appreciate the courtesy and assistance extended to my staff during our work with your organization.

Sincerely,

Bruce N. Crandlemire
Acting Inspector General

Acronyms

ADF	African Development Foundation
ARS	Accrual Reporting System
CAM	Contract Audit Management
CAP	Community Action Program
CEO	Chief Executive Officer
CIP	Commodity Import Program
CLOs	Country Liaison Offices
CPA/IG	Coalition Provisional Authority/Inspector General
CTOs	Cognizant Technical Officers
DCAA	Defense Contract Audit Agency
FAR	Federal Acquisition Regulation
FFMIA	Federal Financial Management Improvement Act of 1996
FSN	Foreign Service National
GAO	Government Accountability Office
GOE	Government of Egypt
GMRA	Government Management and Reform Act
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IAF	Inter-American Foundation
IG	Inspector General
IG Act	Inspector General Act of 1978
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MEPI	Middle East Partnership Initiative
MOU	Memorandum of Understanding
NGOs	Non-Government Organizations
OIG	Office of Inspector General
OMB	Office of Management and Budget
PVO	Private Voluntary Organization
RECAP Activity	Emergency Reconstruction of Roads and Bridges Activity
REDSO/ESA	Regional Economic Development Services Office for East and Southern Africa
REFS	Rehabilitation of Economic Facilities and Services
Results Act	Government Performance and Results Act of 1993
RIG	Regional Inspector General
SAIs	Supreme Audit Institutions
USAID	United States Agency for International Development
USPSC	U.S. Personal Services Contractors

Table of Contents

Reporting Requirements	ii
Executive Summary	1
Overview.....	2
Highlights.....	4
USAID	
Major Management Challenges	8
Financial Management	8
Information Resources Management.....	10
Managing for Results	11
Procurement Management	11
Human Capital Management.....	12
Other Management Challenges.....	12
Iraq.....	12
Afghanistan	13
Tsunami.....	14
West Bank and Gaza.....	14
HIV/AIDS	14
Expanding Accountability	16
Expanding Supreme Audit Institutions' Capabilities	16
Fraud Awareness Training.....	16
Financial Management Training.....	18
Accountability over Contractors and Grantees.....	18
Introduction to USAID Bureaus and Independent Offices.....	21
Bureau for Africa.....	21
Bureau for Asia and the Near East	25
Bureau for Europe and Eurasia	29
Bureau for Latin America and the Caribbean.....	33
Bureau for Management.....	36
African Development Foundation	
OIG Strategy	40
Management Challenges	40
OIG Oversight Activities	41
Inter-American Foundation	
OIG Strategy	42
Management Challenges	42
OIG Oversight Activities	43
Appendices.....	45

Reporting Requirements—USAID

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 8-15
Recommendations for Corrective Actions	Pages 21-38
Summary of Each Significant Report	Pages 21-38
List of Audit Reports Issued	Appendix A Pages 46-61
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 63
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 64
Statistical Table of Reports with Questioned and Unsupported Costs	Appendix D Page 66
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Appendix E Page 67
Summary of Instances in Which Information or Assistance was Refused	Nothing to Report
Decisions and Reasons for Significant Revised Management Decisions	Nothing to Report
Significant Management Decisions with Which the Inspector General Disagrees	Nothing to Report
Remediation Plan Information (Required under the Federal Financial Management Improvement Act of 1996)	Appendix F Page 68
Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Appendix G Page 69

Reporting Requirements—ADF

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 40-41
Recommendations for Corrective Actions	Pages 40-41
Summary of Each Significant Report	Page 41
List of Audit Reports Issued	Appendix A Pages 62
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 63
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 65
Statistical Table of Reports with Questioned and Unsupported Costs	Nothing to Report
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Nothing to Report
Summary of Instances in Which Information or Assistance was Refused	Nothing to Report
Decisions and Reasons for Significant Revised Management Decisions	Nothing to Report
Significant Management Decisions with Which the Inspector General Disagrees	Nothing to Report
Remediation Plan Information (Required under the Federal Financial Management Improvement Act of 1996)	Nothing to Report
Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Nothing to Report

Reporting Requirements—IAF

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 42-43
Recommendations for Corrective Actions	Pages 42-43
Summary of Each Significant Report	Page 43
List of Audit Reports Issued	Appendix A Pages 62
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 63
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Nothing to Report
Statistical Table of Reports with Questioned and Unsupported Costs	Nothing to Report
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Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Nothing to Report

Executive Summary

This report presents the results of the Office of Inspector General's audit and investigative efforts at the U.S. Agency for International Development (USAID), the African Development Foundation (ADF), and the Inter-American Foundation (IAF) for the six-month period ending March 31, 2005. The USAID Office of Inspector General (OIG) discusses its work relating to the Millennium Challenge Corporation (MCC), for which it also has statutory responsibility, in a separate semiannual report.

During this reporting period, the OIG issued 309 audit reports with monetary recommendations valued at \$42 million and completed 62 investigations with savings and recoveries of \$474,000. OIG and USAID continue to meet the goal of reaching "management decision" on all audit recommendations within six months of report issuance, as they have routinely since March 31, 2001.

This report highlights the OIG's most significant audits and investigations during the reporting period. Of particular note are our continuing reports on Iraq and Afghanistan, both areas of high risk and visibility. And an audit and investigative strategy has been developed to respond to the Tsunami relief efforts undertaken by USAID. In the area of USAID's computer security, audits have found improvements to the extent that this area is no longer a material weakness for the Agency. The OIG also reports an unqualified opinion on the Agency's fiscal year 2004 financial statements for the second year.

This report also details the OIG's efforts to improve the accountability environment overseas, including oversight of USAID contractors and grantees, and support of Supreme Audit Institutions. One activity was the fraud awareness seminars conducted in Iraq.

Major management challenges facing USAID as identified by the OIG in the areas of managing for results, procurement, human capital, financial management, and information technology are updated in this report. In addition, this report discusses the OIG's role in providing oversight for USAID's programs in Iraq, Afghanistan, the West Bank and Gaza, as well as for HIV/AIDS programs. An investigation identified weakness in procurement management by a contractor that was subsequently corrected as a result of the investigation.

Finally, this report discusses the OIG's audit strategy, major challenges, and current oversight activities facing ADF and IAF and reports that unqualified opinions were issued on their financial statements for fiscal year 2004 as well.

Overview

The Office of Inspector General (OIG) is responsible for providing audit and investigative services to the U.S. Agency for International Development (USAID), the African Development Foundation (ADF), the Inter-American Foundation (IAF) and the Millennium Challenge Corporation (MCC).

Mission

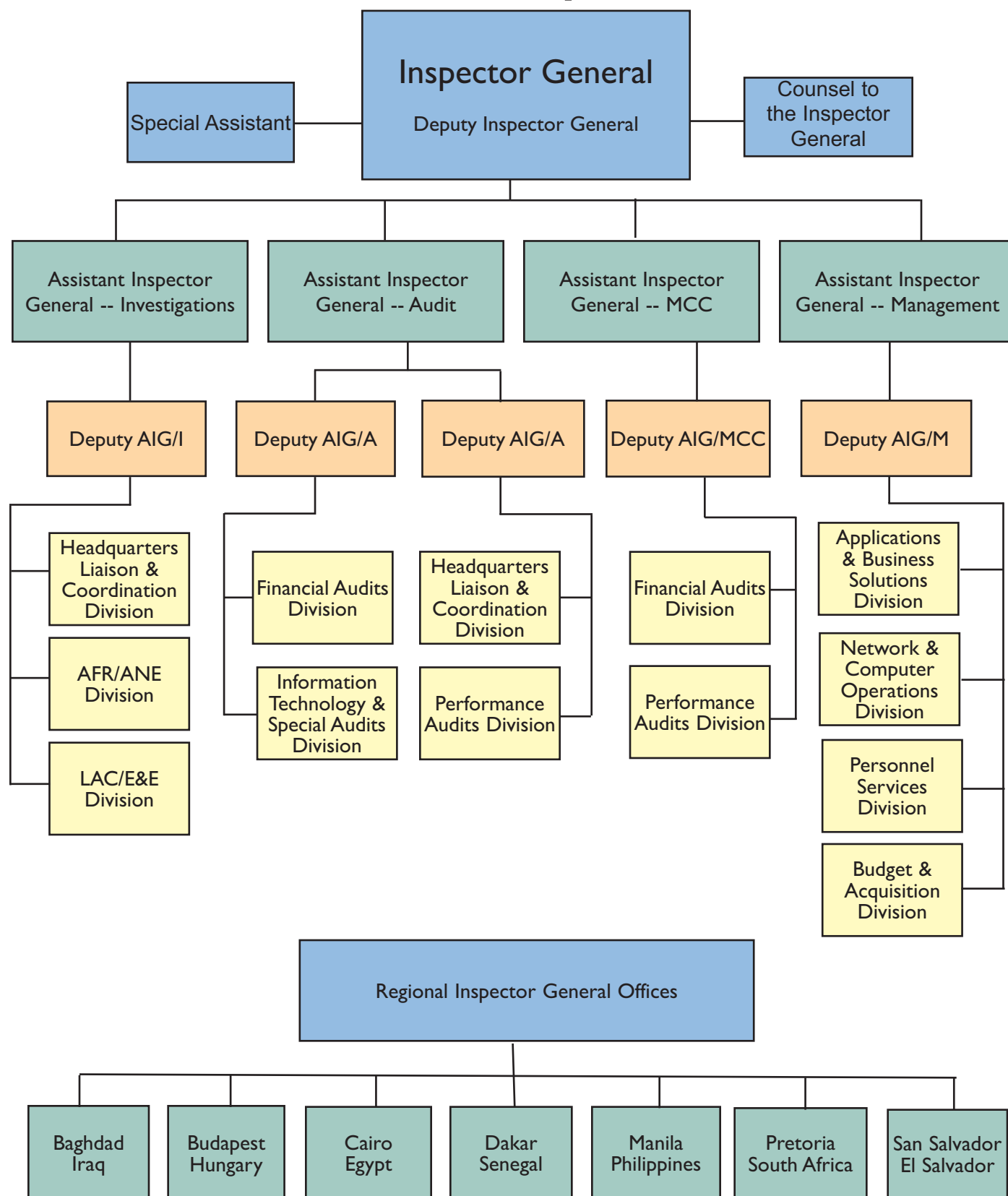
Established under the Inspector General Act of 1978 (IG Act), as amended, the OIG is tasked with (1) promoting economy, efficiency, and effectiveness in the administration of programs and (2) preventing and detecting fraud and abuse in worldwide program operations. The IG Act also requires all Inspectors General to keep management and the

Congress fully and currently informed about problems and deficiencies relating to the administration of programs and operations, as well as about actions taken to correct those deficiencies and problems.

Organization

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

USAID Office of Inspector General



Highlights

The following sections describe the most significant results of the OIG work concluded in the past six-month period. During this semiannual period, the OIG issued reports on its activities in Iraq and on the President's Emergency Plan for AIDS Relief.

The investigative results reflect investigative activity that resulted in criminal action, civil action, personnel action, systemic change, and financial recoveries and savings.

Highlights of Significant Audits

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

Type of Report	Number of Reports	Monetary Recommendations (\$)
Financial Audits		
USAID Programs and Operations	2	0
Foundations' Programs and Operations	2	0
U.S.-Based Contractors	73	7,609,042
U.S.-Based Grantees	30	11,463,418
Quality Control Reviews	3	0
Foreign-Based Organizations	140	22,075,458
Quality Control Reviews	8	0
Enterprise Funds	10	0
Performance Audits		
USAID Economy and Efficiency	32	454,872
Foundations' Economy and Efficiency	2	0
Other	7	1,000
TOTAL	309	41,603,790

OIG Activities in Iraq

The OIG has an office in Baghdad to review USAID's Iraq program activities. Although this office is located with the USAID Mission in the protected International Zone of Baghdad, in performing their audit responsibilities, the OIG staff visit USAID activities throughout Iraq. During this period, the OIG conducted audits of Iraq's Community Action Program and its Health System.

Audit of USAID/Iraq's Community Action Program

During the past 25 years, the Iraqi people have experienced the hardships of three wars and economic sanctions. This economic decline, coupled with lack of investment, has affected the quality and capacity of the provision of social services. To aid in resolving this problem, USAID's Community Action Program (CAP) encourages citizens to become involved in addressing the issues that affect their communities. As of August 7, 2004, USAID/Iraq had obligated approximately \$120 million to the CAP and disbursed approximately \$38 million.



Photograph of a class at the Surean School constructed under USAID/Iraq's Community Action Program in the town of Said Sadiq, Iraq.

The OIG determined that the USAID's Community Action Program achieved 98 percent of its intended outputs, such as citizen participation, inter-community cooperation, and local government

cooperation. Although USAID and its implementing partners ensured that the program achieved intended outputs, the OIG found that the program's monitoring and reporting could be improved.

The OIG recommended that USAID/Iraq develop and implement a plan of action to improve the integrity of the program data so that it could more effectively monitor and report results.

A management decision was reached on the recommendation.

(Audit Report No. E-267-05-001-P)

Audit of USAID/Iraq's Health System Strengthening Contract Activities

USAID awarded a \$23 million contract to strengthen the overall health system and ensure the rapid normalization of specific health services through the provision of technical, commodity and managerial support to the Iraqi Ministry of Health. The OIG determined that for 47 selected activities, only 19 activities or 40 percent achieved their intended outputs.

Although the contract had expired, preventing the Mission from taking action to address the unachieved outputs, the OIG identified one area where improvements needed to be made in the Mission's procedures for processing future contract modification requests to ensure such requests are addressed in a timelier manner.

The OIG recommended that USAID/Iraq develop written procedures covering its review and approval of requests for modifications in order to help ensure that outputs are achieved in a timely way in future projects.

Final action was taken upon report issuance.

(Audit Report No. E-267-05-002-P)

Audit of USAID/Ethiopia's Implementation of the President's Emergency Plan for AIDS Relief

The OIG recently issued the pilot report in a series of audits on the President's Emergency Plan for AIDS Relief. The objectives of the audit were to determine (1) how USAID/Ethiopia participated



Photograph of a child orphaned by HIV/AIDS. The cow was provided by a government program as a means of sustainable support.

in the President's Emergency Plan for AIDS Relief activities, (2) whether USAID/Ethiopia's HIV/AIDS activities progressed as expected towards planned outputs in their agreements and contracts, and (3) whether USAID/Ethiopia's HIV/AIDS activities contributed to the overall U.S. Government's Emergency Plan targets.

The OIG concluded that USAID/Ethiopia has a principal role in the President's Emergency Plan for AIDS Relief activities in Ethiopia for HIV/AIDS prevention and care, as well as a major supporting role for HIV/AIDS treatment; its partners were progressing as expected towards meeting planned outputs in their agreements, and USAID/Ethiopia's HIV/AIDS activities are contributing significantly to the overall U.S. Government's Emergency Plan care and treatment targets for fiscal year 2004.

The report included five recommendations that included funding, information sharing, and program sustainability issues.

Management decisions have been reached on four of the five recommendations, and final action had taken place on two recommendations. A management decision is pending on one recommendation.

(Audit Report No. 9-663-05-005-P)

Highlights of Significant Investigations

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

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

Workload Indicator	
Cases Opened	73
Cases Closed	62
Hotline Contacts	2,489
Results	
Recoveries/Savings	\$473,956
Resignations/Terminations	7
Personnel Suspensions	1
Suspensions/Debarments	0
Indictments	1
Convictions	1
Systemic Changes	11

Investigation Leads to Civil Complaint

The U.S. Department of Justice and the U.S. Attorney for the District of Idaho filed a civil false claims complaint against two U.S.-based construction companies and their Egyptian partner. The complaint stated that the undisclosed joint venture between the three firms violated USAID nationality rules. The three companies entered into the undisclosed joint venture to secure five separate USAID-funded host country construction contracts—valued at over \$400 million—with the Government of Egypt (GOE). During the bidding and prequalification phase of all five contracts, the two U.S. construction companies submitted false documents to the GOE and USAID certifying that the project would be carried out by the U.S. firms only. The OIG investigation determined that the defendants purposefully failed to disclose to USAID the true nature and constitution of their three-party joint venture, which included an Egyptian construction company. Having the Egyptian firm as a partner would have disqualified the joint venture from consideration for award of the contracts in question.

Investigation Yields \$200,000 Civil Settlement

The U.S. Attorney's Office for the District of Columbia entered into an agreement with a U.S. firm to settle a false claims law suit arising out of an OIG investigation. The settlement brought to closure a longstanding OIG investigation which resulted in the filing of a civil fraud complaint by the government against the firm in April 2001 seeking damages for the submission of false/fraudulent invoices to USAID by the company for a period covering 1994 to 1996. In 2002, the company filed a response in the U.S. District Court for the District of Columbia to the government's civil complaint, as well as a counterclaim against the government for breach of contract. Per the terms of the settlement agreement, the company, while not acknowledging any wrong-doing, agreed

to pay the government \$200,000; and both sides agreed to set-aside all further claims regarding this matter.

Investigation Leads to Conviction of Corporate Chief Executive Officer

The Chief Executive Officer (CEO) of a major Egyptian company pled guilty to a felony false statement charge in the U.S. District Court for the Southern District of New York stemming from his participation in a multi-million dollar scheme to defraud USAID. More specifically, the CEO acknowledged his involvement in the preparation and submission of an application to USAID/Egypt containing false information in the form of fraudulent bids and seeking over \$2 million in financing via USAID's Commodity Import Program (CIP) to purchase communications equipment. USAID regulations require that all commodities purchased with CIP funds be bought from a U.S. company. However, the OIG investigation of this matter revealed that the CEO presented USAID with false documentation indicating that the equipment came from a U.S.-based company, when, in actuality, he purchased the equipment from an Egyptian firm for substantially less money—and used a portion of the proceeds to pay his company's private debt.

As a result of his guilty plea, the CEO is facing a maximum sentence of five years in prison and a fine of \$250,000. The sentencing is scheduled for later this year.

Major Management Challenges

USAID implements America's foreign economic and humanitarian assistance programs in accordance with foreign policy guidance provided by the Secretary of State. USAID manages a budget of approximately \$10.6 billion and advances U.S. foreign policy objectives by supporting:

- Economic growth, trade, and agricultural development.
- Improvements in global health.
- Conflict prevention, democracy, and developmental relief activities.

In pursuit of its mission, USAID faces a number of Major Management Challenges—which parallel the President's Management Agenda. This section updates the continuing efforts by USAID to address those challenges and OIG efforts to assist in overcoming them.

These Major Management Challenges are:

- Financial Management
- Information Resources Management
- Managing for Results
- Procurement Management
- Human Capital Management

Financial Management

For the second year in a row, the OIG issued unqualified opinions on USAID's fiscal year 2004 financial statements. This is an important milestone and represents significant progress by USAID. While USAID has made progress over the last five years, several areas of its financial management system continue to present challenges:

- Calculating and reporting accounts payable.
- Recording costs against USAID goals.
- Recognizing and reporting accounts receivable.
- Reconciling financial management information.

Calculating and Reporting Accounts Payable

During fiscal year 2004, USAID established a process to compile, monitor, and review quarterly information on accruals certified in the Accrual Reporting System (ARS) at individual USAID/Washington Bureaus. USAID also established procedures for validating statistically selected quarterly accrual amounts, evaluating the reliability of the ARS, and updating its accrual policies and procedures. In addition, for its overseas locations, USAID improved its estimation process, coordination between financial and program staff, and retention of supporting documentation.

Despite these improvements, the OIG identified (1) training needs for USAID's Cognizant Technical Officers, (2) deficiencies in estimating accrual expenditures and accounts payable, and (3) deficiencies in routinely determining and reporting inactive obligations that could be deobligated.

The OIG recommended that USAID update its Cognizant Technical Officer training courses to include sessions on developing and supporting quarterly accrual estimates. The OIG is reviewing USAID's policies and procedures for its estimation process and USAID's progress in reviewing inactive obligations.

Recording Costs Against USAID Goals

USAID has made progress in ensuring the accuracy of its Statement of Net Cost. It has established and implemented procedures for obtaining annual certifications from responsible officers indicating

Semiannual Report to the Congress

that strategic objectives are properly assigned to appropriate joint USAID/State performance goals. It has also issued revised guidance requiring that all strategic objectives must link to one principal goal, objective, and pillar as defined in its most current strategic plan.

Despite this progress, in fiscal year 2004, USAID had deficiencies in obtaining certification and linking strategic objectives to one principal goal on a consistent and timely basis and in completing its Annual Reports Database. The OIG continues to review these areas.

Recognizing and Reporting Accounts Receivable

USAID has taken steps to establish policies and procedures to account for worldwide accounts receivable but continues to experience difficulty in recognizing and reporting accounts receivable accurately and in a timely manner. This continues to occur because USAID does not have a complete integrated system for ensuring that its accounts receivable are complete and accurate for interim and year-end financial reporting.¹

In August 2004, the Phoenix system was deployed at USAID overseas missions in Peru, Ghana, Egypt, Colombia, and Nigeria. In fiscal year 2005, USAID's overseas missions in Latin America and the Caribbean, and Europe and Eurasia are implementing the integrated system. USAID anticipates worldwide deployment of Phoenix during fiscal year 2006. The challenge in recognizing and reporting accounts receivable will be reduced by worldwide deployment of an integrated procurement system, which is also planned to be implemented at that time.

¹ USAID initiated the Financial Systems Integration (FSI) project to acquire and incrementally implement, through successive phases and product releases, a single, Agency-wide integrated core financial system. CGI-American Management Systems (CGI-AMS) Momentum Financials™ software is a Commercial Off-the-Shelf (COTS) financial management system configured for USAID and referred to as Phoenix. The use of a COTS software package advances USAID towards Federal Financial Management Improvement Act (FFMIA) compliance and provides standard financial business processes and standard financial management systems across the Agency.

The OIG is currently reviewing USAID's system to more readily account for and report its accounts receivable and also monitoring USAID's progress in deploying the integrated system overseas.

Reconciling Financial Management Information

USAID made progress in reconciling its fund balance with the U.S. Treasury and its intragovernmental activity and balances with its Federal trading partners. It established a Cash Reconciliation Working Group that is focusing on (1) consistently performing monthly and cumulative reconciliation processes, (2) developing methods to monitor unreconciled items, and (3) developing clear instructions and procedures for processing reconciling items.

In fiscal year 2004, the OIG identified several challenges that continued to limit USAID's ability to reconcile and correct differences between its reported fund balances and the control balances reported by the Department of Treasury, and to reconcile significant intragovernmental activities and balances with its Federal trading partners. Specifically, USAID did not:

- Document the reasons for unreconciled activities and balances on a regular basis.
- Implement procedures to resolve problems other than timing differences.
- Receive documentation from several client overseas missions to support unreconciled transactions.
- Review, certify, or sign monthly reconciliation documents.
- Assign necessary staff resources to reconcile its significant quarterly intragovernmental activities and balances with Federal trading partners and promptly resolve differences.

The OIG continues to review USAID's policies in these areas.

Information Resources Management

Improving Information Resources Management Processes

The Clinger-Cohen Act requires (1) procedures to select, manage, and evaluate information technology investments and (2) a means for senior managers to monitor progress in terms of costs, system capabilities, timeliness, and quality.

USAID has taken steps to resolve and correct the material weakness in information technology (IT) capital investment planning, budgeting and acquisition. As discussed in the March 31, 2004 Semiannual Report to the Congress, USAID created the Business Transformation Executive Committee (BTEC). The BTEC then established a Capital Planning and Investment Control (CPIC) Subcommittee to advise the BTEC on investment selection—considering potential risk, cost, and benefit, as well as priority in relation to other USAID investments. The CPIC Subcommittee met to develop budgets for IT capital planning, using the newly issued Automated Directives System, Chapter 577, in which USAID has documented its capital planning and investment controls. USAID has also established a Program Management Office to manage its IT projects, but the Office is not yet fully staffed.

While USAID has established procedures that provide for disciplined IT project selection and management, in some cases these procedures have not been fully tested. More effort is needed to move USAID's information resources management program management practices toward a mature level that is consistent with industry best practices, such as the Capability Maturity Model. For example, a recent study² on USAID's IT infrastructure

reported that USAID's current process of deferring spending and postponing implementation of a sound and integrated information technology architecture are in direct contradiction to the mandates of the Information Technology Management Reform Act and the Clinger-Cohen Act.

The OIG will continue to monitor USAID's efforts in this area.

Improving Computer Security

USAID has made significant progress in improving computer security and no longer considers computer security to be a material weakness.

Significant steps USAID has taken to ensure the security of its information resources include:

- Providing training to employees. Through a "Tips of the Day" program, all USAID employees, in order to log into USAID networks, must read short summaries of USAID's security policies and answer questions to ensure their understanding. Employees with significant responsibilities under the information security program may take online security courses.
- Conducting periodic network scans to identify vulnerabilities.
- Operating network intrusion sensors to detect unauthorized attempts to access USAID networks.
- Establishing central control over firewalls for all USAID networks.
- Converting servers to Windows 2000, an operating system that incorporates many security improvements in comparison to Windows 98.
- Detecting and responding to security incidents.

While significant progress has been made, USAID is still working to correct certain security weaknesses.

² Forrester Research, Inc., "Analysis and Recommendations for USAID Infrastructure Refresh," January 20, 2005.

Semiannual Report to the Congress

For example, it is developing disaster recovery plans for three major systems and ensuring that disaster recovery plans for two other major systems are tested.

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

Managing for Results

USAID has programs in about 100 countries promoting a wide range of objectives related to economic growth, agriculture, and trade; global health; and democracy, conflict prevention and humanitarian assistance. Federal laws, such as the Government Performance and Results Act of 1993, require that Federal agencies develop performance measurement and reporting systems that establish strategic and annual plans, set annual targets, track progress, and measure results. In addition, government-wide initiatives, such as the President's Management Agenda, require that agencies link their performance results to budget and human capital requirements.

A significant element of USAID's performance management system is the Annual Report prepared by each of its operating units. These reports provide information on the results attained with USAID resources, request additional resources, and explain the use of, and results expected from, these additional resources. Information in these unit-level Annual Reports is consolidated to present a USAID-wide picture of achievements in USAID's annual Performance and Accountability Report.

The OIG continues to monitor USAID's progress in improving its performance management system. While USAID has made notable improvements, more remains to be done. For example, during the prior reporting period, the OIG reported³ that certain information included in the Management's Discussion and Analysis section of USAID's fiscal

year 2004 consolidated financial statements did not contain a clear picture of USAID's planned and actual performance for that year. Moreover, the primary performance information included was based on results achieved in fiscal year 2003 rather than fiscal year 2004. Additionally, a recent audit on USAID's implementation of the Office of Management and Budget's Program Assessment and Rating Tool (PART) determined that staff involved in PART preparation lacked adequate training, USAID-specific guidance was not available, and documentation supporting USAID's PART submission was not readily available.

Nevertheless, USAID has made notable improvements to this year's Management's Discussion and Analysis. First, the Management's Discussion and Analysis for fiscal year 2004 reported more current-year results than the prior year's. USAID's present ability to compare the estimated current-year results against established goals and targets is a significant step in the right direction. Second, the Management's Discussion and Analysis for fiscal year 2004 used USAID's New Strategic Planning Framework and Goal Structure contained in the Joint USAID/State Strategic Plan. This new framework is designed to present a more coherent, concise and logical reflection of how the Department of State and USAID organize their work towards results and outcomes.

Procurement Management

USAID achieves development results largely through intermediaries: contractors or recipients of grants or cooperative agreements. Efficient and effective acquisition and assistance systems are therefore critical.

As part of its strategic plan, the OIG has adopted a strategic objective of contributing to the improvement of USAID's processes for awarding and administering contracts, grants, and cooperative agreements. The OIG has developed multi-year strategies to promote increased efficiency and effectiveness in USAID procurement processes.

³ "Independent Auditor's Report on USAID's Consolidated Financial Statements, Internal Controls, and Compliance for Fiscal Years 2004 and 2003," November 15, 2004 (Audit Report No. 0-000-05-001-C).

Within the framework of a multi-year audit plan, the OIG defined “standards for success” for critical acquisition and assistance processes. Audit plans have been developed to identify the Office of Acquisition and Assistance’s status in achieving these standards and the steps needed for further improvement. The OIG is planning to conduct an audit of the system used by USAID’s Office of Acquisition and Assistance to assess the quality of work performed by its contracting officers.

Human Capital Management

Management of a diverse and widespread workforce impacts the ability of USAID to carry out its mission. Accordingly, USAID has undertaken a major effort to improve and restructure its human capital management. For example, in August 2004, USAID issued its first comprehensive Human Capital Strategic Plan, which covered fiscal years 2004 to 2008. Nevertheless, as of December 31, 2004, the Office of Management and Budget (OMB) gave USAID an unsatisfactory rating for its overall status in the area of human capital management. Despite this overall assessment, OMB and the Office of Personnel Management rated USAID’s progress as satisfactory. However, more remains to be done. Most importantly, USAID needs to implement its workforce planning and analysis initiative and implement strategies to close or eliminate mission-critical skill gaps.

The OIG completed an audit of USAID’s Human Capital Strategic Plan, which determined that the plan incorporated the best practices that had been identified by OMB (see page 37).

Other Management Challenges

Iraq

The OIG conducts audits in Washington and Iraq of USAID’s Iraq programs. In Baghdad, the OIG has seven auditors who conduct financial and performance audits of reconstruction and relief activities. The USAID Mission carries out programs in education, health care, food security, infrastructure reconstruction, airport and seaport management, economic growth, community development, local governance, and transition initiatives.

On the investigative side, the OIG has a Special Agent assigned to Baghdad for investigative coverage and proactive efforts. During the current reporting period, this individual traveled to Northern Iraq to conduct two fraud awareness seminars with USAID contractors and grantee personnel. The OIG investigator also initiated four cases and completed three others. Currently, there are five cases under active investigation in Iraq and another two that have been placed in tracking awaiting action by outside parties.

During this reporting period, the OIG performed an audit of the award for USAID’s contract for security services. The audit found that USAID did not comply with significant provisions of the Federal Acquisition Regulation (FAR). Specifically, USAID (1) did not adequately document its use of sole-source procurement or its selection of the contractor, (2) obtained security services for a seven-month period using a document that did not meet FAR requirements, and (3) incurred multiple potential funds-control violations in obtaining security services. Additionally, through this contract, USAID purchased 14 armored vehicles that did not meet U.S. Government armoring standards and did not adequately document the \$1.9 million cost of the vehicles (see page 25).

The OIG recommended that USAID’s Chief

Semiannual Report to the Congress

Acquisition Officer issue notices reminding contracting personnel that (1) adequate and complete documentation be prepared and retained and (2) all USAID procurements are subject to Federal procurement regulations. Additionally, the OIG recommended that USAID review potential funds-control violations and change its policies on contractors' purchases of armored vehicles. USAID has agreed to take action to address the OIG's recommendations.

An OIG audit of the \$120 million Community Action Program determined that the program achieved intended outputs. However, the audit recommended improvements in monitoring and reporting (see page 5). A third audit, of USAID/Iraq's health system strengthening contract activities, determined that activities under this \$23 million contract had not achieved the intended outputs and recommended the timely disposition of contract modifications. USAID/Iraq reached management decisions on these recommendations (see page 5).

The OIG also arranges for concurrent financial audits of USAID contractors and grantees implementing programs in Iraq. These financial audits of costs incurred by contractors are being conducted by the Defense Contract Audit Agency. During this period, nine financial audit reports covering \$169.2 million in incurred costs were issued. These audits questioned about \$5.6 million in costs pertaining to salaries and wages, foreign allowances, subcontractor costs, security, overhead costs, facility capital costs of money, miscellaneous expenses, and indirect costs.

Afghanistan

USAID continues to devote considerable funding to rebuilding the country's physical, social, economic and political infrastructure. In fiscal year 2004, USAID's budget for Afghanistan was approximately \$1.1 billion—18 percent of the total budget for the Bureau for Asia and the Near East. Only Iraq received more assistance.

The OIG continues to provide continual audit

coverage of USAID's activities in that country. Much of the OIG's efforts involve performance and financial audits of the \$665 million Rehabilitation of Economic Facilities and Services (REFS) program—the largest and most visible activity that USAID/Afghanistan implements.

During this reporting period, the OIG issued a performance audit report on the progress of USAID/Afghanistan's school and clinic reconstruction program. The audit found that the program was not on schedule to build or renovate over 500 schools and clinics by the end of calendar year 2004 as planned. A number of factors contributed to the program not meeting its objectives, including security threats and incidents, overly optimistic expectations, and insufficient oversight and monitoring. The OIG recommended that USAID/Afghanistan develop an implementation plan with milestones for the not completed portion of its school and clinic reconstruction program (see page 26).

The OIG continues to contract for concurrent financial audits of the USAID contractor implementing the REFS program. These financial audits are being conducted by an audit firm and by the Defense Contract Audit Agency. During this period, the audit firm issued two financial audit reports covering \$3 million in contractor-incurred costs. The audit reports questioned \$3 thousand in costs and reported two internal control weaknesses.

In the investigative arena, the OIG provides investigative coverage for Afghanistan out of its Manila Office. During the current reporting period, an OIG investigator traveled to Kabul on four occasions in response to reported allegations. As a result, four cases were opened and one ongoing case was closed.

Tsunami

The OIG plans to provide audit and investigative support to USAID's tsunami relief and reconstruction efforts in South East Asia.

The OIG is represented on USAID's Tsunami Task Force. On March 18, 2005, the OIG attended a meeting of the representatives of the donor nations, "High-Level Coordination Meeting on Rehabilitation and Reconstruction Assistance to Tsunami-Affected Countries," held in Manila. At this meeting the various donor country representatives described the assistance activities that had been conducted to date, and the affected countries described the assistance that is still needed.

Additionally, the OIG held meetings with the USAID/Mission Directors from the three countries where USAID will be providing the majority of the tsunami assistance (India, Sri Lanka, and Indonesia). We discussed various audit strategies to help ensure accountability over funds for reconstruction activities once these are underway. This may include risk assessments at the early stages of program implementation, performance audits of USAID programs, and concurrent non-Federal financial audits of the incurred costs of the larger implementing entities.

West Bank and Gaza

Within the Consolidated Appropriation Acts for fiscal years 2003, 2004 and 2005, Congress required USAID to ensure that all contractors and grantees, and significant sub-contractors and sub-grantees of the West Bank and Gaza are audited at least annually. Within each of the fiscal year appropriations, Congress provided up to \$1,000,000 for the Inspector General of USAID to conduct audits, inspections, and other activities in furtherance of this provision.

During this period, the OIG issued 21 final reports which identified questioned costs of \$2.4 million out of the \$28.4 million audited. In addition, the audit

reports described 23 internal control weaknesses and 43 instances of noncompliance with contract terms and/or applicable laws and regulations. These audits did not identify any instance where USAID funds for assistance for the West Bank and Gaza were provided to terrorist organizations.

Finally, the OIG will continue its emphasis on proactive efforts in the West Bank and Gaza. Accordingly, the OIG anticipates making fraud awareness presentations and site visits.

HIV/AIDS

According to the latest figures released by the Joint United Nations Program on HIV/AIDS, approximately 39.4 million people are infected with HIV/AIDS and the number is growing. Recognizing that the AIDS pandemic is one of the greatest health challenges of our time, the Bush Administration announced the President's Emergency Plan for AIDS Relief (the Emergency Plan) in January 2003. The United States is focusing significant new resources in 15 of the most afflicted countries in the world. Along with the Departments of State and Health and Human Services, USAID is one of the key agencies implementing the Emergency Plan.

USAID funding for HIV/AIDS programs had been increasing steadily—from \$139 million in fiscal year 1999 to more than \$995 million in fiscal year 2004. With the funding increases, there is much interest in monitoring the impact of USAID assistance on the HIV/AIDS epidemic.

The Emergency Plan is one of USAID's highest priorities. In 2005, the OIG launched a worldwide audit to determine how USAID is participating in the Emergency Plan and how it is progressing with its Emergency Plan activities. The OIG also anticipates conducting future audits assessing USAID's continuing progress and the effectiveness of its Emergency Plan activities.

Moreover, the OIG is coordinating with USAID and other Federal agencies to develop an Office of Management and Budget Circular A-133 Program

Semiannual Report to the Congress

Compliance Supplement, which would encompass the government-wide HIV/AIDS programs under the Emergency Plan. This supplement will include program and audit guidance on HIV/AIDS programs, allowing non-Federal auditors to more effectively evaluate how well U.S.-based nonprofit organizations are complying with laws, regulations and provisions applicable to grant agreements associated with the Emergency Plan.

Expanding Accountability

Corruption and lack of accountability are major impediments to development and threaten to negate years of economic growth, especially in areas of the world beset by political instability and violence. The OIG audits and investigations afford one method of safeguarding USAID funds; however, the OIG actively pursues additional methods to promote accountability and transparency. For example, the OIG works with Supreme Audit Institutions (SAIs) to expand their capabilities and provides fraud awareness and financial management training.

Expanding Supreme Audit Institutions' Capabilities

The OIG continues to work closely with selected Supreme Audit Institutions (SAIs) worldwide. SAIs are the recipient countries' principal government audit agencies and are often the only organizations that have a legal mandate to audit the accounts and operations of their governments. Therefore, an SAI may be called upon to audit funds that USAID or other donors provide to the government of that country.

Before its audits can be accepted by USAID, the SAI must meet certain requirements concerning its professional capability and independence. The process usually requires that the SAI, the USAID mission, and the OIG sign a Memorandum of Understanding (MOU) detailing standards and procedures to be used in auditing USAID funds. USAID missions and the OIG have MOUs with SAIs in 20 countries.

Fraud Awareness Training

As part of its proactive strategy, the OIG conducts fraud awareness training for USAID employees, contractors, grantees and others. The purpose of this training is to alert personnel to fraudulent schemes and practices so that they can prevent or reduce fraud in USAID programs and operations. In addition, the OIG promotes the Hotline and advises attendees of methods and procedures to report potential fraud, waste or abuse. The following table is a summary of fraud awareness training provided during the current period.

Semiannual Report to the Congress

Fraud Awareness Training

Month	Location	Sessions	Attendees	Type of Attendee
OCT 04	Bucharest, Romania	2	34	USAID/Contractor/Grantee Personnel
	Yerevan, Armenia	2	118	USAID/Contractor/Grantee Personnel
	Washington, DC, U.S.	1	6	Contractor - Board of Directors
NOV 04	Alexandria, Egypt	3	60	Contractor Personnel
	Washington, DC, U.S.	3	30	USAID Personnel
DEC 04	Washington, DC, U.S.	1	18	Grantee Personnel
JAN 05	Washington, DC, U.S.	1	50	USAID Personnel
	Baku, Azerbaijan	2	51	USAID,/Contractor Personnel
FEB 05	Basra, Iraq.	2	40	USAID/Contractor Personnel Members of the Multi-National Force
	Washington, DC, U.S.	1	21	USAID Personnel
	Lima, Peru	2	22	USAID/Contractor/Grantee Personnel
MAR 05	Washington, DC, U.S.	3	69	USAID Personnel
	Kingston, Jamaica	3	74	USAID/Contractor Personnel
	St. George, Granada	1	26	USAID Personnel
	Baghdad, Iraq	1	9	USAID Personnel
	Total	28	628	



Photograph of an OIG Investigator presenting fraud awareness training to contractor personnel in Kingston, Jamaica.



Photograph of an OIG Investigator conducting fraud awareness training for contractor personnel in Alexandria, Egypt.

Financial Management Training

USAID's contracts and grants define the types of costs that are legitimate charges to support USAID programs. To increase awareness and compliance with cost principles, OIG has been training overseas USAID staff, contractors, grantees and others. This training provides both a general overview of U.S. Government cost principles and of audit requirements. It also provides examples of concepts such as reasonableness, allocability and allowable and non-allowable costs.

During this reporting period, the OIG provided financial management training in 8 countries to about 300 individuals.

Accountability Over Contractors and Grantees

USAID is required by the Federal Acquisition Regulation (FAR), the Single Audit Act, Office of Management and Budget (OMB) Circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees. The OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with applicable standards. The OIG also reviews audit reports of foreign organizations receiving USAID funds.

Audit of U.S.-Based Contractors

The Defense Contract Audit Agency (DCAA) conducts audits, reviews, and pre-award surveys of U.S.-based contractors on USAID's behalf; the OIG reviews DCAA's reports and transmits them to USAID management.

During this reporting period, the OIG reviewed and transmitted 69 DCAA reports on U.S.-based contractors. These reports covered approximately \$890 million in costs claimed by the contractors and identified \$7.3 million in questioned costs.

Audits of U.S.-Based Grantees and Enterprise Funds

U.S.-based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," non-Federal auditors perform annual financial audits of USAID grantees that spend over \$500,000 of Federal funds annually.

The OIG provides oversight of the non-Federal auditors performing these audits and reviews the audit reports to determine whether they are prepared in accordance with Circular A-133 reporting requirements. The OIG also conducts quality control reviews to determine whether the underlying audits complied with Circular A-133 requirements. In some instances, the OIG contracts with DCAA, or oversees the work of local audit firms contracted by USAID missions to perform specialized financial audits or agreed-upon procedure reviews, of U.S.-based grantees.

Enterprise Funds are U.S.-based nonprofit organizations. USAID has established 11 Enterprise Funds, 10 of which invest in countries in Eastern Europe and Eurasia, while the 11th invests in southern Africa. Enterprise Funds are subject to annual financial statement audits performed by private accounting firms and reviewed by the OIG. During this reporting period, the OIG issued an agreed-upon-procedures review in response to allegations of misuse of funds, on an Enterprise Fund that covers 11 countries in southern Africa. The review identified \$9.6 million in questioned costs, 26 reportable internal control weaknesses (14 of which were material), and 30 instances of material noncompliance with laws and regulations.

During the current reporting period, the OIG:

- Reviewed and issued 40 non-Federal audit reports covering USAID funds of over \$497 million spent by U.S.-based grantees.
- Completed 3 quality control reviews covering

Semiannual Report to the Congress

over \$70 million in grantee expenditures.

- Identified over \$11 million in questioned costs.

Audits of Foreign-Based Contractors and Grantees

Although OMB Circular A-133 does not apply to foreign-based contractors and grantees, given the high-risk environment in which they operate, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts. Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms approved by the OIG.

Under this Recipient-Contracted Audit Program, audits are required for all foreign nonprofit organizations that spend \$300,000 or more per fiscal year. USAID or the OIG may also request audits of nonprofit organizations that fall below the \$300,000 threshold. With respect to foreign for-profit organizations, incurred cost audits of direct awards or of cost-reimbursement host-country contracts and subcontracts must be performed annually.

In addition, Agency-contracted audits initiated by either USAID or the OIG may also be used to provide further audit coverage or to address known or perceived financial management problems concerning USAID's contracts, grants, or other agreements. For example, the OIG issued an Agency-contracted audit of a grant with a total value of \$5.7 million. The audit report identified \$4.8 million in questioned costs, eight material internal control weaknesses, and 20 instances of noncompliance with agreement terms, laws, and regulations. The OIG provided close oversight of the audit firm's work.

The OIG reviews all audit reports for compliance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" and transmits the reports

to the appropriate USAID mission. In addition, the OIG conducts quality-control reviews on the working papers of selected recipient-contracted audit reports.

During the most recent reporting period, the OIG reviewed and transmitted 140 audits of foreign-based organizations, resulting in over \$22 million in questioned costs. The OIG also completed eight quality-control reviews to ensure that the audits were completed in accordance with audit standards.

Investigations: Prevention and Fraud Awareness

OIG investigative priorities are twofold: first, to preserve and protect program and employee integrity within USAID, ADF and IAF; and second, to prevent fraud, waste, and abuse within USAID, ADF and IAF programs and operations. During the current reporting period, the OIG has placed increased emphasis on preventive strategies as a result of significant Agency program expansion with respect to Iraq and Afghanistan. Use of proactive strategies has proven to be very effective in combating fraud, waste and abuse.

Accordingly, the OIG has employed a number of strategies. For example, drawing upon the collective experience of its corps of special agents, the OIG presents fraud awareness training to employees, contractors, grantees and others to alert them to fraudulent practices and schemes and advises them on how to report fraud if it is encountered. When requested, the training is tailored for presentation for specific groups, such as contracting officers or Cognizant Technical Officers. Most important, investigations resulting in criminal and/or civil prosecution are publicized on the Agency's website and other publications, calling attention to prosecutive action taken against individuals or organizations convicted of fraud. The publication of prosecutive actions serves as a deterrent to fraud, waste and abuse.

Furthermore, the OIG has developed several publications and promotional materials. The newest publication, “What an Investigation Means to You,” outlines the types of activities that the OIG investigates, the purpose of its investigations, the investigative process, and the employee’s role in that process. Another publication, “What to Report,” provides specific guidelines for making complaints to the OIG Hotline. The “Fraud Indicators” publication encourages the reader to explore various techniques to identify indications of fraud. Furthermore, OIG Hotline posters, flyers, and cards available in different languages have been distributed throughout the OIG’s overseas offices and within USAID Washington. In an effort to expand our outreach efforts, these materials were produced in English, Spanish, French and Arabic.

Introduction to USAID Bureaus and Independent Offices

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

USAID is organized into ten major bureaus and five independent offices. The bureaus are divided by region, program focus, and support function. USAID's bureaus are:

Regional Bureaus

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

The regional bureaus formulate, approve, direct, and implement the Agency's strategic priorities for economic assistance programs with the field mission staff under their responsibility.

Program/Pillar Bureaus

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

The pillar bureaus provide leadership, technical expertise, and management worldwide in primary focus areas.

The program activity or technical expertise supports USAID's regional bureaus, field missions and other operational units.

Support Bureaus

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

Centralized programs and services that serve the entire USAID organization are the focus of the support bureaus. Strategic planning, policy formulation, coordination, budget formulation, resource allocation, management services (including information technology, personnel and financial management), and public and Congressional liaison—these are the tasks of the three main support bureaus.

Independent Offices

- Office of the Executive Secretariat
- Office of Equal Opportunity Programs
- Office of the General Counsel
- Office of Small and Disadvantaged Business Utilization and Minority Resource Center
- Office of Security

The independent offices, headed by directors who are appointed by the Administrator, provide specialized functions for USAID.

Bureau for Africa

Audit of USAID/Zambia's Global Development Alliances

Global Development Alliances (GDAs) are agreements between USAID and other parties—both public and private sector—in the development community to jointly define a development problem and jointly contribute to its solution. While working closely with development partners is certainly not

new to USAID, since 2001 the concept of public-private alliances has been emphasized as a business model to increase USAID's effectiveness in delivering foreign assistance.

This audit was the pilot in a series of worldwide audits being conducted by the OIG. Its objectives were to determine whether USAID/Zambia considered utilizing GDAs in planning its activities and reported its GDAs accurately and completely, and whether selected GDAs achieved their intended results.



Photograph of the manager of a GDA-supported milk collection center in Magoye, Zambia.

The OIG determined that USAID/Zambia considered utilizing GDAs in planning its activities. Four of its five strategic objective teams had either implemented, were planning, or had actively considered GDAs, while the fifth team provided a rationale for not doing so. However, USAID/Zambia did not always report its GDAs accurately and completely, nor did it maintain documentation to support that its GDAs met the criteria to be reported as GDAs or partner contributions reported to USAID/Washington. In addition, the one GDA funded in fiscal year 2003 and reporting results for that year was not achieving its intended results.

The report included three recommendations to assist USAID/Zambia in strengthening its annual report, improving its GDA documentation system and supporting reported partner contributions, and revising indicators and targets for one alliance.

Management decisions were reached on all three recommendations.

(Audit Report No. 9-611-05-002-P)

Audit of USAID/Mozambique's Performance Monitoring of Railroad Rehabilitation Under the Southern Africa Floods Supplemental Appropriations

The OIG conducted this audit at USAID/Mozambique to determine whether the Mission implemented and monitored its railroad reconstruction activities under the Southern Africa Floods Supplemental Appropriations.

The audit found that USAID/Mozambique implemented and monitored its railroad reconstruction activities in accordance with USAID policies and procedures but did not, in accordance with USAID and Mission policy, conduct an annual contractor performance evaluation or prepare an annual contractor performance report for the engineering consulting firm that supervised the reconstruction contractor.

The OIG recommended that USAID/Mozambique evaluate and document the performance of the engineering consulting firm.

A management decision was reached.

(Audit Report No. 4-656-05-001-P)

Audit of USAID/Senegal's Contracting Operations

The Regional Contracting Office (RCO) in Dakar, Senegal provides procurement services to support USAID programs throughout western Africa. The RCO reports administratively to the Mission Director while receiving procurement guidance directly from the Office of Acquisition and Assistance, Washington. In addition to Senegal, in fiscal year 2004, the office provided contracting

Semiannual Report to the Congress

support to several other USAID-presence countries, including Guinea, Sierra Leone, and Benin, as well as to the non-presence countries of Guinea Bissau and Cape Verde. As of July 2004, the RCO had an active portfolio of 66 instruments⁴ with a total estimated value of \$258 million.

The RCO followed USAID guidelines and applicable regulations as they relate to bid solicitation and awarding of instruments, instrument file maintenance, and certain aspects of contract administration. However, the support provided by the RCO was hampered by ineffective electronic record keeping, and the office did not fully comply with certain requirements related to evaluations of contractor performance and closeouts.

The OIG recommended that USAID/Senegal develop (1) an integrated contract information system based on a master database, (2) specific procedures that include assigning responsibility for completing and submitting contractor performance evaluations to the National Institutes of Health Contractor Performance System, and (3) specific procedures that include assigning responsibility for actively monitoring and closing out expired instruments.

USAID/Senegal reached management decisions on all recommendations.

(Audit Report No. 7-685-05-003-P)

Follow-up Audit of USAID/ Tanzania's Participant Training Activities

The OIG conducted this follow-up audit to determine whether USAID/Tanzania took corrective actions on the recommendations in Audit Report No. 4-621-04-001-P, *Audit of USAID/Tanzania's Participant Training Activities*,⁵ and found that the Mission effectively addressed eight of the ten recommendations, but that additional action was still required.

The OIG determined that although the Mission provided training to its data entry personnel, the database continued to contain inaccuracies. Also, even though the Mission sent out bills for collection and follow-up letters and transferred the uncollectible accounts receivable to the USAID financial management office in Washington (in accordance with USAID policies and procedures), the Mission did not record the accrued interest and penalty charges for those accounts. As a result, the uncollectible accounts receivable amount was understated by over \$82,000 in accrued interest and penalty charges. Additionally, three non-returned participants had not been issued bills for collection. The cost of training for the three individuals was over \$372,000.

This follow-up audit report contained four recommendations for USAID/Tanzania, two for the USAID/Office of Financial Management, and two for the USAID/Economic Growth Agriculture and Trade, Office of Education. These recommendations included modifying the uncollectible accounts receivable amount of over \$82,000 in accrued interest and penalty charges, and providing a corrective action plan to resolve the issue of recovering training costs of over \$372,000 for the three non-returned participants.

⁵ Each year, USAID's participant training programs send thousands of non-Americans to the United States. According to USAID, "participants" may be host country residents or foreign nationals taking part in a structured learning activity. Participant training may be short term or long term and may include a range of learning activities such as study tours, conferences, and academic training.

⁴ Instrument is defined as a grant, cooperative agreement, or contract.

As of March 31, 2005, seven of the eight recommendations in the report had received a management decision. The eighth recommendation received a management decision after the end of the semiannual reporting period.

(Audit Report No. 4-621-05-003-P)

Bureau for Asia and the Near East

Audit of USAID/Egypt's Basic Education Activities

The OIG performed this audit to determine (1) the status of USAID-financed basic education activities in Egypt and (2) if the activities had progressed towards their intended results. In regard to the status of the activities, USAID/Egypt had six primary projects during fiscal year 2003.

USAID/Egypt's basic education activities exceeded their intended results during fiscal year 2003 for the three performance indicators⁶ selected for testing. The Mission also reported that it met or exceeded targets for the remaining six performance indicators. Even though USAID/Egypt met or exceeded targets for its basic education performance indicators, reporting errors existed in the accuracy of three reported results out of four results selected for testing, and one reported target was inaccurate.

The OIG recommended that the Mission revise its Performance Management Plan and the Annual Report to correct the errors.

A management decision and final action were reached on the recommendation.

(Audit Report No. 6-263-05-002-P)

⁶ The three performance indicators are (1) annual number of girls and women receiving basic education through USAID-funded programs; (2) pass rate percentage of primary school children in USAID-funded schools and programs by gender under the New Schools Program (the OIG tested pass rate percentages for females only); (3) annual number of community development associations, non-governmental organizations, parent/teacher councils, community education teams and public-private partners actively supporting formal and non-formal USAID education programs.

Audit of USAID's Compliance with Federal Regulations in Awarding the Contract for Security Services in Iraq to Kroll Government Services International, Inc.

In August 2003, after multiple attacks on Mission staff, USAID officials took steps to obtain security services for its personnel and facilities in Iraq—including the purchase of 17 vehicles (14 of them armored). Using other than full and open competition as authorized under a blanket approval granted by the USAID Administrator for activities and programs initiated in response to the crisis in the Near East,⁷ USAID officials in Baghdad selected Kroll Government Services International, Inc. to provide these services.

The OIG determined that USAID (1) did not adequately document the sole source procurement or explain its contractor choice, (2) obtained security services using a letter contract that did not meet Federal Acquisition Regulation requirements, (3) incurred multiple potential funds-control violations, and (4) purchased armored vehicles that did not meet U.S. Government armoring standards and did not adequately document the \$1.9 million cost of those vehicles.

USAID management reached management decisions on all recommendations.

(Audit Report No. A-267-05-005-P)

⁷ On January 16, 2003, the Office of the USAID Administrator authorized expedited acquisition and assistance procedures for activities and programs in response to the crisis in the Near East. This authority allowed USAID to award these contracts using other than full and open competition requirements in accordance with 40 USC 474. This statutory authority requires that the awarded contracts be supported by written justifications and approvals as described in the Federal Acquisition Regulation.

Audit of USAID/Afghanistan's School and Clinic Reconstruction Program

The OIG conducted this audit to determine whether USAID/Afghanistan's school and clinic reconstruction activities were on schedule to achieve planned outputs. The audit found that USAID/Afghanistan's reconstruction activities were not on schedule to achieve planned outputs.

The OIG reported that, as of October 31, 2004, no more than 328 of 533 planned buildings were completed or on schedule to be completed by the end of December 2004. Several factors contributed to not achieving those planned outputs, including



Photograph of the construction of an eight-classroom school at Karabagh, Province of Kabul.

overly optimistic implementation expectations, building design changes, unfamiliarity of the local labor force with construction specifications, security threats and incidents, and insufficient oversight and monitoring. In addition to not achieving the program's planned outputs, the OIG reported that the Mission's internal controls did not ensure that its implementing partners were accurately reporting construction progress.

The Mission was implementing measures to address the impediments of the program that it has control over and was studying a number of alternative implementation methods to apply to what remains

of the program. To ensure that corrective actions are taken, the report recommended that the Mission finalize an alternative implementation plan with timeframes for completing the program. In addition, the report included two recommendations for corrective action of the internal control deficiencies.

USAID/Afghanistan provided management decisions on all recommendations.

(Audit Report No. 5-306-05-003-P)

Audit of USAID/Morocco's Management of Activities under the Middle East Partnership Initiative

The OIG audited USAID/Morocco's management of activities under the Middle East Partnership Initiative to determine (1) the status of the activities and (2) if the activities were meeting their objectives.

As of September 30, 2004, USAID/Morocco was responsible for awarding and managing \$12.5 million programmed across 17 activities that linked to the broad goals outlined under the economic, political, and education reform initiatives of the Middle East Partnership Initiative.

The OIG could not determine if these activities were meeting their objectives because:

- USAID/Morocco had no performance indicators to measure expected results for six of the activities.
- USAID/Morocco's strategic objectives were in the beginning stages of implementation.
- USAID/Morocco had not validated the performance data reported by recipients; therefore, the Mission's controls for monitoring and evaluating the accuracy of the data could not be relied upon.

Semiannual Report to the Congress

The OIG recommended that USAID/Morocco implement alternative approaches to verify the accuracy of performance results reported by the implementers, and a management decision was reached.



Photograph of a beneficiary of the Women's Literacy Program in Marrakech, Morocco.

(Audit Report No. 6-608-05-001-P)

Audit of USAID/Bangladesh's Nongovernmental Organization (NGO) Service Delivery Program

USAID/Bangladesh awarded a \$60 million cooperative agreement to a U.S.-based nonprofit organization (Organization) to implement the NGO Service Delivery Program. The purpose of the program is to support Bangladeshi NGOs providing family planning and maternal and child health services to the poor in Bangladesh. The program's subgrantees are subject to the Mexico City Policy (MCP) and the Helms Amendment (Helms).

The objectives of this audit were to determine (1) whether there are incidents of noncompliance with the MCP and Helms on the part of the Organization and its subgrantees and (2) what actions USAID/Bangladesh and the Organization have taken to investigate incidents of noncompliance with the MCP and Helms and to prevent future incidents.

The audit identified 3,367 incidents of possible noncompliance with the MCP or Helms at 7 of the 41 subgrantees receiving USAID funds through the Organization. The Organization suspended all USAID funding to five subgrantees and restricted USAID funding to the remaining two subgrantees until it has completed a review of all seven to determine whether they had complied with the MCP and Helms and USAID has reviewed the Organization's determination. The Organization confirmed that 2 of the 3,367 incidents involved noncompliance with the MCP or Helms. As a result, the Organization was taking action to terminate its agreements with two subgrantees, and the Mission recovered about \$225,000.

The audit report made four recommendations. Final action has been taken on three recommendations. A management decision has been made on the fourth recommendation.

(Audit Report No. 5-388-05-004-P)

Investigation Leads to Systemic Change

An investigation analyzing the salary justification process through use of Biographical Data Sheet (BDS) forms in Iraq discovered a pattern of suspicious filings from one large U.S.-based contractor. This contractor has a \$37 million dollar cost-plus fixed fee and overhead contract to provide personnel to assist the USAID Mission in Iraq.

The BDS form is required and used by the Office of Procurement (OP) to establish the appropriate salary level for contractor employees based on past work experience, education and previous salary history. Contractors are required to certify that they have verified the information on the BDS submitted by prospective employees prior to submission to OP.

During the course of the investigation, a number of BDS forms were tested to verify salary histories. In several instances, the investigation found that the

salary histories of the employees were significantly inflated. When confronted with these findings, the contractor admitted that it had not verified the BDS information which it was certifying.

Accordingly, the contractor instituted new and stronger controls over the BDS process to include written policy, training and creation of a centralized education registry of employee training.

Investigation Results in Administrative Action

An OIG investigation was initiated based on allegations that a USAID Personal Services Contractor (PSC) in Thailand had been submitting and receiving the maximum allowable amount for a Living Quarters Allowance even though monthly expenditures for rent and utilities were only half that amount. The OIG investigation established that the PSC claimed and received over \$52,000 above actual expenses for rent and utilities during a four-year period. Based on this finding, the Mission issued a Bill for Collection to the PSC demanding repayment of the \$52,000. Thereafter, when the USAID official who issued the Bill for Collection began receiving personal threats via e-mail, the OIG, working in coordination with the Embassy's Regional Security Office (RSO), confirmed that the PSC had sent the threatening e-mails to the USAID official in retaliation for issuing the Bill for Collection.

Accordingly, the RSO immediately suspended the PSC's security clearance, which resulted in the suspension of the person's contract. Subsequently, USAID decided not to renew the PSC's contract upon its expiration.

Bureau for Europe and Eurasia

Follow-up Audit of Recommendation No. 2, Audit of USAID/Russia's Monitoring of American International Health Alliance's (AIHA) Performance

This follow-up audit was conducted to determine if USAID/Russia had satisfactorily implemented Recommendation No. 2 from Audit Report B-118-03-002-P. Recommendation No. 2 stated that USAID/Russia must notify American International Health Alliance (AIHA) of the problems identified with data quality and require that future quarterly reporting include consistent and comparable data related directly to AIHA's activities. The OIG selected Recommendation No. 2 for follow-up because it dealt with activity monitoring and performance evaluation.

The OIG determined that the Mission had taken action to eliminate these problems. The OIG confirmed that USAID/Russia and AIHA had revised the program's Monitoring and Evaluation Plan and developed performance indicators which corresponded to the major activities supported by USAID/Russia. Furthermore, the revised quarterly reports presented consistent and comparable data related to the new performance indicators. In addition, Mission staff routinely checked and verified health program indicator data for compliance with USAID data quality standards and contacted AIHA to seek improvements when problems were identified.

USAID/Russia took final action on this recommendation.

(Audit Report No. B-118-05-001-P)

Audit of USAID/Russia's Democracy Program

This audit was designed to determine (1) how funds had been spent under the democracy and local governance program, and (2) whether USAID/Russia had monitored the program to ensure that results were achieved.

The OIG determined that USAID/Russia was funding 35 democracy and local governance activities with fiscal year 2004 obligations of \$20.5 million. The Mission spent these funds to assist with Russia's development of more legitimate democratic institutions and more responsive local governments. The OIG also determined that, USAID/Russia did not fully monitor its democracy and local governance program to ensure that intended results were achieved. Specifically, the Mission did not develop and maintain timely and useful performance indicators to ensure that the program achieved its performance targets, and the Mission had not obtained sufficient performance data to adequately assess program progress.

The OIG recommended that USAID/Russia (1) review its performance indicators to ensure that they provide appropriate information, (2) document its periodic indicator review process, (3) clearly define staff responsibilities for the review of performance data, (4) periodically report performance information that compares actual performance to planned results (5) document its compliance with guidance for establishing strategic objective teams, and (6) establish a training plan for Cognizant Technical Officers.

All recommendations have received management decisions.

(Audit Report No. B-118-05-002-P)

Investigation Results in Bill for Collection for over \$12,000

An investigation was initiated after the OIG received allegations of false claims submitted by the former .

Country Director of a non-profit organization operating in the Federal Republic of Yugoslavia. USAID had awarded the U.S.-based organization two grants totaling \$60,000 to support projects focused on reducing the effects of institutionalism in orphanages. The USAID-supported projects provided counseling and assistance to young mothers and helped to reunite children with their families.

The organization collaborated with the OIG to uncover evidence of fraudulent receipts relative to USAID-sponsored projects. The organization had previously terminated the Country Director, who is currently undergoing local court proceedings for violations related to misuse of the company's registered name. As a result of the investigation, USAID issued the organization a Bill for Collection for over \$12,000 to cover the fraudulent expenditures. USAID also contacted its implementing partners to request that they not issue grants or sub-grants to organizations led by the former Country Director.

Investigation Results in Systemic Change

An investigation into allegations of possible wrongdoing in a program supporting independent print and broadcast media in Eastern Europe resulted in changes to a USAID implementer's management operations. Based on information received from USAID/Montenegro, the OIG launched an investigation into a recipient program involving \$3.5 million in USAID funds to consider potential corruption by its Chief of Party in steering USAID funds to selected equipment suppliers. The investigation revealed systemic weaknesses in the organization's procurement management processes. As a result, the organization undertook a review of its procurement and record-keeping procedures and implemented systemic improvements. For instance, to tighten internal controls on procurement procedures, the organization established a clear segregation of duties involving procurements, supervision of procurements, and record keeping. In addition, the organization's field offices now provide all

procurement-related files to its U.S. headquarters office.

Investigation Leads to Recovery of \$52,736 and Systemic Change

An OIG investigation resulted in a contractor agreeing to refund a total of \$52,736 in project funds associated with the USAID-funded Fostering and Investing Lending Environment (FILE) Program in Bosnia-Herzegovina. The OIG initiated the investigation in coordination with USAID/Sarajevo, Bosnia-Herzegovina and the contractor. The investigation led to the recovery of over \$50,000 in disallowed costs for a sub-award employee who was subsequently terminated and over \$2,000 in disallowed relocation costs associated with a second employee. Furthermore, the USAID/Sarajevo Economic Restructuring Office Director instituted a systemic change whereby exit interviews are conducted with all FILE Program ex-patriot employees when they leave the program.

Investigation Leads to Recovery of over \$11,500 and Systemic Change

An OIG investigation conducted in coordination with the USAID Mission to Georgia and a USAID partner resulted in the identification of over \$11,500 in mischarges for travel-related tickets purchased under the USAID-funded Strategic Technical Assistance for Results with Training (START) Program. The START program supports human resources development and builds Georgian institutional capacity through education and training programs. Travel-related tickets were purchased with USAID funds from a local travel agency, whose pricing structure resulted in disallowed costs exceeding \$11,500 over a seven-month period. As a result of efforts by the partner and USAID officials, the local travel agency revamped its pricing structure and agreed, in writing, to forgo over \$11,500 in future travel-related expenses to repay its overcharges to USAID.

Investigation Results in Recovery, Termination and Systemic Change

An OIG investigation conducted in coordination with USAID/Kiev resulted in the identification of over \$33,000 in rental funding wrongfully removed from the Mission Cashier's Office. The investigation also determined the identity of the responsible employee and assisted the Mission in the recovery of the stolen funds. The Mission terminated the employee for cause, which provided a savings of over \$3,600 in severance and separation pay. In addition, the Mission systemically strengthened its ability to account for funds designated for the payment of government-leased facilities and quarters in two ways. First, the Mission established a check log and tracking verification procedure. Second, the Mission implemented a process for verifying its check-tracking procedure as part of its monthly, unannounced cash counts.

Two American Implementers Are Temporarily Suspended from Issuing Sub-Grants and Numerous Employees Are Terminated or Demoted

An investigation launched in coordination with the USAID's Mission to Moldova and Ukraine has resulted in the identification of questionable practices in the awarding of sub-grants by U.S.-based implementers involved with USAID's Agribusiness Development Program (ADP) and the Private Farmers Assistance Program (PFAP). The ADP seeks to increase rural incomes and employment by improving the international competitiveness and trade performance of Moldova's agricultural sector. The PFAP was launched in January 2001 to provide post-privatization assistance to private farmers and rural entrepreneurs in Moldova.

Based on coordinated efforts by the OIG and Mission Officials in Ukraine and Moldova, information was uncovered showing that an implementer filled a

key position in the ADP program without USAID authorization. Further, the investigation found that the ADP implementer did not use a proper selection process in choosing the key personnel position, and engaged in questionable sub-contracting practices with the implementer of the PFAP to minimize its exposure to the improper hiring procedures. As a result, USAID suspended the implementers' abilities to issue four sub-grants amounting to over \$149,000. The Chiefs of Party for both implementers were removed, as well as one Deputy Chief of Party and two employees.

Investigation Leads to Implementation of Systemic Changes

In coordination with USAID's Mission to Georgia, an investigation was undertaken in response to information that a foreign national employee working in the Mission's Procurement Office had financial ties to companies receiving USAID funding.

The investigation did not substantiate these specific allegations, although the employee admitted he had been a former owner of one company receiving USAID funding and remained personal friends with the company's president. The employee further admitted that he had a long-standing social relationship with the president of another company doing business with USAID. The Mission's Office of Procurement—unaware of this relationship with the second company—tasked the employee with conducting a financial review of the economic portion of the company's bid submission. The second company won the USAID bid although the employee was not a member of the selection committee. The company previously owned by the employee became a subcontractor to the second company. The employee failed to disclose formally any of these relationships to USAID although previously he had received Agency-sponsored ethics and integrity training.

As a result of the information uncovered during the investigation, the Mission instituted two systemic changes. First, all employees involved

with procurement actions must now file an annual financial disclosure report. Second, employees must now register, in writing, their recusals and disclosures of information for permanent inclusion into their personnel files.

Bureau for Latin America and the Caribbean

Audit of USAID/Colombia-Financed Subawards

The OIG performed this audit to determine if USAID/Colombia's development partners followed agreement provisions for awarding and administering subawards.

USAID/Colombia's development partners did not follow agreement provisions for awarding and administering subawards. One of USAID/Colombia's development partners entered into cooperative agreements, which were not allowed under its contract, and 11 of its development partners did not comply with requirements to compete awards as required by USAID policies and the Federal Acquisition Regulation. USAID/Colombia did not (1) evaluate proposals in accordance with USAID policies, (2) obtain all required certifications, and (3) include all required standard provisions in the subaward agreements. Further, USAID/Colombia's Cognizant Technical Officers did not provide sufficient guidance to the development partners regarding the requirements for making subawards.

The OIG recommended that USAID/Colombia (1) issue instructions to its development partners to comply with the competition requirements, (2) evaluate proposals in accordance with USAID policies, (3) obtain required certifications, (4) include all required standard provisions in the subawards, and (5) provide the Cognizant Technical Officers with refresher training.

Management decisions have been reached on all recommendations.

(Audit Report No. I-514-05-003-P)

Audit of USAID/Guatemala-Central American Program's Cooperative Agreement with Caribbean-Central American Action (CCAA)

The U.S.-Central America Free Trade Agreement (CAFTA) was signed by the United States and several Central American countries on May 28, 2004. As a comprehensive and reciprocal trade agreement, CAFTA defines detailed rules that would govern market access of goods and services.

At the request of Congress, the OIG conducted this audit to determine whether (1) USAID/Guatemala-Central American Programs (USAID/G-CAP) complied with Federal law and USAID policies and procedures, (2) the cooperative agreement complied with selected Federal Appropriations Law provisions, and (3) the cooperative agreement complied with Federal and USAID lobbying restrictions.

The audit concluded that USAID/G-CAP complied with Federal law and USAID policies and procedures, and that the cooperative agreement complied with selected Federal Appropriations Law provisions. However, the audit determined that the cooperative agreement to CCAA did not fully comply with Federal and USAID lobbying restrictions. The agreement program description called for business and civil society leaders to sign the "Declaration of Principles" which—among other things—asked for business partners, friends and families in the United States to support efforts to ratify the CAFTA.

The OIG recommended that the Mission require the cooperative agreement to use the most recent Declaration of Principles, which omits any reference to either ratification of CAFTA or the United States.

A management decision was reached upon report issuance.

(Audit Report No. 9-596-05-003-P)

Audit of USAID/Peru's Global Development Alliances

The OIG performed this audit to determine whether USAID/Peru (1) considered utilizing Global Development Alliances in planning its activities, (2) reported its Global Development Alliances accurately and completely, and (3) achieved intended results for selected Global Development Alliances.

The OIG determined that USAID/Peru considered utilizing Global Development Alliances in planning its activities and reported its Global Development Alliances accurately and completely. The OIG was unable to determine whether two of USAID/Peru's three Global Development Alliances achieved their intended results because the Mission did not establish what the Alliance's intended results were. For the third Alliance, the OIG determined that it did not achieve its intended results.

The OIG recommended that for its Global Development Alliances, USAID/Peru (1) develop targeted performance indicators and (2) revise the planned levels of intermediate annual targeted results.

USAID/Peru provided management decisions for both recommendations.

(Audit Report No. I-527-05-005-P)

Audit of Regionalization Efforts in Latin America and the Caribbean

The OIG conducted this audit to determine (1) what plans the Bureau for Latin America and the Caribbean (LAC) had for regionalization of support functions, (2) how the LAC Bureau made decisions related to regionalization of support functions, and (3) whether the LAC Bureau considered competitive sourcing in regionalizing its support functions in accordance with USAID policies and U.S. laws and regulations.

The LAC Bureau did not have a formal plan for regionalization of support functions and, in fact,

made decisions related to regionalization of support functions based on the following factors:

- Program size and complexity.
- Volume and complexity of transactions.
- Experience and quality of foreign service national staff.
- Physical security of mission location.
- Operating expense support costs.
- Budget/cost savings.
- Quality-of-life indicators.

The LAC Bureau did, however, consider competitive sourcing in regionalizing its support functions in accordance with USAID policies and U.S. laws and regulations.

The OIG made seven recommendations that included planning, communications, analysis and monitoring issues.

The LAC Bureau provided management decisions for all recommendations.

(Audit Report No. I-598-05-001-P)

Investigation Results in Resignation

Pursuant to an OIG fraud awareness presentation, information was received regarding a USAID employee in Central America. It was alleged that the employee was misusing her official position to secure personal favors from subordinate staff. Such favors included routinely requesting and receiving "gifts" in the form of purchased meals and cash loans that were not repaid. Based on this information, the OIG initiated an investigation.

The investigation substantiated the allegations and revealed that the employee cumulatively borrowed over \$1,000 from other employees. The subject

Semiannual Report to the Congress

employee had another employee obtain a credit card in that employee's name for the subject employee's use. The subject employee also admitted that on multiple occasions she instructed her subordinates to use official vehicles to transport her relatives and to use their private vehicles to transport her relatives while the employees were still on duty. After she was confronted with the evidence uncovered by the investigation, the subject employee resigned her position with the USAID Mission.

Investigation Causes Employee to Resign

The OIG initiated an employee integrity investigation after an allegation was received that a USAID employee took a government laptop computer without authorization and then submitted an insurance claim seeking reimbursement for the value of the computer after it was damaged in a flood in the employee's home.

The investigation substantiated the allegations and determined that the insurance company had paid the employee \$500 for the damaged computer. In addition, the investigation revealed that the subject had prior criminal convictions. Confronted with this evidence, the employee resigned.

Bureau for Management

Audit of USAID's Implementation of OMB's Program Assessment and Rating Tool

The OIG conducted this audit to determine whether (1) USAID was implementing the Program Assessment and Rating Tool (PART) in accordance with the Office of Management and Budget (OMB) guidance and (2) USAID's assessments were supported with adequate and sufficient evidence.

The audit concluded that USAID prepared the PART in accordance with OMB's guidance; however, the staff lacked adequate training, USAID-specific guidance for the implementation of the PART was not available, and USAID did not maintain readily available documentation to support its answers to the PART questionnaire.

The OIG made three recommendations to strengthen USAID's preparation of the PART questionnaire through training, the promulgation of agency-specific guidance, and the maintenance of documentation supporting its answers to the PART questionnaire.

Management decisions were reached on all recommendations.

(Audit Report No. 9-000-05-004-P)

Audit of USAID's Bureau for Management, Office of Acquisition and Assistance's Administration of Audits Required Under Awards to Foreign and U.S. Recipients

The OIG performed this audit to determine if USAID's Bureau for Management, Office of Acquisition and Assistance (M/AA) ensured that

financial audits were performed for foreign and U.S. recipients in accordance with USAID policies and the Office of Management and Budget (OMB) Circular A-133 requirements.

The OIG found that M/AA did not ensure that financial audits were performed for foreign and U.S. recipients in accordance with USAID policies and OMB Circular A-133 requirements. M/AA did not maintain an inventory of required audits for foreign recipients and, as a result, was unable to ensure that financial audits were conducted. M/AA maintained an inventory of required audits for U.S. recipients in the Audit Tracking System; however, there were four audit reports that should have been received but were not. The information in the system was not accurate and was not updated to ensure that financial audits were conducted.

The OIG provided six recommendations that included developing procedures and processes to ensure that required financial audits are conducted.

Management decisions were reached on all recommendations.

(Audit Report No. I-598-05-002-P)

Audit of Field Support Mechanisms in the Global Health Bureau

USAID missions can access centrally awarded contracts, cooperative agreements, and grants through several mechanisms. The most commonly used mechanism is "field support," through which missions buy in to agreements that are centrally managed by USAID's pillar bureaus. Under this procurement process, missions initially identify their annual requirements and submit their requests for needed services or commodities via USAID's Field Support Database System.

The OIG conducted this audit to determine whether USAID can improve its ability to commit and obligate funds under its field support agreements. The audit concluded that improvements could be

Semiannual Report to the Congress

made to significantly streamline the process for committing and obligating funds relating to field support agreements.

The OIG recommended that USAID (1) coordinate the review, selection, and funding of an information systems solution to facilitate the commitment of and reporting on field support funds, (2) designate the owner of the selected information systems solution, and (3) complete the planning, design, and implementation of the selection information systems solution.

Management decisions have been reached on all recommendations.

(Audit Report No. 9-000-05-001-P)

Audit of USAID's Human Capital Strategy

The President's Management Agenda (PMA) identifies the Strategic Management of Human Capital as its first of five government-wide initiatives. Throughout the 1990s, USAID—like many agencies government-wide—dramatically reduced the size of its direct hires. In response to the PMA's initiative on human capital and to address the Agency's many human capital challenges, USAID developed a Human Capital Strategic Plan.

As part of the Annual Plan for fiscal year 2004 for monitoring improvements in the way USAID manages its human capital, the OIG conducted this audit to determine if USAID's Human Capital Strategy incorporates select best practices. Those best practices were defined as the six human capital standards for success in the Human Capital Assessment and Accountability Framework, developed by the Office of Personnel Management, the Office of Management and Budget, and the Government Accountability Office. The OIG found that USAID's Human Capital Strategic Plan does incorporate those select best practices.

The audit report contained no recommendations.

(Audit Report No. 9-000-05-003-P)

Interim Report on Phoenix Overseas Deployment Pilot Observations at Egypt

The OIG conducted a field visit of USAID's deployment of the Phoenix Financial Management System at Cairo, Egypt and identified the following concerns:

1. USAID is relying on old hardware that may be unreliable in providing interconnectivity between USAID/Washington and overseas missions.
2. The pilot process may not provide a stable model for the full global deployment.
3. The global migration deployment time line may be too aggressive to achieve a successful result.

The OIG concluded that the most significant challenge for the Phoenix overseas deployment is the aging telecommunications infrastructure. As a result, the OIG initiated a follow-up audit of USAID's Information Technology (IT) Infrastructure to determine if USAID has a capable IT infrastructure that supplies reliable interconnectivity between USAID/Washington and overseas missions to effectively support Phoenix.⁸

Although the OIG made no recommendations in the interim report, the Bureau of Management's Office of Information Resources Management was requested to respond to the OIG's concerns.

The OIG will continue to monitor the progress of the global deployment to ensure a successful deployment of the financial management system to the mission field locations.

(Report No. A-000-05-001-S)

⁸ "Audit of USAID's Information Technology Infrastructure," February 22, 2005 (Audit Report No. A-000-05-006-P).

Audit of Management Activities of USAID/Nicaragua's Cognizant Technical Officers

The OIG performed this audit to determine if USAID/Nicaragua's Cognizant Technical Officers (CTOs) were managing implementation activities in accordance with USAID policies.

The OIG found that USAID/Nicaragua's CTOs were managing implementation activities in accordance with USAID policies for 11 of 15 selected activities. USAID/Nicaragua's CTOs should improve management of four activities which included reviewing indirect cost rates annually, conducting regular site visits, preparing variance analyses, and evaluating recipients' program effectiveness at the end of the project.

The OIG recommended that USAID/Nicaragua (1) provide training to CTOs to better understand the process of reviewing provisional and final/actual indirect cost rates, (2) establish a site visit plan for each award, (3) provide training to CTOs on performing variance analyses of performance and financial results, and (4) establish a procedure to ensure that CTOs prepare final evaluations of recipients' program effectiveness at the end of the program for grants and cooperative agreements.

USAID/Nicaragua provided management decisions for all recommendations.

(Audit Report No. I-524-05-004-P)

Audit of USAID's Information Technology Infrastructure

The OIG conducted this audit to determine whether USAID has a capable information technology infrastructure that supplies reliable interconnectivity between USAID/Washington and its overseas missions. Reliable interconnectivity is necessary to support USAID's Phoenix financial system, which it plans to deploy to selected overseas missions worldwide in 2005 and 2006.

The audit concluded that USAID has a capable information technology infrastructure between USAID/Washington and most of USAID's overseas missions in Latin America and the Caribbean, and Europe and Eurasia. However, interconnectivity performance falls short at USAID's missions in Asia and the Near East, and especially in African regions where telecommunications infrastructure is inherently limited. Additionally, USAID's aging information technology infrastructure is a contributing factor to slow network and software application performance.

The OIG provided nine recommendations. Further, the OIG suggested that these improvements should be made prior to deploying the Phoenix system to the missions worldwide.

Management decisions have been reached for six recommendations and final action has been completed on the remaining three recommendations upon issuance of the final audit report.

(Audit Report No. A-000-05-006-P)

African Development Foundation

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

ADF began field operations in 1984 and provides grants directly to community groups in Africa. Based in Washington, D.C., and governed by a seven-member Board of Directors appointed by the President of the United States, ADF receives its funding from congressional appropriations and obtains supplemental funding from public and private sources. Currently, ADF is supporting approximately 186 projects and grants in 15 African countries. With an appropriation of \$20 million in fiscal year 2005, ADF provides development grants directly to local organizations in Africa.

OIG Strategy

The OIG is implementing a comprehensive strategy, including financial and performance audits, to maintain effective oversight of ADF operations. An important aspect of the strategy lies in the OIG's annual audit of ADF's financial statements. To achieve the most timely and cost-effective audits, the OIG coordinates this audit work with non-Federal auditors and provides technical audit advice and liaison to ADF and its auditors on a continual basis. Also, the OIG advises the auditors and, where appropriate, ADF of any deficiencies found in the audits. The OIG presents audit recommendations to ADF through its annual financial statement audit report.

Performance audits also play a key role in maintaining ADF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected ADF operations.

These assessments were used to determine where selected ADF operations could be vulnerable and to assist in developing future audit plans.

Management Challenges

In pursuit of its mission, ADF faces a number of problems, concerns, and difficult issues.

Performance Monitoring

ADF faces a challenge with its indigenous partner organizations that provide technical support and training to ADF grantees, visit projects regularly to monitor progress, and assist with on-the-ground trouble-shooting. ADF's goal is to help these partners become financially sustainable and widely recognized as development experts in their respective countries.

ADF has strengthened its performance-monitoring system by (1) aligning grantee project performance indicators with ADF's strategic plan objectives, (2) instituting quarterly monitoring and reporting on projects, and (3) conducting semiannual reviews of its country project portfolios. These reviews are providing ADF with greater insight into the strengths and weaknesses of its project development and approval processes.

Implementing an Integrated Financial Management System

ADF prepares a complete set of financial statements, and a private accounting firm, with OIG oversight, audits those statements. Even though ADF again

Semiannual Report to the Congress

received an unqualified opinion on its financial statements for fiscal year 2004, the OIG identified a number of significant challenges. For instance, ADF performed significant accounting functions in systems not connected to its general ledger even though information from these separate systems is used to compile elements of ADF's financial statements. During fiscal year 2004, ADF entered into an interagency agreement with the Department of the Interior's National Business Center for accounting and general ledger services. ADF believes that this agreement will be fully operational in fiscal year 2005 and will result in the resolution of all problems in this area.

needed in the management of its budget and operations, and of providing effective control over its revenues, expenditures, funds, property, and other assets.

Management decisions have been reached on both recommendations.

(Audit Report No. 0-ADF-05-003-C)

OIG Oversight Activities

Current Activities

Audit of African Development Foundation's Financial Statements for the Fiscal Year Ended September 30, 2004

An audit of the African Development Foundation's financial statements for the fiscal year ended September 30, 2004, was performed, under OIG oversight, by a non-Federal audit firm. The audit firm provided an unqualified opinion on the financial statements. In its report, the audit firm identified one material weakness in ADF's internal controls and four findings of noncompliance. The internal control issue relates to an inadequacy in the system used by the Department of Interior, National Business Center, to process ADF's transactions. The four instances of noncompliance relate to the inadequacy of ADF's financial and accounting system. The OIG recommended that ADF implement the U.S. Standard General Ledger at the transaction level and implement an accounting system capable of providing full disclosure of the results of its financial operations and adequate financial information

Inter-American Foundation

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

IAF was established in 1969 and provides grants directly to local organizations in Latin America and the Caribbean. Based in Arlington, Virginia, IAF has 47 employees and is governed by a nine-member Board of Directors appointed by the President of the United States. IAF's operating budget and program budget consist of congressional appropriations and funds derived through the Social Progress Trust Fund. Currently, IAF supports 200 projects in 23 countries. With an appropriation of \$18 million in fiscal year 2005, it provides development grants directly to local organizations in Latin America and the Caribbean.

OIG Strategy

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

Performance audits also play a key role in maintaining IAF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected IAF operations. These

assessments were used to determine where selected operations could be vulnerable and to assist in developing future audit plans.

Management Challenges

In pursuit of its mission, IAF faces a number of programmatic challenges and difficult issues.

Performance Monitoring and Results Documentation

IAF has formed 20 partnerships with 110 corporate foundations and businesses throughout Latin America to co-fund development projects. IAF is using this network to transfer its project methodology and approach to these foundations and businesses to foster sustainability. These partnerships, however, presented IAF with a challenge—how to monitor grants made through the partnerships. To address this challenge, IAF developed a system for auditing its partnerships and introduced this new system to its field auditors. In addition, IAF is developing performance indicators and evaluation measures that will be incorporated into a Grassroots Development Framework for data-gathering and analysis.

IAF is also focusing greater attention on developing performance indicators to measure progress in attaining “intangible” program results, such as democracy-building and other societal changes. IAF has awarded a contract that will examine the suitability and effectiveness of these performance indicators.

In addition, IAF is working with migrant groups in the U.S. to assist them in channeling some of the \$40 billion in annual remittances, currently sent home to Latin America, into development activities.

Administrative and Organizational Structure

IAF has implemented several major management initiatives, including outsourcing of several administrative functions and changing its organizational structure. These initiatives have resulted in timelier financial reporting, swifter procurements, and enhanced budget management.

OIG Oversight Activities

Current Activities

Audit of the Inter-American Foundation's Financial Statements for the Fiscal Year Ended September 30, 2004

An audit of the Inter-American Foundation's financial statements for the fiscal year ended September 30, 2004 was performed under OIG oversight, by a non-Federal audit firm. The audit firm provided an unqualified opinion on the financial statements. Moreover, the report did not contain findings or recommendations for IAF management relative to noncompliance or material weaknesses in internal control.

(Audit Report No. 0-IAF-05-002-C)

A P P E N D I C E S

Semiannual Report to the Congress

REPORTS ISSUED

October 1, 2004 through March 31, 2005

USAID

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
—PROGRAMS AND OPERATIONS—				
0-000-05-001-C	11/15/04	Independent Auditor's Report on USAID's Financial Statements for Fiscal Years 2004 and 2003		
0-000-05-001-F	11/17/04	Audit of USAID's Fiscal Year 2004 Payroll Reconciliations		
—FOREIGN-BASED ORGANIZATIONS—				
0-000-05-002-D	10/05/04	Triple Trust Organization, Report on Pre-Award Survey of Prospective Contractor Accounting System for Non-Profit Organization		
0-000-05-051-D	02/07/05	African Agricultural Technology Foundation, Report on Audit of Pre-Award Accounting System Survey		
0-000-05-062-D	02/07/05	Inter-American Institute of Human Rights, Report on Audit of Post Award Accounting System		
5-492-05-001-D	10/14/04	Financial Audit of the Program Titled "Private Sector Family and Reproductive Health System," USAID/Philippines Cooperative Agreement No. 492-A-00-01-00020-00, Managed by FriendlyCare Foundation, Inc., for the Period from January 1, 2002 to December 31, 2002	186 27	QC UN
5-492-05-002-D	10/19/04	Report on the Audit of the Electronic Accounting System of FriendlyCare Foundation, Inc. as of April 19, 2004, USAID/Philippines Cooperative Agreement No. 492-A-00-01-00020-00		
5-492-05-003-D	10/20/04	Financial Audit of the Coastal Communities Empowerment Project, Destructive Fishing Reform Project and Coral Reef Conservation Initiative, USAID/Philippines Cooperative Agreement No. 492-A-00-97-00060-00, Managed by the International Marinelife Alliance -- Philippines, Inc., for the Period from January 1, 2001 to June 30, 2002	937 937	QC UN
5-492-05-004-D	02/09/05	Close-out Audit of the Program Titled "Private Sector Family and Reproductive Health System," USAID/Philippines Cooperative Agreement No. 492-A-00-99-00015-00, Managed by FriendlyCare Foundation, Inc., for the Period from July 15, 1999 to October 15, 2001		
7-675-05-001-D	12/15/04	Audit of USAID Resources Provided to PRIDE/Finance for the Years Ended December 31, 2000, 2001, and 2002		
E-267-05-004-D	02/10/05	Audit of Costs Incurred Under Subcontracts 24910-TSC-003 and 24910-GSC-005 from May 1, 2003 through September 30, 2004	13	QC
1-519-05-001-N	10/12/04	Quarterly Financial Audit of USAID Resources, Managed by the National Popular Housing Fund, Under the Special Objective Grant Agreement No. 519-0458, "Earthquake Recovery Program" Housing Activity, for the Quarter Ended June 30, 2004		
1-519-05-002-N	12/03/04	Fund Accountability Statement Audit of the Earthquake Recovery Program, Small and Micro Business Activity, Technical Assistance Fund Sub-Activity, Grant Agreement No. 519-0458, Managed by the National Commission for the Micro and Small Enterprise, for the Year Ended December 31, 2003	4	QC
1-519-05-003-N	12/03/04	Quarterly Financial Statement Audit of the Special Objective Grant Agreement, Earthquake Recovery Program, Schools, Micro and Small Business (Local Municipal Markets) and Health Facilities Reconstruction Activities, Activity No. 519-0458, Managed by the Social Investment Fund for Local Development, for the Quarter Ended June 30, 2004		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-504-05-004-N	12/21/04	Close-out Audit of the Fund Accountability Statement of the USAID Resources for the Guyana Justice Improvement Project, Grant Agreement No. 504-0109, Managed by the University of West Indies, Cave Hill, and the University of Guyana, for the Period from June 1, 1996 to March 31, 2000	316	QC
			91	UN
1-519-05-005-N	01/11/05	Concurrent Financial Statement Audit of the Mother and Child Community Health Services Project in Santiago de Maria, El Salvador, Grant Agreement No. 519-A-01-00213-00, Project No. 519-0458, Managed by AmeriCares Foundation Inc., for the Quarter Ended March 31, 2004	14	QC
			14	UN
1-519-05-006-N	01/12/05	Concurrent Financial Statement Audit of the Mother and Child Community Health Services Project in Santiago de Maria, El Salvador, Grant Agreement No. 519-A-00-01-00213-00, Project No. 519-0458, Managed by Americares Foundation, Inc., for the Quarter Ended June 30, 2004	12	QC
			12	UN
1-519-05-007-N	01/31/05	Quarterly Financial Audit of the Special Objective "Earthquake Recovery Program" Housing Activity, Agreement No. 519-0458, Managed by the National Popular Housing Fund, for the Quarter Ended September 30, 2004		
1-519-05-008-N	02/14/05	Quarterly Financial Statement Audit of the Special Objective Grant Agreement, Earthquake Recovery Program (EREP), Schools, Micro and Small Business (Local Municipal Markets) and Health Facilities Reconstruction Activities, Activity No. 519-0458, Managed by the Social Investment Fund for Local Development, for the Quarter Ended September 30, 2004	157	QC
4-615-05-001-N	10/06/04	Audit of USAID-Funded Community REACH Project and Closeout Audit of IMPACT Project Implemented by ICROSS Kenya Under USAID Sub Award Nos. 02-A-1-Kenya-01/0 of 21 (REACH) and FCO 34285 (IMPACT) for the Period November 15, 2000 to December 31, 2003	95	QC
			56	UN
4-615-05-002-N	11/10/04	Close Out Audit of the Cooperative Bank of Kenya Limited, Grant No. 623-G-00-98-00060-00 for the Period October 1, 1999 to March 31, 2004	40	QC
			28	UN
4-623-05-003-N	11/17/04	Audit of USAID Resources Managed by the Commercial Bank of Eritrea and the Rural Enterprise Unit, USAID Project No. 661-0009 for the Period September 30, 1997 to December 31, 2003	3,881	QC
4-656-05-004-N	02/16/05	Closeout Audit of USAID/Mozambique's Resources Managed by Impacto Projectos e Estudos Ambientais, Lda Under the Rural Access Project, Roads Rehabilitation and Maintenance and Emergency Roads: Building and Support Effort - Environmental Analysis, Mitigation and Monitoring, Contract No. 656-C-00-98-00066-00 for the Period November 9, 1998 to September 30, 2002	216	QC
			54	UN
4-674-05-006-N	03/24/05	Agency-Contracted Audit of USAID/South Africa's Resources Managed by Amy Biehl Foundation Trust Under Grant Agreement No. 674-G-00-01-00021-00 and the Closeout Audit of Cooperative Agreement No. 674-0320-A-00-7082-00 for the Period November 10, 1998 to March 31, 2004	4,857	QC
			3,683	UN
4-663-05-007-N	03/31/05	Agreed-Upon-Procedures Review of USAID Resources Managed by Africare Ethiopia Under Agreement Nos. FFP-A-00-99-00077-00 (closeout), 663-G-00-01-00356-00 (closeout) and FAO-A-00-00-00031-00 for the Period April 13, 1999 to September 30, 2003	765	QC
			299	UN
5-383-05-001-N	10/05/04	Financial Audit of the Rural Schools Expansion Project, USAID/Sri Lanka Contract No. 386-C-00-02-00194-00, Implemented by Young Entrepreneurs Sri Lanka, for the Period from September 23, 2002 to September 30, 2003	23	QC
5-497-05-003-N	12/28/04	Financial Audit of USAID/Indonesia's Rupiah Trust Fund for the Years Ended September 30, 2002 and 2003	5	UN
5-492-05-004-N	01/14/05	Financial Audit of USAID/Philippines' Peso Trust Fund for Operating Expenses, for the Period from January 1, 2003 to December 31, 2003		
5-367-05-005-N	02/18/05	Close-out Audit of the Program in Agribusiness Development, USAID/Nepal Grant Agreement No. 367-G-00-97-00117-00, Managed by Agro Enterprises Center/ Federation of Nepalese Chamber of Commerce and Industry, for the Period from July 17, 1998 to September 30, 2002	76	QC
			69	UN
6-294-05-001-N	10/11/04	Audit of the Fund Accountability Statement of USAID Resources Managed by Afaq General Contracting Group, Ltd. Under Contract Number 294-C-00-02-00216-00 "Emergency Water Pipeline -- Jalameh" for the Period from December 1, 2002 to March 31, 2003	4	QC

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-05-005-N	11/29/04	Audit of Fund Accountability Statement of USAID Resources Provided by Chemonics International - TAMKEEN, Save the Children Federation, and Associates in Rural Development and Managed by El Hanan Benevolent Association for Mother & Child Under Sub-grant Numbers 01-21, 01-44, 02-141, SC/CPSP 007, and 002GS02 for the Period from June 15, 2001 to June 30, 2003	206 206	QC UN
6-294-05-015-N	02/17/05	Audit of USAID Resources Managed by Al Quds University Center, for Development in Primary Health Care, Under Sub-grants Provided by Care International; Chemonics International - Tamkeen; and Save the Children for the Periods from May 31, 2002 to August 31, 2003, July 15, 2001 to December 31, 2003, and February 1, 2002 to August 31, 2003, respectively		
6-263-05-019-N	03/09/05	Audit of Inflows and Releases of Funds from the Government of Egypt's Local Currency Special Accounts, Under USAID/Egypt's Sector Policy Reform Programs and Private Sector Commodity Import Programs, for the Period from July 1, 2000 to June 30, 2001		
1-596-05-001-R	10/07/04	Audit of the Fund Accountability Statement for USAID/G-CAP, Project Accord on the Rights and Identity of Indigenous People Human Capacity Development, Project No. 520-A-00-98-00013-00, Managed by the Rafael Landivar University, for the Year Ended December 31, 2003		
1-538-05-002-R	10/26/04	Audit of the Fund Accountability Statement of USAID Resources, Grant Agreement Numbers 538-004-001, 538-005-01, 538-006-01, and 538-008-01, Managed by the Caribbean Community Secretariat Under Regional Strategic Objectives, for the Year Ended December 31, 2003	2	QC
1-521-05-003-R	10/28/04	Audit of the Fund Accountability Statement for USAID/Haiti Program for the Recovery of the Economy in Transition, Project No. 521-A-00-99-00073-00, Managed by the Societe Financiere Haitienne de Developpement S.A., for the Year Ended September 30, 2003		
1-526-05-004-R	10/28/04	Financial Statement Audit of the Program Strengthening the Sustainable Management of the Chaco and Pantanal Ecoregions, Project No. 526-00-A-00-00125-00, Managed by the Fundacion para el Desarrollo Sostenible del Chaco, for the Year Ended December 31, 2003		
1-518-05-005-R	10/28/04	Financial Statement Audit of the Program Strengthening Democracy in Ecuador, Agreement No. 518-A-00-03-00054-00, Managed by the Participacion Ciudadana, for the Period of April 1 to December 31, 2003		
1-526-05-006-R	10/29/04	Financial Statement Audit of USAID/Paraguay Project "Fortalecimiento Institucional del CEPEP," cooperative Agreement No. 526-A-00-999-00008-00, Managed by the Centro Paraguayo de Estudios de Poblacion (CEPEP), for the Year Ended December 31, 2003		
1-521-05-007-R	10/29/04	Financial Statement Audit of the Forum 2000 Project Under the Recovery of the Economy in Transition Program, USAID/Haiti Project No. 521-A-00-99-00074-00, Managed by Centre Pour la Libre Enterprise et la Democratie, for the Period October 1, 2002 to September 30, 2003	76 76	QC UN
1-522-05-008-R	11/12/04	Close-out Financial Statement Audit of the Municipal Development Program, Agreement No. 522-A-00-93-00324-00, Managed by Fundacion para el Desarrollo Municipal, for the Period January 1, 2003 to September 30, 2003		
1-527-05-009-R	11/12/04	Financial Statement Audit of Special Objective Grant Agreement No. 527-0348, Managed by the National Commission for Development and Life Without Drugs, for the Year Ended December 31, 2002	7	QC
1-526-05-010-R	11/12/04	Financial Statement Audit of USAID/Paraguay Program Entitled "Programa de Accion de Desarrollo Ambiental," Cooperative Agreement No. 526-A-00-94-00008-00, Managed by the Alter Vida Association, for the Year Ended December 31, 2003	23 11	QC UN
1-526-05-011-R	11/12/04	Financial Statement Audit of Programs No. 526-A-00-01-00074-00, Civil Society and No. 526-A-00-01-00100-00, Health Decentralization and Community Participation, Managed by the Fundacion Comunitaria Centro de Informacion y Recursos para el Desarrollo, for the Year Ended December 31, 2003		
1-527-05-012-R	11/15/04	Audit of the Fund Accountability Statement of the Implementation of Electrification Projects, Grant Agreement No. 527-0348, Managed by the Ministry of Energy and Mines, for the Year Ended December 31, 2002	21	QC
1-522-05-013-R	11/22/04	Fund Accountability Statement Audit of USAID/Honduras Project No. 522-0394, Strengthened Rule of Law and Respect for Human Rights Program, Managed by the Public Ministry of Honduras, for the Year Ended December 31, 2003		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-518-05-014-R	11/29/04	Fund Accountability Statement Audit of USAID/Ecuador Program for Community Strengthening Initiatives in Northern Ecuador, Cooperative Agreement No. 518-A-00-01-00010-00, Managed by the International Organization for Migration, for the Year Ended December 31, 2003	14	QC
1-525-05-015-R	11/29/04	Audit of the Fund Accountability Statement of the Hydrographic Basin of the Panama Canal Project, Under Grant Agreement No. 525-A-00-01-00016-00, Managed by the Sociedad Nacional Para el Desarrollo de Empresas y Areas Rurales, for the Year Ended December 31, 2003		
1-519-05-016-R	11/29/04	Fund Accountability Statement Audit of the USAID/ES Technical Assistance Project, Cooperative Agreement No. 519-A-00-01-00149-00, Managed by the Fundacion Salvadorena Para la Reconstruccion y el Desarrollo, for the Year Ended December 31, 2003		
1-519-05-017-R	12/03/04	Fund Accountability Statement Audit of the Institutional Strengthening Project, Cooperative Agreement No. 519-A-00-01-00219-00, Managed by the Municipal Corporation of the Republic of El Salvador, for the Year Ended December 31, 2003		
1-527-05-018-R	12/08/04	Audit of the Fund Accountability Statement of the Andean Center of Excellence for Teacher Training Program, No. EDG-A-00-02-00036-00, Managed by the Universidad Peruana Cayetano Heredia, for the Period October 1, 2002 to December 31, 2003		
1-527-05-019-R	12/15/04	Audit of the Financial Statements of Movimiento Manuela Ramos, Managing the Following Projects: Salud Reproductiva en la Comunidad, Cooperative Agreement No. 527-A-00-95-00372-04, Mercomujer, Cooperative Agreement No. GEG-A-00-01-00002-00, Coalicion para la Reforma del Congreso, Cooperative Agreement No. 527-A-00-02-00167-00, for the Year Ended December 31, 2003		
1-527-05-020-R	12/15/04	Close-Out Audit of the Fund Accountability Statement for the National Rural Transportation Infrastructure Program, Implementation Framework Sub-Agreement for the Alternative Development Program, Under Grant Agreement No. 527-0348, Managed by the National Commission for Development and Life Without Drugs, for the Period January 1, 2003 to June 30, 2004		
1-538-05-021-R	12/23/04	Audit of the Fund Accountability Statement of the Caribbean Centre of Excellence for Teacher Training Project, Under Cooperative Agreement #EDG-A-00-02-00038-00, Managed by the University of the West Indies/Joint Board of Teacher Education, for the Period of September 26, 2002 to July 31, 2004	105 92	QC UN
1-527-05-022-R	12/28/04	Close-Out Audit of the Fund Accountability Statement of the Alternative Development Program, Sub-Agreement No. 527-0348, Managed by the National Commission for the Development and Life Without Drugs--DEVIDA and the Regional Government of Ucayali--GOREU, for the Period of August 1, 2002 to June 30, 2003	34 11	QC UN
1-527-05-023-R	12/30/04	Financial Statement Audit of the Asociacion Benefica Prisma for Varying Periods Between October 1, 2001 to December 31, 2002 (for the Seven Component Activities) and the Commodity Status Report for the Year Ended September 30, 2002	2,171 148	QC UN
1-522-05-024-R	12/30/04	Audit of the Fund Accountability Statement for the Basic Education and Skills Training Project, Component I of Grant Agreement No. 522-0388, Managed by the Secretary of Public Education, for the Year Ended December 31, 2003		
1-532-05-025-R	01/04/05	Audit of the Fund Accountability Statement for the New Horizons for Primary Schools Project No. 532-0004-01, Managed by the Ministry of Education, Youth, and Culture, for the Period April 1, 2001 to March 31, 2003		
1-517-05-026-R	01/06/05	Audit of the Fund Accountability Statement for Three Projects, Cooperative Agreement No. 517-A-00-03-00114-00 and Donation Agreement Nos. 517-G-00-02-00101-00 and 517-G-00-03-00127-00, Managed by the Fundacion Institucionalidad y Justicia, Inc., for Different Starting Periods Ending December 31, 2003		
1-532-05-027-R	01/06/05	Audit of the Fund Accountability Statement of the Uplifting Adolescents Project 2, Cooperative Agreement No. 532-A-00-01-00002-00, Managed by People's Action for Community Transformation, for the Year Ended June 30, 2002	21 8	QC UN
1-532-05-028-R	01/10/05	Audit of the Fund Accountability Statement of the Uplifting Adolescents Project 2, Cooperative Agreement No. 532-A-00-01-00002-00, Managed by People's Action for Community Transformation, for the Year Ended June 30, 2003	43 28	QC UN

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-538-05-029-R	01/13/05	Audit of the Fund Accountability Statement of the Small and Medium Sized Enterprises Development, Project No. 538-004-01, Managed by the Organization of Eastern Caribbean States, for the Period from October 1, 2001 to June 30, 2003	34 11	QC UN
1-532-05-030-R	01/18/05	Fund Accountability Statement Audit of the Micro Finance Loan Project, No. 532-A-00-01-0069-00, Managed by the Jamaican National Building Society, for the Year Ended March 31, 2004		
1-532-05-031-R	01/26/05	Audit of the Fund Accountability Statement for the New Horizons for Primary Schools Project, Agreement No. 532-0004-01, Managed by the Ministry of Education, Youth, and Culture, for the Period April 1, 2003 to March 31, 2004	1	QC
1-527-05-032-R	01/26/05	Audit of the Fund Accountability Statement for the Participacion y Vigilancia de la Sociedad Civil en la Reforma Desempeno del Sistema de Administracion de Justicia Program, Agreement No. 527-A-00-02-00221, Managed by the Instituto de Defensa Legal, for the Year Ending December 31, 2003		
1-522-05-033-R	02/02/05	Audit of the Fund Accountability Statements of the Municipal Development Project, Child Survival Program No. 522-0340 and the Housing Guaranty Loan Project, No. 596-HG-006, Managed by the Honduran Social Investment Fund/Directorate of Major Infrastructure, for the Year Ended December 31, 2003		
1-520-05-034-R	02/10/05	Financial Statement Audit of the Program "Better Health for Rural Women and Children," G-CAP Agreement No. 520-98-A-00-00037-00, Managed by the Asociacion Pro-Bienestar de la Familia de Guatemala, for the Year Ended December 31, 2003		
1-511-05-035-R	02/10/05	Financial Statement Audit of the Project "Communication Strategy to Support USAID Health Partners in the Public and Private Sectors," Cooperative Agreement No. 511-A-00-01-00067-00, Managed by the Centro Para Programas de Comunicacion Bolivia, for the Year Ended December 31, 2003		
1-519-05-036-R	02/14/05	Audit of the Fund Accountability Statement of the "Healthy Salvadorans Project," Grant Agreement No. 519-0430, Managed by the Ministry of Public Health and Social Assistance through the Project Coordinator Unit, for the Year Ended December 31, 2003		
1-518-05-037-R	02/15/05	Revised Financial Statement Audit of Programa de Sostenibilidad Financiera y Alianzas Estrategicas, Agreement No. 518-A-00-98-00-00187-00, Managed by Fundacion Grupo Esquel - Ecuador, for the Year Ending December 31, 2003	15	QC
1-511-05-038-R	02/15/05	Audit of the Financial Statements of the Project "Enhancing Sexual and Reproductive Health Clinical and Educational Services for Adults," Donation Agreement No. 511-A-00-98-00158-00, Managed by Research Education and Services Center, for the Year Ending December 31, 2003		
1-522-05-039-R	02/17/05	Fund Accountability Statement Audit of the Basic Education and Skill Training Project, Cooperative Agreement No. 522-0388-A-00-5401-00/Endowment Fund, Managed by the Advisory Center for Human Resources Development of Honduras, for the Year Ended December 31, 2003		
1-522-05-040-R	02/22/05	Audit of the Fund Accountability Statement of the P.L. 480 Title II Program - Monetization Funds, Community Based Health Services Project, Food Security Extension Project, and Rural Employment and Development Project, Grant Agreement No. A-00-01-00002-00, Managed by CARE Honduras, for the 3-Year Period October 1, 2000 to September 30, 2003		
1-511-05-041-R	02/23/05	Close-out Audit of the Fund Accountability Statement of (1) Extension of Reproductive Health Services and Products Project (Additional Activity of Tuberculosis in Santa Cruz), Agreement No. 511-G-00-95-00089-00 (511-0568 and 511-0644), (2) PROSALUD's Institutional Consolidation, Agreement No. 511-A-00-01-00262-00, (3) Social Marketing, Agreement No. 511-A-00-02-00295-00, and (4) Partners in Health Project, Agreement No. 511-A-00-02-00261-00, Managed by Asociacion de Proteccion a la Salud (PROSALUD), for the Year Ended December 31, 2003	28 23	QC UN
1-511-05-042-R	02/23/05	Financial Statement Audit of the Primary Attention in Integrated Health Program, Cooperative Agreement No. 511-A-00-98-00156-00, Managed by the Integrated Health Coordination Program, for the Year Ended December 31, 2003	46 18	QC UN
1-522-05-043-R	02/24/05	Audit of the Fund Accountability Statement of Sustainable Improvements in Family Health Program, Cooperative Agreement No. 522-G-00-02-00-354-00, Managed by the Asociacion Hondurena de Planificacion de Familia, for the Period from October 1, 2002 to September 30, 2003		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-518-05-044-R	02/25/05	Fund Accountability Statement Audit of the Biodiversity Conservation in the Galapagos Marine Reserve Program, Cooperative Agreement No. 518-A-00-98-00105-00, Managed by Fundacion Charles Darwin Para las Islas Galapagos, for the Year Ended December 31, 2003	6	QC
1-517-05-045-R	03/16/05	Fund Accountability Statement Audit of the Program "Improving Living Conditions in the Haitian-Dominican Border," Grant Agreement No. 517-A-00-03-00118-00, Managed by Fundacion Para el Desarrollo Comunitario, Inc., for the Period June 17, 2003 to June 30, 2004		
4-623-05-001-R	10/01/04	Audit of the Regional Centre for Quality of Health Care Under USAID Grant No. 6230010.40 - 00002 for the Period July 1, 2001 through June 30, 2002	25 23	QC UN
4-617-05-002-R	11/01/04	Audit of the Environmental Conservation Trust of Uganda Under USAID Cooperative Agreement No. 617-A-00-01-00002-00 for the Year Ended December 31, 2003		
4-623-05-003-R	11/09/04	Audit of the Inter-Governmental Authority on Development Under USAID Award No. 623-0006 for the Period January 1, 2003 to December 31, 2003	11	QC
4-612-05-004-R	11/12/04	Audit of the Creative Centre for Community Mobilisation Under USAID Agreement No. 690-A-00-00-00012-00 for the Period February 1, 2001 to March 31, 2002	106	QC
4-674-05-005-R	12/15/04	Closeout Audit of the Centre for Higher Education Transformation Trust Under USAID Agreement No. 674-G-00-00-00003-00 for the Period January 1, 2002 to April 30, 2003	41	QC
4-674-05-006-R	12/15/04	Audit of the Nelson Mandela Children's Fund Under USAID Grant Agreement No. 674-G-00-00-00071-00 for the Period April 1, 2002 to March 31, 2003	267 246	QC UN
4-623-05-007-R	12/15/04	Audit of the Centre for African Family Studies Under USAID Cooperative Agreement No. 623-0005-A-00-4143-00 for the Period January 1, 2002 to December 31, 2002	277 140	QC UN
4-623-05-008-R	01/07/05	Audit of the Commonwealth Regional Health Community Under USAID Limited Scope Grant Agreement No. 6980483.23-80003 for the Period July 1, 2001 to June 30, 2002	2 2	QC UN
4-623-05-009-R	01/07/05	Audit of the Association for Strengthening Agricultural Research in Eastern and Central Africa Under USAID Cooperative Agreement No. 623-A-00-02-00095-00 for the Period January 1 to December 31, 2003	198 198	QC UN
4-617-05-010-R	01/19/05	Audit of AIDS Information Centre Under USAID Agreement No. 623-0133-00-A-00-6007 for the Period July 1, 2001 to June 30, 2002	348 203	QC UN
4-674-05-011-R	02/28/05	Audit of Hope Worldwide South Africa Under USAID Cooperative Agreement No. 674-A-00-01-00042-00 for the Period January 1 to December 31, 2003	139 61	QC UN
4-623-05-012-R	03/24/05	Audit of the Common Market for Eastern and Southern Africa Under USAID Limited Scope Grant Agreement Nos. 6231001-80001 and 6231001-80002 for the Period January 1, 2002 to December 31, 2002	22	QC
4-623-05-013-R	03/31/05	Audit of the Commonwealth Regional Health Community for East, Central and Southern Africa Under Limited Scope Grant Agreement No. 6980483.23-80003 for the Period July 1, 2002 through June 30, 2003	10 3	QC UN
5-367-05-001-R	10/06/04	Financial Audit of USAID Cooperative Agreement No. 367-A-00-02-00120-00, Managed by the Center for Victims of Torture, Nepal, for the Period from January 1, 2003 to December 31, 2003	39 13	QC UN
5-483-05-002-R	10/14/04	Financial Audit of the Development of Sustainable Aquaculture Project, Cooperative Agreement No. 388-A-00-00-00068-00, Managed by the WorldFish Center (also known as International Center for Living Aquatic Resources Management) for the Period from October 1, 2000 to December 31, 2002	30 19	QC UN
5-492-05-003-R	11/08/04	Financial Audit of the Project Titled "National Tri-Media Information Campaign on Tuberculosis," USAID/Philippines Cooperative Agreement No. 492-A-00-02-00032, Managed by the Reachout AIDS Education Foundation, Inc., for the Period from October 1, 2002 to February 28, 2004	2 2	QC UN

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Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-493-05-004-R	11/08/04	Financial Audit of the Asian Urban Disaster Mitigation Program Phase III (USAID Cooperative Agreement No. 386-A-00-00-00068-00), OFDA 98 (USAID Grant No. AOT-G-00-98-00184-00), Subrecipient Grant - Climate Forecasting Applications in Bangladesh (USAID Grant No. AOT-A-00-00-00262-00), and Climate Forecasting Applications (USAID Grant No. DFD-A-000-03-00005-00), Managed by the Asian Disaster Preparedness Center, for the Period from January 1, 2003 to December 31, 2003	3	QC
5-367-05-005-R	11/17/04	Financial Audit of the Project Titled "Certification and Sustainable Marketing of Non-Timber Forest Product, USAID/Nepal Cooperative Agreement No. 367-A-00-02-00209-00), Managed by the Asia Network for Sustainable Agriculture and Bioresources, for the Period from September 27, 2002 to December 31, 2003"	12	QC
5-367-05-006-R	12/01/04	Financial Audit of the Kathmandu Valley Earthquake Risk Management Action Plan Implementation Project, USAID/Nepal Grant No. 367-G-00-00-00080-00, Managed by the National Society for Earthquake Technology-Nepal, for the Period from October 1, 2002 to September 30, 2003	19 18	QC UN
5-367-05-007-R	12/15/04	Financial Audit of the Program for Enhancement of Emergency Response, USAID/Nepal Cooperative Agreement No. 367-A-00-03-00075-00, Managed by the National Society for Earthquake Technology-Nepal, for the Period from March 27, 2003 to September 30, 2003	3 2	QC UN
5-492-05-008-R	12/17/04	Financial Audit of the Trade and Investment Policy Analysis and Advocacy Support Project - Advocacy for Trade and Investment Liberalization, USAID/Philippines Cooperative Agreement No. AID-492-A-00-00-00012-00, Managed by the Philippine Exporters Confederation, Inc., for the Period from January 1, 2003 to December 31, 2003		
5-442-05-009-R	12/28/04	Financial Audit of the Institutional Development and Service Delivery Support Project, USAID/Cambodia Cooperative Agreement No. 442-A-00-99-00033-00, Managed by the Reproductive Health Association of Cambodia, for the Period from January 1, 2003 to December 31, 2003	3	QC
5-497-05-010-R	01/27/05	Financial Audit of the Project Titled "Democracy Reforms, Sustained and Deepened," USAID/Indonesia Cooperative Agreement No. AID-497-A-00-03-00026-00, Managed by the Yayasan Pusat Reformasi Pemilu (Centre for Electoral Reform/CETRO), for the Period from August 1, 2003 to June 30, 2004	39 35	QC UN
5-386-05-011-R	01/27/05	Financial Audit of the AVERT Project, USAID/India Project No. 386-0544, Managed by the AVERT Society, for the Period from April 1, 2002 to March 31, 2003	123 116	QC UN
5-492-05-012-R	01/31/05	Financial Audit of the Contraceptive Social Marketing in the Philippines Program, USAID/Philippines Cooperative Agreement No. 492-A-00-02-00029, Managed by the DKT Philippines Inc., for the Period from October 1, 2002 to December 31, 2003	88	QC
5-492-05-013-R	02/09/05	Financial Audit of the Barangay Justice Service System Project, USAID/Philippines Grant Agreement No. 492-G-0098-00044-00, Managed by the Gerry Roxas Foundation, Inc., for the Period from January 1, 2002 to December 31, 2003		
5-492-05-014-R	02/17/05	Financial Audit of the Strengthening Capacity to Identify and Reduce the Threat of Leading Infectious Diseases Project, USAID/Philippines Cooperative Agreement No. 492-A-00-00004-00, Managed by the New Tropical Medicine Foundation, Inc., for the Year Ended December 31, 2002		
5-386-05-015-R	02/18/05	Financial Audit of the Energy Conservation and Commercialization Programme, USAID/India Project No. 386-0542, Managed by the Industrial Credit & Investment Corporation of India Bank Limited, for the Period from April 1, 2003 to March 31, 2004		
5-493-05-016-R	03/29/05	Financial Audit of the Accelerated Economic Recovery in Asia Program, USAID Cooperative Agreement No. 442-A-00-99-00072-00, Managed by the Kenan Foundation of Asia, for the Period from October 1, 2002 to September 30, 2003	772 760	QC UN
6-263-05-001-R	10/11/04	Audit of USAID Resources Managed by Horticultural Exporters Improvement Association, USAID/Egypt Grant Agreement No. 263-G-00-99-00010-00, for the Period from January 1, 2002 to December 31, 2002	44	QC
6-263-05-002-R	11/09/04	Audit of USAID Resources Managed by the National Council for Women/Women Business Development Center, Under Cooperative Agreement No. 263-A-00-02-00016-00, for the Period from January 1, 2003 to December 31, 2003		
6-263-05-003-R	11/17/04	Financial Audit of the American Chamber of Commerce in Egypt, Grant Agreement No. 263-G-00-96-00073-12, for the Year Ended December 31, 2003		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-263-05-004-R	12/07/04	Financial Audit of USAID Resources Managed by Alexandria Business Association, Cooperative Agreement No.263-A-00-02-00005-00, from January 1, 2003 through December 31, 2003	13	QC
6-263-05-005-R	12/30/04	Financial Audit of USAID Resources Managed by Dakahlya Businessmen Association for Community Development, Cooperative Agreement No. 263-A-00-97-00062-00, from January 1, 2003 through December 31, 2003		
6-263-05-006-R	12/30/04	Financial Audit of USAID Resources Managed by the Ministry of Water Resources and Irrigation/Water Policy Advisory Unit, Project Implementation Letter No. 3, Project No. 263-0219, for the Period from July 1, 2001 through December 31, 2003		
6-263-05-007-R	02/03/05	Close-out Audit of USAID Resources Managed by the Ministry of Health and Population Under Implementation Letter No. 2, USAID/Egypt's Health Policy Support Program, Grant No. 263-0254, for the Period from July 1, 2002 to December 31, 2003		
6-263-05-008-R	02/15/05	Financial Audit of USAID Resources Managed by the Egyptian Exporters Association, Cooperative Agreement No. 263-A-00-02-00031-00, for the Period from January 1, 2003 to December 31, 2003		
7-685-05-001-R	10/28/04	Audit of USAID Resources Managed by "Association pour la Promotion Rurale de l'Arrondissement de Nyassia - Solidarite-Developpement- Paix" Under the Casamance Recovery Development Program (685-0311) for the Period February 5, 2002 to October 4, 2003	63	QC
7-688-05-002-R	11/24/04	Audit of Local Currency Expenses Incurred by the "Office Riz Segou" to Implement the Income Diversification and Increase Project (No. 688-0273) Under USAID/ Mali's Sustainable Economic Growth Program from January 1, 2001 to September 30, 2003		
7-641-05-003-R	01/07/05	Audit of USAID Funds Provided to the Ghana Social Marketing Foundation Under the Family Planning/HIV-AIDS Program No. 641-A-00-00-0079 for the Year Ended June 30, 2002	107	QC
7-641-05-004-R	01/10/05	Audit of USAID Funds Provided to the Ghana Social Marketing Foundation Under the Family Planning/HIV-AIDS Program No. 641-A-00-00-0079 for the Year Ended June 30, 2003	156	QC
7-688-05-005-R	01/31/05	Audit of Local Currency Expenditures Incurred by the "Office du Niger" in Mali to Implement the Sustainable Economic Growth Program (No. 688-0273) for the Period January 1, 2001 through December 31, 2003	75 74	QC UN
B-000-05-001-R	10/15/04	Audit of MEDAIR, Switzerland Under Six USAID Cooperative Agreements in Uganda, Afghanistan and Sudan for Periods Ending December 31, 2003	108 108	QC UN
B-121-05-002-R	10/15/04	Audit of the Center for Ukrainian Reform Education Under USAID Cooperative Agreement No. 121-A-00-02-00002-00 for the Year Ended December 31, 2003	1	BU
B-000-05-003-R	10/15/04	Audit of Foundation Hirondelle Under USAID Grant Nos. HDA-G-00-02-00153-00 and DOT-G-00-03-00017-00 for the Year Ended December 31, 2003	30	QC
B-168-05-004-R	11/09/04	Audit of the Bosnia and Herzegovina Trust Fund Accounts No. 4 and No. 5 Under USAID Grant No. 168L-601 for the Period April 1, 2001 to June 30, 2004		
B-111-05-005-R	11/12/04	Audit of the Institute of Chartered Accountants of Scotland Under USAID Cooperative Agreement No. 111-A-00-02-00034-00 for the Period May 2002 to December 31, 2003		
B-000-05-006-R	11/12/04	Audit of German Agro Action Under USAID Grant No. AOT-G-00-00-00038-00 for the Years Ended December 31, 2000, 2001, and 2002		
B-000-05-007-R	11/15/04	Audit of Veterinaires Sans Frontieres -- Germany Under USAID Grant No. AOT-G-00-00-00196-00 for the Year Ended December 31, 2003		
B-000-05-008-R	11/17/04	Audit of Merlin Under Eight USAID Agreements for the Year Ended December 31, 2003		
B-118-05-009-R	11/18/04	Audit of IPO Junior Achievement Russia Under USAID Grant No. 118-G-00-98-00151-00 for the Year Ended December 31, 2003		
B-000-05-010-R	12/03/04	Audit of Veterinaires Sans Frontieres ASBL Under USAID Grant No. AOT-G-00-00-00178-00 for the Year Ended December 31, 2003		
B-118-05-011-R	12/15/04	Audit of Moscow Helsinki Group Under USAID Cooperative Agreement No. 118-A-00-02-00183 for the Year Ended December 31, 2003	4	QC
B-118-05-012-R	12/15/04	Audit of the Institute for the Economy in Transition Under USAID Cooperative Agreement No. 118-A-00-00-00130-00 for the Year Ended December 31, 2003		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
B-000-05-013-R	12/15/04	Norwegian People's Aid Under Four Separate USAID Awards for Various Periods Ended in 2002	3,618 3,087	QC UN
B-000-05-014-R	01/07/05	Audit of Association Handicap International Under USAID Cooperative Agreement No. 685-A-00-01-00159-00 and Three Sub-agreements for the Year Ended December 31, 2003		
B-000-05-015-R	02/04/05	Audit of the Foundation of Terre des Hommes (Mozambique) Under a Sub-award (Grant Award No. 5 Sofala from USAID Recipient John Snow, Inc.) for the Period March 1 through December 31, 2001		
B-000-05-016-R	02/15/05	Audit of Grant No. AOT-G-00-00054-00 and Sub Grant KOV131 to Oxfam GB, for Programs in Angola and Kosovo, respectively, for the Year Ended April 30, 2003	55 55	QC UN
B-118-05-017-R	03/09/05	Audit of the Institute for Urban Economics Under USAID Cooperative Agreement No. 118-A-00-01-00135 for the Year Ended December 31, 2003		
B-000-05-018-R	03/09/05	Audit of the Foundation of Terre des Hommes (Mozambique) Under a Sub-Award (Grant Award No. 5 Sofala from USAID Recipient John Snow, Inc.) for the Year Ended December 31, 2002		
B-000-05-019-R	03/10/05	Audit of the International HIV/AIDS Alliance in Brighton, England Under USAID Grant No. HRN-G-98-00010-00 and Various Pass-through Agreements for the Year Ended December 31, 2003		
B-000-05-020-R	03/15/05	Audit of Cooperazione Internazionale Under USAID Grant Agreement No. PL 663-G-00-01-00321-00 for the 20-Month Period Ended December 31, 2002	51 47	QC UN
B-000-05-021-R	03/15/05	Audit of ACTED, in Paris, France Under Six USAID Agreements for the Years Ended December 31, 2002 and December 31, 2003	701	QC
B-000-05-022-R	03/15/05	Audit of Action Contre La Faim in Paris, France, Under Multiple USAID Agreements for the Year Ended December 31, 2003	24 24	QC UN
—U.S.-BASED GRANTEES—				
5-438-05-005-D	03/30/05	Financial Audit of Incurred Costs in Mongolia by the National Center for State Courts to Implement the Mongolia Judicial Reform Program, USAID/Mongolia Cooperative Agreement No. 492-A-00-01-00001-00, for the Period from January 26, 2001 to December 31, 2003	19 17	QC UN
E-267-05-008-D	03/22/05	Audit of Costs Incurred by Mercy Corps Under USAID Cooperative Agreement No. AFP-A-00-03-00001-00 from May 16, 2003 through July 31, 2004		
4-690-05-005-N	03/14/05	Agreed-Upon-Procedures Review of USAID Resources Managed by the Southern Africa Enterprise Development Fund, USAID Grant No. AOT-0515-G-00-5086-00 (Originally Grant No. AOT-G-00-95-00086-00) for the Period November 1, 1995 to September 30, 2003	9,587 8,393	QC UN
6-294-05-003-N	11/03/04	Audit of the Fund Accountability Statement of USAID Resources Managed by Young Men's Christian Association Under Award Number 294-A-00-99-00135-00, "Youth Opportunities Program," for the Period from October 1, 2001 to September 30, 2002	5 5	QC UN
6-294-05-004-N	11/03/04	Audit of the Fund Accountability Statement of USAID Resources Managed by Young Men's Christian Association Under Award Number 294-A-00-02-00227-00 "Job Opportunities through Basic Services" for the Period from October 1, 2002 to September 30, 2003	2	QC
6-294-05-006-N	12/28/04	Audit of the Fund Accountability Statement of USAID Resources Managed by IBM Corporation Under Award Number 294-C-00-01-00110-00 "Improved Maternal Child Health" for the Period from June 19, 2001 to June 30, 2003	935 6	QC UN
6-294-05-007-N	12/29/04	Audit of the Fund Accountability Statement of USAID Resources Managed by CARE International Under Award Number 294-A-00-01-00130-00 "Emergency Medical Assistance Project" for the Period from October 1, 2001 to September 30, 2002	320	QC
6-294-05-008-N	12/29/04	Audit of the Fund Accountability Statement of USAID Resources Managed by CARE International Under Award Number 294-A-00-00072-00 "Village Service Program" for the Period from September 26, 2000 to September 30, 2002	391	QC

BU--Better Use of Funds
 QC--Questioned Costs
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Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-05-009-N	01/26/05	Audit of Fund Accountability Statement of USAID Resources Managed by American Near East Refugee AID Under Award Number 294-A-00-99-00160-00, "Community and Rural Services Program," for the Period from October 1, 2001 to September 30, 2002	1	QC
6-294-05-010-N	01/26/05	Audit of Fund Accountability Statement of USAID Resources Managed by American Near East Refugee AID Under Award No. 294-A-00-02-00229-00, "Job Opportunities through Basic Services Program" for the Period from August 30, 2002 to August 29, 2003	17	QC
6-294-05-011-N	01/26/05	Audit of Fund Accountability Statement of USAID Resources Managed by American Near East Refugee AID Under Award Number 294-A-00-01-00101-00, "Village Service Program," for the Period from October 1, 2001 to September 30, 2002	4 4	QC UN
6-294-05-012-N	01/26/05	Audit of Fund Accountability Statement of USAID Resources Managed by American Near East Refugee AID Under Award Number 294-A-00-00-00064-00, "Ein Sultan Refugee Camp Water Distribution System," for the Period from June 16, 2000 to June 15, 2001		
6-294-05-013-N	02/02/05	Audit of the Fund Accountability Statement of USAID Resources Managed by World Vision Under Cooperative Agreement Number 294-A-00-02-00226-00 "Job Opportunities through Basic Services" for the Period from August 5, 2002 to June 30, 2003	1	QC
6-294-05-014-N	02/03/05	Audit of the Fund Accountability Statement of USAID Resources Managed by World Vision Under Cooperative Agreement Number 294-A-00-01-00102-00 "Village Services Program" for the Period from October 1, 2001 to September 30, 2002		
6-294-05-017-N	03/02/05	Audit of USAID Resources Managed by Chemonics International Inc., Contract No. PCE-I-00-99-00007-00, for the Period from September 21, 2000 to September 20, 2002		
6-294-05-018-N	03/07/05	Audit of USAID Resources Managed by International Youth Foundation Under Award No. 294-A-00-00-00070-00 "International Technology for Youth in Rural Communities in the West Bank and Gaza" in Conjunction with Welfare Association for the Period from October 1, 2001 Through September 30, 2002		
6-294-05-020-N	03/29/05	Audit of the Fund Accountability Statement of USAID Resources Managed by Catholic Relief Services Under Award Number 294-A-00-02-00221-00, Program of Linking Employment and Growth to Community Empowerment and Enduring Assets in the West Bank for the Period from August 2, 2002 to June 30, 2003	8	QC
6-294-05-021-N	03/29/05	Audit of the Fund Accountability Statement of USAID Resources Managed by Catholic Relief Services Under Award Number 294-A-00-01-00120-00, Gaza Rapid Employment Program for the Period from October 1, 2001 to September 30, 2002	172	QC
6-294-05-022-N	03/29/05	Audit of the Fund Accountability Statement of USAID Resources Managed by Catholic Relief Services Under Award No. 294-A-00-99-00158-00, Community and Rural Services Program in the Jenin and Hebron Districts of the West Bank for the Period from October 1, 2001 to September 30, 2002	1	QC
0-000-04-032-T	10/05/04	Review of the Audit Report for CARE USA for Fiscal Year Ending June 30, 2002		
0-000-04-044-T	10/05/04	Review of Audit of Inter-American Dialogue for Fiscal Year Ending December 31, 2003		
0-000-05-005-T	01/21/05	Review of the Audit Report for Interchurch Medical Assistance, Inc., for the Fiscal Year Ending June 30, 2003		
0-000-05-006-T	01/21/05	Review of the Audit Report for The Africa-America Institute for the Fiscal Year Ending September 30, 2002		
0-000-05-007-T	01/21/05	Review of the Audit Report for South-East Consortium for International Development, Inc., for the Fiscal Year Ending September 30, 2001		
0-000-05-008-T	02/16/05	Review of the Audit Report for Management Science for Health, Inc., for Fiscal Year Ending June 30, 2003		
0-000-05-014-T	01/21/05	Review of the Audit Report for Air Serv International, Inc., for Fiscal Year Ending December 31, 2003		
0-000-05-017-T	02/07/05	Review of the Audit Report for Population Services International for the Fiscal Year Ending December 31, 2003		
0-000-05-023-T	02/07/05	Review of the Audit Report for World Learning, Inc. for the Fiscal Year Ended June 30, 2003		

BU--Better Use of Funds
 QC--Questioned Costs
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Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-05-024-T	01/21/05	Review of the Audit Report for International College, for the Fiscal Year Ending June 30, 2003		
0-000-05-032-T	02/07/05	Review of the Audit Report for The Eurasia Foundation for the Fiscal Year Ended September 30, 2003		
—U.S.-BASED CONTRACTORS—				
0-000-04-031-D	10/05/04	LTG Associates, Inc., Report on Audit of Timekeeping System Policies and Procedures		
0-000-04-032-D	10/05/04	Metcalf & Eddy, Report on Audit FY 2004 Floor Check		
0-000-05-001-D	10/05/04	Land O' Lakes - International Development Division, Report on Audit of Fiscal Year 2001 Incurred Costs	1	QC
0-000-05-003-D	10/05/04	Creative Associates International, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-004-D	10/05/04	Aurora Associates International, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-005-D	10/19/04	Checchi and Company Consulting, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-006-D	10/19/04	Aurora Associates, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs	40	QC
0-000-05-007-D	10/20/04	Planning and Development Collaborative, Inc., Report on Audit of Fiscal Year 1998 Incurred Costs		
0-000-05-008-D	10/05/04	Training Resource Group, Inc. Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-009-D	10/05/04	Training Resource Group, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-010-D	12/10/04	DevTech Systems, Inc., Report on Audit of Fiscal Year 2000, 2001 and 2002 Incurred Costs		
0-000-05-011-D	12/10/04	Creative Associates International, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-012-D	01/03/05	Checchi and Company Consulting, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-013-D	12/10/04	Associates in Rural Development, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-014-D	11/09/04	Checchi and Company Consulting, Inc. Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-015-D	11/09/04	Checchi and Company Consulting, Inc. Report on Audit of Fiscal Year 2003 Incurred Costs	65	QC
0-000-05-016-D	12/10/04	Fintrac, Inc., Report on Audit of Fiscal Year 1997 Incurred Costs		
0-000-05-017-D	12/10/04	Fintrac, Inc., Report on Audit of Fiscal Year 1998 Incurred Costs		
0-000-05-018-D	12/10/04	Fintrac, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs		
0-000-05-019-D	12/10/04	Fintrac, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-020-D	11/09/04	Management Systems International, Inc. Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-021-D	01/21/05	Medical Services Corporation International, Report on Audit of Fiscal Year 2001 Incurred Costs	6	QC
0-000-05-022-D	01/21/05	Planning and Development Collaborative, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs		
0-000-05-023-D	11/09/04	Planning and Development Collaborative, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-024-D	11/09/04	Planning and Development Collaborative, Inc. Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-025-D	02/07/05	Z Systems Corporation, Report on Audit of Fiscal Years 1999, 2000, 2001 and 2002 Incurred Costs	2	QC
0-000-05-026-D	11/09/04	Planning and Learning Technologies, Inc. Report on Audit of Fiscal Year 1999 Incurred Costs	19	QC
0-000-05-027-D	11/09/04	Planning and Learning Technologies, Inc. Report on Audit of FY 1998 Incurred Costs	3	QC
0-000-05-028-D	12/10/04	Fintrac, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs		

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Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-05-029-D	12/10/04	Fintrac, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-030-D	11/08/04	BHM International Inc., Report on Audit of Fiscal Year 1998 Incurred Costs		
0-000-05-031-D	01/03/05	Financial Markets International, Inc., Report on Audit of Fiscal Year 1994 Incurred Costs		
0-000-05-032-D	01/04/05	Financial Markets International, Inc., Report on Audit of Fiscal Year 1995 Incurred Costs		
0-000-05-033-D	01/04/05	Financial Markets International, Inc., Report on Audit of Fiscal Year 1996 Incurred Costs		
0-000-05-034-D	01/04/05	Financial Markets International, Inc., Report on Audit of Fiscal Year 1997 Incurred Costs		
0-000-05-035-D	01/04/05	Financial Markets International, Inc., Report on Audit of Fiscal Year 1998 Incurred Costs		
0-000-05-036-D	01/04/05	Financial Markets International, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs		
0-000-05-037-D	01/21/05	Vietnam Assistance for the Handicapped, Report on Audit of Accounting System and Related Internal Controls		
0-000-05-038-D	01/04/05	Management Systems International, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs	16	QC
0-000-05-039-D	01/19/05	Management Systems International, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-040-D	12/10/04	Creative Associates International, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-041-D	03/31/05	AMEX International, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs	145	QC
0-000-05-042-D	12/10/04	Aurora Associates, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs	28	QC
0-000-05-043-D	12/10/04	AMEX International, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs	173	QC
0-000-05-044-D	12/10/04	Associates for International Resources and Development, Report on Audit of Fiscal Year 2000 and 2001 Incurred Costs		
0-000-05-045-D	01/04/05	Medical Services Corporation International, Report on Audit of Fiscal Year 2000 Incurred Costs	7	QC
0-000-05-046-D	01/04/05	Motivation Charitable Trust, Report on Audit of Post Award Accounting System		
0-000-05-047-D	03/15/05	John Snow, Inc., Report on Audit of Fiscal Years 1999, 2000, and 2001 Incurred Costs	3	QC
0-000-05-048-D	03/31/05	Altarum Institute, Report on Audit of Fiscal Year 2003 Incurred Costs		
0-000-05-049-D	02/07/05	Camp, Dresser & McKee, Corporate, Report on Audit of Fiscal Years 1999 and 2000 Incurred Costs		
0-000-05-050-D	02/07/05	Camp, Dresser & McKee, Corporate, Report on Audit of Fiscal Years 2001 and 2002 Incurred Costs		
0-000-05-052-D	02/07/05	Creative Associates International, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs	616	QC
0-000-05-053-D	02/07/05	MacFadden & Associates, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs	53	QC
0-000-05-054-D	02/07/05	MacFadden & Associates, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs	19	QC
0-000-05-055-D	03/15/05	Carana Corporation, Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-056-D	02/07/05	BHM International, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs	189	QC
0-000-05-057-D	02/07/05	International Business and Technical Consultants, Inc., Report on Audit of Fiscal Year 1998 Incurred Costs	58	QC
0-000-05-058-D	03/31/05	International Business and Technical Consultants, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs	94	QC
0-000-05-059-D	02/07/05	International Business and Technical Consultants, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs	130	QC
0-000-05-060-D	02/07/05	International Business and Technical Consultants, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs	13	QC
0-000-05-061-D	03/15/05	Carana Corporation, Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-063-D	03/15/05	Metcalf & Eddy, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs	27	QC

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
E-266-04-043-D	03/17/05	Audit of Costs Incurred and Billed to USAID by BearingPoint, Inc. Under Contract No. RAN-C-00-03-00043-00 from December 1, 2003 to March 31, 2004	5,117 3,928	QC UN
E-267-05-001-D	10/21/04	Audit of Costs Incurred and Billed to USAID by the International Resources Group, Inc. Under Contract No. EMT-C-00-03-00007 from September 1, 2003 to March 31, 2004		
E-267-05-002-D	01/17/05	Audit on Kroll Government Services Inc., Related to Labor Provided for Security Services Under USAID Contract No. 267-C-00-03-00001-00 from April 1, 2004 through December 31, 2004		
E-267-05-003-D	01/29/05	Audit of Materials, Equipment, and Services Incurred Under USAID Contract No. EDG-C-00-03-00010-00		
E-267-05-005-D	02/19/05	Audit of Incurred Costs Submitted on Voucher Nos. 8 through 12 for Contract No. TRN-C-00-03-00054-00	312	QC
E-267-05-006-D	02/27/05	Audit of Costs Billed Under Parsons Infrastructure and Technology Group Subcontract No. 24964-000-ESU-W000-001 from January 12, 2004 through September 24, 2004	140	QC
E-267-05-007-D	03/01/05	Audit of Costs Billed on Development Alternatives, Inc. Prime Contract Nos. HDA-I-00-03-00061-00 from January 1, 2004 through April 5, 2004 and DOT-I-00-03-00004-00 from February 5, 2004 through August 31, 2004	9	QC
5-306-05-002-N	12/09/04	Financial Audit of Local Costs Incurred by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from July 1, 2004 to September 30, 2004	3 3	QC UN
5-306-05-006-N	03/14/05	Financial Audit of Local Costs Incurred by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from October 1, 2004 to December 31, 2004		
6-294-05-002-N	10/13/04	Audit of the Fund Accountability Statement of USAID Resources Managed by Development Alternatives, Inc. Under Award Number PCE-I-00-99-00009-00 "Palestinian Enterprise Revitalization Project" for the Period from September 23, 2002 to August 31, 2003	16 1	QC UN
6-294-05-016-N	03/01/05	Audit of the Fund Accountability Statement of USAID Resources Managed by the Services Group, Inc. Under Contract No. 294-C-00-00-00071-00 "Promoting Industrial Zones and Investment Mobilization" for the Period from October 1, 2001 to September 30, 2002	305 303	QC UN
		—ENTERPRISE FUND—		
0-000-05-001-E	11/29/04	Review of the Hungarian-American Enterprise Fund's Financial Statement Audit Reports for the Fiscal Years September 30, 2003 and 2002		
0-000-05-002-E	11/29/04	Review of the Financial Statement Audit Report for the Polish-American Enterprise Fund for the Fiscal Year Ending September 30, 2003		
0-000-05-003-E	11/29/04	Review of the Audit Report for the Bulgarian-American Enterprise Fund for the Fiscal Year Ended September 30, 2003		
0-000-05-004-E	12/01/04	Review of the Audit Report for the Czech and Slovak American Enterprise Fund for the Fiscal Years Ended September 30, 2003 and 2002		
0-000-05-005-E	12/10/04	Review of Audit Report of the U.S. Russia Investment Fund for the Fiscal Years Ended September 30, 2003 and 2002		
0-000-05-006-E	12/10/04	Review of the Financial Statement Audit Report for the Central Asian-American Enterprise Fund for Fiscal Years Ended September 30, 2003 and 2002		
0-000-05-007-E	12/13/04	Review of the Audit of the Western NIS Enterprise Fund for the Fiscal Year Ended September 30, 2003		
0-000-05-008-E	12/30/04	Review of the Audit of the Romanian-American Enterprise Fund for the Fiscal Year Ended September 30, 2003		
0-000-05-009-E	01/14/05	Review of the Audit of the Albanian-American Enterprise Fund for the Fiscal Year Ended September 30, 2003		
0-000-05-010-E	01/14/05	Review of the Audit of the Baltic-American Enterprise Fund for the Fiscal Year Ended September 30, 2003		

BU--Better Use of Funds
 QC--Questioned Costs
 UN--Unsupported Costs
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Semiannual Report to the Congress

USAID Miscellaneous Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
—QUALITY CONTROL REVIEWS—				
0-000-05-001-Q	10/07/04	Quality Control Review of the Financial Statement Audit of Western NIS Enterprise Fund Performed by Ernst & Young, LLP for the Fiscal Year Ended September 30, 2002		
0-000-05-002-Q	10/28/04	Quality Control Review of the Audit of Centre for Development and Population Activities Performed by Gelman, Rosenberg & Freedman for the Fiscal Year Ended September 30, 2002		
0-000-05-003-Q	01/04/05	Quality Control Review of the Audit of the Consortium for Elections and Political Process Strengthening Performed by Aronson & Company for the Fiscal Year Ended September 30, 2003		
1-518-05-001-Q	11/23/04	Quality Control Review of the Fund Accountability Statement of the Audit of the "Programa de Sostenibilidad Financiera y Alianzas Estrategicas," Under the Cooperative Agreement No. 518-A-00-98-00-00187-00, Managed by the Fundacion Grupo Esquel, for the Year Ended December 31, 2003		
1-520-05-002-Q	11/24/04	Quality Control Review of the Audit Report and Working Papers of the Inter-American Foundation's Projects GT-260 "Fundacion para el Desarrollo Educativo, Social y Economico," for the Period December 4, 2001 to November 30, 2002 and GT-270 "Asociacion Para El Desarrollo Integral, San Antonio," for the Period of May 1, 2003 to September 27, 2004		
1-519-05-003-Q	12/03/04	Quality Control Review of the Audit of Mother and Child Community Health Services Project in Santiago de Maria, El Salvador, Grant Agreement No. 519-A-00-01-00213-00, Managed by AmeriCares Foundation, Inc., for the Period from October 1, 2003 through December 31, 2003		
1-520-05-004-Q	12/14/04	Quality Control Review of the Audit Report and Working Papers of the Audit of "Better Health for Rural Women and Children" Project, Cooperative Agreement No. 520-98-A-00-00037-00, Managed by the Asociacion Bienestar de la Familia de Guatemala for the Year Ending December 31, 2003		
1-520-05-005-Q	01/28/05	Quality Control Review of the Close-Out Audit of the Project "Communities in Transition," Cooperative Agreement No. 520-0413-A-00-5130-00, Managed by Centro Canadiense de Estudios y Cooperacion, for the Period April 1, 2003 to March 31, 2004		
4-623-05-001-Q	02/17/05	Quality Control Review of the Recipient-Contracted Audit of the Commonwealth Regional Health Community, USAID Limited Scope Grant Agreement No. 6980483.23-80003 for the Period July 1, 2001 to June 30, 2002, Performed by Ernst & Young (Arusha, Tanzania)		
4-611-05-002-Q	03/31/05	Quality Control Review of the Recipient-Contracted Audit of the Zambia Chamber of Small and Medium Business Associations Under USAID Cooperative Agreement No. 690-A-00-01-00117-00 for the Period July 1, 2001 to June 30, 2002 Performed by Ernst and Young (Lusaka, Zambia)		
B-183-05-001-Q	02/09/05	Quality Control Review of Two Audits Done by Deloitte & Touche in Bulgaria of Two Separate Grant Awards for Periods Ended December 31, 2002 and September 30, 2003		
—OTHER—				
6-263-05-001-S	10/31/04	Sustainability of USAID-Financed Utility Infrastructure Activities in Egypt		
6-294-05-002-S	03/28/05	Information on Status and Results of the First 30 Financial Audits of USAID/West Bank and Gaza Activities in Accordance with the Statutory Requirements of the Consolidated Appropriations Acts of 2003, 2004, and 2005		
6-263-05-003-S	03/29/05	Survey of USAID/Egypt's Population and Health Activities		
6-294-05-004-S	03/30/05	Survey of USAID/West Bank and Gaza's Implementation of Executive Order 13224 - Blocking Properly and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism		
7-680-05-001-O	01/26/05	Application of Agreed-Upon-Procedures to Review Expenditures, Internal Control, and Compliance with Agreement Terms of the "Association to Combat Racism, Ethnocentrism, and Regionalism" in Benin Under USAID Grant No. 680-G-00-03-00013-00 for the Period October 25, 2002 to January 31, 2004	1	QC

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

Semiannual Report to the Congress

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
7-608-05-001-S	10/06/04	Risk Assessment of USAID/Morocco's Management Controls After the Reduction-In-Force		
A-000-05-001-S	10/13/04	Interim Report on Phoenix Overseas Deployment Pilot Observation at Egypt		

BU--Better Use of Funds
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Semiannual Report to the Congress

USAID Performance Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
—ECONOMY AND EFFICIENCY—				
1-598-05-001-P	11/09/04	Audit of Regionalization Efforts in Latin America and the Caribbean		
1-598-05-002-P	12/03/04	Audit of USAID's Bureau for Management, Office of Acquisition and Assistance's Administration of Audits Required Under Awards to Foreign and U.S. Recipients		
1-514-05-003-P	12/21/04	Audit of USAID/Colombia-Financed Subawards		
1-524-05-004-P	01/26/05	Audit of Management Activities of USAID/Nicaragua's Cognizant Technical Officers		
1-527-05-005-P	02/14/05	Audit of USAID/Peru's Global Development Alliances		
1-515-05-006-P	03/21/05	Audit of the Central America Mitigation Initiative		
4-656-05-001-P	11/04/04	Audit of USAID/Mozambique's Performance Monitoring of Railroad Rehabilitation Under the Southern Africa Floods Supplemental Appropriations		
4-690-05-002-P	12/15/04	Audit of USAID/RCSA's Contractor Performance Evaluation Program		
4-621-05-003-P	03/15/05	Report on Follow-up Audit of Recommendation Nos. 1 through 10 from the Audit of USAID/Tanzania's Participant Training Activities, Report No. 4-621-04-001-P	455	BU
5-383-05-001-P	11/24/04	Audit of USAID/Sri Lanka's Security Over Its Information Systems		
5-367-05-002-P	01/07/05	Audit of USAID/Nepal's Security Over Its Information Systems		
5-306-05-003-P	03/14/05	Audit of USAID/Afghanistan's School and Clinic Reconstruction Program		
5-388-05-004-P	03/31/05	Audit of USAID/Bangladesh's Nongovernmental Organization Service Delivery Program		
6-608-05-001-P	02/21/05	Audit of USAID/Morocco's Management of Activities Under the Middle East Partnership Initiative		
6-263-05-002-P	03/31/05	Audit of USAID/Egypt's Basic Education Activities		
7-660-05-001-P	10/28/04	Audit of USAID/Democratic Republic of Congo's Monitoring and Reporting of Its Health Program		
7-620-05-002-P	11/18/04	Audit of USAID/Nigeria's Annual Reporting Process		
7-685-05-003-P	01/31/05	Audit of USAID/Senegal's Contracting Operations		
7-620-05-004-P	03/31/05	Audit of USAID/Nigeria's Global Development Alliances		
9-000-05-001-P	12/07/04	Audit of Field Support Mechanisms in the Global Health Bureau		
9-611-05-002-P	12/28/04	Audit of USAID/Zambia's Global Development Alliances		
9-000-05-003-P	01/11/05	Audit of USAID's Human Capital Strategy		
9-596-05-003-P	02/07/05	Audit of USAID/Guatemala-Central American Program's Cooperative Agreement with Caribbean-Central American Action (Cooperative Agreement No. 596-A-00-04-00235-00)		
9-000-05-004-P	03/25/05	Audit of USAID's Implementation of the Office of Management and Budget's Program Assessment and Rating Tool		
9-663-05-005-P	03/30/05	Audit of USAID/Ethiopia's Implementation of the President's Emergency Plan for AIDS Relief		
A-000-05-003-P	10/06/04	Audit of USAID's Compliance with the Provision of the Federal Information Security Act of 2002		
A-267-05-005-P	01/06/05	Audit of USAID's Compliance with Federal Regulations in Awarding the Contract for Security Services in Iraq to Kroll Government Services International Inc.		
A-000-05-006-P	02/22/05	Audit of USAID's Information Technology Infrastructure		
B-118-05-001-P	03/11/05	Follow-up Audit of Recommendation No. 2 from Audit Report No. B-118-03-002-P, Audit of USAID/Russia's Monitoring of American International Health Alliance's Performance		
B-118-05-002-P	03/31/05	Audit of USAID/Russia's Democracy Program		
E-267-05-001-P	01/31/05	Audit of USAID/Iraq's Community Action Program		
E-267-05-002-P	02/28/05	Audit of USAID/Iraq's Health System Strengthening Contract Activities		

BU--Better Use of Funds
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Semiannual Report to the Congress

African Development Foundation 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>
		--PROGRAMS AND OPERATIONS--		
0-ADF-05-003-C	11/15/04	Report on Audit of the African Development Foundation's Financial Statements for Fiscal Years 2004 and 2003		
		--ECONOMY AND EFFICIENCY--		
A-ADF-05-002-P	10/06/04	Audit of the African Development Foundation's Compliance with the Provisions of the Federal Information Security Management Act of 2002		

Inter-American Foundation 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>
		--PROGRAMS AND OPERATIONS--		
0-IAF-05-002-C	11/15/04	Report on Audit of the Inter-American Foundation's Financial Statements for Fiscal Years 2004 and 2003		
		--ECONOMY AND EFFICIENCY--		
A-000-05-001-P	10/06/04	Audit of Inter-American Foundation's Compliance with the Provisions of the Federal Information Security Management Act of 2002		

BU--Better Use of Funds
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AUDIT REPORTS OVER SIX MONTHS OLD WITH NO MANAGEMENT DECISION*

As of March 31, 2005

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

*Applies to USAID, ADF, and IAF.

SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of March 31, 2005

USAID

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
0-000-99-001-F	USAID's Financial Statements Internal Controls and Compliance for FY 1998	03/01/99	1.1	03/01/99	04/05
9-000-02-005-P	USAID's Staff Training and Development Activities	07/11/02	1	07/11/02	09/06
			2	07/11/02	09/06
			3	07/11/02	09/06
9-000-03-002-P	USAID's Human Capital Data	12/20/02	5	12/20/02	12/05
			7	03/24/03	12/05
0-000-03-001-C	USAID's Consolidated Financial Statements Internal Controls and Compliance for Fiscal Year 2002	01/24/03	2.2	01/24/03	04/05
7-641-04-001-P	USAID/Ghana's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program	10/15/03	4	10/15/03	10/05
			5	10/15/03	12/05
6-263-04-004-P	USAID/Egypt's Participant Training Activities	05/18/04	1	05/18/04	04/05
			2	05/18/04	04/05
A-000-04-003-P	Capping Report: USAID's Compliance with Federal Regulations in Awarding the Iraq Phase I Contracts	05/19/04	1.1	05/19/04	08/05
			1.2	05/19/04	08/05
			2	08/25/04	08/05
			3.1	05/19/04	08/05
			3.2	05/19/04	08/05
			3.3	05/19/04	08/05
			3.7	08/25/04	08/05
			3.8	08/25/04	08/05
			3.10	08/25/04	08/05
			3.14	08/25/04	08/05
			3.15.1	08/25/04	08/05
			3.15.2	08/25/04	08/05
			3.16	05/19/04	08/05
1-598-04-007-P	Regional Activities Administered by USAID's Bureau for Latin America and the Caribbean	06/04/04	1.2	06/04/04	06/05
5-306-04-006-P	Kabul to Kandahar Highway Reconstruction Activities Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program	09/21/04	1	09/21/04	09/05
			2	09/21/04	09/05

Semiannual Report to the Congress

African Development Foundation

<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>
9-ADF-03-005-P	Audit of Awarding and Monitoring of Grants by the African Development Foundation	02/28/03	1	02/28/03	07/05
			2	02/28/03	07/05
			3	02/28/03	07/05
			5	02/28/03	07/05

Inter-American Foundation

NOTHING TO REPORT

Reports Issued With Questioned And Unsupported Costs USAID

October 1, 2004 through March 31, 2005

REPORTS	NUMBER OF AUDIT REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS ¹
A. For which no management decision had been made as of October 1, 2004	33	\$5,585,602 ^{2,3}	\$1,281,932 ^{2,3}
B. Add: Reports issued October 1, 2004 through March 31, 2005	117	\$41,147,865 ⁴	\$23,805,411 ⁴
Subtotal	150	\$46,733,467	\$25,087,343
C. Less: Reports with a management decision made October 1, 2004 through March 31, 2005	83 ⁵	\$16,050,512 ⁶	\$3,425,096 ⁶
i. Value of Recommendations Disallowed by Agency Officials		\$6,374,254	\$1,791,446
ii. Value of Recommendations Allowed by Agency Officials		\$9,676,258	\$1,633,650
D. For which no management decision had been made as of March 31, 2005	62	\$30,682,955 ⁷	\$21,662,247 ⁷

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 The ending balance at September 30, 2004, for Questioned Costs totaling \$11,516,300 was decreased by \$5,930,698 to reflect the retraction of one report and an adjustment in the amount of a recommendation contained in another report; the ending balance at the same period for Unsupported Costs of \$5,878,653 was decreased by \$4,596,721 to reflect the retraction of a report.

³ Amounts include \$3,247,920 in Questioned Costs and \$75,608 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

⁴ Amounts include \$8,440,605 in Questioned Costs and \$4,909,462 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

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

⁶ Amounts include \$4,780,912 in Questioned Costs and \$1,039,768 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

⁷ Amounts include \$6,907,613 in Questioned Costs and \$3,945,302 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

Reports Issued With Recommendations That Funds Be Put To Better Use USAID

October 1, 2004 through March 31, 2005

REPORTS	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
A. For which no management decision had been made as of October 1, 2004	0	\$0
B. Add: Reports issued October 1, 2004 through March 31, 2005	2	\$455,925
Subtotal	2	\$455,925
C. Less: Reports with a management decision made October 1, 2004 through March 31, 2005	2 ¹	\$83,587
i. Value of Recommendations Agreed to by Agency Officials		\$83,587
ii. Value of Recommendations Not Agreed to by Agency Officials		\$0
D. For which no management decision had been made as of March 31, 2005	1	\$372,338

¹ This figure is not subtracted from the subtotal.

Reporting Requirements

USAID

Summary of Instances in Which Information or Assistance Was Refused

The Inspector General Act of 1978 (Public Law 95-452), as amended, requires the identification of any reports made to the head of the agency describing where information or assistance was refused or not provided. During this reporting period, there were no reports to the Administrator of USAID describing instances where information or assistance was unreasonably refused or not provided.

Decisions and Reasons for Significant Revised Management Decisions

The Inspector General Act requires that each Inspector General's Semiannual Report to the U.S. Congress include a description and explanation of significant revisions of management decisions. During this reporting period, there were no significant revisions of management decisions.

Significant Management Decisions with Which the Inspector General Disagrees

The Inspector General Act requires that each Inspector General's Semiannual Report to the U.S. Congress include information concerning any significant management decisions with which the OIG is in disagreement. During this reporting period, there were no management decisions with which the OIG disagreed.

Remediation Plan

The Inspector General Act requires an update on issues outstanding under a remediation plan required

by the Federal Financial Management Improvement Act of 1996 (FFMIA). FFMIA requires agencies to substantially comply with (1) Federal financial management system requirements, (2) Federal Accounting Standards, and (3) the U.S. Standard General Ledger at the transaction level. According to Office of Management and Budget Circular No. A-11, an agency that is not substantially compliant with FFMIA must prepare a remediation plan. The purpose of the remediation plan is to identify fiscal year activities planned and underway that will allow an agency to achieve substantial compliance with FFMIA:

The Office of Inspector General is in the process of conducting the fiscal year 2005 FFMIA audit and will report on the results of the audit in the September 2005 Semiannual Report to the Congress.

However, the results of the fiscal year 2004 financial statement audit indicate that USAID has made progress in becoming compliant, but still needs to:

- Implement a cost allocation model to allocate the costs of Agency programs to the operating unit and strategic objective level.
- Implement a worldwide, integrated financial management system, allowing the Agency to use the U.S. Standard General Ledger at the transaction level.

Our current audit work indicates that during the second quarter of fiscal year 2005, USAID made further progress with implementing its new financial management system overseas. USAID plans to complete the worldwide deployment of the system in 2006.

Semiannual Report to the Congress

OIG STATISTICAL SUMMARY

USAID

As of March 31, 2005

INVESTIGATIVE ACTIONS

WORK LOAD			CIVIL	
CASES PENDING (10/01/04)	111		CIVIL REFERRALS	1
CASES OPENED	73		COMPLAINTS	1
CASES CLOSED	62		JUDGEMENTS/RECOVERIES	0
CASES PENDING (03/31/05)	122		SETTLEMENTS	1
CRIMINAL			ADMINISTRATIVE	
PROSECUTIVE REFERRALS	5		REPRIMANDS/DEMOTIONS	1
PROSECUTIVE DECLINATIONS	5		PERSONNEL SUSPENSIONS	1
INDICTMENTS	1		RESIGNATIONS/TERMINATIONS	7
CONVICTIONS	1		OTHER ADMINISTRATIVE ACTIONS	6
FINES	0		RECOVERIES	4
RESTITUTIONS	0		SUSPENSIONS/DEBARMENTS	0
			SAVINGS	3
			SYSTEMIC CHANGES	11

INVESTIGATIVE RECOVERIES

JUDICIAL RECOVERIES	\$0
ADMINISTRATIVE RECOVERIES	\$310,168
SAVINGS	\$163,788
TOTAL INVESTIGATIVE SAVINGS/ RECOVERIES	\$473,956

**U.S. AGENCY FOR INTERNATIONAL
DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
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WASHINGTON, DC 20523**

**THE SEMIANNUAL REPORT TO THE CONGRESS
IS AVAILABLE ON THE INTERNET AT
www.usaid.gov/oig/public/semiann/semiannual1.htm**