Statement of the Inspector General

With great pleasure I present the Office of Inspector General's strategic plan for fiscal years 2003 through 2008. Our plan consolidates needed audit and investigative activities into a single document that articulates our goals and objectives for work over the next six years at the United States Agency for International Development, the African Development Foundation, and the Inter-American Foundation. The plan is supplemented by our annual plan for FY 2003 that lays out in detail our proactive investigative program and planned audit activities.

This strategic plan recognizes and allows for changes resulting from new directions established for these three organizations by Congress and the Administration. New laws and new priorities will require us to conduct a periodic assessment of our plans, and we will make changes as appropriate.

Our overriding goal is to support management in the delivery of their programs. We do this through our audit and investigative activities and through our day-to-day operational interactions by advising management on program risks and the need for associated internal controls for protecting and promoting the most effective and efficient program delivery. In performing our duties, we work very closely with the organizations' management and staff as well as with members of Congress and their staffs to understand their particular interests and to provide them with information that they can use in developing and administrating the organizations' programs and activities.

We are able to do this because we have a professional and well-trained staff operating under the professional standards mandated by law and promulgated by the Comptroller General of the United States as well as under the

professional standards developed by the President's Council on Integrity and Efficiency. As a part of these standards, our audit operations are subject to receiving an external peer review performed by another independent Inspector General's office. Our most recent review, completed in 2001, reported that our operations meet the professional standards in all respects.
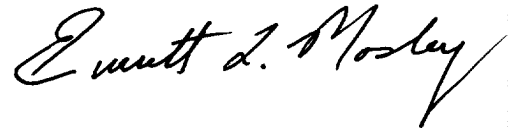
In addition, and most important, we can serve the organizations' management and Congress by providing them with timely recommendations, suggestions, and advice that they can depend on because of the independence that the Inspector General Act of 1978 provides. The Act creates an independent Inspector General by requiring the Inspector General to report both to the head of the respective organization and Congress, keeping both fully informed on problems identified during the course of our work. We accomplish this task through our regular reporting processes, including our audit and investigation reports and our semiannual reports to Congress, and through frequent briefings of both organization management and members of Congress and their staffs.

A major change to this strategic plan is the addition of our Standards for Success. For several years, the OIG has concentrated its efforts on a number of USAID "management challenges." The management challenges are in human capital, procurement, and financial management. As a result of our focus on the management challenges, we developed our Standards for Success plan.

The standards come from such sources as OMB circulars, legislation (GPRA, GMRA, FFMIA, etc.), USAID policy documents and notices, and USAID administration priorities. They were developed with the intent that, by meeting the standards, USAID would be on a solid track to addressing its major challenges and the OIG will thereby have accomplished its objectives.

We have had extensive discussions with the USAID Administrator and USAID managers about the standards for success. We sought and received concurrence on the major management challenges as well as on the Standards for Success so that we were working in unison toward the same goal, a more efficient and effective USAID. In addition, we have shared our standards for success with officials of the Office of Management and Budget and congressional staff to ensure that they meet the needs of all of our customers.

Our goal through our cooperative approach is to assist the organizations' management by providing solid information and recommendations for solutions to problems as they carry out their day-to-day business.

Everett L. Mosley
Inspector General

U.S. Agency for International Development

Office of Inspector General

Strategic Plan

2003 - 2008

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Authority and Responsibility

The USAID Office of Inspector General was established on December 16, 1980, by Public Law 96-533, which amended the Foreign Assistance Act of 1961. On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981, bringing the USAID Inspector General under the purview of the Inspector General Act of 1978. The OIG assumed audit and investigative oversight of the African Development Foundation (ADF) and the Inter-American Foundation (IAF) in 1999 in accordance with Public Law 106-113.

The Inspector General Act of 1978 (IG Act), as amended, authorizes the Inspector General to conduct and supervise audits and investigations. As a result of this work, the OIG (1) promotes economy, efficiency, and effectiveness and (2) detects and prevents fraud, waste, and abuse in the programs and operations. The Inspector General is responsible for keeping the head of the respective organization and Congress fully informed of the results of audits and investigations related to the organization's programs and operations, as well as the necessity for, and progress of, corrective actions.

Mission

The mission of the Office of Inspector General is to contribute to and support integrity, efficiency, and effectiveness in all activities of the U.S. Agency for International Development, the ADF, and the IAF.

Values

In accomplishing our mission, we are committed to the following:

Integrity: strive to display character, decency, and honor in everything we do; work openly and fairly with our colleagues and partners; show respect for one another; maintain independence to ensure objectivity and impartiality; and accept responsibility for our actions.

Excellence: strive to produce work that has distinction, merit, quality, and a positive effect; work efficiently with highly trained people who enjoy equal opportunities to excel; deliver products that are accurate, timely, complete, concise, and meaningful; and present work in a way that is most useful to those who are responsible for implementing the organizations goals and objectives.

Teamwork: work with USAID, ADF, and IAF management to understand their program objectives; team with the three organizations, demonstrating and encouraging integrity and achieving excellence; understand the entire OIG program and its effect on the organizations' programs; help management find solutions to problems; and remember that our success is measured in part by the success of our colleagues and partners.

OIG General Goals and Objectives

The goal of the OIG is to ensure that USAID, ADF, and IAF operate effectively, efficiently, and with integrity. To meet its goal, the OIG team will focus on determining whether the three organizations clearly define the value and costs of their work; adequately measure performance and results; achieve the desired results at the lowest reasonable cost; and, maintain a high level of organizational and employee integrity.

Strategic Goals and Objectives

The OIG mission and values were developed as part of a business process improvement project that took place in 1995. That process produced a strategic framework that provides a method for implementation planning and that defines when specific objectives will be achieved and what

plans need to be implemented to reach those objectives.

Pursuant to that strategic framework, the OIG's mission and values reflect its overarching philosophy that the OIG provides decision-makers with reliable information that will enable them to make timely and informed decisions regarding their programs and operations.

General Strategy for USAID

On the basis of the overarching philosophy described in the mission and values statements, the OIG developed its strategic goals and objectives. They are driven by legislative mandates, agency goals, the greatest challenges facing USAID, and the activities identified as having high risk of fraud, waste, and abuse. Each strategic goal has accompanying objectives and performance measures that describe what we expect to accomplish and the measurements we will use to determine if we are achieving our objectives.

Strategic Goal 1: Keep the Administrator and Congress fully and currently informed of the status of the USAID's administration and operations and the need for and progress of corrective actions.

Objective 1.1: Provide timely reports and briefings to the Administrator and Congress on the major challenges identified by audits and investigations.

Performance Measures

- Prepare and submit the semiannual report to Congress as required.

- Periodically brief the Administrator and key USAID officials on critical problem issues identified by OIG audits and investigations.

- Periodically brief key congressional staff on the status of significant OIG audit and investigative activities, problems, and issues identified by these efforts and the necessity for and progress of corrective actions being taken by USAID.

- Distribute audit and other appropriate reports to Agency management and congressional staff in a timely manner**.**

STANDARD FOR SUCCESS

This is an internal OIG goal that reflects continuous OIG activities. Accordingly, specific audits and investigations are not identified with this goal.

Strategic Goal 2: Promote improvements in the way that USAID manages for results.

Objective 2.1: Provide timely, high-quality services that contribute to improvements in USAID's processes for planning, monitoring, and reporting on program activities and integrating performance information into budget decision-making.

Performance Measures

- Develop multiyear strategies for promoting improvements in strategic management and program management processes critical to the achievement of USAID strategic goals.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Undertake audits in the areas of strategic management and program management.

- Provide recommendations for improving USAID strategic management and program management processes, identify questioned costs, and/or identify opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
USAID has a process of strategic planning, program execution, and reporting that includes the following: - A new strategic plan every three years setting out a course of action and accomplishments covering a period of at least five years - An annual performance plan that sets annual goals with measurable target levels of performance, and - An annual performance report that compares actual performance with the annual goals. [GPRA, OMB A-11]	Audit of USAID's 2003-2008 Strategic Plan Audit of USAID's Efforts to Meet the Requirements of the Government Performance and Results Act (GPRA)[1]	IG/A IG/A	04 04

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[1] Through these GPRA audits, OIG maintains continuous audit oversight of USAID's planning, monitoring, and reporting systems for program performance.

"Management's Discussion and Analysis" (part of USAID's annual financial statements) contains meaningful performance information addressing the extent to which programs are achieving their intended objectives. [OMB Bulletin Nos. 97-01, 01-02]	Review of Management's Discussion and Analysis (MD&A) Section in USAID's Consolidated Financial Statements[2]	IG/A	Annual
USAID systematically applies performance data to budget decisions and can demonstrate how program results inform budget decisions. Budget processes are efficient and enhance operational efficiency. [OMB Scorecard]	Audit of USAID's Budget Preparation Processes	IG/A	04
USAID-funded food aid is provided to intended beneficiaries, and USAID accurately tracks and reports on this aid. [OMB Scorecard, Administration priority]	Survey/Pilot for Worldwide Audit of USAID's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of its Direct Feeding Program Delivery Systems	IG/A	03
	Capping Report for Worldwide Audit of USAID's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of its Direct Feeding Program Delivery Systems (Participating audits to be done in Latin American and the Caribbean and Africa.)	IG/A	03
	Audit of USAID's Management of P.L. 480 Title II Non-Emergency Monetization programs	IG/A	04
	Audit of USAID's Management of the P. L. 480 Title II Emergency Assistance Program	IG/A	05

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[2] The OIG reviews and reports on internal controls related to the MD&A as part of its annual audit of USAID's financial statements.

	Audit of USAID's Procurement of Freight Services under the P.L. 480 Title II Program	IG/A	06
	Review referrals from IG/A	IG/I	As needed
	Conduct proactive investigative analysis of commodity purchases and contract-bidding procedures	IG/I	As needed
	Provide fraud awareness training to food-aid sponsors and other program participants	IG/I	As needed
Training is provided in a cost-effective manner to USAID-funded participants, who use their increased skills in their country of origin. [Administration priority]	Capping Report for Worldwide Audit of USAID's Participant Training Activities (Participating audits to be done in Africa, LAC, Europe & Eurasia and Asia and the Near East.)	IG/A	03
USAID can adequately monitor and report on activities not covered by a country strategy. [Administration priority]	Audit of Closed Audit Recommendation Related to USAID's Nonpresence Country Database	IG/A	03
USAID has a performance-measurement process that verifies and validates the reliability of data in the Annual Reports of individual operating units. [GPRA, USAID notice dated 12/5/01]	Survey of the USAID West Africa Regional Program (WARP)	IG/A	03
	Audit of the Sustainability of USAID-Financed Utility Infrastructure Activities in Egypt	IG/A	03
	Audit of USAID's Operating Units Performance Monitoring for Indicators Appearing in Their Annual Reports	IG/A	04
USAID provides quick, reliable, and economic program and administrative services to field missions. [Administration priority]	Audit of USAID/Washington Acquisitions of Supplies and Materials	IG/A	03
	Audit of USAID Field Support	IG/A	04

	Mechanisms to Provide Staff Assistance, Commodities, and Technical Services to Overseas Operating Units		
USAID ensures the security of its employees and implementing partners. [Administration priority]	Audit of USAID Office of Security Warehouse Operations	IG/A	03
	Audit of USAID's Office of Security	IG/A	04
USAID implements effective and accountable programs that facilitate conflict resolution and transition to and consolidation of democracy. [Administration priority]	Audit of USAID/Russia's Democracy Program	IG/A	03
	Audit of USAID/Peru's and USAID/Ecuador's Border Region Development Programs	IG/A	03
	Audit of USAID-Financed Democracy and Governance Activities in Egypt	IG/A	03
	Risk Assessment of USAID's Office of Transition Initiatives	IG/A IG/I	05
	Audit of USAID's Rule of Law Activities	IG/A	07
USAID reduces the HIV transmission rate and the effect of HIV/AIDS on developing countries. [Administration priority]	Audit of Selected HIV/AIDS Activities	IG/A	05
	Review of referrals from IG/A	IG/I	As needed
	Conduct proactive investigative analysis of commodity purchases and contract bidding procedures	IG/I	As needed
	Provide fraud awareness training to contractor and grantee employees	IG/I	As needed

USAID ensures that Child Survival and Health funds are used in accordance with Federal laws and achieve desired results	Audit of USAID/Paraguay's Family Planning Program	IG/A	03
	Audit of USAID/Benin's Health Program	IG/A	03
	Audit of Child Survival and Health Activities	IG/A	05
USAID maintains appropriate controls over global development alliances to ensure accountability for USAID funds and achieve desired results. [Administration priority]	Audit of Global Development Alliance Agreements and Activities	IG/A	06
USAID basic education programs result in increased literacy. [Administration priority]	Audit of Basic Education Activities	IG/A	06
USAID-sponsored agricultural business programs result in increased production and increased incomes [Administration priority]	TBD	IG/A	07
USAID assists disaster-prone nations to prepare for emergencies. [Administration priority]	Audit of Mission Disaster Relief Plans	IG/A	03
	Audit of USAID's Emergency Preparedness Efforts	IG/A	07
USAID provides rapid, appropriate responses to requests for disaster assistance. [Administration priority]	Audit of Maintenance of Roads and Bridges Constructed in Honduras by USAID Under the Emergency Roads and Bridges Construction Project (RECAP)	IG/A	03
	Audit of USAID's Emergency Response Efforts	IG/A	07

Objective 2.2: Provide timely, high-quality services that contribute to improvements in USAID's processes for awarding and administering contracts and grants.

Performance Measures

- Develop multiyear strategies to promoting increased efficiency in USAID procurement processes.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Undertake audits of USAID procurement processes.

- Provide recommendations improving USAID procurement processes, identifying questioned costs, and/or identifying opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
Cognizant Technical Officers (CTOs) are effective participants in the procurement process. [OFPP Best Practices USAID Performance Goal 3.2.1]	Capping Report for Worldwide Audit of the Training, Use, and Accountability of Cognizant Technical Officers (Participating audits to be done in LAC, E&E, Africa, and ANE.)	IG/A	03
	Provide fraud awareness briefings for CTOs.	IG/I	As needed
USAID's management of service contracts improves USAID operations and programs. [OFPP Policy Letter 93-1]	Audit of USAID's Service Contracts (to determine whether service contracts accomplish intended purposes, are cost-effective, and preclude contractors from performing inherently governmental functions)	IG/A	03 (carryover from 02)
USAID uses procedures for using performance-based contracting where applicable to achieve or exceed OMB targeted goals. [OFPP Policy Letter 91-2 USAID Performance Goal 3.1.2]	Audit of USAID's Solicitation and Award Process (to determine if acquisition teams translate requirements into essential outputs, explain outputs in precise terms so that results are measurable, and implement published best practices)	IG/A	04

USAID ensures consistent application of Acquisition and Assistance procurement policies and procedures. [OFPP]	Audit of USAID-wide Application of Targeted Acquisition and Assistance Models	IG/A	04
USAID ensures increased competitiveness and access to procurement opportunities for U.S. small businesses. [OFPP]	Audit of Small and Disadvantaged Business Utilization Practices	IG/A	04
USAID adopts practices that enable it to manage its procurement workload efficiently. [USAID Performance Goal 3.1.1]	Audit of USAID's Use of GovWorks Audit of USAID's Processes for Procurement Planning	IG/A IG/A	05 05
USAID's internal evaluations of its contracting systems are sufficient and complete to ensure accurate reporting of system compliance and integrity.	Audit of USAID's Procurement Evaluation Program	IG/A	06
USAID identifies and implements applications for on-line procurement. [OFPP OMB Scorecard USAID Performance Goal 3.1.3]	Audit of the Solicitation, Award, and Payment Processes (to determine if USAID is maximizing electronic means to receive and disseminate procurement information) Audit of USAID's Processes For Collecting, Updating, and Using Procurement Data (to determine if data are used effectively across procurement functions to minimize redundant requests)	IG/A IG/A	06 07
USAID ensures that contractors and grantees meet applicable integrity standards.	Audit of USAID/Haiti's Executive Office Operations Inclusion of work steps in all audit programs for helping to identify potential fraud Provide fraud awareness training to USAID employees, contractors, and grantees	IG/A IG/A IG/I	03 Ongoing As needed

Objective 2.3: Provide timely, high-quality services that contribute to better management of USAID activities that address significant, often unplanned, conditions or engender intense congressional interest.

Performance Measures

- Undertake audits of significant USAID programs.

- Provide recommendations for improving USAID's management of audited activities, identifying questioned costs, and/or identifying opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
USAID achieves effective use of, and accountability for, resources in implementing humanitarian and relief programs as well as other emergency and unforeseen activities.	Vulnerability Assessment of USAID's Programs in Afghanistan	IG/A	03
	Vulnerability Assessment of USAID's Programs in Pakistan	IG/A	03
USAID achieves efficient and economical delivery of desired results in executing significant, unforeseen activities.	Concurrent Audits of Disaster Assistance	IG/A	03
[OMB October 30, 2001 Memorandum and President's Management Agenda]	Quick-response audits for addressing (1) congressional and management requests and (2) allegations of waste, abuse and mismanagement	IG/A	03
	Audits and investigations of emergency and humanitarian relief efforts in Afghanistan, which may include Concurrent audits of financial and performance operations	IG/A IG/I	As needed
	Audits and investigations of		As needed

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	Pakistan humanitarian relief programs, which may include concurrent audits of financial and performance operations		
	Audits and investigations of disasters and humanitarian relief efforts in Africa, Asia, Latin America, and Europe and Eurasia		As needed
	Audits and investigations for addressing special issues related to USAID's Global Development Alliance		As needed
	Audits and investigations for addressing special USAID requests		As needed
	Audits and investigations for addressing special congressional requests		As needed

Strategic Goal 3: Promote improvements in the way USAID manages its human capital.

Objective 3.1: Provide timely, high-quality services that contribute to the acquisition and development of a workforce whose number, skills, and deployment meet Agency needs; strategies for succession planning and leadership continuity; and strategies that integrate workforce planning into the Agency's budget and strategic plans.

Performance Measures

- Develop multiyear strategies for addressing issues related to USAID's management of its human capital.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Undertake audits in the area of human capital management.

- Provide recommendations for improving USAID's human capital management, identifying questioned costs, and/or identifying opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
No skill gaps deficiencies exist in mission-critical positions. [OMB-Management Initiative USAID-Performance Goal 2.1 OPM Scorecard/Strategic Competency Goal]	Audit of USAID Staffing Practices	IG/A	03
	Audit of the Latin American and Caribbean Bureau's Regionalization Efforts	IG/A	03
	Audit of USAID's Use of the Non-direct Hire Workforce to Help Carry out the Agency's Missions	IG/A	04
Human capital strategy is consistent with OPM's "Human Capital Scorecard." [OMB-Management Initiative OPM Scorecard]	Audit of USAID's Human Capital Strategy	IG/A	03
Human capital strategy is integrated into the budget and strategic plans. [OMB-Management Initiative OPM Scorecard / Strategic Alignment Goal]	Audit of USAID's Incorporation of Human Capital Strategy into the Budget and Planning Process	IG/A	04
USAID strategically uses existing personnel flexibilities, tools, and technology. [OMB-Management Initiative OPM Scorecard]	Audit of USAID's Use of Existing Personnel Flexibilities	IG/A	05
	Audit of USAID's Use of Personnel Flexibilities and Existing Tools and Technology to Manage Human Capital	IG/A	05
USAID implements effective succession plans. [OMB-Management Initiative OPM Scorecard / Leadership Goal]	Audit of USAID's Succession Planning for Top Leadership and Management Positions	IG/A	05

USAID sustains a high-performing workforce that is continually improving in productivity. [OMB-Management Initiative OPM Scorecard / Leadership and Performance Culture Goals]	Audit of USAID's Programs to Improve Employee Performance	IG/A	05
Human capital strategy complies with standards for internal accountability systems to ensure effective merit-based human resources management. [OMB-Management Initiative Executive Order 13197]	Audit of USAID's Human Capital Strategy for Compliance with Standards for Internal Accountability Systems	IG/A	07
USAID employees maintain high standards of honesty and integrity. [OPM Scorecard / Leadership Goal]	Inclusion of work steps in all human capital audit programs for helping to identify fraud	IG/A	Ongoing
	Provide fraud awareness briefings to USAID employees and personnel services contractors	IG/I	As needed

Strategic Goal 4: Promote improvements in USAID's accounting for and reporting on financial and program activities and protecting information.

Objective 4.1: Provide timely, high-quality services that assist USAID in improving its financial systems that contribute to preparation of reliable and useful information that managers can use to manage the agency.

Performance Measures

- Develop multiyear strategies for promoting improvements in USAID's financial systems.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Conduct annual financial statement audit of USAID.

- Provide recommendations for improving USAID's financial management systems, identifying questioned costs, and/or identifying opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
USAID has financial management systems that substantially meet federal financial management system requirements and applicable accounting standards. This includes a financial management system that does the following: 1. Complies with the Joint Financial Management Improvement Program 2. Processes transactions in accordance with the Standard General Ledger. 3. Complies with federal accounting standards. [Government Management Reform Act of 1994] [OMB Scorecard] [Federal Financial Management Improvement Act]	Audit of USAID's Consolidated Financial Statements (Government Management Reform Act Audit) – During FY 2003, participating GMRA audits to be done in LAC, E&E, and ANE.	IG/A	Annual
USAID provides accurate and timely interim financial information. [OMB Bulletin 01-09]	GMRA Audit Audit of the National Finance Center Controls over USAID Direct-Hire Employee Salary Payments	IG/A IG/A	Annual 03
USAID has integrated financial and performance management systems supporting day-to-day operations for both Washington and Overseas Accounting Stations. [OMB Scorecard]	GMRA Audit	IG/A	Annual

USAID accurately and timely posts all financial transactions. [1994 Government Management Reform Act]	GMRA Audit	IG/A	Annual
USAID provides timely reconciliation of financial data. [GAO Internal Control Guidance]	GMRA Audit	IG/A	Annual

Objective 4.2: Provide timely, high-quality services to assist USAID in ensuring proper accountability of funds provided to contractors, grantees, and host governments.

Performance Measures

- Develop multiyear strategies for assisting USAID in ensuring proper accountability of funds provided to contractors, grantees, and host governments.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Conduct audits of USAID missions' compliance with identifying their audit universe and ensuring that required audits are completed.

- Perform quality control reviews of OMB Circular A-133 and recipient-contracted audits to ensure that audits comply with government auditing standards.

- Provide recommendations for improving accountability for funds provided to contractors, grantees, and host governments, identifying questioned costs, and/or identifying opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of recommendations resulting from OMB Circular A-133 and recipient-contracted audits, which have final action, to ensure that proper actions were taken.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
Enhance accountability of U.S.-based grantees and contractors [OMB Circular No. A-133] [Single Audit Act] [Federal Acquisition Regulations]	Audit of Cash Drawdowns by Federal Grant Recipients	IG/A	03
	Audit of M/FM/CMP's* Processing of Defense Contract Audit Agency Bills	IG/A	03

	(*Management/Financial Management/Cash Management Payout)		
	Audit of Accountability for Costs Incurred in Peru by U.S.-Based Contractors and Grantees	IG/A	03
	Audit of USAID/Nigeria's Accountability of Local Costs of U.S.-Based Grantees	IG/A	03
	Oversight of OMB Circular A-133 audit program	IG/A	Annual
	Oversight of services provided to USAID by Defense Contract Audit Agency	IG/A	Annual
Enhance accountability of non-U.S.-based grantees and contractors [ADS 591] [Federal Acquisition Regulations]	Audit of USAID/Jordan's Cash Transfer Program	IG/A	03
	Oversight of audits contracted by USAID	IG/A	Annual
	Coordination and review of audits performed by independent public accounting firms for grantee recipients of USAID funding overseas	IG/A	Annual
	Oversight of services provided to USAID by Defense Contract Audit Agency	IG/A	Annual
Enhance accountability of USAID's Enterprise Funds [Support for Eastern European Democracy Act of 1989]	Audit of Europe, Eurasia and Regional Division (M/OP/EER) Monitoring of Enterprise Fund Financial Audits	IG/A	03

	Oversight of Enterprise Fund audit program	IG/A	Annual
USAID obtains contractor, grantee, and host country audits that meet standards and provide assurance that financial information is reliable. [Support for Eastern European Democracy Act of 1989] [OMB Circular No. A-133]	Quality control reviews of audits performed by independent public accounting firms under OMB Circular A-133 and recipient-contracted audit programs	IG/A	Annual
	Quality control reviews of audits performed by independent public accounting firms of USAID's Enterprise Funds	IG/A	Annual

Objective 4.3: Provide timely, high-quality services that will promote improvements in the creation of systems and information technology infrastructures that are able to leverage capital investments, provide blueprints for IT solutions, and share data and information within USAID and with its customers.

Performance Measures:

- Develop multiyear strategies for promoting improvements in USAID's information systems.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Conduct audits of information systems being developed or implemented by USAID.

- Provide recommendations that will enhance information systems development, identify questioned costs, and/or identify opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services[3]	Performing Organization	Projected Fiscal Year

USAID attains full compliance with Clinger-Cohen Act of 1996. For example, the Act requires but is not limited to the following:
 	
  1. Capital planning and investment control.
 	
  2. Performance-based and results-based management of information resources.
 	
  3. Assignment of responsibilities within the Agency for management of IT.
 	
USAID's major system investments comply with OMB Circular A-11 (Exhibit 53, Form 300). For example, the circular requires but is not limited to the following:
 	
  1. Submitting to OMB, for all major system investments, a business case that complies with the circular's provision.
 	
  2. Planning, budgeting, and acquisition of capital assets.
 	
(For example, IT investment should
	Audit of USAID's Information Technology Capital Planning in Accordance with Clinger-Cohen Act
	
	Audit of USAID Information System's Contractor, Prime, and Subcontractor Performance Standards
	
	Audit of USAID's Status on Updating the Enterprise Architecture
	
	Audit of USAID's Selected Business Processes for Information Technology Opportunities
	
	Audit of USAID's Modernization Plans to Upgrade Systems
	
	Audit of USAID's Strategic Plan for Information Resources Management
		IG/A
		
		IG/A
		
		IG/A
		
		IG/A
		
		IG/A
		
		IG/A
			03
			
			03
			
			04
			
			04
			
			05
			
			06

include the basis for selection of investment; principles of financing, and strategies for strengthening accountability for achieving project cost, schedule and performance goals.)	Audit of USAID's Management of Information Technology Projects	IG/A	06

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[3] The audits listed are part of a proposed schedule. During the course of the OIG's continuous audit oversight of USAID's IT infrastructure development, the OIG will be reporting on these issues, as needed.

On average, all major IT projects operating within 90 percent of Form 300 cost, schedule, and performance targets. (Per OMB Circular A-11, Exhibit 53, Form 300)	Audit of USAID's Information Technology Capital Planning in Accordance with Clinger-Cohen Act	IG/A	03
	Audit of the Professional Document System (PRODOC) Implementation in the LAC Region	IG/A	03
	Audit of USAID's Contractor Performance Monitoring Activities for Information Technology Projects	IG/A	05
E-government and Government Paperwork Elimination Act (GPEA) implementation must show departmentwide progress or participation in multiagency initiative in the following areas: • Citizen one-stop service delivery integrated through www.firstgov.gov, cross-agency calls centers, and offices or service centers. [OMB Scorecard] • Minimizing of burden on business by reusing data previously collected or using ebXML or other open standards to receive transmissions. [OMB Scorecard]	Audit of USAID's Plans for Using E-Commerce Solutions to Implement the Government Paperwork Elimination Act	IG/A	03
• Obtaining of productivity improvements by implementing customer relationship management, supply chain management, enterprise resource management, or knowledge management best practices. [President's Management Agenda—Expanding E-Government: OMB Scorecard]	Audit of USAID's Information Technology Capital Planning in accordance with Clinger-Cohen Act	IG/A	03

Objective 4.4: Provide timely, high-quality services that will contribute to the development, promotion, and monitoring of security awareness and processes for protecting USAID's critical information systems from loss, misuse, or unauthorized access or modification.

Performance Measures

- Develop multiyear strategies for improving USAID's information system security.

- Develop annual plans that target issues and topics of significant interest to stakeholders.

- Conduct audits of information security.

- Provide recommendations for improving information security, identifying questioned costs, and/or identifying opportunities to put funds to better use.

- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.

- Follow up on a sample of previous recommendations to ensure they have been implemented effectively.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services[4]	Performing Organization	Projected Fiscal Year

Security of USAID's information systems fully complies with federal requirements.
 	
Specifically, the Government Information Security Reform provisions included in the FY 2001 Defense Authorization Act. For example, the provisions require but are not limited to the following:
 	
  1. Annual agency reviews
 	
  2. Annual Inspector General or independent evaluations
	Audit of USAID's Compliance with the Federal Financial Management Improvement Act of 1996	IG/A	Annual

	Audit of USAID's Information Systems' General and Application Controls and Compliance with the Government Information Security Reform Provisions of Public Law 106-398 (GISR) (During FY 2003, participating audits to be done in LAC, E&E, and ANE.)	IG/A	Annual
3. Annual OMB reports to Congress that summarize the Inspector General and Agency reports.	Audit of USAID/Nicaragua's Computer Security over its Information Systems	IG/A	03
	Audit of USAID/Philippines' Computer Controls over its Information Systems	IG/A	03
4. Annual Agency performance plan that describes time periods for implementing the Agency-wide security program.	Audit of USAID's Travel Manager Application Controls and Security	IG/A	04
5. Agency incorporating security practices throughout life cycle of all systems.	Audit of USAID's System Access Controls over the Phoenix System	IG/A	04
The provisions also require agencies to do the following:	Audit of USAID's Information Systems Security Planning Process	IG/A	04
1. Develop policy and procedures that are founded on a continuous risk	Audit of USAID's Implementation of its	IG/A	04

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[4] The audits listed are part of a proposed schedule. During the course of the OIG's continuous audit oversight of USAID's computer security, the OIG will be reporting on these issues, as needed.

management cycle. 2. Implement controls that assess information security risk. 3. Continually monitor and evaluate policy and controls effectiveness.	Information Systems Security Program at Bureau and Office levels		
	Audit of USAID's Business Continuity and Contingency Planning Efforts	IG/A	04
	Audit of USAID's Certification and Accreditation Process for Information Systems	IG/A	05
The Computer Security Act of 1987. For example, the Act requires but is not limited to the following: 1. Identification of sensitive systems. 2. Security plans and privacy for federal computer systems and federal computer system security training.	Audit of USAID's Process to Ensure Sensitive Data are Transmitted Securely	IG/A	05
	Audit of the Adequacy of USAID's Firewall and Router Configuration Capabilities	IG/A	05
	Audit of USAID's Security Controls over the Bureau for Democracy, Conflict, and Humanitarian Assistance's Computer Systems	IG/A	05
OMB Circular A-130, Appendix III. For example, the circular requires but is not limited to establishing an automated information security program and management structure that includes controls for access (passwords, intrusion detection, antivirus software, and system protection devices), application software development, system software (operating systems and related utilities), segregation of duties, and contingency planning.	Audit of USAID's System Access Controls over the Mission Accounting and Control System	IG/A	04 05
	Post Audit Implementation of The Phoenix Financial Management System	IG/A	05
	Audit of USAID's Unix Operating System and Integrity Controls	IG/A	06
	Audit of USAID's Windows NT Operating System and Integrity Controls	IG/A	06

	Audit of USAID's Effectiveness of Implementing Program Changes to Financial Management Systems	IG/A	06

Strategic Goal 5: Preserve and protect USAID program and employee integrity.

Objective 5.1: Investigate allegations of fraud, waste, and abuse in USAID's programs and operations.

Performance Measures

- Measure the number of allegations addressed by OIG investigations.

- Measure the number of criminal, civil, and administrative actions and the amounts of fines, recoveries, and restitutions.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
USAID maintains the highest possible level of program integrity.	Investigation of allegations of fraud, waste, and abuse in USAID programs and operations.	IG/I IG/A	Ongoing
	Review of referrals from IG/A, and making of appropriate referrals to IG/A	IG/I	Ongoing
USAID reduces fraud in major programs and contracts.	Emphasis on program integrity cases and prioritizing of cases involving major fraud.	IG/I	Ongoing
	Measuring and reporting of the number of criminal, civil, and administrative actions and amount of fines, recoveries, and restitutions.	IG/I	Ongoing

Objective 5.2: Prevent fraud, waste, and abuse in USAID programs.

Performance Measures

- Conduct fraud awareness training sessions, briefings, or presentations annually.

- Record the number of recipients of fraud awareness training and identify their responsibility for USAID programs.

- Promote the Hotline through OIG publications, Internet publications, and agencywide exposure.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
USAID proactively prevents fraud in its programs and operations.	Conduct fraud awareness training sessions, briefings, or presentations to alert employees, contractors, and grantees to fraud schemes and fraudulent practices	IG/I IG/A	Annual
USAID corrects any identified systemic problems.	Recommend actions for systemic improvements if weaknesses are uncovered in agency programs or operations and working with the agency to correct the problems	IG/I	Annual, As needed
USAID is able to identify potential threats and vulnerabilities to programs and operations before major problems develop.	Risk Assessment of USAID/Mexico	IG/A	03
	Risk Assessment of USAID/Brazil	IG/A	03
	Risk Assessment of USAID/Serbia	IG/A	03
	Conduct risk assessments of areas served by USAID to identify vulnerabilities and threats to USAID programs and operations	IG/A	As needed

USAID employees, contractors, grantees and others are aware of procedures for reporting fraud, waste or abuse.	Emphasis on the Hotline as a tool for reporting fraud, waste, and abuse in fraud awareness presentations and other forums	IG/I IG/A	Ongoing

Objective 5.3: Preserve USAID employee integrity by investigating and concluding employee integrity investigations efficiently and expeditiously.

Performance Measures

- Complete all employee integrity investigations referred to OIG within 120 days of receipt of the allegation.

STANDARDS FOR SUCCESS

Standards for Success	Planned OIG Services	Performing Organization	Projected Fiscal Year
USAID maintains the highest possible level of personnel integrity.	Investigation of allegations of personnel misconduct received from USAID personnel, contractors, grantees, IG/A, the Hotline, and other sources. Referral of allegations to Audit as appropriate	IG/I	Ongoing
USAID has an expeditious process for resolving personnel integrity issues.	Completion of employee integrity investigations within 120 days of receipt of the allegation	IG/I	Ongoing

General Strategy for ADF and IAF

The African Development Foundation (ADF) began field operations in 1984 and provides grants directly to community groups in Africa. Its budget in FY 2001 was approximately $16 million. The Inter-American Foundation (IAF) was established in 1969. With a budget of about $13 million in FY 2002, it provides development grants directly to local organizations in Latin America and the Caribbean. Both foundations are U.S. Government corporations. The OIG assumed audit and investigative oversight of the foundations in 1999.

The OIG is developing a comprehensive strategy for maintaining effective oversight of foundation operations into the foreseeable future. The cornerstone of the strategy lies in the OIG's annual audit of each foundation's organizationwide financial statements. These audits will help to identify areas for more in-depth audits and investigations as circumstances warrant. The OIG also will periodically review the foundations' implementation of their financial audit programs over their grantees.

Performance audits also will play an integral role in maintaining foundation accountability. After initially identifying relevant management controls at both organizations, the OIG plans to perform risk assessments of selected foundation operations. Such operations could include, for example, foundation procurement and human capital management. These assessments will help identify potential program and operational vulnerabilities that will become the subject of OIG performance audits. The scheduling of resulting performance audits will depend on both the gravity of a particular vulnerability and the availability of OIG audit resources. Further, the OIG has disseminated information to the foundations and has conducted employee briefings on the OIG Hotline. Foundation

employees and others can contact the OIG Hotline or OIG investigators to report their accountability concerns. Finally, the OIG will, at all times, remain responsive to congressional concerns about the foundations' operations.

Crosscutting Functions

An important element in carrying out our audit and investigative work is our collaboration with other organizations.

We consult other organizations to consider the work they have performed, seek opportunities for joint work, and obtain additional information that will have an effect on our planning.

External Consultations

The General Accounting Office

The IG Act requires coordination with the General Accounting Office (GAO) to prevent duplication and ensure effective coordination and cooperation. The OIG has assigned a liaison to serve as the principal contact with the GAO. The liaison is responsible for keeping the OIG advised on GAO's relevant audit work and reports, which are used for OIG planning. Consultation and coordination are undertaken in planning annual audits.

Defense Contract Audit Agency

The Defense Contract Audit Agency (DCAA) performs audits, reviews, and preaward surveys as requested by the Agency. The OIG funds these efforts and works with DCAA and USAID to ensure that the work meets the USAID's needs.

State Department

The State Department is responsible for the development of a strategic plan for international affairs agencies of the U.S. Government. Beginning with the year 2000, USAID aligned its strategic plan within this framework. Overseas planning and coordination among foreign affairs agencies have increased with the preparation of a "Mission Performance Plan" that reflects the national interests set forth in *U.S. Strategic Plan of International Affairs*.

The inspectors general of USAID and the State Department, along with their senior staffs, meet quarterly to discuss issues of mutual interest in the foreign affairs environment. In the last year, discussions have been under way to explore areas where joint audit work might be performed.

Other Agencies

Several other federal agencies have interests and activities in the foreign affairs community. For example, the Department of Agriculture obtains food commodities for USAID's P.L. 480 food distribution programs and manages USAID's payroll activities. The Department of Health and Human Services, the Federal Emergency Management Agency, the Environmental Protection Agency, and others, including the Department of State, receive funds through USAID to help manage foreign assistance and disaster assistance activities. We coordinate with each agency's OIG in planning and carrying out our annual audits and investigations.

Factors Affecting OIG Audit and Investigative Activities

The OIG faces several factors, some of which are beyond its control that could affect its ability to achieve its goals and objectives. For example, the OIG has no implementation authority and only makes recommendations to USAID on the basis of audit and investigative findings. USAID is not obligated to accept any of the OIG's recommendations. The OIG's recommendations, along with USAID's responses, are included in OIG audit reports and summarized in the semiannual report to Congress. In addition, factors both internal and external to USAID affect the OIG's ability to accomplish its work.

USAID's Internal Environment

The high-risk environment of USAID's internal operations has been documented by the OIG in audit reports and by the GAO in its recent High Risk series (GAO-01-263, High Risk Series). USAID has made progress but still does not have accurate and reliable performance data and integrated information management systems. The financial accounting system does not fully meet government standards.

Human capital issues have not been addressed successfully despite long-standing recognition of the problem. For example, the staffing challenges that USAID faces make it difficult for the Agency's procurement workforce to maintain the appropriate levels of contract administration for ensuring the continuation of sound business practices. As a result, USAID could be vulnerable to higher contract costs, delays in contract awards, an increased number of bid projects, and costly contract modifications and revisions.

USAID continues to have problems developing performance measurements and reporting systems that meet internal and external reporting requirements, including the requirements of the Government Performance and Results Act of 1993.

These internal USAID factors pose significant challenges in our audit and investigative work. Because of the inability to rely on USAID's information systems, for example, our auditors must increase the amount of testing required for our audits, thereby increasing the cost and time required for audits.

USAID's High-Risk External Environment

USAID operates in more than 100 countries. The working environment is complex, given the differences in language, law,

and standards of accountability. Further, both the Congress and the Administration set the priorities for USAID's overseas activity.

Besides the inherent difficulties in operating in an overseas environment, USAID is also faced with implementing programs in countries susceptible to corruption. According to the World Bank, corruption—the abuse of public office for private gain—is a global problem that exists in varying degrees. Transparency International publishes its corruption perception index rating countries surveyed on a scale from 10 (least corrupt) to 0 (high-corrupt). Of 91 countries rated for 2001, 55 countries were perceived as being corrupt, after receiving a rating below 5. USAID has been providing assistance to 45 of these countries.

In carrying out their audits and investigations, OIG staff must be aware of these vulnerabilities and factor the high-risk environment into designing audit and investigative strategies.

Congressional and Stakeholder Consultations

Understanding the views of our customers and ensuring that those views are addressed in conducting our work is vital to the overall success of OIG operations. Traditionally, we have worked with both USAID officials and Congress in soliciting comments on our planned work. Managers in our audit and investigations offices hold discussions with USAID managers and congressional staff members when developing the OIG annual plan. The discussions have helped us to focus our limited resources on issues of greatest agency, congressional, and taxpayer concern. In preparing this plan, we also held meetings with the OIG at the Department of State to discuss the issues related to the Foreign Affairs Strategic Plan. The information gained from the meetings was used to update the description of

our environment. Meetings have also been held with management of the ADF and IAF.

To facilitate exchanges between the OIG staff and the customers for our work, the OIG held a week-long planning conference. The conference was designed to involve participation from all the units within the OIG and gave representatives from both headquarters and field offices an opportunity to meet and discuss issues that affect audits and investigations.

Professional staff from key Hill appropriations and authorizing committees participated, as did officials from the Department of State and the GAO. Management officials from USAID bureaus discussed their programs and vulnerabilities and where the OIG already is of assistance or could be in the future. The Vice Chair of the President's Council on Integrity and Efficiency addressed issues of common interest among offices of inspectors general. Senior officials of the ADF and IAF also presented information on risk, vulnerabilities, and audit and investigative activities.

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, N.W.
Room 6.6D
Washington, D.C. 20523

The Strategic plan is available on the internet at www.usaid.gov/oig