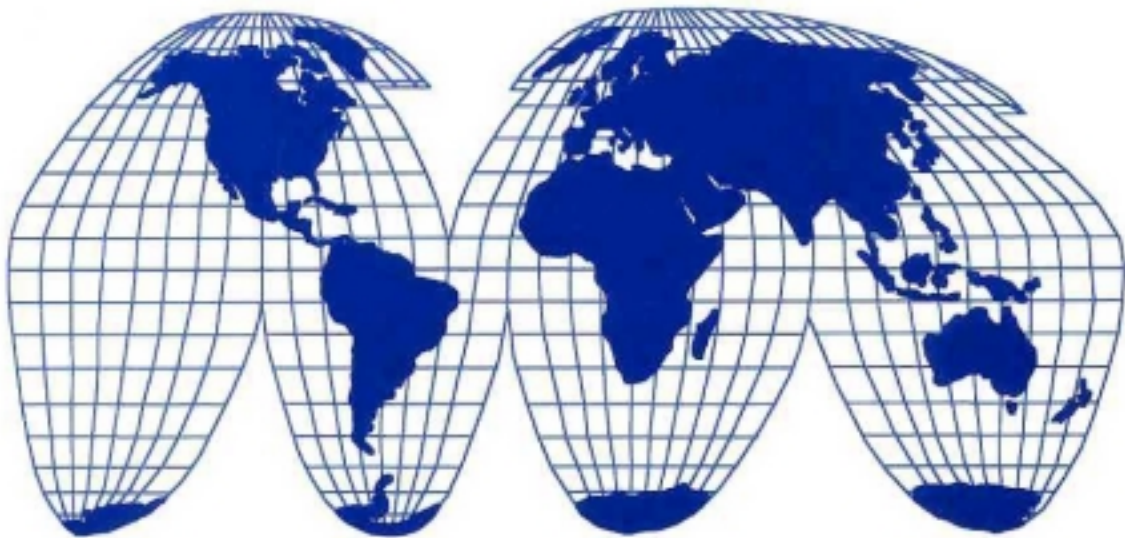


# USAID

## Office of Inspector General

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*Semiannual Report to the Congress  
October 1, 2000 – March 31, 2001*



*U.S. Agency for  
International Development*

# USAID

## OFFICE OF INSPECTOR GENERAL

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*Semiannual Report to the Congress  
October 1, 2000 – March 31, 2001*



U.S. Agency for  
International Development

USAID



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

April 30, 2001

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

Dear Mr. Natsios:

I am pleased to report to you and the Congress of the United States the accomplishments of the U.S. Agency for International Development, Office of Inspector General (OIG) for the period October 1, 2000 through March 31, 2001. In compliance with Section 5 of the Inspector General Act of 1978, this report provides a summary of significant audit and investigative efforts conducted during the period at the U.S. Agency for International Development, the African Development Foundation (ADF) and the Inter-American Foundation (IAF).

During this semiannual period, the OIG issued 344 audit reports with monetary recommendations valued in excess of \$198 million, closed 109 investigations, and achieved savings and recoveries in excess of \$82 million in support of USAID programs and operations.

The staff of the OIG welcomes you as the new Administrator of USAID and look forward to continued excellent working relationships with USAID management so that our expertise is maximized in improving the programs and operations of USAID.

As a reflection of the OIG/USAID Management collaboration, I am pleased to inform you that for the first time we are able to report to the Congress that USAID has no audit reports issued over six months for which no management decision has been reached (see Table B). However, vigilance is still needed, as there are still

audit recommendations for which final action has not occurred.

The Executive Summary provides an overview of some of the most significant issues discussed in the report. Additionally, we continue to update the actions taken by management to deal with the Major Challenges facing USAID and the efforts of OIG to assist in meeting these challenges. We continue to modify, delete and add issues of challenge as their importance to the success of USAID changes. The next section of the report, Expanding Accountability in the International Environment, provides updates of OIG's efforts to increase accountability, reduce the susceptibility to corruption or misuse and provide sustainable infrastructures for accountability over all funds (USAID and others) in the parts of the world where USAID operates. Finally, for the ease of focus by Management, the Congress, and all readers, we have presented the remainder of our accomplishments by Bureau.

The OIG has continued to be proactive in our review of USAID operations to help prevent losses or misuse before they occur, i.e. Financial Systems implementation, Hurricane Mitch Reconstruction, Southern Africa Flood Reconstruction and others. In fact, during the reporting period, OIG was pleased to testify before the Congress on two occasions: on actions taken to address the Major Challenges facing USAID; and on USAID's progress with the Hurricane Mitch Reconstruction activities.

The employees of the office of Inspector General continue to dedicate our professional efforts and are committed to helping make the U. S. Agency for International Development a stronger and more efficient organization.

Sincerely,



Everett L. Mosley  
Inspector General

USAID



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

April 30, 2001

Ms. Anita Perez Ferguson, Chair of the Board  
Mr. David Valenzuela, President  
Inter-American Foundation  
901 North Stuart Street, 10th Floor  
Arlington, VA 22203

Dear Madam and Sirs:

I am pleased to transmit to you the U. S. Agency for International Development, Office of Inspector General Semiannual Report to Congress for the period October 1, 2000 through March 31, 2001. This report is issued in compliance with Section 5 of the Inspector General Act of 1978, as amended, and summarizes significant audit and investigative efforts conducted at the U. S. Agency for International Development, the African Development Foundation, and the Inter-American Foundation.

In compliance with Public Law 106-113 (The Consolidated Appropriations Act), dated November 29, 1999, all audit and investigative activities (prescribed under the Inspector General Act of 1978) for the African Development Foundation and the Inter-American Foundation are assigned to USAID/Office of Inspector General. The section of this report titled "Foundation Initiatives" (page 56) cites the results of our efforts with your organization for this reporting period.

I appreciate and thank you for the courteous assistance Foundation management and employees provided to OIG staff during the conduct of our work.

Sincerely,

A handwritten signature in cursive script, reading "Everett L. Mosley". The signature is written in dark ink and is positioned above the typed name.

Everett L. Mosley  
Inspector General

USAID



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

April 30, 2001

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

Dear Sirs:

I am pleased to transmit to you the U. S. Agency for International Development, Office of Inspector General Semiannual Report to Congress for the period October 1, 2000 through March 31, 2001. This report is issued in compliance with Section 5 of the Inspector General Act of 1978, as amended, and summarizes significant audit and investigative efforts conducted at the U. S. Agency for International Development, the African Development Foundation, and the Inter-American Foundation.

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Everett L. Mosley  
Inspector General

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# INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

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

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# EXECUTIVE SUMMARY

During the semiannual reporting period from October 1, 2000 through March 31, 2001, the OIG issued 344 audit reports with monetary recommendations valued at about \$198.4 million. In addition, the OIG completed 109 investigations and achieved savings and recoveries of about \$82.4 million. Because of aggressive actions by USAID management, there were no audit reports over six months old without management decision as of March 31, 2001.

This report discusses the major challenges facing USAID, what USAID management is doing to address these challenges, and OIG efforts to provide assistance and advice. The report also includes a summary of OIG efforts to expand accountability in the international environment through coordination with counterpart organizations, training, fraud detection and prevention, and other proactive steps. Significant audits and investigations conducted at USAID are summarized in subsequent sections and are organized by the relevant Bureau.

Pursuant to P.L.106-113, the consolidated Appropriations Act, including the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, the OIG has audit and investigative responsibility for the African Development Foundation and the Inter-American Foundation. Summaries of significant audits and investigations completed at these foundations are included in a separate report section.

## ***HIGHLIGHTS OF SIGNIFICANT AUDITS***

- The OIG was unable to express an opinion regarding USAID's fiscal year 2000 financial statements because USAID had not developed adequate accounting and management systems to produce complete, reliable, timely, and consistent financial information. Also, USAID had changed its methodologies for calculating accounts payable and expenses related to advances to grantees; due to time constraints, the OIG was unable to validate the resulting adjustments. Finally, USAID had not fully implemented previous OIG recommendations to correct identified deficiencies. USAID management concurred with the audit findings and agreed to work with the OIG to eliminate these problems.
- The OIG found that USAID might be owed additional reimbursements totaling more than \$182 million for food aid shipments made since 1992. When providing food assistance to nations overseas, both USAID and the United States Department of Agriculture (USDA) are required to ship a certain percentage of tonnage on U.S.-flag commercial vessels. In 1985, the Congress increased this cargo preference requirement

from 50 to 75 percent of commodities shipped, but also directed the Department of Transportation (DOT) to finance any increased shipping costs. Additional funds may be owed to USAID because (1) USDA had not submitted to DOT reimbursement claims for all of USAID's valid shipping costs, (2) USDA had not appropriately allocated the reimbursements related to USAID food assistance shipments, and (3) USAID had not effectively monitored the program to ensure the timely and accurate processing of reimbursements.

### ***HIGHLIGHTS OF SIGNIFICANT INVESTIGATIONS***

- The OIG accomplished several significant results in an investigation into bid rigging and fraud associated with USAID-funded construction contracts in Egypt. These results are as follows:
  - Working with the Department of Justice, Civil Division, the OIG obtained a \$10 million civil restitution payment from a U.S. corporation to settle its liability for damages under the Civil False Claims Act.
  - Working jointly with the USAID Office of Procurement and the General Counsel's Office, the OIG provided evidentiary findings, which allowed USAID to impose a government-wide suspension on a second U.S. corporation, its foreign affiliate, and its chairman and principal owner. The investigation found that these entities had leading roles in the bid rigging conspiracy and engaged in other related fraudulent activity all targeted at the USAID program. Finally, as a result of the suspension, the U.S. corporation was rendered ineligible for the award of an Agency-funded procurement valued at approximately \$42 million.
  - A major German construction corporation, which had also conspired to engage in the bid rigging scheme, paid \$3.2 million to settle its civil false claims liability, after it qualified for amnesty from criminal prosecution.
- The OIG initiated an investigation in Honduras based on reported allegations of corruption and fraud in the pre-qualification awarding of construction contracts under the Hurricane Mitch Program. The investigation disclosed evidence that U.S. companies competing for several major contracts in the program had engaged in fraudulent activity. As a result of these findings, USAID immediately suspended funding of the contracts in question—amounting to approximately \$25 million.

# MAJOR CHALLENGES FOR USAID

The U.S. Agency for International Development (USAID) implements America's foreign economic and humanitarian assistance programs. USAID is an independent agency that receives overall foreign policy guidance from the Secretary of State. The Agency manages a budget of approximately \$7.5 billion and supports activities in six principal areas:

- economic growth and agricultural development;
- population, health and nutrition;
- environment;
- democracy and governance;
- education and training; and
- humanitarian assistance.

USAID maintains field missions in many of the countries where it has programs. It works with private voluntary associations, indigenous organizations, universities, American businesses, international agencies, foreign governments, and other U.S. government agencies. USAID programs are associated with more than 3,500 American companies and more than 300 U.S.-based private voluntary organizations.

To support these efforts, the Office of the Inspector General (OIG) performs audits and investigations to prevent and detect fraud, waste and abuse. The OIG also contributes to positive change by working with USAID officials to improve Agency management and program operations.

This section updates the continuing efforts by USAID to address the major challenges facing the Agency and OIG efforts to assist in overcoming these challenges. Although USAID has made substantial progress in several areas, other challenges have not yet been resolved.

## ***INFORMATION RESOURCE MANAGEMENT***

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OIG audits and other studies conducted over the past several years identified significant weaknesses in USAID's management of information technology resources. For example, the Clinger-Cohen Act of 1996 requires executive agencies to implement a process that maximizes the value and assesses the management risks involved in information technology investments; however, USAID needs to improve management practices to fully comply with the Act's requirements. Furthermore, organizational and management deficiencies have slowed the Agency's acquisition and implementation of effective information systems. As a result, USAID managers have been unable to consistently obtain reliable, complete, and timely financial and performance data.

USAID faces three primary information resource management challenges: financial reporting and resource management capabilities; information resource management processes; and computer security.

### ***Improving Financial Reporting and Resource Management Capabilities***

USAID information systems have not fully supported the Agency's planning and reporting requirements. As a result, USAID managers have not had timely access to financial and resource management data that are complete, reliable, timely, and consistent. Although USAID managers can mitigate systemic weaknesses by generating individual reports on an *ad hoc* basis, the Agency's ability to routinely use financial information for decision-making purposes remains impaired.

To correct this weakness, USAID has deployed the core financial accounting component of a new integrated financial management and accounting system. This new accounting system, Phoenix, replaced key aspects of the Agency's unreliable financial management system, the New Management System (NMS). The OIG has closely monitored USAID's procurement and implementation of Phoenix; a summary of these activities is included later in this report.

### ***Improving Information Resource Management Processes***

For the past several years, the OIG has reported that USAID's processes for procuring and managing information resource technology have not followed the guidelines established by the Clinger-Cohen Act. In 1997 and 1998, the OIG identified management deficiencies that contributed to premature deployment of NMS and resulting operational problems. When deploying NMS, USAID adopted a high-risk strategy that did not follow accepted system development practices. For example, individual system components were developed without regard to standards, data sharing, or the cost effectiveness of investments. Eventually, USAID decided to replace the NMS core financial system with Phoenix, a commercial off-the-shelf system.

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The OIG’s assessment of USAID’s implementation of Phoenix identified additional problems. For example, the OIG expressed concern that USAID’s implementation schedule would not allow Phoenix to be fully tested prior to the system’s planned deployment in October 2000. In memoranda to the USAID Administrator, the OIG identified numerous risks and challenges facing Phoenix, including (1) software testing weaknesses, (2) potential difficulties with data migration, and (3) inadequate contingency planning. The OIG recommended that USAID thoroughly test Phoenix and work out any operational problems before deploying the system. In response, USAID delayed the deployment until December 2000 to conduct additional tests, allow greater participation by system users, and more thoroughly assess the operational readiness of Phoenix.

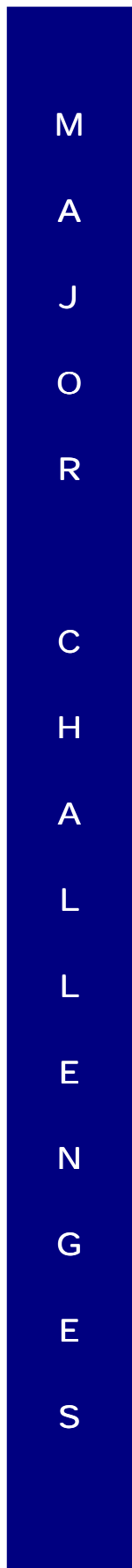
In management reports, USAID has acknowledged the weaknesses of its information resource management processes, and the Agency has taken a number of steps to implement more disciplined processes that comply with Clinger-Cohen Act requirements. Specifically, USAID has:

- obtained a contractor to provide specialized management support and information resource management expertise;
- developed plans to seek independent certification that its practices meet commonly accepted government and industry standards;
- incorporated performance measurements to enhance program management capabilities for monitoring and tracking information management projects;
- developed an information technology architecture, a technical reference model and a standards profile; and
- initiated plans to implement (1) procedures to select, manage, and evaluate information technology investments and (2) a system to allow managers to monitor the Agency’s progress in terms of costs, system capabilities, timeliness, and quality.

These actions by USAID will considerably improve the Agency’s management and procurement of information technology resources. The OIG will continue to track and report on USAID’s efforts to fully comply with all requirements of the Clinger-Cohen Act.

***Improving Computer Security***

USAID does not currently have adequate computer security controls in place to fully mitigate the risks to critical information systems. The dramatic increase in computer interconnectivity and the prolific use of the Internet raises concerns about the security of



Federal assets and information. Strong computer security is vital to ensuring the confidentiality, integrity, and availability of this information.

During the past several years, the OIG completed several audits identifying computer security deficiencies that exposed sensitive USAID data to unacceptable risks of loss or destruction. These deficiencies exist because USAID has not implemented an effective computer security program as required by the Computer Security Act of 1987 and Office of Management and Budget (OMB) Circular A-130.

While USAID does not yet have adequate computer security controls in place to mitigate the risks to critical information systems, the Agency has made substantial improvements. For example, the Agency developed a computer security framework that includes updated security policies, a security valuation process requiring certification by USAID management, improved security training, and a risk assessment process. USAID has conducted risk assessments at 6 of 81 missions, conducted vulnerability scans of the Agency's network, and performed security evaluations and certifications of NMS and Phoenix. In addition, USAID developed the Model Information System Security Program, a program that identifies and disseminates to other government agencies a complete set of best practices for implementing effective computer security. The Chief Information Officers Council and the General Services Administration recognized USAID's security program as an innovative and comprehensive approach that could benefit the entire Federal government.

Despite these improvements, additional work is required to fully implement an effective computer security program. In particular, USAID needs to develop and fully test plans for maintaining continuity of operations in the event of a disaster. The OIG participates in USAID's Information Systems Security Working Group and will continue to work with USAID management to improve computer security.

***FINANCIAL MANAGEMENT***

During the past three years, USAID has made considerable progress toward resolving problems with its financial management system, and the Agency has committed significant resources for additional improvements. Despite these efforts, USAID faces immediate challenges, including:

- correcting outstanding financial management system planning deficiencies;
- implementing an integrated financial management system;
- reconciling financial data; and
- accurately reporting accounts receivable.



***Correcting Outstanding Financial Management System Planning Deficiencies***

A fiscal year 2000 audit revealed that USAID had made significant improvements to its financial management system planning. Specifically, USAID had developed and implemented:

- an agency-wide information technology target architecture;
- a financial management system portfolio;
- a modular acquisition strategy;
- a financial management system remediation plan; and
- a program management office to oversee the development of an integrated financial management system.

Despite these improvements, however, the OIG concluded that additional efforts are needed to fully correct identified deficiencies. For example, USAID’s financial management system portfolio was not developed in accordance with OMB guidelines. Also, the Agency failed to complete the necessary analysis of project benefits, costs, and risks to prioritize projects based on expected return-on-investment. Furthermore, the lines of authority for the program management office need to be clarified to ensure effective day-to-day oversight of USAID’s financial system modernization efforts. Finally, USAID’s current remediation plan does not fully describe the government staff resources required to complete the work by specified target days.

The OIG will continue to monitor the Agency’s progress in correcting these remaining financial management system planning deficiencies.

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

At present, USAID’s financial management systems do not comply with Federal Financial Management Improvement Act (FFMIA) requirements and cannot provide complete, reliable, timely, and consistent information about Agency operations. USAID’s goal is to implement an integrated financial management system that substantially complies with FFMIA by fiscal year 2003. To reach this goal, USAID has created a comprehensive plan to modernize and integrate the Agency’s financial management systems.

USAID is in the process of implementing an integrated financial management system, using a combination of commercial off-the-shelf software products and third party financial service providers to achieve substantial compliance with the FFMIA and the Clinger-Cohen Act of 1996. Phoenix, the core financial accounting component, will

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operate in Washington, D.C., and receive financial information electronically from 38 overseas accounting stations. This new system is being implemented in several phases, and USAID estimates completion during fiscal year 2003. The OIG will continue to monitor USAID efforts to deploy and operate an integrated financial management system.

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

In the past year, USAID has significantly improved its ability to reconcile Agency financial records with the USAID fund balances maintained by the U.S. Department of the Treasury. To achieve these results, USAID contracted with a private accounting firm to assist with fund balance reconciliation, and to help the Agency identify, research and resolve any differences with Treasury's records. In addition, USAID tracked the reconciling items reported by the overseas missions and ensured that they were appropriately resolved. These efforts greatly reduced the number of unreconciled items outstanding as of September 30, 2000.

While reconciliation with Treasury has improved, USAID continues to have difficulty reconciling the advances it provides to its grantees. In several audit reports, the OIG noted that USAID's grant financial system did not provide effective control and accountability over many of the Agency's advances. The OIG's most recent review of USAID's grant reconciliation process did not identify any significant improvement.

To address this challenge, USAID entered into an agreement with the Department of Health and Human Services to process advances to grantees and subsequent liquidations. In addition, USAID has contracted with a private accounting firm to reconcile the obligations established when advances are issued to grantees. USAID expects these efforts will improve the reliability of the advance balances that the Agency will report on September 30, 2001. During the next year, the OIG will assess whether these actions have led to improvements in USAID's reconciliation process for advances to grantees.

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

USAID cannot adequately track and accurately report the Agency's accounts receivable. Although this problem was first identified in a 1997 OIG report, USAID has still not established adequate policies and procedures to report worldwide accounts receivable.

USAID is building into its new core accounting system the capacity to establish and report outstanding accounts receivable. When the new system is fully implemented, the OIG will review the resulting data to verify the system's ability to provide accurate and timely reports on accounts receivable.

**HUMAN CAPITAL MANAGEMENT**

Human capital management is an area of concern for many Federal agencies, including USAID. Continued staff reductions and limited hiring can reduce the effectiveness of USAID’s operations. At the end of fiscal year 2000, a staff of about 1,950 U.S. direct hire employees managed USAID’s \$7.5 billion budget. According to its *Fiscal Year 1999 Accountability Report*, USAID’s staffing levels have declined by 35 percent since 1993. In fiscal year 2000, USAID’s workforce attrition was 225, compared with projected attrition of 180. Of major concern is the steady loss of experienced Foreign Service Officers and civil service employees.

Due to funding constraints, the time required to recruit and process new hires, and the fact that hiring activities are keyed to projected attrition, USAID had more than 100 authorized but unfilled Civil Service positions at the end of fiscal year 2000. Many of USAID’s unfilled positions are in critical but high-turnover areas such as information management, financial management, and procurement.

Like all public and private industry, USAID is faced with a maturing workforce. USAID’s current figures show that the average age of its employees is about 48 years. The aging workforce is a particularly acute problem for USAID because the Agency’s Foreign Service Officers—about 50 percent of the staff—can retire at age 50 with 20 years of service (as compared to retirement at age 55 with 30 years of service for Civil Service staff). According to Agency managers, these factors have resulted in less-experienced personnel directing increasingly complex development programs.

To manage its programs for results, USAID must have the right people—with the right training and skills—in the right places at the right time. In 1999, USAID implemented a new entry professionals program, and the Agency can do full replacement hiring for the first time in a decade. USAID has also increased the number of upper-level managers trained externally through such programs as the Federal Executive Institute and the Foreign Affairs Leadership Seminar. The Agency has also developed new training programs for managers with emphasis on the managing for results, financial management, acquisition, and supervisory skills.

The OIG is currently evaluating USAID’s staff training and development, one of the important elements of human capital management. The audit will determine if USAID has established and implemented measures to train and develop its staff to meet the needs of the Agency.

**PERFORMANCE MEASUREMENT AND REPORTING**

The Government Performance and Results Act of 1993 (Results Act) requires agencies to set program goals, measure program performance against those goals, and report on their progress. As the OIG stated in a December 2000 letter to the U.S. Senate Committee on Governmental Affairs, results reporting is still a major challenge for USAID management. The Agency continues to have problems developing

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performance measurement systems that meet internal and external reporting requirements, including the requirements of the Results Act. To improve reporting, the OIG has recommended that USAID:

- measure its performance using data attributable to its own program performance rather than that of the entire donor community;
- clearly link its performance goals to its program activities; and
- use timely data to report results in its performance reports.

In response to the OIG's audit concerns, USAID has revised the Agency's directives for performance monitoring and conducted seminars on these revisions. USAID has also begun to conduct worldwide training to improve performance measurement and monitoring.

In addition, the OIG has several ongoing efforts to help improve USAID's Results Act reporting. For example, in collaboration with USAID management, the OIG is conducting a worldwide audit to (1) assess the quality of results reported by operating units and (2) test compliance with Agency guidance and requirements regarding results reporting. To assess the Agency's progress and assist with further improvements, the OIG has begun a new audit of the USAID's latest Results Act submissions: the revised *Agency Strategic Plan* and the combined *Fiscal Year 2000 Performance Overview*.

### ***BROAD PROGRAM MANDATE***

As the principal U.S. agency providing development assistance, USAID has an exceptionally broad program mandate. USAID operates programs on five continents in six diverse and technically challenging areas.

The broad nature of USAID's mandate has elicited concern from outside the Agency. In 1992, the President's Commission on the Management of A.I.D. Programs stated that the Agency is faced with a preponderance of programs and conflicting priorities in an environment of diminishing operational resources. In addition, the 1993 Wharton Task Force Report concluded that USAID had too many individual country programs for the size of its staff and budget.

Between 1995 and 1999, USAID closed 36 missions (although several new missions were opened in response to new U.S. foreign policy initiatives). The net reduction in overseas missions, however, has not directly translated into reduced USAID responsibilities. On the contrary, many countries now operate USAID-funded programs without the benefit of an in-country USAID mission to provide direct program management and oversight. According to USAID, by 1999 the Agency funded so called "non-presence" activities in 52 countries without missions.

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To further complicate matters, an array of broad new initiatives—such as the Central America and Caribbean Reconstruction Supplemental Appropriation and the HIV/AIDS and Infectious Diseases Rapid Response—place increasing demands on Agency resources. Also, according to USAID officials, the nature of the mandate itself seems to be evolving to address shifts in U.S. foreign policy priorities, as reflected in the expansion of USAID programs in Eastern Europe and Eurasia.

USAID has taken several steps to respond to the challenge presented by its broad program mandate. For example, USAID is seeking additional resources for personal services contractors and technical advisors to assist missions with new initiatives. Furthermore, USAID has set up a working group on how to cope with the resource demands created by new initiatives and supplemental appropriations. Also, USAID has signed an agreement with the Department of State to enhance cooperation and coordination between the two agencies; this has kept USAID better informed of new foreign policy initiatives and areas of emphasis.

Finally, in response to recommendations in a fiscal year 1999 OIG audit, USAID issued improved guidance regarding activities in countries without a USAID mission, and developed a database to enable the Agency to better monitor non-presence activities at a country level. The OIG plans to conduct an audit of that new database to determine the accuracy of the reports submitted on non-presence activities.

## OTHER AGENCY CHALLENGES

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

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

The Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF) was created in May 1999 to respond to the effects of Hurricane Mitch, Hurricane Georges and an earthquake in Colombia. The CACEDRF provides \$621 million for reconstruction assistance in Honduras, Nicaragua, El Salvador, Guatemala, Costa Rica, the Dominican Republic, Haiti, and Colombia. All CACEDRF activities are subject to OIG audits.

As of March 31, 2001, the OIG has issued seven internal audits related to the CACEDRF program, and issued 48 financial statement audit reports. The financial audits disclosed \$881,805 in questionable costs, 55 reportable internal control conditions, and 65 instances of material noncompliance with agreement terms and applicable laws and regulations. Early disclosure of these problems when relatively small dollar amounts are involved should result in fewer problems during subsequent audits.

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

- provides fraud prevention and detection training for USAID staff and partners;
- helps USAID design its activities to minimize their vulnerabilities to fraud and corruption;
- helps USAID and its partners develop appropriate fraud prevention policies, including policies for financial disclosure, ethics, employee conduct, and fraud reporting;

- provides advice to USAID program managers concerning internal and external risks;
- evaluates the internal controls established by USAID and its partners through pre-award surveys and other audit activities; and
- coordinates its oversight efforts closely with the U.S. General Accounting Office (GAO), which is also involved in monitoring the program.

The coordinated efforts of the OIG, USAID staff, and other partners and stakeholders will help ensure that CACEDRF funds are well spent.

***EL SALVADOR EARTHQUAKE RECONSTRUCTION***

On January 13 and February 13, 2000, El Salvador was struck by two major earthquakes. These earthquakes killed more than 1,100 people and destroyed or damaged nearly 335,000 homes. Damage to schools, hospitals, water systems, and other infrastructure was also severe. Unofficial damage estimates place property losses at about \$2 billion.

USAID is developing a reconstruction program to help restore the economic and social welfare of the rural poor who were most affected by the disaster. While final funding decisions have not yet been made, this will be a major program requiring extensive oversight.

During negotiations with the Government of El Salvador (GOES), and in the documents used to solicit proposals from private sector partners, USAID/El Salvador will emphasize accountability and transparency, and partners will be encouraged to take specific, tangible steps to ensure that funds reach the intended beneficiaries. Such steps might include:

- strengthening management controls to provide better service while reducing vulnerabilities to waste, fraud, and abuse;
- establishing financial disclosure requirements for officials who serve in procurement positions or other responsible positions;
- adopting and disseminating codes of ethics for employees;
- establishing fraud reporting mechanisms;
- providing fraud awareness and fraud prevention training; and
- establishing or strengthening internal audit capabilities.





The OIG is working with USAID/El Salvador and other USAID offices to develop appropriate oversight measures. In collaboration with USAID/El Salvador, the OIG will conduct risk assessments of each activity to determine which oversight measures would be cost-effective and useful.

The risk assessments will consider (1) the performance record and audit history of partners chosen to carry out reconstruction activities, (2) the type of activities implemented by each partner, (3) special implementation arrangements that increase or decrease risk, and (4) the amount of resources devoted to each activity.

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

- pre-award surveys for recipients who do not have a recent performance history with USAID, or in cases where a recipient's financial management capabilities are not known;
- close supervision of reconstruction activities through (1) review of annual work plans, (2) meetings with partners and beneficiaries, (3) site visits, (4) review of vouchers supporting payment requests, and (5) review of periodic progress reports; and
- audits of USAID-funded activities, conducted in accordance with U.S. laws, regulations and auditing standards, by the Defense Contract Audit Agency, U.S.-based auditors, local accounting firms, the Court of Accounts (El Salvador's Supreme Audit Institution, comparable in stature to the GAO), and the OIG.

Furthermore, the OIG will arrange for and supervise concurrent audits where risk assessments indicate that these would be appropriate. Auditors will provide a quarterly opinion on uses of USAID funds, internal controls, compliance with agreement terms and applicable regulations, and the status of previous audit recommendations. Concurrent audits, like all other audits of USAID funds, will be performed in accordance with the GAO's Government Auditing Standards.

### ***SOUTHERN AFRICA FLOOD REHABILITATION AND RECONSTRUCTION***

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



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



*Callers verifying the identity of recipients in Mozambique’s Chibabava District.*

About \$8.5 million in cash grants is being provided to 85,000 eligible families throughout Mozambique. OIG auditors accompanied Mission personnel on selected trips to several provinces and directly observed the distribution of funds. The auditors provided on-the-spot recommendations to help facilitate the smooth distribution of cash to flood victims.



*A recipient receives financial assistance at the voucher verification table in the Mossurize District.*

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The OIG will report on this portion of the Southern Africa Flood Reconstruction and Rehabilitation Program when the distributions have been completed. Working together with USAID management, the OIG will help ensure that these supplemental funds are successfully distributed to families in need of assistance.

### ***INTERAGENCY COORDINATION***

Many of USAID's overseas efforts require coordination with other U.S. Government agencies, including the Department of State (DOS), the Department of Transportation (DOT), and the U.S. Department of Agriculture (USDA). The OIG periodically monitors select USAID agreements with other agencies to ensure that taxpayer funds earmarked for international development and humanitarian assistance are used for their intended purposes.

For example, in a recent audit, the OIG reviewed a Memorandum of Understanding (MOU) between USAID, USDA and DOT regarding reimbursements for food shipment costs. When providing food assistance to nations overseas, both USAID and USDA are required to ship a certain percentage of tonnage on U.S.-flag commercial vessels. In 1985, the Congress increased this cargo preference requirement from 50 to 75 percent of commodities shipped, but also directed DOT to reimburse USAID and USDA for any increased shipping costs. Under the MOU, USDA applies for all shipping reimbursements from DOT and then allocates the funds among the various assistance programs as appropriate. The OIG found that USAID might be owed additional reimbursements totaling \$182 million because (1) USDA had not submitted to DOT reimbursement claims for all of USAID's valid shipping costs, (2) USDA had not appropriately allocated the reimbursements related to USAID food assistance shipments, and (3) USAID had not effectively monitored the program to ensure the timely and accurate processing of reimbursements.

Similarly, the OIG has initiated an audit, in conjunction with the DOS Inspector General, to ensure that the millions of dollars obligated under USAID/DOS interagency agreements are appropriately managed and reported.

The OIG will continue to periodically monitor USAID agreements with other agencies to ensure the effective and efficient use of Agency funds.

### ***HIV / AIDS***

The HIV/AIDS epidemic is taking an enormous toll in developing nations. To respond to this growing challenge, USAID has received increased funding in fiscal for HIV/AIDS prevention and mitigation activities. The Agency is to define immediate and long-term actions that are needed to implement expanding program. For example, USAID established several Rapid

Response Teams to identify and propose solutions to anticipated problems associated with the program's expansion. In addition, USAID established a senior management team to facilitate communication and provide a forum for decisions regarding program strategy and funding priorities. The OIG attends the team's meetings and provides advice and assistance regarding program accountability issues.

To evaluate the effectiveness of USAID's response, the OIG will review USAID missions' implementation of HIV/AIDS programs. These audits will take place in countries that receive significant increases in HIV/AIDS funding. The first such audit is being conducted in Zambia, with others to follow shortly thereafter. The audits will determine whether USAID is monitoring the programs in accordance with Agency guidance, and whether the HIV/AIDS programs are achieving the intended results.

### ***PROCUREMENT***

USAID spends billions of dollars annually for the procurement of goods and services. In recent years, concerns have been raised regarding the effectiveness of USAID's procurement operations. Specific areas of concern include:

- ***Staffing.*** According to USAID officials, Office of Procurement staff decreased by about one-third in recent years, leading to an increased workload for remaining employees. Furthermore, USAID has lost many experienced contracting officers to retirement, other federal agencies, and the private sector, and hiring has not kept pace. USAID funds are set at risk if experienced contracting and procurement staff are not available to award contracts and grants, or monitor performance.
- ***Use of performance-based service contracts.*** Performance-based service contracting emphasizes what the government wants performed, in mission-related terms, versus how the work should be performed. Performance standards are assigned to tasks and an associated quality assurance plan describes how the contractor's performance will be measured. The Offices of Management and Budget and Federal Procurement Policy have endorsed such contracts as a means to reduce cost overruns, performance problems and waste, and USAID needs to increase its use of this mechanism.
- ***Contract administration.*** As the procurement and overall workforces have downsized, there appears to be less focus on the administration and oversight of existing contracts. As a result, key oversight activities, such as providing contractor performance reports, may not receive appropriate attention.

To ensure the effectiveness of USAID's procurement operations, the OIG plans to initiate reviews of Agency procurement activities.

# EXPANDING ACCOUNTABILITY IN THE INTERNATIONAL ENVIRONMENT

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. While OIG audits and investigations provide one check against the misuse of U.S. taxpayer funds, the OIG actively promotes accountability and transparency in other ways as well: expanding the capabilities of Supreme Audit Institutions overseas; providing fraud awareness training; encouraging more aggressive anti-corruption activities; and providing oversight for audits of USAID's contractors and grantees.

## *EXPANDING SUPREME AUDIT INSTITUTION CAPABILITIES*

The OIG works extensively to expand the capabilities of Supreme Audit Institutions (SAIs<sup>1</sup>) in countries receiving USAID funds. SAIs and the Auditors General who head them are usually independent of any particular official or ministry within their respective countries. In countries where this independence is not complete, there is pressure from both internal and external sources to encourage greater autonomy. Countries that do not have functioning SAIs, or whose SAIs do not have the independence and resources to effectively carry out their work, are more prone to incidents of mismanagement, misuse of funds, and corruption within their governments.

SAIs operate in much the same way as the GAO and Offices of Inspector General. SAIs perform regular financial or operational audits of Government ministries, and seek to ensure that public funds are spent for intended purposes, whether these funds come from their own budgets, international donors, or other sources. SAIs are usually the only organizations that have a legal mandate and authority to audit the accounts and operations of their governments. Therefore, they are not only at the forefront in ensuring accountability and transparency over

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<sup>1</sup> SAIs are the national audit organizations of various countries throughout the world. In the United States, the U.S. General Accounting Office (GAO) is the Supreme Audit Institution. In most other countries, SAIs are referred to as Offices of the Auditor General.

public funds, but also might be the only ones specifically tasked to do so.

***SAI Coordination and Training Efforts***

In countries with USAID-sponsored programs, SAIs that demonstrate appropriate independence and acceptable audit capabilities can share with the OIG responsibility for auditing USAID funds disbursed directly to government organizations. The OIG and USAID Missions have signed Memoranda of Understanding with 17 SAIs worldwide to specifically define SAI audit and reporting responsibilities. To help SAIs fulfill these responsibilities, the OIG often provides technical assistance and training.



*After signing a Memorandum of Understanding, USAID Regional Inspector General/Manila Paul Armstrong (left) and USAID/Indonesia Director Terry Meyers (right) congratulate Deputy Atjeng Sastrawidjaja, Director of Indonesia’s State and Regional Enterprises Audit Agency.*

In Dakar, for example, OIG auditors meet regularly with Senegal’s SAI, an independent organization within the Government of Senegal. Consistent with the terms of the Memorandum of Understanding, the Senegal SAI has agreed to verify program data and the receipt of matching funds provided by the Government of Senegal. In addition, the Senegal SAI participated in an OIG-sponsored internship program. Through this program, the OIG (1) helped Senegalese auditors improve their use of technical English and (2) provided fraud detection and report preparation training.



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To emphasize the importance of USAID’s relationship with SAIs, the OIG recently presented USAID/Senegal Controller Igor Nesterczuk with the prestigious Office of the Inspector General’s Achievement Award. Mr. Nesterczuk was pivotal in strengthening the Senegal SAI’s ability to detect instances of fraud, corruption and abuse. Moreover, many of these efforts strengthened USAID’s capability to manage its programs, since the SAI helps USAID/Senegal ensure the accuracy and validity of performance data used for funding decisions.



*Igor Nesterczuk (right), USAID/Senegal Controller, is presented the prestigious Office of the Inspector General Award by Regional Inspector General/Dakar Henry Barrett.*

The OIG is assisting the Thailand Office of Auditor General with audits of USAID-funded programs operated by the Government of Thailand. Recently, the Auditor General completed fieldwork for an audit to determine if local currency funds were used as intended to (1) provide vaccines to children in several remote Thai provinces, and (2) fund a participant training program by the Thai Civil Service Commission. The Auditor General is currently drafting an audit report and will send the report to the OIG for review.

In Honduras and El Salvador, the OIG continues to work with the respective SAIs to audit activities funded under the Central America and the Caribbean Emergency Disaster Recovery Fund program. In Honduras, the Controller General and the OIG are jointly supervising financial statement audits covering road and bridge

reconstruction, water and sanitation projects, and school construction. In El Salvador, the Court of Accounts is performing a concurrent financial statement audit of road reconstruction and an annual audit of a project to reconstruct electrical distribution lines.

Government of Uganda officials requested training and technical assistance for the Uganda Office of Auditor General. In response, the OIG conducted a four-day training seminar that covered USAID financial audit requirements, U.S. Government Auditing Standards, and fraud awareness. Approximately 100 people attended, including participants from the Auditor General’s Office; representatives from various Government of Uganda ministries; employees of non-governmental organizations and local accounting firms; and USAID officials. At the completion of the training, the OIG signed a Memorandum of Understanding with the Office of the Auditor General outlining SAI audit and reporting responsibilities for USAID funds provided to the Government of Uganda. The OIG will monitor the quality of the work completed by the Office of Auditor General.



*USAID Regional Inspector General/Pretoria Joseph Farinella (left) observes the signing of a Memorandum of Understanding by Dawn Liberi, USAID/Uganda; Auditor General John Muwanga; and Donald Teitlebaum, U.S. Embassy, Uganda.*

The OIG has also provided training and technical assistance to the National Audit Office (NAO) in Malawi. In January 2001, the U.S. Ambassador to Malawi and the USAID/Malawi Director formally transferred a USAID-funded computer system to the NAO. The Auditor General stated that the system will permit the NAO to substantially increase the number of audits it conducts, and thereby enhance program accountability and transparency.

***FRAUD AWARENESS TRAINING***

The OIG continues to conduct fraud awareness training as part of its worldwide anti-corruption initiative.

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***October 2000***

The OIG gave a presentation to about 25 employees of the Inter-American Foundation (IAF). The presentation took place at IAF offices in Washington, D.C., and consisted of three segments. The first segment concentrated on the law authorizing OIG investigations of IAF programs; the second explained the functions and mission of the OIG, including procedures for reporting allegations; the third focused on fraud indicators.

***November 2000***

The OIG provided fraud awareness training to eight Non-Government Organizations (NGOs) in Colombia in preparation for Plan Colombia. The OIG conducted the briefings in Spanish at the NGO offices; approximately 125 people attended.



*Special Agent Marvin Burgos conducts a fraud awareness class in Bogota, Colombia*

***January 2001***

The OIG provided fraud awareness training to approximately 30 employees of non-governmental health sector organizations in Honduras. During this training, the OIG presented attendees with an overview of fraud prevention initiatives and briefed them on fraud indicators and fraud schemes. The OIG also gave two fraud awareness briefings to the USAID/Armenia Mission at the U.S. Embassy in Yerevan, Armenia. Sixty-one people attended, including project officers, related support personnel, such as financial management specialists, and executive office employees. Foreign Service Nationals (FSN) and U.S. Direct Hires (USDH) were in attendance. In late January, the OIG gave a series of fraud awareness briefings to USAID/Nigeria staff and various Implementing Partners; the briefings were conducted at the Nigeria Mission. Approximately 88 USDH, FSN employees and Implementing Partners from the various Mission administrative and program/project offices attended the briefings. Finally, the OIG conducted a four-day training seminar in Uganda that covered USAID financial



audit requirements, U.S. Government Auditing Standards, and fraud awareness. Approximately 100 people attended, including participants from Uganda’s Auditor General’s Office; representatives from various Government of Uganda ministries, including the Directorate of Ethics and Integrity; non-governmental organizations; local accounting firms; and USAID.



*Special Agent Thomas D’Amico (right) provides Fraud Awareness training in Nigeria,, accompanied by Mission Director Thomas Hobgood (left) and Regional Inspector General/Dakar Henry Barrett.*

**February 2001**

The OIG provided a fraud awareness briefing to 16 employees of the USAID Office of Procurement in Washington, D.C. The OIG also gave fraud awareness presentations to 40 USAID employees in Manila, 96 employees in Kazakhstan and 102 employees in Moscow. Of particular note, the Manila attendees included USAID financial analysts and supervisory financial analysts, three controllers, one acting deputy regional controller, the USAID Chief Financial Officer, a supervisory financial management officer, and a systems accountant. The training participants came from Kazakhstan, Armenia, Hungary, Egypt, Cambodia, Bangladesh, India, Mozambique, Nairobi, Nepal, the Philippines, Georgia, Washington, D.C., and The West Bank/Gaza.



*OIG Auditors and Investigators provide fraud awareness training in Moscow.*

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*Special Agent Greg Picur conducts fraud awareness training in Armenia.*

***March 2001***

The OIG described its fraud awareness training program to 27 members of the Donor Consultative Group on Accountability and Anticorruption in Latin America and the Caribbean. In addition, the OIG conducted training sessions for approximately 25 USAID employees and contractors in Kazakhstan and about 25 USAID contractors in Kyrgystan.

***Fraud Indicators Handbook***

The OIG has developed a Fraud Indicators handbook to reinforce the message communicated during the fraud awareness training and each attendee receives a copy. The handbook provides valuable information on detecting fraud in government contracts, recognizing fraudulent schemes in projects and procurements, spotting indicators of financial fraud, and other relevant topics. Fraud indicators, as the handbook points out, are clues or hints that can help officials identify suspicious

activities or practices. The handbook has been well received by program attendees and the OIG has distributed hundreds of copies. The handbook also displays the OIG Hotline phone number and during the fraud awareness training, attendees are provided information on reporting incidents of fraud or corruption. As a result, there has been an increase in contacts to the OIG Hotline.



Although originally written in English, the OIG has translated the Fraud Indicators handbook into French and Spanish to reach our foreign audiences and make it more useful to those for whom English is not their principal language. The OIG will continue to disseminate fraud awareness information as broadly as possible in English and other languages and develop other instructional materials to spread the message of fraud awareness and anti-corruption.

***OIG Video***

In looking for ways to reach a larger audience with limited resources, the OIG created a video version of the Fraud Awareness presentation. In the video, the fraud awareness training is presented as though it was being delivered before a live audience. The video standardizes the OIG anti-corruption training and extends its reach worldwide. While the interactive opportunity available at a live presentation is absent with the videotape, the OIG believes that the video will be effective in communicating the fraud awareness message to a very wide audience, quickly, and economically.

***ANTI-CORRUPTION FOCUS***

The OIG continues to employ its six-part strategy for combating corruption:

**Survey the environment** – the OIG assesses historical corruption in host countries and identifies local threats and vulnerabilities to USAID, ADF or IAF programs. In addition, when USAID rapidly implements new humanitarian response efforts in high-risk environments, the OIG conducts risk assessments to identify program vulnerabilities and develops an audit and investigations strategy to minimize these vulnerabilities

**Establish a close working relationship** – the OIG works closely with USAID, ADF and IAF management, NGOs, and host governments to promote cooperation and collaboration.

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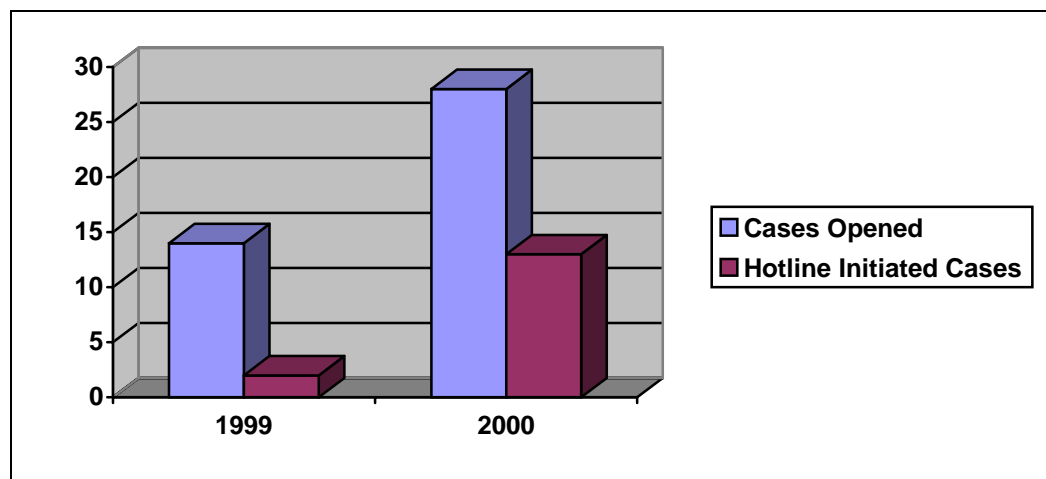
**Emphasize a team approach** – OIG auditors and investigators work together to develop audit and investigative strategies to address high-risk issues, working as teams on many reviews. The OIG encourages the timely submission of referrals and works toward the early solution of problems.

**Educate employees about fraud awareness issues** – OIG auditors and investigators jointly train USAID employees and partners in fraud awareness and anti-corruption issues to ensure that each is aware of their responsibilities when confronted with fraud or corruption.

**Enforce the Foreign Corrupt Practices Act (FCPA) aggressively** – the FCPA prohibits a U.S. firm or agent of the firm from making a “corrupt” payment to a foreign official for procuring or retaining business. The OIG works closely with the Department of Justice in investigating FCPA violations and uses the FCPA as a tool in fighting corruption in USAID programs.

**Offer recommendations for systemic improvement** – the OIG recommends systemic improvement if a weakness is uncovered in a program or operation and works with USAID, ADF or IAF to correct the problem.

As further demonstration of the effectiveness of the OIG Anti-Corruption Strategy, the number of cases opened in the countries under the umbrella of the Hurricane Mitch/Georges and Plan Colombia Initiatives—the Dominican Republic, Colombia, El Salvador, Guatemala, Haiti, Honduras and Nicaragua—doubled from 1999 to 2000. Hotline initiated cases jumped from 14 percent of cases in this area in 1999 to 46 percent in 2000. The OIG began the fraud awareness component of its anti-corruption strategy in January of 2000.



## ***ACCOUNTABILITY OVER USAID'S GRANTEE AND CONTRACTOR OPERATIONS***

USAID is required by the Federal Acquisition Regulation, the Single Audit Act, Office of Management and Budget (OMB) Circulars, and its own internal policies and procedures to obtain appropriate and timely audits of contractors and grantees. The OIG provides oversight for these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and thereby enhancing the accountability of USAID grantees and contractors.

### ***Audits of U.S. – Based Contractors***

U.S.-based contractors carry out many USAID-funded activities. Since 1994, according to USAID, the Agency has requested audits, reviews or pre-award surveys on 393 separate for-profit contractors. The Defense Contract Audit Agency (DCAA) conducts this work for USAID; the OIG reviews DCAA's reports and transmits them to USAID management. During this reporting period, the OIG reviewed and transmitted 31 DCAA reports on U.S.-based contractors. These reports covered approximately \$359 million in costs claimed by the contractors, and resulted in 6 recommendations and \$487,000 in questioned costs.

### ***Audits of U.S. – Based Grantees***

U.S.-based non-profit organizations (grantees) also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, non-Federal auditors perform annual financial audits of USAID grantees that expend over \$300,000 of federal funds annually. These auditors are required to identify, in a separate schedule of findings and questioned costs:

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

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

The OIG provides oversight for the non-Federal auditors performing these annual financial audits. The OIG's major oversight responsibilities include:

- coordinating management decisions for audit findings that affect more than one Federal agency;
- obtaining or conducting quality control reviews of selected audits made by non-Federal auditors; and
- advising the auditor and, where appropriate, the audited organization of any deficiencies related to the performance of audits or the submission of audit reports, that requires corrective action.

The OIG conducts two types of reviews of non-Federal audits. Initial reviews determine whether grantees prepared audit reports in accordance with Circular A-133 reporting requirements while quality control reviews determine whether the underlying audits comply with Circular A-133 audit requirements. During the current reporting period, the OIG performed 11 initial reviews of audit reports covering over \$78 million spent by U.S.-based grantees. In addition, the OIG performed four quality control reviews, covering about \$400 million in grantee expenditures.

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

OMB Circular A-133 audit requirements do not apply to non-U.S. grant recipients. To maintain accountability in a high-risk overseas environment, USAID, through standard provisions in individual grant agreements, applies the standards of Circular A-133 to foreign-based grantees. As a result, foreign-based grantees expending a minimum threshold of USAID funding undergo financial audits performed by either local auditing firms or host country Supreme Audit Institutions.

Through its Recipient-Contracted Audit program, every grantee spending USAID funds of \$300,000 or more in any fiscal year is required to have those funds audited. Private accounting firms conduct these audits and the OIG reviews each report and issues letters to USAID and the grantee summarizing the results. In addition, through the Agency-Contracted Audit program, USAID may request financial audits falling outside the threshold of the recipient contracted audit program or relating to specific areas of concern. Private accounting firms conduct these financial audits, but the OIG reviews all completed audits.



Significant recommendations from these audits are included in the OIG’s audit and tracking system until resolved by USAID. The OIG also performs quality control reviews of the audit work done by accounting firms on its behalf to ensure the work meets U.S. Government Auditing Standards.

***Reviews of Enterprise Fund Audits***

Enterprise funds are U.S.-based nonprofit organizations established under the Support for Eastern European Democracy Act of 1989. USAID has established eleven enterprise funds; ten of these funds invest in countries in Eastern Europe and Eurasia and the eleventh fund invests in South Africa.

Enterprise funds are subject to an annual financial statement audit performed in accordance with U.S. Government Auditing Standards. These audits are conducted by private accounting firms and reviewed by the OIG to ensure compliance with all reporting requirements.

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# AUDIT AND INVESTIGATION HIGHLIGHTS

**AUDIT** activities include OIG financial and performance audits at USAID, the African Development Foundation, and the Inter-American Foundation. Also included are the OIG's reviews of audits conducted by others. The following chart summarizes OIG audit activities from October 1, 2000 through March 31, 2001:

Type of Report	Number of Reports	Monetary Recommendations (\$ Thousands)
<b>FINANCIAL AUDITS:</b>		
Audits of USAID financial statements	6	4,010
Financial-related audits of USAID programs and operations	8	8,060
Initial Reviews of Recipient-Contracted Audits of U.S.-Based Grantees	11	-
Audits of non-U.S.-based organizations	206	2,390
Audits of Enterprise Funds	-	-
Audits of U.S.-based organizations performed by the Defense Contract Audit Agency (DCAA)	52	479
Audits of foreign organizations performed by DCAA	18	1,070
Audits of Foundation financial statements	2	-
<b>PERFORMANCE AUDITS:</b>		
Economy and efficiency audits	20	182,342
<b>MISCELLANEOUS REPORTS:</b>		
Quality control reviews	21	-
Other reports	-	-
<b>Total for the Current Period</b>	<b>344</b>	<b>\$198,351</b>



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

Investigative priorities include program integrity (fraud involving contracts, grants and cooperative agreements) and employee integrity (misconduct of direct hire employees and personal service contractors). OIG investigations may result in criminal, civil or administrative action. The following chart summarizes the investigative workload and results achieved from October 1, 2000 through March 31, 2001:

<b>Workload Summary</b>	<b>Results</b>
<b>CASES OPENED</b>	<b>95</b>
<b>CASES CLOSED</b>	<b>109</b>
<b>RECOVERIES/SAVINGS</b>	<b>\$82,360,702</b>
<b>HOTLINE CONTACTS</b>	<b>311</b>
<b>RESIGNATIONS &amp; TERMINATIONS</b>	<b>4</b>
<b>PERSONNEL SUSPENSIONS</b>	<b>1</b>
<b>SUSPENSIONS AND DEBARMENTS</b>	<b>3</b>
<b>INDICTMENTS</b>	<b>2</b>
<b>CONVICTIONS</b>	<b>2</b>

**THE FOLLOWING SECTIONS CONTAIN SUMMARIES OF SIGNIFICANT  
AUDITS AND INVESTIGATIONS AND ARE ORGANIZED BY BUREAU**

**BUREAU FOR AFRICA**

***Audit of USAID/Malawi's Performance Monitoring for Indicators Appearing  
in the Fiscal Year 2002 Results Review and Resource Request (R4) Report***

USAID's Office of Policy and Program Coordination requested that the OIG conduct a worldwide audit of Mission performance monitoring to determine the accuracy and completeness of annual Results Review and Resource Requests (R4s). The R4 reports, USAID Missions' most significant performance reports, highlight current program accomplishments and strategic directions for the future. Each R4 report contains data from the USAID-prescribed performance monitoring system; specifically, each Mission must: (1) establish performance indicators; (2) prepare performance monitoring plans; (3) set performance baselines; (4) collect performance data; and (5) assess data quality.

As part of a worldwide effort, the OIG conducted an audit of USAID/Malawi's R4 report submissions. The audit's objective was to determine whether USAID/Malawi monitored performance in accordance with relevant guidance and appropriately reported program results in its R4 report for fiscal year 2002.

The OIG found that USAID/Malawi generally monitored performance in accordance with relevant Agency guidance and appropriately reported program results in the R4 report. However, the OIG noted two exceptions: (1) data in the performance monitoring plan were incomplete, and (2) formal data quality assessments were absent. The OIG made four recommendations to improve these weaknesses, and USAID/Malawi concurred with the report's finding and recommendations. (*Audit Report No. 4-612-01-001-P*)

***Audit of the Bureau for Africa's Management of Unliquidated Obligations***

This audit was designed as the first of a series of audits requested by USAID's Chief Financial Officer to determine whether USAID's bureaus have ensured that their obligations are both legally valid and properly valued. The OIG found that, for the items tested, the Bureau for Africa generally ensured that the obligations it executed were valid and that the obligations it managed were properly valued. In addition, all of the tested awards contained valid obligations.

The OIG found, however, that as of March 31, 2000, excess funds totaling over \$9.1 million (out of the \$98.5 million in unliquidated obligations reviewed by the audit) could have been deobligated and made available for other purposes. The Bureau for Africa had not conducted systematic, periodic reviews of its unliquidated obligation balances, nor did obligation managers always follow “forward funding” guidance (guidance which prohibits the funding of obligations too far into the future).

The Bureau for Africa deobligated over \$1 million in excess funds during the audit, and the OIG recommended that the Bureau review the additional \$8.1 million for deobligation. Furthermore, the OIG recommended that the Bureau for Africa (1) develop procedures to systematically review the valuation of its unliquidated obligations and (2) review the excess balances described in the report and deobligate amounts currently found to be excess or unneeded. The Bureau concurred with the report’s recommendations, although the Bureau asserted that its obligations did not currently exceed USAID’s forward funding guidelines. (*Audit Report No. 9-000-00-001-F*)

### **Audit of USAID/Mozambique’s Financial Operations and Controls**

Since fiscal year 1996, federal agencies have been required under the Government Management Reform Act to prepare annual consolidated financial statements that are to be audited and submitted to the Office of Management and Budget (OMB). These financial statements are intended to not only report the agency’s financial position and results of operations, but also provide information to allow Congress and the public to assess management’s performance and use of resources. For fiscal year 2000, these financial statements were to be audited and furnished to OMB by March 1, 2001.

The OIG’s audit of USAID/Mozambique’s fiscal 2000 year end financial data sought to determine whether the Mission’s financial data was adequately supported and accurately reported. The audit focused on the following accounting processes: (1) project cash advances, (2) accrued expenditures, and (3) the 1221 reconciliation. In reviewing each of these areas, the OIG examined the related procedures and controls in place and determined whether they were operating effectively. Samples from the transaction files were tested to determine whether the recorded transactions under each area were adequately supported and accurately recorded.

The OIG found that USAID/Mozambique’s fiscal 2000 year end financial data on project advances, accrued expenditures, and the 1221 reconciliation were adequately supported and accurately recorded with respect to the items tested. The report did not contain any recommendations. (*Audit Report No. 4-656-01-001-F*)

### **Audit Of The Accuracy Of USAID/Mozambique’s and USAID/Zambia’s Recipient Audit Universe**

Financial audits of contracts and grants are a primary mechanism for effective management control of USAID’s program expenditures. The objectives of this audit were to determine

whether the audit universe used by USAID/Mozambique and USAID/Zambia were complete and accurate, and if required audits were done in a timely manner.

The OIG found that each Mission had developed a complete and accurate audit universe, and that required audits were done in a timely manner. In addition, audit reports were prepared in accordance with USAID's financial audit guidelines. Furthermore, the Missions had established an effective audit management system in accordance with USAID policies. (*Audit Report Nos. 4-656-01-002-P and 4-611-01-003-P*)

### **Personal Service Contractor Reimburses USAID for \$5,256**

A former Personal Service Contractor (PSC) returned a USAID laptop computer, an unused airline ticket, and an \$1,800 cash advance—a total value of \$5,256—after being contacted by OIG representatives. USAID/Guinea requested OIG assistance in locating the PSC and recovering the USAID property, after the PSC failed to show up for a scheduled conference in Nigeria and abandoned his position at the Mission. An OIG investigation disclosed that the PSC did not go to Nigeria; instead, using the cash advance for airfare, the individual left for the U.S. taking the USAID laptop computer. USAID/Guinea terminated the PSC for cause. The PSC subsequently returned the computer, the travel advance and the unused airline ticket for the conference. The case was referred for prosecution. However, the United States Attorney's Office declined since the PSC's contract had been cancelled and the individual had made full restitution.

### **Salary Checks Withheld from Foreign Service National Employee**

A Foreign Service National (FSN) employee's salary checks, totaling \$2,855, were withheld and returned to the U.S. Treasury after an OIG and Mission investigation in Senegal disclosed that the FSN had improperly handled USAID funds. The Mission had terminated the FSN for performance reasons but later discovered the financial irregularities when it received nonpayment notices for resident and office utility bills that were the responsibility of the FSN. The Mission subsequently requested an OIG investigation, which determined that over \$400 in utility payments by the FSN could not be adequately reconciled. When the OIG attempted to interview the FSN, the person disappeared and never returned to collect the remaining salary checks. The Mission tightened internal controls as a result of the investigation.

### **NGO Issued Bill for Collection of \$143,082**

A non-governmental organization (NGO) in Ghana was issued a bill for collection, totaling \$143,082, after an OIG investigation uncovered evidence of fraud. Mission officials had requested OIG assistance when a preliminary financial review found inadequate records and irregularities in reported expenditures. The investigation revealed that the organization's President falsely represented salary, office rent and construction payments in monthly expenditure reports. In a number of instances, the NGO President inflated office rental

payments and falsely claimed that employees were being paid at elevated salary levels, when in reality they were paid a much lower rate or not paid at all. The investigation also disclosed that, at the NGO's request, a local construction company provided a false invoice showing that payment was made for consulting fees associated with the construction of a new office building. Construction company officials admitted they never received this payment. In addition, USAID and bank records reflected that the NGO President personally received and cashed a USAID check intended to reimburse the NGO for the consulting fees. Further, the NGO did not have records to support payment of the claimed costs of construction materials.

### **Subgrantee Remits \$20,866 in Misappropriated Funds**

A subgrantee remitted \$20,866 to a grantee after inquiries by the OIG and subgrantee management discovered that a Resident Advisor in Cote d'Ivoire underpaid a local vendor for procured services and fraudulently claimed rental and travel expenses. The vendor had been awarded a Purchase Order to produce video programs, and TV and radio advertisements in connection with USAID-funded health education and communication projects. The OIG investigation established that when funds were wire transferred to the Advisor's account to initiate the order, the individual kept most of the money and paid the vendor only a portion of the amount due. The vendor subsequently discontinued service since he lacked sufficient funds to continue the job. Further inquiry disclosed that the Advisor had also been paid for questionable rental and travel costs. When confronted, the Advisor expressed remorse and promised to repay the former subgrantee employee (the individual had been terminated for cause about two weeks earlier). The subgrantee reimbursed the grantee for the full amount fraudulently claimed by the Advisor, which included the balance due the vendor plus the improperly claimed rental and travel costs.

# BUREAU FOR ASIA AND THE NEAR EAST

## *Audit of USAID/Bangladesh's Child Survival Activities*

The U.S. Congress has included specific authorizing language in the Foreign Assistance Act of 1961, as amended, to undertake activities designed to deal directly with the special health needs of children and mothers. In addition, since 1997, the U.S. Congress established a separate appropriation account for Child Survival and Disease (CSD). The annual CSD appropriations provide the minimum amount of funds that are to be used for child survival and disease activities. USAID/Bangladesh obligated and expended approximately \$46.6 million and \$16.4 million, respectively, in CSD funds during fiscal years 1997 through 1999.

The OIG found that USAID/Bangladesh had obligated \$7.8 million in CSD funds for activities that do not directly contribute to improving the health or reducing the mortality of mothers and children. Rather, these activities (e.g., income-generation, sustainable agricultural production, bio-diversity, developing markets, land management, and water fisheries) addressed more general economic development issues that could only indirectly contribute to the CSD's specific goals.

In addition, the audit found that the Mission used an imprecise method to allocate and account for CSD funds under its population and health program. Because CSD funds are co-mingled with development assistance funds, the Mission does not have reasonable assurance that CSD funds are used for allowable activities.



*A child in Bangladesh receives CSD-funded immunizations.*

Finally, the OIG found that although the Government of Bangladesh (GOB) generally provided vaccines to the USAID-financed urban health clinics, the GOB did not provide vaccines to 124 of the 175 USAID-financed rural clinics. As a result, many children in rural areas will not be immunized and will remain at risk.

The OIG recommended that USAID/Bangladesh make several improvements, including (1) strengthening procedures for programming CSD funds to ensure that funded activities directly benefit the health needs of children and mothers, and (2) working with the GOB to ensure a regular supply of vaccines for rural clinics. In response, USAID/Bangladesh obtained a Regional Legal Advisor's opinion that supported the Mission's current use of CSD funds; the Mission indicated it would address the remaining recommendations. (*Audit Report No. 5-388-01-001-P*)

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

The OIG conducted an audit of USAID/Egypt's R4 report submissions as part of a worldwide effort requested by USAID's Office of Policy and Program Coordination. The audit's objective was to determine whether USAID/Egypt monitored performance in accordance with relevant guidance, and appropriately reported program results in its R4 report for fiscal year 2002.

The OIG found that while USAID/Egypt generally monitored performance in accordance with applicable guidance, the Mission's performance monitoring plans did not meet all Agency standards. Because the Mission had not established a process for reviewing, approving, and updating its performance monitoring plans, USAID/Egypt did not have complete performance monitoring plans for any of the 11 indicators reviewed. As a result, the Mission did not have assurance that it was maintaining the controls that are essential to the operation of a performance-based management system.

The OIG also found that USAID/Egypt did not disclose data limitations for 2 of 11 indicators reviewed. This occurred because Mission officials were either unaware of the data limitations or were unaware of the need to include the data limitations in the Mission's R4 report. As a result, the R4 report did not contain sufficient information regarding the reliability of all reported data.

To correct these weaknesses, the OIG recommended that the Mission establish new procedures to ensure that (1) performance monitoring plans are prepared, approved, and when appropriate, updated; and (2) data limitations are disclosed. USAID/Egypt agreed with the report's recommendations. (*Audit Report No. 6-263-01-003-P*)

### **Bid Rigging Case Yields Multiple Results**

During the current reporting period a long-term investigation, conducted jointly with the Department of Justice, into bid rigging on selected constructions contracts in Egypt, resulted in



3 suspensions, settlements of \$13.2 million and savings of \$42 million. During the previous reporting period, the OIG announced that this case resulted in two criminal convictions, criminal fines of \$34.2 million, and civil restitution of \$.5 million. The results for the current reporting period are summarized below.

***U.S. Corporation Pays \$10 Million to Settle False Claims Case***

As a result of assistance provided to the OIG by the officers and employees of a corporation, which had previously plead guilty, evidence of a rigged USAID contract was uncovered. The evidence disclosed that the U.S. corporation had: participated in meetings and conversations to discuss bid rigging on a USAID-funded contract; agreed to suppress or eliminate competition on that contract; and agreed to pay to its co-conspirator and competitor a cash payment of \$3.4 million for not competing for the \$135 million contract.

To resolve potential civil liability for submitting false claims to the U.S. government, the U.S. corporation entered into negotiations with the U.S. Department of Justice, Civil Division. Those negotiations resulted in an agreement between the parties by which the corporation would pay \$10 million to settle its liability for damages under the Civil False Claims Act.

***German Corporation Pays \$3.2 Million to Settle Civil False Claims Case***

Another part of the overall investigation, conducted jointly by the OIG and the Department of Justice, Antitrust Division, disclosed evidence that a corporation headquartered in Germany had conspired with other corporations to engage in bid rigging in connection with certain USAID-funded construction contracts in Egypt. The investigation found that the German corporation entered into an agreement with the other co-conspirators by which it would have its U.S. subsidiary submit an inflated complementary bid on a USAID-funded host country contract in return for a multi-million dollar payment.

Pursuant to an Amnesty Agreement with the Antitrust Division, neither the German corporation nor its U.S. subsidiary would be prosecuted for their respective roles in the bid rigging activity related to the USAID-funded construction contracts in Egypt. In return, however, corporate officers and employees agreed to provide full and truthful cooperation with the criminal investigation and any other litigation to which the U.S. might be a party. It further agreed to make a \$3.2 million payment to the U.S. Government for its role in promoting the conspiracy, which resulted in the submission of false claims to the USAID. During this reporting period, the German corporation made the agreed \$3.2 million payment and provided very valuable assistance in the investigation.

***U.S. Company Suspended and Loses a \$42 Million USAID Contract in Egypt***

In a further development, the OIG investigation exposed the leadership role of a U.S. construction company in organizing an international bid rigging cartel and targeting the USAID program in Egypt. The investigation also uncovered additional evidence of

fraud in the U.S. company's pursuit and execution of USAID-funded contracts. More specifically, the investigation found that the company had engaged in a wide array of corrupt and fraudulent activity over the course of its dealings with USAID, at least, from 1988 through the present. In particular, the investigation documented corruption and fraudulent misconduct by the company and/or its officials and employees as follows: conspiring to rig bids on USAID-funded contracts; assigning USAID-funded contracts to ineligible foreign corporations; submitting false claims; and making false certifications under oath in "pre-qualification" documents.

Based upon these findings of misconduct and disregard for the integrity of the USAID program on the part of the company, USAID acted to protect the Agency's program from further injury by suspending the company's eligibility to participate in further U.S. government procurements pending the resolution of the investigation. As a result of the Agency's suspension action, the company was rendered ineligible for the award of an Agency-funded procurement valued at \$42 million.

#### **Distributor Pays Criminal Fine of \$68,125 and Restitution of \$67,535**

An Oregon distributor of scientific laboratory equipment pled guilty to making a false demand on the U.S. for its role in a procurement-fraud scheme perpetrated against the USAID Commodity Import Program in Egypt. The company was ordered to pay a criminal fine of \$68,125 and to make restitution in the amount of \$67,535. The distributor had been selected by a scientific university in Egypt to provide laboratory equipment financed by USAID under its Commodity Import Program.

The American distributor, through an employee, participated in a pricing scheme by inflating its competitive bid price by \$67,535. The distributor then kicked back this same amount to unidentified parties believed to have been connected to the Egyptian University. The American distributor failed to report this side payment to USAID as required by regulation. The American distributor's employee also pled guilty to one count of making a false demand on the U.S., paid restitution to USAID in the amount of \$3,700, and was placed in a pre-trial diversion program for six months.

#### **Project Manager Ordered to Pay \$3,044 for Misuse of Project Vehicles**

An OIG investigation into possible misuse of project vehicles resulted in a project manager being placed on probation and ordered to pay \$3,044. The investigation was initiated in response to an anonymous Hotline complaint alleging that a grantee project manager had misused project vehicles or condoned their personal use by a spouse. The OIG, working jointly with internal auditors from the grantee organization, discovered several problems, including numerous gaps in the official vehicle logs, logs not being maintained according to grantee guidelines and policy, and substantial personal use of the vehicle—approximately 33 percent of the total mileage. Based on these findings, the grantee placed the project manager

on probation for a minimum of 90 days and ordered the individual to pay \$3,044 for the personal use mileage.

### **USAID Suspends Foreign Services National Employee for Travel Voucher Fraud**

The OIG investigated an allegation that a USAID Foreign Service National (FSN) employee committed fraud by requesting reimbursement for lodging expenses, when no such expenses had been incurred. The investigation confirmed the fraud. The investigation determined that the FSN had stayed with relatives while on temporary duty travel and had not paid for commercial lodging. As a result, the employee was suspended from USAID employment for 30 days and was required to repay lodging costs in the amount of \$2,100. The employee cooperated fully during the investigation and was not terminated for the offense.

### **Foreign Service National Employee Resigns**

An FSN employee resigned during the course of an OIG bribery and ethical conduct investigation. The OIG had initiated the investigation based on allegations received from USAID/Philippines that the FSN solicited a bribe from a USAID-funded grantee and/or improperly solicited and received project-funded resources for personal use. The FSN allegedly told the grantee that if they did not hire certain individuals as consultants, their grant would be terminated.

### **Personal Service Contractor Resigns**

An OIG investigation into a false claims allegation against a USAID/Egypt U.S. Personal Service Contractor (PSC) resulted in the individual's resignation and repayment of \$1,574. The PSC had filed a travel voucher for transportation costs, allegedly incurred during a son's R&R travel. The costs were proved to be false, as the son did not travel; and, in a written confession, the PSC admitted the wrongdoing. The case was referred to the Assistant U.S. Attorney for prosecution but was declined in lieu of administrative action. The PSC resigned and repaid the amount of the claim to USAID.

### **Foreign Service National Employee Issued Letter of Admonishment**

The USAID Office of Security discovered that a FSN computer operator had disabled USAID/Egypt virus scan software on a computer and downloaded a known hacker tool. The OIG investigation confirmed that the employee had done this but found no evidence of a malicious attempt to probe other computers or systems. The FSN claimed to be unaware of any wrongdoing and to have downloaded the program to compare it with a similar one used by the Mission. Since the FSN violated written mission policy, the individual was issued an official letter of admonishment.

**USAID/West Bank and Gaza Cancels Cooperative Agreement**

An OIG investigation of a Non-Government Organization (NGO) revealed that the NGO Director had used project funds for personal use. As a result, USAID/West Bank and Gaza cancelled the cooperative agreement with the NGO and deobligated the remaining funds: \$493,845. Subsequently, the NGO Director resigned. Under the terms of the cooperative agreement, the NGO had been tasked to design and implement a survey-based results measurement plan for analyzing the performance of a program on Democracy and Government in the West Bank and Gaza Strip.

# BUREAU FOR EUROPE AND EURASIA

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

The OIG conducted an audit of USAID/Romania's performance monitoring to determine the accuracy and completeness of the Mission's annual Results Review and Resource Request (R4). USAID/Romania's R4 report included 21 performance indicators for on-going activities. The OIG tested five major indicators and found that USAID/Romania had prepared a detailed performance monitoring plan that included indicator descriptions and units of measurement, data sources, data collection schedules, data calculation methodologies, and data acquisition and analysis responsibilities within the Mission. In addition, the Mission had established baseline data for all indicators in order to measure progress toward strategic objectives. The OIG determined that the Mission's R4 report had generally been completed in accordance with USAID guidance.

The OIG also identified opportunities for improvement, noting that some Mission monitoring plans were too general to allow for consistent results monitoring and reporting. The OIG also raised concerns about the lack of formal data quality assessments, and identified numerous shortcomings in results reporting. In some cases, performance monitoring plans were not as complete as required, data quality assessments were generally not done, and R4 reporting standards were not always met. The Mission concurred with the report findings and agreed to undertake corrective actions. (*Audit Report No. B-186-01-003-P*)

## *Adequacy of Financial Audit Coverage of Non-U.S. Grants and Contracts at Selected USAID Missions*

Financial audits of contracts and grants are a primary mechanism for effective management control over USAID's program expenditures. These audits are designed to provide USAID management reasonable assurance that contractors and grantees (1) properly record and account for all transactions, (2) follow all applicable laws and regulations, (3) comply with all contract or grant agreement provisions, and (4) safeguard USAID-financed property and equipment against unauthorized use or disposition.

The OIG completed audits at three Missions—USAID/Russia, USAID/Bulgaria, and USAID/Romania—to determine whether (1) the Missions' audit universe was complete and accurate, and (2) required audits were done in a timely manner. The audits covered 42 awards with total annual disbursements of \$11.8 million.

The audits showed that, overall, each Mission used an appropriate audit universe. However, the Missions needed to strengthen internal controls and better manage their audit programs. Specifically, (1) USAID/Russia did not complete two of its audits within required time frames; (2) USAID/Romania needed to develop a comprehensive annual audit plan; and (3) USAID/Bulgaria needed to formalize its written procedures and document proceedings of its management control review committee meetings. Management at all three Missions agreed to take required corrective actions to address the deficiencies. (*Audit Report Nos. B-183-01-002-P, B-118-01-004-P, B-186-01-005-P*)

### **Audit Of USAID/Bosnia-Herzegovina's Business Development Program for the Period April 1, 1999 through March 31, 2000**

Bosnia-Herzegovina's physical infrastructure sustained extensive damage during the war. Reconstruction requires financial resources and long-term credit to rehabilitate and revitalize Bosnian businesses, thus creating sustainable employment opportunities, especially for demobilized soldiers and refugees. In May 1996, USAID initiated the Bosnian Business Development Program, a \$278 million program intended to "jump-start" economic growth and generate employment opportunities. Of the \$278 million available for the program, \$256 million was allocated for the loan program and \$22 million for technical assistance, training, and support costs.

The OIG found that from April 1, 1999 through March 31, 2000, the program's loan volume represented only about 5 percent—\$5.5 million—of the targeted amount of \$120 million. There were various reasons why loan activity did not meet the targeted amount, including an increased emphasis on loan quality and loan monitoring, and a shift of resources to pursue delinquent borrowers and fraudulent banking activities. The weakening economy, the war in Kosovo and growing competition from other lenders also contributed to a reduction in USAID-sponsored loan activity. (*Audit Report No. B-168-01-001-P*)

### **Serbia Electricity Supply Program**

The Serbia Electricity Supply Program transferred \$10 million to the Government of the Federal Republic of Yugoslavia to cover the cost of importing electricity for homeowners and eligible Serbian organizations. Prior to the completion of the grant agreement and the commencement of activities for this program, the Europe and Eurasia (E&E) Bureau requested the OIG's assistance in reviewing the Serbian Electric Utility's account and billing systems in order to gain assurance that the program could be implemented as intended.

When security issues prevented the OIG from conducting an on-site audit, the OIG reviewed documentation that USAID obtained from the Serbian Electric Utility. The OIG analyzed these documents, summarized potential risk areas, and developed a list of questions for the E&E Bureau to consider before making a final decision. Utilizing the data provided by the OIG, the Bureau decided to proceed with the Serbia Electricity Supply Program.

# BUREAU FOR HUMANITARIAN RESPONSE

## *Audit of Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936*

When providing food assistance to nations overseas, both USAID and the U.S. Department of Agriculture (USDA) are required by law to ship a certain percentage of tonnage on privately owned U.S.-flag commercial vessels. This cargo preference helps ensure that the United States maintains an adequate and viable merchant marine. In 1985, Congress increased this requirement from 50 percent to 75 percent for commodities shipped under certain U.S. food assistance programs. At the same time, Congress directed that the U.S. Department of Transportation (DOT) finance any increases in food assistance shipping costs due to the application of this new requirement.

Under a Memorandum of Understanding, USDA agreed to apply for all cargo preference reimbursements from DOT. After receiving funds from DOT, USDA would then apportion to USAID the funds pertaining to the Agency's P.L. 480 Title II and Title III food shipments. Since 1992, USDA has received a total of \$284 million in cargo preference reimbursements for the five food assistance programs administered by USDA and USAID. Of that amount, \$142 million was reimbursed to USAID for shipments made under P.L. 480 Titles II and III.

The OIG found that, in accordance with established laws, policies, and procedures governing the administration of cargo preference reimbursements, USDA could be entitled to as much as \$289 million in additional reimbursements. Of that amount, up to \$175 million could be made available to the two programs administered by USAID.

Furthermore, the OIG found that at least \$7.2 million in USAID cargo preference reimbursements had been misallocated to a USDA program. During the audit, the OIG also identified several procedural problems which, if corrected, could result in significantly more accurate, complete, and timely reimbursements for the international food assistance programs administered by USDA and USAID.

The OIG recommended that USAID:

- seek \$175 million in unclaimed reimbursements for excess ocean freight costs dating back to 1994;



- request correction of a \$7.2 million misallocation of a 1995 cargo preference reimbursement from a USDA program to the two USAID-administered programs;
- determine an equitable method for allocating future reimbursements in conjunction with USDA;
- request that USDA submit all outstanding reimbursement claims for reimbursement of incremental ocean freight differential;
- request that USDA reconcile the \$187 million difference between requested and paid claims;
- develop written procedures with USDA for timely apportionment of reimbursed funds to USAID-administered programs; and
- establish a joint task force with USDA, DOT, and the Office of Management and Budget to update the Memorandum of Understanding to address the problems identified by the OIG.

USAID management concurred with the audit findings, but has not yet taken action to implement the OIG's specific recommendations. (*Audit Report No. 9-000-01-003-P*)



*Cranes unload P.L. 480 food assistance from a U.S. flagged vessel.*

### **PVO Banned from Humanitarian Assistance Program**

A joint USAID and Department of State (DOS) OIG investigation was initiated based on allegations that a private voluntary organization (PVO) was using humanitarian assistance funds

to ship non-humanitarian goods to Eurasia. The PVO was a participant in the humanitarian assistance shipment program, which prohibited the shipment of profitable items, or the shipment of pre-addressed parcels for a fee.

The investigation confirmed that the PVO had advertised and shipped pre-addressed parcels to Eurasia on a for-profit basis. The PVO charged families living in the U.S. a fee to ship personal packages to their relatives in Eurasia. It then retained those fees as profit, while using humanitarian assistance funds (provided by the U.S. taxpayer) to pay for the actual costs of shipping. The investigation led to a DOS inspection of a PVO shipment that was bound for Eurasia; the inspection revealed non-inventoried items, non-humanitarian articles, restricted food items, and nearly 1,000 pre-addressed personal parcels.

As a result of these findings, the DOS immediately banned the PVO from further participation in the humanitarian assistance shipment program.

# BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

## *Audit of USAID/Honduras' Water and Sanitation Activities*

As part of its oversight effort for the Central America and the Caribbean Emergency Disaster Recovery Fund (CACEDRF), the OIG performed an audit of USAID/Honduras' water and sanitation activities. The audit sought to determine whether (1) USAID/Honduras' water and sanitation reconstruction activities were on schedule to achieve the planned outputs and (2) Government of Honduras agencies followed USAID competition requirements in awarding host government contracts.

The OIG found that USAID/Honduras' water and sanitation reconstruction activities were not on schedule to achieve the planned outputs. While construction of rural water systems and latrines by the Government of Honduras' National Autonomous Water and Sanitation Service (Spanish acronym: SANAA) was proceeding on schedule, SANAA's construction of the urban water system was delayed. The urban water systems were expected to be 37 percent complete by September 2000, but were only 8 percent complete, mainly due to delays in receiving USAID-purchased construction materials. These materials were arriving at construction sites when the auditors completed their work in December 2000.

The other Government of Honduras agency working with USAID—the Honduran Social Investment Fund (Spanish acronym: FHIS)—is responsible for constructing water and sanitation systems at relocation sites for displaced persons as well as in urban areas. At USAID's direction, FHIS packaged these systems in seven procurement "bundles" to make them more attractive to potential U.S. bidders. At the time of the OIG's audit, FHIS had awarded one of the seven procurement bundles. Construction of the systems included in this procurement bundle was expected to be between 22 percent and 30 percent complete by September 2000 (different targets were established for each individual system). Actual construction progress as of September 2000 ranged from 8 percent to 13 percent.

The OIG recommended that USAID/Honduras obtain revised work plans showing what adjustments would be made to construction schedules in order to make up for lost time. In response, USAID/Honduras has developed revised implementation plans for the FHIS projects, but is still in the process of developing a firm plan of action for the SANAA activities.

The OIG also found that the water and sanitation reconstruction activities followed USAID prescribed policies and procedures on competition in awarding host country contracts. (*Audit Report No. 1-522-01-003-P*)



*OIG team inspects a USAID-sponsored latrine project at Hato Nuevo community.*



*A USAID-sponsored well in Paz Alí community, Municipality of Puerto Morazán-Chinandega.*

### **Audit of USAID/Dominican Republic's Housing Reconstruction Activities**

As part of its oversight effort for activities funded by CACEDRF, the OIG audited USAID/Dominican Republic's housing reconstruction and repair activities. The audit sought to determine whether the reconstruction activities were on schedule and whether the Mission had implemented an adequate monitoring system for its activities.

The OIG found that the USAID/Dominican Republic's housing reconstruction activities were on schedule, and that 2,250 new houses should be completed as planned. For the housing repair activity, however, the OIG noted that the Mission would repair only 1,541 houses, as compared to 2,750 houses in the approved work plan. The Mission had decided to shift resources in order to include full water and sanitation facilities in the newly constructed houses. The OIG recommended that USAID/Dominican Republic (1) obtain a revised work plan from its grantee and (2) update the cooperative agreement to reflect the revised plan. The Mission agreed with this recommendation.

The OIG concluded that the Mission had implemented an adequate monitoring system for its reconstruction activities. USAID/Dominican Republic staff worked closely with the grantee to develop housing projects that were consistent with the Mission's housing reconstruction strategy. Mission staff also made frequent site visits to ensure proper implementation of the

project and to monitor progress. Also, in collaboration with the OIG, the Mission had contracted for a concurrent financial audit of the project. (*Audit Report No. 1-517-01-001-P*)

### **Investigation of Procurement Irregularities in Honduras Results in Agency Action to Suspend Funding of Contracts Totaling \$25.7 Million**

The OIG committed extra resources to raise the level of fraud awareness and program integrity in Honduras due to concerns about the vulnerability of this program to fraud and abuse. The commitment to the Honduras program was accelerated in specific response to the rapid infusion of funds associated with the Hurricane Mitch relief and reconstruction effort, and the OIG took the proactive step of conducting an extensive fraud awareness training program in the country.

Thus, upon receipt of allegations of corruption and fraud by U.S. contractors in pursuit of the USAID-funded host country construction contracts under the Honduras Hurricane Mitch Program, the OIG responded immediately by initiating an investigation. Working closely with the USAID Mission, the investigation quickly disclosed evidence that U.S. companies competing for several of the major construction contracts had engaged in fraudulent activity.

As a result of these findings, USAID determined that immediate action was necessary to protect the integrity of the program and took the decisive step of suspending further funding for the contracts in question. The total value of these contracts amounted to approximately \$25.7 million.

### **Ministry of Health Employees Arrested in El Salvador for Embezzling USAID Funds**

El Salvador's Office of the Controller General audited a USAID-funded project known as *Proyecto Salvadorenos Saludables* (Healthy Salvadorans Project); it uncovered \$65,000 in losses due to suspected fraudulent activity. When this information came to the attention of USAID El Salvador, the Mission contacted the OIG to request assistance in determining the extent of the fraud. An OIG investigator met with Government of El Salvador (GOES) officials of the Ministry of Health for this purpose and to ensure that all parties responsible were identified and prosecuted. With the assistance of the OIG, the GOES Prosecutor's Office conducted an extensive investigation that found that six employees of the Ministry of Health were involved in the conspiracy to embezzle funds from the project. Further investigation by the GOES identified a seventh co-conspirator and all seven Salvadoran citizens were arrested and held for trial. The investigation generated significant media coverage in El Salvador.

### **Investigation Yields \$139,000 Savings**

The OIG investigated the selection process for a Foreign Service National (FSN) position in a USAID Mission in Latin America after allegations of irregularities were received. The investigation revealed that the Mission initially sought to fill a Personal Service Contractor /FSN

position. However, after the selection committee advertised the position, evaluated the applications and identified several qualified applicants, it decided to change the requirement to a contractor position without properly re-initiating the procurement process. The OIG investigation disclosed that one member of the evaluation committee learned that the highest ranked applicant (among the several judged qualified) would not accept the job at the advertised salary range of \$57,000 to \$61,000. Therefore, the committee decided to change the requirement to a contractor position, for which a higher salary of \$139,000 could be justified. As a result of the OIG findings, the Regional Contracting Officer cancelled the award of the \$139,000 contract, as not being in the best interests of the U.S. government.

# BUREAU FOR MANAGEMENT

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

Under the Government Management Reform Act of 1994, the OIG is required to audit USAID's financial statements and (1) issue an opinion on the fairness of the financial statements in accordance with generally accepted accounting principles; (2) report on related internal controls; and (3) report on compliance with applicable laws and regulations.

After completing this audit, the OIG was unable to express an opinion regarding USAID's fiscal year 2000 financial statements because USAID:

- had not developed adequate accounting and financial management systems to produce complete, reliable, timely and consistent financial statements without material adjustments—in excess of \$3 billion—to its year-end account balances;
- changed its methodologies for calculating and reporting (1) accounts payable and (2) accrued expenses related to advances to grantees, and the OIG, due to time constraints, was unable to validate the resulting adjustments; and
- had not completed its implementation of OIG recommendations made to correct previously identified deficiencies.

In addition, the Department of Health and Human Services (DHHS), which provides payment and management services for USAID advances to grantees, experienced system problems during the third and fourth quarters of fiscal year 2000. As a result, USAID had to estimate (1) the accrued expenses related to advances provided to grantees and (2) year-end grantee account balances. The OIG could not judge the validity of these estimates and the resulting adjustments.

While unable to express an opinion regarding the Agency's financial statements, the OIG found that USAID's internal controls had improved during the past 12 months. However, the Agency had not corrected all of the deficiencies identified during previous OIG audits. For example, USAID had not fully implemented adequate internal controls to ensure that its financial information was reliable. Consequently, USAID has no assurance that all transactions were executed in accordance with laws and regulations governing the use of budget authority.



During this audit, the OIG also noted that computer security deficiencies continue to expose USAID to unacceptable risks, and that resources and data are not yet adequately protected from loss, theft, alterations, or destruction. These deficiencies will not be fully resolved until significant system improvements are completed in Washington and overseas.

USAID management generally concurred with the audit findings and agreed to work with the OIG to eliminate the problems that prevent the OIG from rendering an opinion on USAID's financial statements. (*Audit Report No. 0-000-01-006-F*)

### **Audits of USAID's Major Balance Sheet Line Items and Related Internal Controls For Fiscal Year 2000**

The OIG completed a series of additional audits as part of an annual review of USAID's consolidated financial statements. For fiscal year 2000, the OIG agreed with USAID management to concentrate these audits on selected major balance sheet line items. Results of these audits are as follows:

#### ***Advance Account Balances***

The OIG could not determine the reliability of USAID's advance account balances because the Agency:

- continues to use the cash pooling method of accounting for advances to grantees, which reduces USAID's ability to report the accurate status of financial and budgetary resources;
- did not promptly record 603 grant agreements and modifications totaling approximately \$633 million;
- transferred to DHHS unliquidated obligations totaling about \$1.3 billion in fiscal year 1999 without verifying the accuracy of the transferred balances;
- failed to perform a monthly reconciliation between the advance subsidiary ledger for grantee advances and the USAID general ledger;
- did not provide an adequate audit trail within its general ledger system to verify advances totaling \$1.4 billion; and
- did not promptly record in its general ledger expenditures totaling about \$767 million for the third and fourth quarters of fiscal year 2000.

In response to this report, USAID management agreed to improve USAID's accounting for advances, strengthen internal controls, and comply with applicable laws and regulations. (*Audit Report No. 0-000-01-003-F*)

### ***Accrued Expenditures and Accounts Payable***

The OIG was unable to determine whether USAID properly calculated and reported accrued expenses and related accounts payable as of September 30, 2000. In response to recommendations made in previous audit reports, USAID developed a new methodology for calculating its accrued expenses and related accounts payable. As a result, USAID made a \$2.3 billion adjustment to its accounts payable line item to reverse incorrect accrual calculations. The OIG was unable to verify the reliability of this balance adjustment. In addition, the OIG was unable to determine whether USAID's methodology for calculating accrued expenses and related accounts payable for its Washington activities complied with the generally accepted accounting principles.

The OIG will review USAID's new methodology to determine whether it complies with generally accepted accounting principles and whether it reduces audit risk associated with this line item. (*Audit Report No. 0-000-01-004-F*)

### ***Credit Program***

The OIG determined that USAID established adequate internal controls to compute and report its credit program account balances. However, the OIG found that as of September 30, 2000, there was a difference of approximately \$459 million between USAID's general ledger statement for loans receivable and its subsidiary ledger balance maintained by Riggs National Bank.

USAID was able to find and resolve approximately \$366 million of the \$459 million difference, and the Agency made the necessary balance sheet adjustments. To bring the general ledger fully into balance with the subsidiary ledger, USAID posted a one-time unsupported adjustment of approximately \$93 million for differences that could not be resolved.

The OIG agreed that the one-time adjustment was necessary to bring USAID's general ledger into balance with its subsidiary ledger. However, the OIG recommended that USAID make a footnote disclosure to the financial statements to explain the adjustment. (*Audit Report No. 0-000-01-002-F*)

### ***USAID's Fund Balance With The U.S. Treasury***

The OIG determined that USAID's internal controls permitted reliable reporting of the Agency's Fund Balance with the U.S. Treasury account as of September 30, 2000. However, the OIG found that USAID did not consistently reconcile its Fund Balance with the U.S. Treasury accounts, and did not always comply with Office of Management and Budget reporting requirements.

The OIG recommended that USAID:

- continue to perform a detailed analysis of its outstanding reconciling items, and to resolve or write off the remaining reconciling items;
- reconcile the mission adjustment account in the general ledger to the cumulative amounts in the mission ledgers and resolve any differences; and
- develop and implement procedures to obtain the necessary information needed from its overseas missions to prepare and submit required budgetary reports.

USAID concurred with the report findings and agreed to implement the OIG's recommendations. (*Audit Report No. 0-000-01-005-F*)

**Quick Response Audit of Liquidation of Expenditures  
Under Grant No. 649-0141-G-00-4002-00**

This audit was conducted in response to a request submitted by the former USAID/Somalia Mission Director. The OIG sought to determine whether USAID's Office of Financial Management followed adequate internal controls to process program advance vouchers submitted by the World Food Program under Grant No. 649-0141-G-00-4002-00.

The OIG found that USAID's Office of Financial Management did not follow adequate internal controls to process program vouchers submitted by the World Food Program. According to USAID, the vouchers were mistakenly processed during an exercise undertaken to process all vouchers on hand. As a result, USAID overstated advance-related expenditures by recording approximately \$4 million of disapproved vouchers in its general ledger. USAID agreed with the OIG's audit findings and recommendation and reclassified the funds from an expense account back to the advance account. (*Audit Report No. 0-000-01-007-F*)

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

As the responsible Federal oversight agency, the OIG reviewed the audit report of a grantee organization. The audit covered expenditures totaling \$1.9 million and found that the grantee:

- failed to comply with code of conduct as required by OMB regulations;
- did not maintain verifiable records to support cost-sharing and in-kind contributions;
- maintained cash in excess of needs; and
- failed to file final financial reports on a timely basis.

The OIG confirmed that the audit met the reporting requirements of OMB Circular A-133 and recommended that the grantee resolve the findings in a timely manner. (*Audit Report No. 0-000-01-008-T*)

# FOUNDATION INITIATIVES

In November 1999, the President signed Public Law 106-113, which amended the Inspector General Act of 1978 by assigning to the OIG audit and investigative responsibilities for the African Development Foundation (ADF) and the Inter-American Foundation (IAF). Both foundations are U. S. Government corporations and receive funding through USAID's Development Assistance appropriation.

## ***AFRICAN DEVELOPMENT FOUNDATION***

ADF began field operations in 1984 and provides grants directly to community groups in Africa. It receives its funding from congressional appropriations and also seeks supplemental funding from public and private sources. During the past three fiscal years, the Congress appropriated \$44.4 million for ADF programs and operations.

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

### ***Audit of Selected Processes at the African Development Foundation***

At the request of the Chairman of the Senate Foreign Relations Committee, the OIG reviewed ADF's (1) selection of mechanisms for obtaining in-country services and representation, (2) rate of obligation of appropriated funds, and (3) categorization of program costs versus operating expenses.

The OIG found that ADF had complied with a legislative requirement for fiscal year 1999 to obligate not more than 15 percent of the Foundation's annual appropriation during the last month of availability. Further, ADF had properly categorized program and operating costs in accordance with a format specifically prescribed by the Office of Management and Budget.

However, the OIG determined that ADF was inappropriately using cooperative agreements to obtain in-country technical and personal services. In addition, ADF exercised such extensive controls over its Country Liaison Officers that its relationship with them was arguably that of

employer-employee rather than donor-recipient. Consequently, the OIG recommended that ADF terminate its cooperative agreements and obtain in-country services and representation in a manner that complied with federal laws and regulations.

In response to this recommendation, ADF management agreed to replace its cooperative agreements for in-country services and representation. (*Audit Report No. 9-ADF-01-002-P*)

***Audit of the African Development Foundation's Financial Statements, Internal Controls, and Compliance for Fiscal Year 2000***

Under the supervision of the OIG, a private accounting firm audited ADF's fiscal year 2000 financial statements, internal controls, and compliance with applicable financial laws and regulations. The auditors issued an unqualified opinion on ADF's Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for fiscal year 2000. However, the auditors could not render an opinion regarding the fairness of ADF's fiscal year 2000 Statement of Budgetary Resources and Statement of Financing. Various amounts included in these two Statements could not be verified.

After reviewing the auditors' findings, the OIG recommended several improvements that were accepted by ADF management. (*Audit Report No. 0-ADF-01-008-F*)

***Audit of the African Development Foundation Consolidated Financial Statement for Fiscal Year 1999***

The OIG conducted a quality control review of a private accounting firm's audit of ADF's financial statement for fiscal year 1999. The OIG reviewed the audit to ensure it had been performed in accordance with the General Accounting Office's Government Auditing Standards and OMB Bulletin No. 98-08, *Audit Requirements for Federal Financial Statements*.

The OIG found that the Foundation's financial statement audit for fiscal year 1999 generally met the required standards. ADF's financial statements, including the notes thereto, presented fairly, in all material respects, the Foundation's financial position as of September 30, 1999, in conformity with generally accepted accounting principles.

However, the audit report identified a material weakness regarding ADF's internal controls, as well as material noncompliance with applicable laws and regulations. To address these findings, the OIG recommended that the Foundation:

- comply with applicable Federal laws and regulations regarding reporting, audit follow-up, security of Federal automated resources, and management accountability and control;
- implement adequate segregation of duties over administrative disbursements;

- reconcile the general ledger accounts on a timely basis and improve training to individuals performing the reconciliation;
- implement systems to record all relevant grant information, including grant collections and disbursements; and
- promptly return to the U.S. Treasury any funds remaining from expired grants. (*Audit Report No. 0-ADF-01-002-Q*)

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

IAF was established in 1969 and provides grants directly to local organizations in Latin America and the Caribbean. The Foundation is based in Arlington, Virginia and governed by a nine-member Board of Directors appointed by the President of the United States. IAF's operating and program budget consists of congressional appropriations and funds derived through the Social Progress Trust Fund. IAF also enters into partnerships with public and private sector entities to increase support and mobilize local, national, and international resources. During the past three fiscal years, the Congress appropriated \$47 million for IAF programs and operations.

Grants are awarded following a screening process and concurrence by top management. IAF oversees its grants through direct observation and reports provided to headquarters representatives and by maintaining IAF representatives in each of the countries where the Foundation is active. IAF is currently in the process of restructuring its overseas staff to reduce costs and improve the accuracy and efficiency of data collection.

#### ***Audit of Selected Processes at the Inter-American Foundation***

At the request of the Chairman of the Senate Foreign Relations Committee, the OIG audited IAF's (1) selection mechanisms for obtaining in-country services and representation, (2) rate of obligation of appropriated funds, and (3) categorization of program costs versus operating expenses.

The OIG determined that IAF generally categorized program and operating costs in accordance with a format prescribed specifically for IAF by the Office of Management and Budget. The OIG also concurred with IAF's decision to use procurement contracts for obtaining in-country services and representation. However, at the conclusion of the audit, IAF had not completed the process of awarding contracts for providing technical assistance to grantees in several countries in which it had active grants. Consequently, the OIG recommended that IAF promptly complete the process of awarding competitive contracts to obtain in-country technical assistance for grantees in all countries in which it had activities.

The OIG found that IAF had complied with a legislative requirement for fiscal year 1999 to obligate not more than 15 percent of the Foundation's annual appropriation during the last



month of availability. However, because IAF's General Counsel did not believe that the provision applied to IAF, the OIG recommended that IAF seek a formal legal opinion on the issue from USAID's Office of General Counsel.

IAF management agreed to take action on both OIG recommendations. (*Audit Report No. 9-IAF-01-001-P*)

***Audit of the Inter-American Foundation's Financial Statements, Internal Controls, and Compliance for Fiscal Year 2000***

Under the supervision of the OIG, a private accounting firm audited IAF's fiscal year 2000 financial statements, internal controls, and compliance with applicable financial laws and regulations. The auditors were unable to express an opinion on IAF's principal financial statements because the audit scope was impaired. The auditors stated that IAF's financial management systems could not produce complete, reliable and timely financial statements that were verifiable and consistent with its general ledger. Furthermore, the auditors reported that IAF had three internal control weaknesses related to its financial management systems and three instances of material noncompliance with selected provisions of applicable law and regulations.

After reviewing the auditors' findings, the OIG recommended several actions to correct the identified deficiencies. IAF management agreed to implement changes in response to the OIG's recommendations. (*Audit Report No. 0-IAF-01-009-F*)

***Audit of the Inter-American Foundation Consolidated Financial Statements for Fiscal Year 1999***

The OIG conducted a quality control review of a private accounting firm's audit of IAF's financial statement for fiscal year 1999. The OIG reviewed the audit to ensure that it had been performed in accordance with the General Accounting Office's Government Auditing Standards and OMB Bulletin No. 98-08, *Audit Requirements for Federal Financial Statements*.

The OIG determined that the Foundation's financial statement audit for fiscal year 1999 generally met the required standards. IAF's financial statements, including the notes thereto, presented fairly, in all material respects, the Foundation's financial position as of September 30, 1999, in conformity with generally accepted accounting principles. (*Audit Report No. 0-IAF-01-001-Q*)

## OTHER REPORTING REQUIREMENTS

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

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

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

Table A: *Reports Issued October 1, 2000 through March 31, 2001*

Table B: *Audit Reports Over Six Months Old With No Management Decision as of March 31, 2001*

Table C: *Significant Audit Reports Described in Previous Semiannual Reports Without Final Action as of March 31, 2001*

Table D: *Reports Issued With Questioned and Unsupported Costs (October 1, 2000 through March 31, 2001)*

Table E: *Reports Issued With Recommendations That Funds Be Put to Better Use (October 1, 2000 through March 31, 2001)*

## REPORTS ISSUED

October 1, 2000 through March 31, 2001

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		<i>-- USAID Financial Statement Audits --</i>		
0-000-01-002-F	02/15/01	Audit of USAID's Credit Program and Related Internal Controls for Fiscal Year 2000		
0-000-01-003-F	02/15/01	Audit of USAID's Advances and Related Internal Controls for Fiscal Year 2000		
0-000-01-004-F	02/15/01	Audit of USAID's Accrued Expenditures, Accounts Payable, and Related Internal Controls for Fiscal Year 2000		
0-000-01-005-F	02/15/01	Audit of USAID's Fund Balance with the U.S. Treasury and Related Internal Controls for Fiscal Year 2000		
0-000-01-006-F	02/26/01	Reports on USAID's Consolidated Financial Statements, Internal Controls, and Compliance for Fiscal Year 2000		
0-000-01-007-F	02/15/01	Quick Response Audit of Liquidation of Expenditures Under Grant No. 649-0141-G-00-4002-00	4,010	BU
		<i>-- Financial-Related Audits of USAID Programs and Operations --</i>		
B-118-01-001-F	11/30/00	Audit of USAID/Russia's Financial Operations and Management Controls		
B-110-01-002-F	01/09/01	Audit of USAID/Russia's Cashiering Operations		
0-000-01-001-F	12/15/00	Application of Agreed-Upon Procedures on USAID's Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and the Supplemental Semiannual Headcount Reported to the Office of Personnel Management		
1-519-01-001-F	01/23/01	Audit of Certain USAID/El Salvador Financial Operations and Management Controls		
1-517-01-002-F	01/09/01	Audit of Certain USAID/Dominican Republic Financial Operations		
1-519-01-003-F	02/26/01	Audit of USAID/El Salvador's U101-Reported Financial Data as of September 30, 2000		
4-656-01-001-F	02/28/01	Audit of USAID/Mozambique's Financial Operations and Controls		
9-000-01-001-F	03/13/01	Audit of USAID's Bureau for Africa's Management of Unliquidated Obligations	8,060	BU

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		<i>-- Agency-Funded Audits --</i>		
1-517-01-002-N	10/16/00	The Cooperative Housing Foundation, Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID/DR-Project No. CA-517-A-00-00-000102-00 from October 17, 1999 to March 31, 2000		
1-517-01-003-N	10/16/00	The Cooperative Housing Foundation, Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID/DR-Project No. CA-517-A-00-00-000102-00 for the Quarter Ending June 30, 2000		
1-524-01-004-N	10/18/00	CARE International in Nicaragua, Concurrent Financial Statement Audit of the USAID Resources Under Award No. 524-A-00-00-0001-00 "Rural Infrastructure Rehabilitation/Cash-for-Work," for the Period April 1 to June 30, 2000		
1-521-01-005-N	10/27/00	Pan American Development Foundation in Haiti, Concurrent Financial Statement Audit of the USAID Resources Under Award No. 521-A-00-99-00072-00 "Hurricane Georges Recovery Program," for the Period April 1 to June 30, 2000		
1-524-01-007-N	11/01/00	Concurrent Financial Statement Audit of the Agricultural Reconstruction Program in the Republic of Nicaragua, USAID Cooperative Agreement No. 524-A-00-00-00004-00, Managed by the World Relief Corporation, for the Period July 16, 1999 to June 30, 2000		
1-524-01-008-N	11/01/00	Catholic Relief Service in Nicaragua, Concurrent Financial Statement Audit of the USAID Resources Under Cooperative Agreement No. 524-A-00-00-00002-00, Program of Agricultural Rehabilitation and Credit for Poor Families in the Hurricane Mitch Devastated Areas of Northern and Northwestern Nicaragua, for the Period July 16, 1999 to June 30, 2000	4	QC
1-519-01-009-N	11/09/00	Audit of the USAID/El Salvador Resources Managed by the Cooperative Housing Foundation Under Agreement No. 519-A-00-99-00088-00 Mitch Integrated Reconstruction Activity, for the Period June 17, 1999 to June 30, 2000		
1-519-01-010-N	11/09/00	Audit of the USAID/El Salvador Resources Managed by the Technical Secretariat for External Financing Under Project No. 519-0449 Rural Electrification, for the Period July 2, 1999 to June 30, 2000		
1-520-01-012-N	12/05/00	Audit of the USAID-Donated Contraceptives, Managed by the Guatemalan Social Security Institute Under SOAG No. 520-0428, "Better Health for Rural Women and Children," for the Period September 17, 1997 to June 30, 2000	333 333	QC UN
1-520-01-013-N	12/05/00	Audit of the USAID-Donated Contraceptives, Managed by the Ministry of Health Under SOAG No. 520-0428, "Better Health for Rural Women and Children," for the Period September 17, 1997 to June 30, 2000		
1-520-01-014-N	12/07/00	Audit of the USAID Resources Managed by the Ministry of Agriculture, Livestock, and Food, through the International Center for Agriculture Preinvestment, Under Project 520-0433, "Special Objective: Rural Economy Recovers from Mitch and is Less Vulnerable to Disasters," January 1, 2000 to June 30, 2000		

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-01-015-N	12/07/00	Concurrent Financial Statement Audit of the USAID Resources Managed by the Jose Maria Covelo Foundation in Honduras, Under Cooperative Agreement No. 522-A-00-00-00206-00, Post-Mitch Revitalization of the Micro-Finance Sector in Honduras, for the Period April 1 to June 30, 2000	15	QC
1-522-01-016-N	01/16/01	Concurrent Financial Statement Audit of the USAID Resources Managed by the National Autonomous Aqueduct and Sewage Service, Under Agreement No. 522-0410.03, "Hurricane Reconstruction Program," for the Period August 16, 1999 to March 31, 2000		
1-522-01-017-N	12/22/00	Concurrent Financial Statement Audit of the USAID Resources Managed by the Fondo Nacional de Produccion y Vivienda, Under Special Objective Agricultural Reactivation Credit Activity, Component of the Hurricane Reconstruction Program, Agreement No. 522-0410.01 Amendment No. 12, for the Period March 14 to June 30, 2000		
1-520-01-024-N	01/23/01	Audit of the USAID Resources Managed by the Ministry of Agriculture, Livestock, and Food, Through the International Center for Agriculture Preinvestment, Under Project 520-0433 "Special Objective: Rural Economy Recovers from Mitch and is Less Vulnerable to Disasters," July 1, 2000 to September 30, 2000	25 2	QC UN
1-524-01-025-N	01/25/01	CARE International in Nicaragua, Concurrent Financial Statement Audit of the USAID Resources Under Award No. 524-A-00-00-00001-00 "Rural Infrastructure Rehabilitation/Cash-for-Work," for the Period July 1 to September 30, 2000		
1-519-01-026-N	01/26/01	The Ministry of Public Works, Concurrent Financial Statement Audit of the Rehabilitation of the Rural Roads Project, Financed by USAID Grant Agreement No. 519-0449, through the Project Coordinator Unit, for the Quarter Ended September 30, 2000		
1-517-01-027-N	01/31/01	The Cooperative Housing Foundation, Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID/DR-Project No. CA-517-A-00-00-000102-00 for the Quarter Ending September 30, 2000		
1-522-01-028-N	02/08/01	Concurrent Financial Statement Audit of the USAID Resources Managed by the Honduran Social Investment Fund Under Special Objective Grant Agreement No. 522-0410.00, "Emergency Reconstruction of Roads and Bridges Project," Under the Hurricane Reconstruction Program, for the Period June 9, 1999 to June 30, 2000	58 51	QC UN
1-522-01-029-N	02/12/01	Concurrent Financial Statement Audit of the USAID Resources Managed by the Cooperative Federation of Credit Unions of Honduras, LTD., Under Cooperative Agreement No. 522-A-00-00-0247-00, "REACT Activity Component of the Hurricane Reconstruction Program," for the Period March 22 to June 30, 2000	24	QC
1-524-01-030-N	03/05/01	Concurrent Financial Statement Audit of the Agricultural Reconstruction Program in the Republic of Nicaragua, USAID Cooperative Agreement No. 524-A-00-00-00004-00, Managed by the World Relief Corporation, for the Period July 1, 2000 to September 30, 2000		
1-514-01-031-N	03/16/01	Concurrent Financial Statement Audit of USAID/Colombia Resources Under the Earthquake Reconstruction Program (Project No. 514-9005), Managed by Planning and Development Collaborative International – PADCO, for the Period from January 18, 2000 through September 30, 2000		

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-01-032-N	03/16/01	Concurrent Financial Statement Audit of the USAID Resources Managed by the Honduran Social Investment Fund/Employment Generation Unit (FHIS/UGE-Urban Water) Under the Hurricane Reconstruction Program No. 522-0410.03 and No. 522-0410.05, for the Period January 7, to June 30, 2000	274 251	QC UN
1-524-01-033-N	03/29/01	Catholic Relief Services in Nicaragua, Concurrent Financial Statement Audit of the USAID Resources Under Cooperative Agreement No. 524-A-00-00-00002-00, Program of Agricultural Rehabilitation and Credit for Poor Families in the Hurricane Mitch Devastated Areas of Northern and Northwestern Nicaragua, for the Period July 1, 2000 to September 30, 2000	3	QC
4-621-01-001-N	10/06/00	Audit of the IRG Environmental Policy and Institutional Support, Contract No. PCE-1-00-96-00002-00, for the Period September 30, 1997 through November 30, 1999		
4-621-01-002-N	10/18/00	Audit of the AWF Partnership Options for Resource Use Innovation, Cooperative Agreement Nos. 623-A-00-98-00024-00 & 623-A-00-98-00057-00, for the Period April 19, 1998 through December 31, 1999		
4-621-01-003-N	10/19/00	Audit of the Agreement for Environmental Education & Communication, Tanzania, Contract No. PCE-Q-00-93-00069-00, Task Order 24, for the Period January 1, 1999 through December 31, 1999		
4-621-01-004-N	10/20/00	Audit of the Tanzania Coastal Management Partnership Under the University of Rhode Island's Contract No. PCE-A-00-95-00030-00, for the Period November 1, 1997 to September 30, 1999		
4-621-01-005-N	10/23/00	Audit of the Environmental Governance Initiative with World Resources Institute's Tanzania Partners Under USAID Cooperative Agreement No. PCE-5517-A-00-5021-00, for the Period January 1, 1998 to September 30, 1999		
4-621-01-006-N	11/09/00	Audit of the Interagency Agreement of the Partnership for Biodiversity Program, Interagency Agreement No. ENV-P-010-97-0002-00		
5-492-01-001-N	01/25/01	Audit of USAID/Philippines Peso Trust Fund for the Period February 1, 1999 to January 31, 2000		
6-263-01-001-N	10/10/00	Financial Audit of Ronco Consulting Corporation's Local Expenditures Incurred Under Contract No. 263-C-00-96-00053	1	QC
6-263-01-002-N	11/20/00	Financial Audit of the Ministry of Health and Population, Expenditures Incurred Under Implementation Letter No. 2 Under USAID/Egypt's Technical Support for Health Policy Support Program (Project No. 263-0254)		
6-263-01-003-N	01/09/01	Report on Agreed-Upon Procedures Related to USAID/Egypt Resources Provided to the Central Agency for Public Mobilization and Statistics Under Project Implementation Letter No. 4 of the Technical Support for Sector Policy Reform Program (Project No. 263-0233)		
6-263-01-004-N	03/18/01	Audit of the Ministry of International Cooperation, Expenditures Incurred Under Project Implementation Letters No. 2 and 7, Under USAID/Egypt's Technical Support for Sector Policy Reform Project (Project No. 263-0233)		

BU - Better Use of Funds  
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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		<b><i>-- Initial Review of Recipient-Contracted Audits of U.S.-Based Grantees --</i></b>		
0-000-01-001-T	11/30/00	Initial Review of Planning Assistance, Inc. for the Fiscal Year Ended December 31, 1999		
0-000-01-002-T	11/30/00	Initial Review of American ORT, Inc. for the Fiscal Year Ended December 31, 1999		
0-000-01-003-T	11/30/00	Initial Review of the Audit of Nazareth Project, Inc. for the Fiscal Year Ended June 30, 1999		
0-000-01-004-T	02/16/01	Initial Review of the Audit of American Center for International Labor Solidarity for the Fiscal Year Ended December 31, 1999		
0-000-01-005-T	02/16/01	Initial Review of the Audit of EnterpriseWorks Worldwide, Inc. for the Fiscal Year Ended December 31, 1999		
0-000-01-006-T	02/16/01	Initial Review of the Audit of Technoserve, Inc. for the Fiscal Year Ended December 31, 1999		
0-000-01-007-T	02/16/01	Initial Review of the Audit of Salesian Missions for the Fiscal Year Ended December 31, 1999		
0-000-01-008-T	02/15/01	Initial Review of the Audit of Education Fund of the American Center for International Labor Solidarity for the Fiscal Year Ended December 31, 1999		
0-000-01-009-T	02/27/01	Initial Review of the Audit of Adventist Development and Relief Agency International for the Fiscal Year Ended December 31, 1999		
0-000-01-010-T	03/19/01	Initial Review of the Audit of Corporate Council on Africa Inc. for the Fiscal Year Ended December 31, 1999		
0-000-01-011-T	03/19/01	Initial Review of the Audit of Small Enterprise Assistance Funds for the Fiscal Year Ended June 30, 2000		
		<b><i>-- Audits of Non-U.S. Organizations by DCAA --</i></b>		
0-000-01-012-D	10/27/00	Appropriate Technologies for Enterprise Creation, Pre-Award Accounting Survey		
0-000-01-014-D	12/01/00	ActionAid, Report on Application of Agreed-Upon Procedures		
0-000-01-015-D	12/27/00	Medical Emergency Relief International Report on Application of Agreed-Upon Procedures		
0-000-01-019-D	11/21/00	Norwegian People's Aid Report on FY 2000 Provisional Billing Rates		
0-000-01-020-D	11/21/00	Norwegian People's Aid Agreed-Upon Procedures for Direct Costs and Indirect Rates for Fiscal Years 1996, 1997, 1998, and 1999, and Closure of Previous Audit Findings	217	QC
0-000-01-021-D	11/21/00	Children's Aid Direct Report on Provisional Indirect Rate Review		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-01-022-D	11/21/00	Grupo di Volontariato Civile Report on Application of Agreed Upon Procedures for Indirect Rates, Direct Costs and Provisional Billing Rates		
0-000-01-023-D	11/21/00	Children's Aid Direct Report on Application of Agreed Upon Procedures for Indirect Rates, Direct Costs, Provisional Billing Rates, Adequacy of Audit Coverage and Closure of Previous Audit Findings for USAID Grants during Fiscal Years 1996, 1997, 1998 and 1999		
0-000-01-024-D	12/01/00	Women's World Banking, Report on Pre-Award Accounting System Survey		
0-000-01-026-D	12/07/00	RedR, Report on Agreed-Upon Procedures for Indirect Rates, Direct Costs, Adequacy of Audit Coverage and Closure of Previous Audit Findings for USAID Grants		
0-000-01-029-D	12/14/00	Oxfam-Great Britain, Report on Preaward Accounting Survey		
0-000-01-030-D	12/27/00	Save the Children, Report on Application of Agreed-Upon Procedures		
0-000-01-031-D	12/27/00	Movimiento Manuela Ramos, Report on Review of Reimbursable Cost Sharing Cooperative Agreement Proposal		
1-524-01-001-D	03/06/01	Fondo de Inversion Social de Emergencia, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, for the Quarter Ended December 31, 2000	3	QC
1-524-01-021-N	01/10/01	Fondo de Inversion Social de Emergencia, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, for the Quarter Ended June 30, 2000	36	QC
1-524-01-022-N	01/12/01	Fondo de Inversion Social de Emergencia, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, for the Quarter Ended September 30, 2000	11	QC
5-492-01-001-D	01/26/01	Report on Agreed-Upon Procedures Related to the PCI Leasing and Finance Loan Portfolio Guarantee Under the Microenterprise & Small Business Loan Portfolio Guarantee (LPG Activity No. 936-4216.5)	803	QC
5-492-01-003-D	02/14/01	Audit of Andres Soriano Foundation, Inc., Projects Under Grant No. 492-0395-G-SS-4025-00 for the Period January 1, 1994 to December 31, 1996		
		<i>-- Audits of U.S.-Based Organizations by DCAA --</i>		
B-168-01-001-D	03/07/01	Report on Audit of Cumulative Costs Billed Under Prime Contract No. EPE-0058-C-6017-00 by Parsons Delaware, Inc., Pasadena, California	13	QC
0-000-01-001-D	10/17/00	Report on Preaward Accounting System Survey of Parliamentarians for Global Action		
0-000-01-002-D	10/17/00	SRI International Report on Follow-up Audit of Internal Controls Over Budget and Planning System		
0-000-01-003-D	10/17/00	Report on Abt Accounting System Audit for Abt Associates, Inc.		
0-000-01-004-D	10/17/00	Report on Audit of Incurred Costs for the Fiscal Year Ended December 31, 1998 for IGI International		

BU - Better Use of Funds  
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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-01-005-D	10/17/00	SRI International Audit of Compliance with Cost Accounting Standard 411		
0-000-01-006-D	10/17/00	SRI International Audit of Compliance with Cost Accounting Standard 410		
0-000-01-007-D	10/17/00	Report on Compensation System Internal Controls for Abt Associates, Inc.		
0-000-01-008-D	10/17/00	Report on Audit of Incurred Cost Proposals for the Calendar Years 1998 and 1999 for International Management and Communication Corp.		
0-000-01-009-D	10/17/00	SRI International Audit of Compliance with Cost Accounting Standard 418		
0-000-01-010-D	10/30/00	John Snow, Inc. Audit Report of 1997 & 1998 Incurred Cost		
0-000-01-011-D	10/27/00	First Washington Associates, Ltd. Audit of Annual Incurred Costs for Fiscal Years 1993, 1994 & 1995		
0-000-01-013-D	10/30/00	University Research Corporation Report of Audit of Fiscal Year 1998 Incurred Costs		
0-000-01-016-D	11/21/00	Burns and Roe Enterprises, Inc. CAS 410 Compliance		
0-000-01-017-D	11/21/00	Burns and Roe Enterprises, Inc. Accounting System Review		
0-000-01-018-D	11/21/00	Gavin Anderson & Company 1996, 1997 and 1998 Incurred Cost Submission for USAID		
0-000-01-025-D	12/07/00	Burns and Roe Enterprise, Inc. Report on Financial Capability Audit		
0-000-01-027-D	12/14/00	Burns and Roe Enterprises, Inc., Report on CAS 409 Compliance Audit		
0-000-01-028-D	12/14/00	Report on Audit of the American National Red Cross Compensation System Internal Controls and Support of Compensation for Personal Services		
0-000-01-032-D	01/04/01	Cooperative Resources International, Inc., Report on Preaward Accounting System Audit		
0-000-01-033-D	01/04/01	Management Systems International, Inc. Report on Audit of Timekeeping Practices and Physical Observations of Work Areas		
0-000-01-034-D	01/04/01	Creative Associates International, Inc., Report on Fiscal Year 1998 Incurred Cost		
0-000-01-035-D	01/24/01	The Mitchell Group, Inc., Report on Fiscal Year 1998 Incurred Cost Audit		
0-000-01-036-D	01/24/01	Devtech Systems, Inc., Report on Audit of Final Indirect Rates and Incurred Cost for Calendar Year 1999		
0-000-01-037-D	01/24/01	Management Systems International, Inc., Report on Fiscal Year 1998 and FY 1999 Incurred Cost		
0-000-01-038-D	01/24/01	The Futures Group International, Inc., Report on Fiscal Year End 31 December 1999 Direct Costs and Indirect Rates		
0-000-01-039-D	01/24/01	SRI International, Compensation System Review		
0-000-01-040-D	01/24/01	Foundation for Democracy in Africa, Report on Preaward Accounting System Review		
0-000-01-041-D	02/05/01	Management Sciences for Health, Report on RFP No. M/OP-00-0672 Cost Realism		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
0-000-01-042-D	02/05/01	Foundation for Democracy in Africa, Report on Pricing Proposal		
0-000-01-043-D	02/27/01	Audit of USAID 1995-1996 Specified Costs/T&M Contract No. CCN-0002-Q-01-3154-00	26	QC
0-000-01-044-D	02/27/01	Audit of Cost Realism Proposal – M/OP/-00-672		
0-000-01-045-D	02/14/01	Audit Report on Review of Raytheon Engineers and Constructors, Incorporated Calendar Year 1998 Incurred Cost		
0-000-01-046-D	02/23/01	International Institute for Energy Conservation, Audit Report on Termination Settlement Proposal	79	QC
0-000-01-047-D	02/27/01	Development Associates, Inc. Report on Audit of Fiscal Year 1998 Incurred Cost		
0-000-01-048-D	03/19/01	Abt Associates, Inc. Report on Audit of Fiscal Years 1998 and 1999 Incurred Costs	95	QC
0-000-01-049-D	03/19/01	Terra Institute, Report on Preaward Accounting System Audit		
0-000-01-050-D	03/19/01	Shelter Now International, Report on Preaward Accounting System Audit		
0-000-01-051-D	03/19/01	Jorge Scientific Corporation, Report on Audit of Incurred Costs for Fiscal Years Ended February 1995, 1996, 1997, 1998, 1999 and 2000		
0-000-01-052-D	03/19/01	Innovative Resource Management, Report on Follow-up Preaward Accounting System Survey		
1-524-01-002-D	03/08/01	Academy for Educational Development, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, for the Quarter Ended December 31, 2000		
1-522-01-003-D	03/22/01	Concurrent Financial Statement Audit of USAID Resources Managed by Samaritan's Purse in Honduras, Under Cooperative Agreement No. 522-A-00-00-00209-00 "Honduran Shelter Rehabilitation Program" for the Quarter Ended December 31, 2000		
1-522-01-004-D	03/23/01	Concurrent Financial Statement Audit of USAID Resources Managed by the Cooperative Housing Foundation in Honduras, Under Grant No. 522-A-00-99-00077-00 "Emergency Shelter Project," No. 522-A-00-00-00207-00 "Programa Hogar," and No. 522-A-00-00-00208-00 "Starter Home," for the Quarter Ended December 31, 2000		
1-522-01-005-D	03/28/01	Concurrent Financial Statement Audit of the USAID Resources Managed by DevTech Systems, Inc. in Honduras, Under Contract No. 522-C-00-00-00243-00 "Component for the Educational Opportunities Provided for Hurricane Affected Students Activity," for the Quarter Ended December 31, 2000		
1-522-01-001-N	10/03/00	Concurrent Financial Statement Audit of the USAID Resources Managed by Samaritan's Purse in Honduras, Under Award No. 522-A-00-00-00209-00 "Honduran Shelter Rehabilitation Program" for the Period April 1, 2000 to June 30, 2000		
1-522-01-006-N	10/27/00	Concurrent Financial Statement Audit of the USAID Resources Managed by DevTech Systems, Inc. in Honduras Under Contract No. 522-C-00-00-00243-00 "Component for the Educational Opportunities Provided for Hurricane Affected Students Activity," for the Period January 15, 2000 to June 30, 2000		

BU - Better Use of Funds  
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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-01-011-N	12/01/00	Concurrent Financial Statement Audit of the USAID Resources Managed by Cooperative Housing Foundation in Honduras, Under Grants No. 522-A-00-99-00077-00 "Emergency Shelter Project," No. 522-A-00-00-00207-00 "Programa Hogar," and No. 522-A-00-00-00208-00 "Starter Home," for the Period September 28, 1999 to June 30, 2000		
1-522-01-018-N	01/08/01	Concurrent Financial Statement Audit of USAID Resources Managed by Samaritan's Purse in Honduras, Under Cooperative Agreement No. 522-A-00-00-00209-00 "Honduran Shelter Rehabilitation Program" for the Quarter Ended September 30, 2000		
1-522-01-019-N	01/08/01	Concurrent Financial Statement Audit of USAID Resources Managed by the Cooperative Housing Foundation in Honduras, Under Grant No. 522-A-00-99-00077-00 "Emergency Shelter Project," No. 522-A-00-00-00207-00 "Programa Hogar," and No. 522-A-00-00-00208-00 "Starter Home," for the Quarter Ended September 30, 2000		
1-524-01-020-N	01/08/01	Academy for Educational Development, Concurrent Financial Statement Audit of the Quarterly Fund Accountability Statement, for the Quarter Ended September 30, 2000		
1-522-01-023-N	01/12/01	Concurrent Financial Statement Audit of the USAID Resources Managed by DevTech Systems, Inc. in Honduras, Under Contract No. 522-C-00-00-00243-00 "Component for the Educational Opportunities Provided for Hurricane Affected Students Activity," for the Quarter Ended September 30, 2000	92	QC
5-492-01-002-D	02/08/01	Report on Agreed-Upon Procedures Related to the Associates in Rural Development, Inc. Governance and Local Democracy Project	174	QC
		<i>-- Recipient-Contracted Audits of Non-U.S.-Based Recipients --</i>		
B-181-01-001-R	12/20/00	Audit of the Center for Social and Economic Research in Warsaw, Poland Under USAID Agreement Nos. 181-A-00-97-00322, 121-A-00-98-00623, 181-A-00-97-00321, and 121-G-00-97-09004 for Various Time Periods During 1997 through 1999	34	QC
B-110-01-002-R	01/05/01	Audit of the Institute for the Economy in Transition Under USAID Grant No. 118-A-00-98-00196-00 for the Period from September 29, 1998 to March 31, 2000		
B-181-01-003-R	01/09/01	Audit of the Foundation in Support of Local Democracy Under USAID Grant No. 181-G-00-98-00308-00 for the Period from April 1, 1998, through May 31, 2000	19	QC
B-650-01-004-R	02/16/01	Audit of Veterinaires Sans Frontieres ASBL in Bruxelles, Belgium Under USAID Grant No. AOT-G-00-98-00187-00 for the Period from September 14, 1998, through December 31, 1999		
B-110-01-005-R	02/21/01	Audit of Academy of Management and the Market Under USAID Grant No. 118-A-00-98-00190-00 for the Period from January 1, 1999, through December 31, 1999		
B-118-01-006-R	03/02/01	Audit of IPO Junior Achievement Russia Under USAID Grant No. 118-G-00-98-00151-00 for the Period from January 1, 1999, through December 31, 1999		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
B-181-01-007-R	03/22/01	Audit of Municipal Development Agency Under USAID Grant No. 181-A-00-99-00307 for the Period from June 1, 1999 to October 31, 2000		
1-521-01-001-R	10/05/00	Audit of the Civil Service Downsizing Retraining Program, USAID/Haiti – Project No. 521-0222, Managed by Experts-Conseils et Associes and Centre de Formation et D'Encadrement Technique, for the Period October 27, 1998 through September 30, 1999		
1-519-01-002-R	10/10/00	Fundacion Empresarial para el Desarrollo Educativo, Audit of USAID/El Salvador Donation Agreement No. 519-0401, Project to Support the Education Reform for the Social Sector, for the Year Ended December 31, 1999		
1-520-01-003-R	10/10/00	Audit of the Project Accord on the Rights and Identity of Indigenous Peoples – Human Capacity Development USAID/G-CAP Project No. 520-A-00-98-00013-00, for the Year Ended December 31, 1999		
1-520-01-004-R	10/13/00	Financial and Compliance Audit of USAID/G-CAP Agreement No. 520-98-A-00-00037-00, Managed by Asociacion Pro-Bienestar de la Familia de Guatemala, January 1 to December 31, 1999		
1-527-01-005-R	10/16/00	Audit of the Fund Accountability Statements of the Children's Nutrition and Agricultural Income Generation Programs Financed by the Alimentary Help Grant Agreement Title II Monetization and Direct Distribution with Resources of Public Law 480 and Section 202 (e) Farm Bill from USAID, Managed by the Adventist Development and Relief Agency, for the Periods October 1, 1996 through September 30, 1997 and October 1, 1997 through September 30, 1998		
1-522-01-006-R	10/17/00	Audit of the USAID/Honduras Resources Under the Strengthening Democratic Institutions Project No. 522-0296, Managed by the Public Ministry, from January 1, 1995 to March 31, 1999		
1-522-01-007-R	10/18/00	Audit of the USAID/Honduras Resources, Managed by the Honduran Forestry Development Corporation Under the Forestry Development Project No. 522-0246, from January 1, 1995 to December 31, 1998 (Close Out)	1	QC
1-524-01-008-R	10/19/00	Asociacion por la Humanizacion de la Vida (Colectivo Gaviota), Audit of USAID Resources Managed by Colectivo Gaviota Under Cooperative Agreements No. 524-A-00-97-00010-00 and No. 524-A-00-98-00007-00, for the Period February 27, 1997 through February 28, 1999 (Close Out)		
1-518-01-009-R	10/20/00	Audit of the Project on the Analysis and Promotion of Health Policies in Ecuador, Managed by the Center of Population and Social Development Studies, USAID/Ecuador Agreement No. 518-A-00-95-00133-00, for the Year Ended December 31, 1998		
1-524-01-010-R	10/20/00	Grupo FUNDEMOS, Financial Audit of the USAID Resources Under Cooperative Agreement No. 524-A-00-98-00009-00 "Strengthening Democratic Institutions," for the Period May 1, 1998 to April 30, 2000 (Close Out)		
1-525-01-011-R	10/27/00	Chamber of Commerce, Industry, and Agriculture of Panama, Trade and Investment Development Project, USAID/Panama Cooperative Agreement No. 525-A-00-92-00204-00, for the Year Ended March 31, 2000	5	QC
1-524-01-012-R	10/30/00	Close-Out Financial Audit of the USAID Resources Managed by Comision Permanente de los Derechos Humanos Under Cooperative Agreement No. 524-A-00-99-00008-00, for the Period October 3, 1998 to December 31, 1999		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-517-01-013-R	11/30/00	Close-Out Financial Audit of Colegio Cristo Rey, Grant Agreement No. 517-G-00-97-00106-00, for the Period from July 16, 1997 to September 30, 1998		
1-517-01-014-R	12/08/00	Audit for the Fundacion Contra El Hambre, Inc., Child Survival Program, Phase III Under Donation Agreement No. 517-0247-G-004004-00, Financial Statement and Compliance Report for the Period Ended September 30, 1995	7 7	QC UN
1-527-01-015-R	12/08/00	Financial Statements of Asociacion Benefica PRISMA at December 31, 1998, Fund Accountability Statement and its Reconciliation with the Balance of Cash and Food Statement – Commodity Status Report of Programs and/or Projects Funded through the United States Agency for International Development, for the Period from October 1, 1997 to September 30, 1998 and from January 1 to December 31, 1998		
1-517-01-016-R	12/14/00	Audit of Asociacion Aguas Vivientes, Inc. (Drinking Water and Health Environment Project Donation Agreement No. 517-0247-G-00-5029-00) Financial Statements and Compliance Report; November 9, 1995 (With the Auditor's Report Thereon)		
1-517-01-017-R	12/15/00	Financial Close-Out Audit of the Private Initiatives in Primary Education Project, Managed by Accion Para La Educacion Basica, USAID/DR No. 517-0251-A 2232-00, for the Period January 1, 1997 through February 28, 1998		
1-511-01-018-R	12/19/00	Audit of Catholic University of Bolivia, Human Resources for Development Project, CUB-USAID-HIID, USAID Cooperative Agreement No. 511-A-00-94-00052-00, for the Period January 1, 1999 to June 30, 1999 (Project Closing Date)	17 3	QC UN
1-522-01-019-R	12/20/00	Audit of the Project Centro Nacional de Concientizacion y Prevencion del SIDA, USAID/Honduras Project No. 522-A-00-98-00117-00, Managed by the Fundacion Fomento en Salud, for the Period from February 1 to December 31, 1998		
1-526-01-020-R	12/20/00	Audit of the Agreement No. 526-A-00-94-00008-00 Managed by the Alter Vida Association for the Year Ended December 31, 1999	7 7	QC UN
1-517-01-021-R	12/20/00	Financial Audit Economic Education Project USAID/Dominican Republic No. 517-0264 Managed by Fundacion Economia y Desarrollo, Inc. for the Period August 1, 1993 to July 31, 1995		
1-527-01-022-R	12/21/00	Audit of the USAID Program PL 480 Title II (Monetization), Managed by Caritas del Peru, for the Fiscal Period from October 1, 1998 to September 30, 1999		
1-517-01-023-R	12/21/00	Financial Audit Fundacion Dominicana de Desarrollo, Inc. (Donation Covenant #517-0247-G-00-3036-00 with U.S. Agency for International Development – USAID) June 30, 1996		
1-517-01-024-R	12/22/00	Caritas Dominicana Centro de Promocion Social San Juan Bautista; Garment Workshops Program Grant 517-0247-G-00-5125-00: Fund Accountability Statement, Schedule of Counterpart Contributions and Auditor's Reports; Santo Domingo, D.R. August 2, 1996	1	QC
1-522-01-025-R	12/22/00	Project USAID/Small Business II No. 522-0241.01, Managed by the Foundation for the Promotion of Small and Microbusiness, Jose Maria Covelo, for the Year Ended December 31, 1996		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-522-01-026-R	12/22/00	Project USAID/Small Business II No. 522-0241.01, Managed by the Foundation for the Promotion of Small and Microbusiness, Jose Maria Covelo, for the Year Ended December 31, 1997		
1-517-01-027-R	12/22/00	Liga Dominicana Contra el Cancer, Inc.; Cancer Prevention and Education Project; USAID/Dominican Republic USAID Fund 517-0247-G-00-3187-00; Report and Financial Statements for the Period from July 1, 1995 to September 30, 1996 and from August 3, 1993 to September 30, 1996		
1-526-01-028-R	12/27/00	Audit of Project No. 526-A-00-93-00001-00, Executed by Centro Paraguayo Para la Promocion de la Libertad Economica y de la Justicia Social, for the Year Ended December 31, 1999		
1-527-01-029-R	12/28/00	Audit of the Fund Accountability Statement of USAID Cooperative Agreement No. 527-A-00-98-00151, Component 1, Increase in Access to Basic Service and Participation on Decision Making, and Audit of Asociacion de Municipalidades de la Region San Martin Financial Statements for General Purposes, for the Year Ended December 31, 1999		
1-517-01-030-R	12/28/00	Audit of Instituto Superior de Agricultura, Proyecto Universitario de Asociacion Empresarial, Grant No. 517-0243, Financial Report on the Audit of the Project, Period from August 1, 1993 to July 31, 1995		
1-520-01-031-R	12/29/00	Audit of the Development and Support to the Modernization of the State Project, USAID/G-CAP Project No. 520-9999-A-00-6064-00, Managed by Corporacion de Inversiones y Desarrollo de Centro America, S.A., for the Period July 1, 1999 to June 30, 2000		
1-517-01-032-R	12/29/00	Audit of Instituto Superior de Agricultura, Proyecto Universitario de Asociacion Empresarial, Grant No. 517-0243, Financial Report on the Audit of the Project, Period from August 1, 1995 to December 31, 1996		
1-517-01-033-R	12/29/00	Financial Audit of the Potable Water and Sanitation Project, USAID/Dominican Republic No. 517-0247-G-00-5029-00, Managed by Asociacion Aguas Vivientes, Inc., Year Ended November 9, 1996		
1-524-01-034-R	01/05/01	Financial Audit of CARE International Nicaragua, Agricultural Rehabilitation and Alimentary Assurance of Posoltega, USAID Cooperative Agreement No. 524-A-00-99-00049-00, for the Period May 26, 1999 to May 30, 2000		
1-523-01-035-R	01/05/01	Independent Auditor's Report on the Statement of Accountability and Financial Statements, as of December 31, 1999, of the Trust Fund Established Pursuant to the Agreement Signed by the Fondo Mexicano para la Conservacion de la Naturaleza, A.C., and the U.S. Agency for International Development Corresponding to the Wildfire Prevention and Restoration Program		
1-517-01-036-R	01/09/01	Financial Audit of the Participation of Organized Civil Society in the Democratization of Cultural and Political Practices in the Dominican Republic, Cooperative Agreement USAID Project No. 517-A-00-97-00107-00, Managed by Participacion Ciudadana, Financial Statements for the Period September 1, 1998 to August 31, 1999 and Independent Auditor's Report	1	QC
1-517-01-037-R	01/10/01	Financial Close-out Audit Statement of USAID Resources (Project No. 517-G-00-99-00215-00), Managed by the Fundacion para el Desarrollo de Azua, San Juan y Elias Pina, Inc., for the Period February 10, 1999 to March 31, 2000		

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



### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-517-01-038-R	01/11/01	Financial Audit of USAID/Dominican Republic Project No. 517-0267, "Productivity and Income Enhancement for the Disadvantaged," Managed by the Centro de Apoyo a la Microempresa (CAMPE)/Instituto Tecnológico de Santo Domingo, for the Period from September 1, 1996 to December 31, 1997		
1-517-01-039-R	01/11/01	Asociacion Aguas Vivientes, Inc., Child Survival Program – Phase III, (Donation Agreement No. 517-0247-G-004004-00), Financial Statements and Compliance Report, for the Year Ended September 30, 1995		
1-517-01-040-R	01/18/01	Accion Evangelica de Desarrollo, Inc., Infant Survival Program, Grant 517-0247-G-4004-00, Fund Accountability Statements and Auditor's Reports, for the Period from October 1, 1993 to September 30, 1995		
1-517-01-041-R	01/18/01	Centro de Investigacion y Apoyo Cultural, Inc., Infant Survival Program Grant 517-0247-G-4004-00, Fund Accountability Statements and Auditor's Reports, for the Period October 1, 1993 through September 30, 1995	1	QC
1-596-01-042-R	01/18/01	Close-Out Audit Report of the Family Health Services Project USAID/G-CAP No. 520-0357, Executed by the Reproductive Health Unit of the Ministry, for the Period from April 1, 1997 to September 30, 1999		
1-526-01-043-R	01/19/01	Audit of the Program No. 526-0616-G-SS-2018-00, Managed by the Foundation Moises Bertoni for the Conservation of Nature, for the Period of Two Years Ended on December 31, 1999		
1-517-01-044-R	01/19/01	Financial Close-Out Audit, Micro and Small Business Development Project, USAID/DR No. 517-0254, Managed by the Fund for the Financing of Microenterprise, Inc., for the Period January 1 to June 30, 1997		
1-527-01-045-R	01/19/01	Community Reproductive Health Project, Cooperative Agreement No. 527-A-00-95-00372-04, Managed by Movimiento Manuela Ramos, for the Period from January 1, 1998 to December 31, 1998		
1-517-01-046-R	01/19/01	Fundacion para el Desarrollo de la Juventud, Infant Survival Program Grant No. 517-0247-G-4004-00, Fund Accountability Statements and Auditor's Reports, September 30, 1995	3 3	QC UN
1-518-01-047-R	01/23/01	Financial Audit Report of Agreement No. 518-0117-G-00-3320-00 Proyecto de Educacion Ambiental, Generacion y Transferencia de Tecnologia-Educacion, Administered by the Corporacion de Gestion Tecnologia y Cientifica sobre el Ambiente – Corporacion Oikos and Funded by the U.S. Agency for International Development for the Period October 1, 1998 to September 30, 1999, and an Audit of the Financial Statements of the Corporacion de Gestion Tecnologica y Cientifica sobre el Ambiente – Corporacion Oikos Together with the Auditor's Report		
1-527-01-048-R	01/23/01	Audit of the Program of Field Epidemiology, Managed by Peruvian University Cayetano Heredia, Under the Child Survival Project, USAID/Peru Project No. 527-0285, for the Period from January 1, 1993 to June 30, 1995		
1-527-01-049-R	01/23/01	Audit of Peruvian University Cayetano Heredia, PROCAME, In-Service Clinical Training Program, Cooperation Agreement No. 527-0285-A-00-4042-00, for the Period from October 1, 1993 to May 15, 1995		

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-517-01-050-R	01/23/01	Financial Audit of the Income and Employment Generation for the South Region Youth Project USAID/Dominican Republic, Project No. 517-0247-G-00-3256-00, Managed by Fundacion Nacional Para el Desarrollo de la Juventud Rural, Inc., for the Year Ended December 31, 1995		
1-517-01-051-R	01/24/01	Financial Audit of the Micro and Small Business Development Project No. 517-0254, Managed by the Fund for the Financing of Microenterprise, Inc., for the Year Ended December 31, 1995		
1-517-01-052-R	01/24/01	Financial Close-Out Audit of the Micro and Small Business Development Project No. 517-0254, Managed by the Fund for the Financing of Microenterprise, Inc., for the Period January 1, 1997 to June 30, 1997		
1-517-01-053-R	01/24/01	Financial Audit of the Rural Electrification and Water Storage Project; USAID Project Cooperative Agreement No. 517-G-00-96-00161-00 (Formerly No. 517-0247-G-00-6161-00) Managed by Fundacion de Apoyo al Suroeste; Financial Statements for the Period July 1, 1996 to June 30, 1998 and Independent Auditor's Report		
1-517-01-054-R	01/25/01	Financial Audit, Fundacion Dominicana de Desarrollo, Inc., (Grant Agreement #517-0247-G-00-3036-00 with U.S. Agency for International Development), for the Period of July 1, 1996 to March 18, 1997		
1-517-01-055-R	01/25/01	Financial Audit of Fundacion para el Desarrollo Comunitario, Inc., Donation Covenant #517-0247-G-00-3090-00 with the Agency for International Development, March 10, 1996	2	QC
1-517-01-056-R	01/25/01	Financial Close-out Audit of the Income and Employment Generation for the South Region Youth Project USAID/Dominican Republic, Project No. 517-0247-G-00-3256-00, Managed by Fundacion Nacional Para el Desarrollo de la Juventud Rural, Inc., for the Period January 1, 1996 to October 31, 1996		
1-522-01-057-R	01/26/01	Financial Audit of the Funds Managed by the Foundation for Environment and Development (Foundation VIDA) Under the USAID Project Number 522-0385, Protection of the Natural Environment Fund, for the Period from January 1, 1993 through December 31, 1998	9 9	QC UN
1-518-01-058-R	01/26/01	Audit of the Project on Family Planning and Reproduction Health Services Managed by Centro Medico de Orientacion y Planificacion Familiar for the Fifteen-Month Period Comprised between October 1, 1997 and December 31, 1998; USAID/Ecuador Agreement 518-A-00-97-00268-00	8	QC
1-525-01-059-R	01/26/01	Audit on the Resources from the Ecological Trust Fund Under the Agreement No. 525-C-00-98-00081-00, the Cooperative Agreement No. 525-A-00-99-00101-00 and the Financial Statements of Fundacion para la Conservacion de los Recursos Naturales, for the Year Ended June 30, 2000	8	QC
1-517-01-060-R	01/29/01	Instituto Dominicano de Desarrollo Integral, Inc. Child Survival Program – Phase III (Donation Agreement No. 517-0247-G-004004-00) Financial Statements and Compliance Report September 30, 1995 (With the Auditor's Report Thereon)	51 51	QC UN
1-518-01-061-R	01/31/01	Audit of the Fund Accountability Statement of USAID/Ecuador Project on Strengthening the Women and Family "Comisarias" Managed by Centro Ecuatoriano para la Promocion y Accion de la Mujer, Project No. 518-A-00-96-00147-00, (CEPAM-Quito Office), for the Period Ended December 31, 1997		

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-523-01-062-R	01/31/01	Audit of Grant Agreement No. 523-G-00-98-00009-00 "I am a Citizen, I am the Government," Managed by Movimiento de Ciudadanos, A.C. Mexico, D.F., for the Period from May 15, 1998 through December 31, 1999		
1-526-01-063-R	02/01/01	Audit of the Project No. 526-A-00-92-00019-00, Managed by the Paraguay Kansas Committee, for the Year Ended December 31, 1999	17	QC
1-511-01-064-R	02/01/01	Ministry of Health and Social Welfare; Integrated Health Project; Health Sector USAID Grant Agreement No. 511-0644.02; Independent Auditor's Report on the Financial Statements as of December 31, 1999	32 23	QC UN
1-518-01-065-R	02/06/01	Project on Strengthening the Women and Family "Comisarias" Managed by the Centro Ecuatoriano Para la Promocion y Accion de la Mujer (CEPAM – Quito Office) for the Year Ended December 31, 1998; USAID/Ecuador Project No. 518-A-00-96-00147-00	1	QC
1-517-01-066-R	02/14/01	Audit of USAID Resources Provided to Fundacion Contra El Hambre, Inc. Under the Water and Sanitation Project No. 517-0247-G-00-6106-00 for the Period from February 16, 1996 to August 15, 1998	2 2	QC UN
1-517-01-067-R	02/15/01	Audit of the Micro and Small Business Development Project No. 517-0254, Managed by the Fund for the Financing of Microenterprise, Inc., for the Year Ended December 31, 1996		
1-527-01-068-R	02/15/01	Audit of the "PROMUJER" Cooperative Agreement No. 527-G-00-98-00257-00 (Promotion of Women Participation in Politics-General Elections Year 2000), Managed by the Movimiento Manuel Ramos, for the Period from June 1, 1998 to December 31, 1999		
1-511-01-069-R	02/15/01	Report of the Fund Accountability Statement of the Women, Men, and Adolescent Sexual and Reproductive Health Improvement Project, USAID Grant Agreement No. CA 511-A-00-98-00158-00, Managed by the Center for Research, Education and Services, for the Period September 28, 1998 to December 31, 1999	182 58	QC UN
1-511-01-070-R	02/15/01	Audit of the Fundacion para la Promocion y Desarrollo de la Micro Empresa, USAID Cooperative Agreement No. 511-A-00-99-00004-0 (Prime Funds), for the Period August 1, 1998 to March 31, 2000		
1-520-01-071-R	02/16/01	Communities in Transition Project, Financial Audit of USAID/G-CAP Project No. 520-0413-00, Managed by Centro Canadiense de Estudios y Cooperacion Internacional, for the Period from April 1, 1999 to March 31, 2000		
1-519-01-072-R	02/16/01	Audit of the Health Systems Support Project, Finance with the USAID/El Salvador Donation Agreement No. 519-0308, Managed and Implemented by the Ministry of Public Health and Social Assistance, for the Period from January 1 to July 31, 2000 (Close Out)		
1-517-01-073-R	02/21/01	Audit of the Democratic Initiatives Support Project, Managed by Pontificia Universidad Catolica Madre y Maestra, for the Period from April 1, 1997 to March 31, 1998		
1-517-01-074-R	02/21/01	Audit of the Democratic Initiatives Support Project, Managed by Pontificia Universidad Catolica Madre y Maestra for the Period from April 1, 1998 to March 31, 1999		

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-518-01-075-R	02/21/01	APROFE Asociacion Pro-Bienestar de la Familia Ecuatoriana; Audit of the Program Supporting Family Planning Services and Promotion of Other Services Signed with the United States Agency for International Development Under Cooperative Agreement No. 518-G-00-97-00267-00; for the Year Ended December 31, 1999		
1-524-01-076-R	02/27/01	Cooperative League of the USA, Otherwise Referred to as National Cooperative Business Association, USAID/Nicaragua Agricultural Restoration and Economic Reactivation Post Mitch Project No. 524-A-00-00-00006-00; Fund Accountability Statement Audit for the Period from July 16, 1999 to June 30, 2000		
1-524-01-077-R	02/27/01	KATALYSIS Partnership Financial Audit of the Project "Rapid Reconstruction and Sustainable Recovery in Mitch-Affected Areas" Under USAID/Nicaragua Cooperative Agreement No. 524-A-00-99-00056-00; for the Period from October 1, 1999 to September 30, 2000		
1-517-01-078-R	03/05/01	Audit of the Productivity and Income Enhancement for the Disadvantaged Project, Cooperative Agreement, USAID Project No. 517-0267, Managed by Centro de Apoyo a la Micro y Pequena Empresa/Instituto Tecnologico de Santo Domingo, for the Year Ended December 31, 1998	20 20	QC UN
1-521-01-079-R	03/08/01	Fund Accountability Statement of USAID Resources, Managed by Winrock International/Haiti Field Office, Under Project No. 521-0257-C-00-7025-00, Asset Project, for the Period of March 31, 1997 through June 30, 1999	377 377	QC UN
1-517-01-080-R	03/14/01	Agricultural Land Leveling and Plantain Replanting Project, USAID Donation Agreement No. 517-G-00-99-00212-00, Managed by Fundacion de Apoyo al Suroeste, Financial Statements for the Period January 30 to September 10, 1999 (Completion Date of the Project)	1	QC
1-511-01-081-R	03/15/01	Audit of the Association for Health Protection "PROSALUD," Extension of Service Coverage and Reproductive Health Products Project, Donation Agreement 511-G-00-95-00089-00, Independent Auditor's Report for the Year Ended December 31, 1999	11 7	QC UN
1-523-01-082-R	03/19/01	Independent Auditor's Report on the Statement of Accountability and Financial Statements as of December 31, 1999, of the Trust Fund Established Pursuant to the Agreement Signed by the Fondo Mexicano para la Conservacion de la Naturaleza, A.C., and the U.S. Agency for International Development		
1-517-01-083-R	03/23/01	Housing and Sanitation Project, USAID Grant Agreement No. 517-G-00-99-00213-00, Managed by Fundacion de Apoyo al Suroeste, Financial Statements for the Period February 10, 1999 to February 28, 2000 (Completion Date of the Project)	1	QC
4-612-01-001-R	10/15/00	Malawi Centre for Advice, Research and Education on Rights Grant No. 612-0243-G-00-5346 for the Period October 1, 1998 through September 30, 1999	47	QC
4-674-01-002-R	10/19/00	Audit of the South African Black Construction Assistance Programme, Agreement No. 674-0312-G-SS-3059-00 for the Year Ended February 28, 1999		
4-674-01-003-R	10/19/00	Audit of the South African Black Construction Assistance Programme, Under USAID Grant Agreement No. 674-0312-G-SS-3059-00 for the Year Ended February 29, 2000		
4-674-01-004-R	11/01/00	Audit of Community Dispute Resolution Trust, Agreement No. 674-0301-G-SS-4095-02 for the Period January 1, 1999 through October 31, 1999		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-01-005-R	11/01/00	Audit of the Centre for Human and People's Rights, Under USAID Grant Agreement No. 674-0301-G-SS-4078 for the Years Ended February 29, 1996 and February 28, 1997		
4-674-01-006-R	11/01/00	Audit of the Institute for Democracy in South Africa, Under USAID Grant Agreement No. 674-0301-A-00-6080-00, for the Period January 1, 1998 to June 30, 1999		
4-633-01-007-R	11/15/00	Audit of the Development of Competitive Markets Program, Project No. 663-0004, for the Period July 1, 1996 to December 31, 1998		
4-674-01-008-R	11/30/00	Audit of the South African Foundation for Public Management and Development, Agreement No. 674-0318-G-SS-4168-00		
4-674-01-009-R	11/30/00	Audit of the Educational Opportunities Council Under USAID Grant Agreement No. 674-0309-A-00-0038-00, for the Period January 1 to December 31, 1999		
4-674-01-010-R	12/15/00	Close-out Audit of the USAID Grant Agreement No. 674-0301-A-00-6081-00 with the South African Institute of Race Relations, for the Period from April 1, 1999 to August 31, 1999	5	QC
4-674-01-011-R	11/30/00	Audit of the Desmond Tutu Educational Trust Under USAID Grant Agreement No. 674-0309-G-SS-2038-00 for the Year Ended December 31, 1999		
4-674-01-012-R	11/15/00	Audit of Bellville Community Health AIDS Project, Under USAID Agreement No. 674-0301-G-SS-2043-03, for the Period from June 1, 1996 to April 30, 1998	40	QC
			40	UN
4-621-01-013-R	12/15/00	Audit of the Agricultural Transport Assistance Program under USAID Project No. 621-0166 for the Period July 1, 1997 to June 30, 1998	2	QC
4-674-01-014-R	12/14/00	Audit of the South African Teachers' Union, under USAID Grant Agreement No. 674-G-00-99-0061-00, for the Period August 13, 1999 to December 31, 1999		
4-621-01-015-R	12/15/00	Audit of Family Planning Unit, USAID Project No. 621-0173, for the Period July 1, 1998 to June 30, 1999	24	QC
			21	UN
4-615-01-016-R	12/07/00	Audit of the Tegemeo Institute of Agricultural Policy and Development under USAID Grant Agreement Nos. 615-0243-A-00-5300-00, 615-0263, and 615-0268 for the Periods Ended, 4/30/97, 3/31/99 and 12/31/99, respectively		
4-623-01-017-R	12/12/00	Audit of the Centre for African Family Studies under USAID Cooperative Agreement No. 623-0005-A-00-4143-00 for the Year Ended December 31, 1999		
4-696-01-018-R	12/11/00	Audit of the Universite du Quebec a Montreal English Language Law Program in Rwanda under USAID Grant Agreement No. 623G-00-97-00019-00 for the Year Ended May 31, 2000		
4-674-01-019-R	12/14/00	Audit of the National Professional Teachers' Organisation of South Africa under USAID Grant Agreement No. 674-G-00-99-00060-00, for the Period August 13, 1999 through March 31, 2000		
4-674-01-020-R	12/14/00	Audit of the Institute for Multi-party Democracy under USAID Grant Agreement No. 674-0301-A-00-6079-00 for the Year Ended March 31, 2000		

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### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-611-01-021-R	12/14/00	Audit of the Zambia Association of Chambers of Commerce & Industry/Human Resources Development Project in Zambia under USAID Cooperative Agreement No. 690-0463-A-00-7073-00 for the Period April 1, 1998 through September 30, 1999		
4-674-01-022-R	12/15/00	Audit of Project Literacy, USAID Agreement No. 674-A-00-99-00027-00, for the Period April 12, 1999 to March 31, 2000	80	QC
4-674-01-023-R	12/12/00	Audit of the Community Peace Foundation, Subgrantee of Independent Mediation Service of South Africa under USAID Sub-Grant Agreement No. 6086-A-1314-00 for the Period July 7, 1997 through December 31, 1997		
4-674-01-024-R	12/15/00	Audit of the African Centre for the Constructive Resolution of Disputes under USAID Grant Agreements No. 674-0301-A-00-6064-00 (6064) and AOT-G-0097-00369-00 (00369) for the Year Ended December 31, 1998		
4-674-01-025-R	12/15/00	Audit of Centre for Socio-Legal Studies Democracy for All Program, USAID Agreement No. 674-0301-G-SS-4134-00, for the Period July 1, 1999 to December 31, 1999	15	QC
4-617-01-026-R	01/15/01	Audit of the Uganda Wildlife Education Centre Trust Under USAID Project Agreement Nos. 617-0124.00-55/66 and 617-SO02 for the Period July 1, 1998 to June 30, 1999		
4-621-01-027-R	01/15/01	Audit of the Agricultural Transport Assistance Program Under USAID Grant Agreement No. 621-0166 for the Period October 28, 1998 through April 30, 2000	39 14	QC UN
4-674-01-028-R	12/22/00	Audit of the National Institute for Community Education Trust Under USAID Grant Agreement No. 674-0309-A-00-6044-00 for the Year Ended March 31, 2000		
4-656-01-029-R	01/03/01	Audit of the IBIS Mozambique Labor Intensive Road Rehabilitation Project, Under USAID Grant Agreement No. 656-0232-A-00-6038-00, for the Period from March 31, 1996 to December 31, 1996		
4-674-01-030-R	01/04/01	Audit of the Business Linkages for Under-utilised Enterprises Under USAID Grant Agreement No. 674-0303-A-00-5043-00 for the Period from October 1, 1995 to September 30, 1997		
4-674-01-031-R	01/15/01	Audit of the Business Linkages for Under-utilised Enterprises Under USAID Grant Agreement No. 674-0303-A-00-5043-00 for the Year Ended September 30, 1998	17 17	QC UN
4-674-01-032-R	01/15/01	Audit of the South African Institute of Race Relations Under USAID Project Agreement No. 674-0309-A-00-0039-00 for the Year Ended March 31, 2000	1 1	QC UN
4-623-01-033-R	01/15/01	Audit of the Non-Project Assistance Program to the Government of the Republic of Djibouti Under USAID Grant Agreement No. 603-K-602B for the Period September 28, 1994 to January 31, 1997	88 74	QC UN
4-611-01-034-R	01/05/01	Audit of the Constitutional Review Commission Under USAID Project No. 611-0226 for the Period from January 1, 1993 to December 31, 1995		
4-674-01-035-R	01/22/01	Audit of the Education Foundation Trust Under USAID Grant Agreement No. 674-0302-G-00-6029-00 for the Year Ended March 31, 2000		
4-656-01-036-R	01/29/01	Audit of POWER Under USAID Cooperative Agreement No. 656-0215-A-00-6002-00 for the Period from September 1, 1995 to October 31, 2000		

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<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-01-037-R	02/06/01	Audit of the Independent Examinations Board Under USAID Grant Agreement No. 674-0302-G-00-6063-00 for the Period from January 1, 1999 to June 30, 1999		
5-492-01-001-R	10/02/00	Audit of USAID/Philippines' Disbursements to Philippine Business for Social Progress, Inc. Under Grant Agreement Nos. 492-G-00-97-00058, 492-G-00-98-00031-00 and 492-0470-G-SS-5131-00		
5-386-01-002-R	10/02/00	Audit of the Industrial Development Bank of India, Under the Green House Gas Pollution Prevention Project, Project No. 386-0534		
5-386-01-003-R	10/02/00	Audit of Industrial Credit & Investment Corporation of India Ltd. – Agricultural Commercialization and Enterprise Project Under Project No. 386-0521		
5-386-01-004-R	10/13/00	Audit of National Institute of Urban Affairs Agreement with USAID/India under Grant No. AID 386-0531 – Financial Institutions Reform and Expansion Project	17	QC
5-367-01-005-R	10/27/00	Audit of Nepal CRS Company PVT LTD Under USAID/Nepal's Cooperative Agreement Nos. 367-A-0091-01002-00 and 367-A-00-97-00086-00 for the Period July 16, 1997 to July 16, 1998	34	QC
5-367-01-006-R	10/27/00	Audit of Nepal CRS Company PVT LTD Under USAID/Nepal's Cooperative Agreement No. 367-A-00-97-00086-00 for the Period July 17, 1998 to July 16, 1999	3	QC
5-497-01-007-R	11/08/00	Audit of Yayasan Keanekaragaman Hayati Indonesia Under USAID/Indonesia's Cooperative Agreement No. AID-497-0384-A-00-5011-00 for the Period January 1, 1998 through December 31, 1998	9 7	QC UN
5-367-01-008-R	01/11/01	Audit of USAID/Nepal's Disbursements to Canadian Centre for International Studies and Cooperation, the Market Access for Rural Development, Under Grant Agreement No. 367-G-00-97-00064-00	7	QC
5-367-01-009-R	01/11/01	Audit of USAID/Nepal's Disbursements to Canadian Centre for International Studies and Cooperation – Women's Economic Empowerment Under Grant Agreement No. 367-G-00-97-00025-00		
5-367-01-010-R	01/16/01	Audit of USAID/Nepal's Disbursements to the Ministry of Forestry and Soil Conservation-Environment and Forestry Enterprise Activity Under Grant Agreement No. 367-0167.76		
5-497-01-011-R	01/22/01	Audit of USAID/Indonesia's Disbursements to Komite Independen Pemantau Pemilu Under Grant Agreement No. 497-G-00-99-00014-00	76 51	QC UN
5-497-01-012-R	01/23/01	Audit of USAID/Indonesia's Disbursements to Yayasan Pengembangan Sumber Daya Manusia Under Grant Agreement No. 497-G-00-99-00017-00	125 112	QC UN
5-367-01-013-R	01/24/01	Audit of USAID/Nepal's Disbursements to United Mission to Nepal, the Nepal Resource Management Project, Under Grant Agreement Number 367-G-00-97-00109-00		
5-367-01-014-R	02/07/01	Audit of USAID/Nepal's Dairy Development Corporation, Under Agreement Numbers 367-XXX-000-7626 and OSGM/416 DDC:G-367-1/643-00	85	QC

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

### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
5-492-01-015-R	02/09/01	Audit of Andres Soriano Foundation, Inc., Local Capability Building Through Agro-Forestry (LEAF 2) Project Grant No. 492-0470-G-SS-3086-00 for the Period August 11, 1994 to December 31, 1996		
5-492-01-016-R	02/14/01	Audit of Andres Soriano Foundation, Inc., Projects Under the Community-Based Livelihood Assistance Program (Grant No. 492-0395-G-SS-2160-00) and Mt. Pinatubo Resettlement Program (Grant No. 492-0395-G-SS-4025-00) for the Period January 1, 1994 to December 31, 1996		
5-383-01-017-R	02/15/01	Audit of the U.S. Public Law III Trust Agreement Funds Received by the Technology Initiative for the Private Sector Under Cooperative Agreement No. 383-0108-A-00-1027 for the Period November 1, 1999 to June 30, 2000		
5-383-01-018-R	02/15/01	Audit of the U.S. Public Law III Trust Agreement Funds Received by the Technology Initiative for the Private Sector Under Cooperative Agreement No. 383-0108-A-00-1027 for the Period July 1, 2000 to December 13, 2000		
5-492-01-019-R	02/20/01	Audit of Philippine Business for Social Progress, Inc., (Cooperative Agreement No. 492-0471-A-00-5129) for the Year Ended September 30, 1999		
5-383-01-020-R	02/20/01	Audit of USAID/Sri Lanka Grant Agreement Nos. 386-G-00-97-00216 and 383-G-00-97-00222 with the Hambantota Women's Development Federation Under the Microenterprise Support Activity of the Sustainable Economic Growth Project 383-0120		
5-386-01-021-R	03/05/01	Audit of the Industrial Credit & Investment Corporation of India Ltd., Relating to the Trade in Environment Services and Technology Program for the Period April 1, 1997 to March 31, 1998 Under Project No. 386-0530		
5-386-01-022-R	03/05/01	Audit of the Industrial Credit & Investment Corporation of India Ltd., Relating to the Trade in Environment Services and Technology Program for the Period April 1, 1998 to March 31, 1999 Under Project No. 386-0530		
5-386-01-023-R	03/05/01	Audit of the Industrial Credit & Investment Corporation of India Ltd., Relating to the Trade in Environment Services and Technology Program for the Period April 1, 1999 to March 31, 2000 Under Project No. 386-0530		
5-386-01-024-R	03/06/01	Audit of the Industrial Credit & Investment Corporation of India Ltd., Under the Program for Advancement of Commercial Technology – Child and Reproductive Health for the Period April 1, 1997 to March 31, 1998 Under Project No. 386-0496		
5-386-01-025-R	03/06/01	Audit of the Industrial Credit & Investment Corporation of India Ltd., Under the Program for Advancement of Commercial Technology – Child and Reproductive Health for the Period April 1, 1998 to March 31, 1999 Under Project No. 386-0496		
6-263-01-001-R	10/02/00	Audit of USAID Resources Managed by the Ministry of Health and Population Under Project Implementation Letter No. 2a of USAID/Egypt's Healthy Mother/Healthy Child Project No. 263-0242		
6-263-01-002-R	10/03/00	Audit of USAID Resources Managed by the American Chamber of Commerce in Egypt Under Grant Agreement No. 263-G-00-96-00073-00		
6-263-01-003-R	11/06/00	Audit of USAID Resources Managed by the Supreme Council of Universities – Foreign Relations Co-ordination Unit, Under University Linkage Project II, Project Implementation Letter No. 14, USAID/Egypt Project No. 263-0211		
6-263-01-004-R	11/09/00	Audit of USAID Resources Managed by the Schistosomiasis Vaccine Development Program, Implementation Letter No. 2, Under Result Package No. 263-0265.1		

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



### Financial Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
6-263-01-005-R	12/17/00	Audit of USAID Resources Managed by Alexandria Business Association for Alexandria and Kafr El Sheikh Programs, Under Cooperative Agreement No. 263-A-00-94-00011-00	4	QC
6-263-01-006-R	01/09/01	Audit of the United Engineering and Marketing Company, Costs Incurred Under USAID/Egypt Contract No. 263-C-00-95-00019-00		
6-294-01-007-R	01/24/01	Audit of USAID Resources Managed by the Palestinian Academic Society for the Study of International Affairs Under the Civil Society Empowerment through Training and Skills Development Project, Grant No. 294-00-97-A-00025-00		
6-263-01-008-R	02/26/01	Audit of USAID Resources Managed by Small Enterprise Development Association of Port Said Under Cooperative Agreement No. 263-A-00-94-00047-00	7	QC
6-263-01-009-R	02/27/01	Audit of USAID Resources Managed by Egyptian Small Enterprise Development Foundation Under Cooperative Agreement No. 263-A-00-89-00064-00	3	QC
6-263-01-010-R	02/28/01	Audit of USAID Resources Managed by the Sharkia Businessmen Association for Community Development, Under Cooperative Agreement No. 263-A-00-96-00084, USAID/Egypt Project No. 263-0212		
6-263-01-011-R	03/01/01	Audit of USAID Resources Managed by the Ministry of Health and Population, Costs Incurred Under Implementation Letter No. 4 of USAID/Egypt's Systems Development Project III Under Project No. 263-0267	5 5	QC UN
7-675-01-001-R	12/15/00	Audit of USAID Resources Managed by the Agricultural Marketing Loan Guarantee Fund Under the Agricultural Marketing and Investment Project (No. 675-0221) for the Period from October 1, 1997 through May 31, 1999	82 82	QC UN
7-688-01-002-R	12/18/00	Audit of USAID's Grant to the Malian Ministry of Basic Education Under the Basic Education Expansion Program No. 688-0258.00 for the Period October 1, 1996 through December 31, 1999	20	QC
7-641-01-003-R	12/21/00	Audit of Funds Provided to the Ghana Social Marketing Foundation Under USAID's Grant No. 641-A-00-00-0021 for the Year Ended June 30, 2000		
7-641-01-004-R	12/22/00	Audit of the Planned Parenthood Association of Ghana Under the Ghana Population and AIDS Project Agreement No. CA-641-0131-A-00-5015 for the Period January 1, 1999 to December 31, 1999		
7-641-01-005-R	01/31/01	Audit of Funds Provided to the Ghana Social Marketing Foundation Under USAID's Grant No. 641-A-00-00-00079 for the Year Ended June 30, 2000		
7-675-01-006-R	03/30/01	Audit of USAID Resources Managed by Population Services International/Family Planning Option (PSI/OSFAM) Under the Social Marketing of Contraceptives and Health Products Project No. 675-0228.01 in Guinea for the Year Ended December 31, 1998		
7-675-01-007-R	03/30/01	Audit of USAID Resources Managed by Population Services International/Family Planning Option (PSI/OSFAM) Under the Social Marketing of Contraceptives and Health Products Project No. 675-0228.01 in Guinea for the Year Ended December 31, 1999		
7-675-01-008-R	03/30/01	Audit of USAID Resources Managed by Population Services International/Family Planning Option (PSI/OSFAM) Under the Social Marketing of Contraceptives and Health Products Project No. 675-0228.01 in Guinea for the Eleven Month Period Ended November 30, 2000		

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

### Performance Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		<i>-- Economy and Efficiency Audits --</i>		
B-168-01-001-P	12/21/00	Audit of USAID/Bosnia-Herzegovina's Business Development Program for the Period April 1, 1999 through March 31, 2000		
B-183-01-002-P	01/18/01	Audit of USAID/Bulgaria's Recipient Audit Universe		
B-186-01-003-P	02/26/01	Audit of USAID/Romania's Performance Monitoring for Indicators		
B-118-01-004-P	03/20/01	Audit of USAID/Russia's Recipient Audit Universe		
B-186-01-005-P	03/20/01	Audit of USAID/Romania's Recipient Audit Universe		
1-517-01-001-P	12/01/00	Audit of USAID/Dominican Republic's Housing Reconstruction Activities		
1-517-01-002-P	03/02/01	Audit of USAID/Dominican Republic's Recipient Audit Universe		
1-522-01-003-P	03/07/01	Audit of USAID/Honduras' Water and Sanitation Reconstruction Activities		
4-612-01-001-P	10/19/00	Audit of USAID/Malawi's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report		
4-656-01-002-P	01/08/01	Audit of the Accuracy of USAID/Mozambique's Recipient Audit Universe		
4-611-01-003-P	02/14/01	Audit of the Accuracy of USAID/Zambia's Recipient Audit Universe		
5-388-01-001-P	12/22/00	Audit of USAID/Bangladesh's Child Survival Activities	172	QC
			127	UN
5-367-01-002-P	03/09/01	Audit of USAID/Nepal's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report		
6-294-01-001-P	10/22/00	Audit of USAID/West Bank and Gaza's Implementation of the Federal Managers' Financial Integrity Act		
6-263-01-002-P	10/29/00	Audit of Interest Paid to U.S. Banks Under USAID/Egypt's Commodity Import Program		
6-263-01-003-P	03/20/01	Audit of USAID/Egypt's Performance Monitoring for Indicators Appearing in the FY 2002 Results Review and Resources Request Report		
7-680-01-001-P	03/07/01	Audit of Potential Conflicts of Interest in USAID/Benin's Contracting and Managing of USAID-Financed Activities		
9-000-01-003-P	03/30/01	Audit of USAID's Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936	182,170	BU

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

### 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>
		<i>-- Performance Audits --</i>		
9-IAF-01-001-P	02/26/01	Audit of Selected Processes at the Inter-American Foundation		
9-ADF-01-002-P	02/26/01	Audit of Selected Processes at the African Development Foundation		
		<i>-- Financial-Statement Audits --</i>		
0-ADF-01-008-F	03/21/01	Report on African Development Foundation's Financial Statements, Internal Controls, and Compliance for Fiscal Year 2000		
0-IAF-01-009-F	04/02/01	Report on Inter-American Foundation's Financial Statements, Compliance, and Internal Controls for Fiscal Year 2000		
		<i>-- Quality Control Reviews --</i>		
0-IAF-01-001-Q	03/22/01	Quality Control Review of the Inter-American Foundation's Financial Statement Audit for Its Fiscal Year Ended September 30, 1999		
0-ADF-01-002-Q	03/22/01	Quality Control Review of the African Development Foundation's Financial Statement Audit for Its Fiscal Year Ended September 30, 1999		

### Miscellaneous Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
		<i>-- Quality Control Reviews --</i>		
0-000-01-001-Q	10/18/00	Quality Control Review of the Audit of International Foundation for Election Systems for the Fiscal Year Ended September 30, 1999		
0-000-01-003-Q	03/28/01	Quality Control Review of the Audit of the Cooperative for Assistance and Relief Everywhere, Inc. (CARE USA) for the Fiscal Year Ended June 30, 1999		
0-000-01-004-Q	03/28/01	Quality Control Review of the Audit of Catholic Relief Services – United States Catholic Conference, Incorporated for the Fiscal Year Ended June 30, 1999		
1-522-01-001-Q	10/26/00	Quality Control Review of Informes Financieros del Proyecto de la Comunidad Europea No. HND/B7-3010/95.117 Salud Preventiva para los Adolescentes de Honduras, administrado por la Secretaria de Salud Publica de Honduras, por el Periodo del 1 de enero de 1998 al 30 de septiembre de 1999		
1-520-01-002-Q	11/22/00	Quality Control Review of (1) Programa de Apoyo a la Reforma del Sector Justicia Parcialmente Financiado por el Banco Interamericano de Desarrollo-BID, con Recursos del Contrato de Prestamo BID No. 1120/OC-GU, Estados Financieros Consolidados, por el periodo comprendido desde su inicio (14 de Marzo de 1999) al 31 de Diciembre de 1999; and (2) Programa de Desarrollo Rural en el Departamento del Quiche Convenio ALA 93/22, Estados Financieros al 31 de Diciembre de 1999 y 1998, junto con Nuestro Informe como Auditores Independientes		
1-527-01-003-Q	12/04/00	Quality Control Review of Asociacion de Exportadores – ADEX, Project of Assistance to Micro-Enterprises and Small Producers, Cooperation Agreement 527-0349-A-00-1275-00, Report on the Fund Accountability Statement for the Period Between January 1 and December 31, 1998		
1-517-01-004-Q	12/20/00	Quality Control Review of the Cooperative Housing Foundation, Concurrent Financial Statement Audit of the Post-Hurricane Georges Housing Reconstruction Program in the Dominican Republic, USAID Project No. CA-517-A-00-000102-00 from October 17, 1999 to March 31, 2000 and for the Quarter Ending June 30, 2000		
1-521-01-005-Q	02/16/01	Quality Control Review of Audits Entitled “Pan American Development Foundation, Concurrent Financial Statement Audit of the Hurricane Georges Recovery Program, USAID/Haiti Project No. 521-A-00-99-00072-00, from September 20 to December 31, 1999; for the Period January 1 to March 31, 2000; and for the Period April 1 to June 30, 2000”		
1-519-01-006-Q	02/09/01	Quality Control Review of the Ministry of Public Works, Concurrent Financial Statement Audit of the Rehabilitation of the rural Roads Project, Financed by USAID Grant Agreement No. 519-0449, through the Project Coordinator Unit, for the Period July 2, 1999 to March 31, 2000; for the Quarter Ended June 30, 2000; and for the Quarter Ended September 30, 2000		
1-517-01-007-Q	03/14/01	Quality Control Review of the Democratic Initiatives Project, Managed by Pontificia Universidad Catolica Madre y Maestra, Cooperative Agreement No. 517-A-00-92-0080-00 (Originally No. 517-0265-A-2080-00), for the Period Between April 1, 1999 and March 31, 2000		

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

### Miscellaneous Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
4-674-01-001-Q	10/06/00	Quality Control Review of a Recipient-Contracted Audit of Veluka Trust, Agreement No. 674-0301-A-00-3078-00, for the Period January 1, 1999 through December 31, 1999		
4-674-01-002-Q	10/06/00	Quality Control Review of a Recipient-Contracted Audit of the Educational Opportunities Council, Agreement No. 674-0309-A-00-0038-00, for the Period January 1, 1998 through December 31, 1998		
4-674-01-003-Q	10/06/00	Quality Control Review of a Recipient-Contracted Audit of the Institute for Multi-Party Democracy, Agreement No. 674-0301-A-00-6079-00, for the Period April 1, 1998 to March 31, 1999		
4-674-01-004-Q	10/10/00	Quality Control Review of a Recipient-Contracted Audit of the Centre for Socio-Legal Studies Democracy for All Program, for the Year Ended June 30, 1999, Grant No. 674-0301-G-SS-4134-00		
4-687-01-005-Q	10/30/00	Quality Control Review of Madagascar's Chambres des Comptes' Audit Capabilities		
4-674-01-006-Q	02/06/01	Quality Control Review of a Recipient-Contracted Audit of the National Professional Teachers Organisation of South Africa for the Period August 13, 1999 through March 31, 2000 Under Agreement No. 674-G-00-99-00060-00		
4-674-01-007-Q	02/05/01	Quality Control Review of a Recipient-Contracted Audit of the South African Teachers' Union, Grant No. 674-G-00-99-0061-00, for the Period from August 13, 1999 to December 31, 1999		
4-674-01-008-Q	02/07/01	Quality Control Review of a Recipient-Contracted Audit of the Interfaith Community Development Association Project Shelter and Urban Development Support for the Year Ended March 31, 1999, Grant No. 674-0312-G-00-6034-00		
4-617-01-009-Q	02/28/01	Assessment of the Ugandan Office of the Auditor General's Audit Capabilities		

**AUDIT REPORTS OVER SIX MONTHS OLD  
WITH NO MANAGEMENT DECISION**  
As of March 31, 2001

<i>Report Number</i>	<i>Auditee</i>	<i>Issue Date</i>	<i>Current Recommendation Status</i>	<i>Desired Decision Target Date</i>
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**NOTHING TO REPORT**

**SIGNIFICANT AUDIT RECOMMENDATIONS  
DESCRIBED IN PREVIOUS SEMIANNUAL  
REPORTS WITHOUT FINAL ACTION  
As of March 31, 2001**

<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>
7-688-97-006-R	Road Reinforcement Service Under the Upper Valley Development Project (Mali)	02/13/97	1	05/19/97	07/01
9-000-96-005	Controls Over the Quality of Financial Management Data	07/11/96	1	07/11/96	04/01
A-000-97-008-P	USAID's Compliance with Federal Computer Security Requirements	09/30/97	2.2	09/30/97	02/02
			2.4	09/30/97	09/01
			2.5	09/30/97	09/01
0-000-98-001-F	USAID's Financial Statements for FY 1997/96	03/02/98	5	03/31/99	12/02
			7.1	03/31/99	12/02
			8.1	03/02/98	05/01
			9.1	03/02/98	06/01
			9.2	03/02/98	06/01
			9.3	03/02/98	06/01
0-000-99-001-F	USAID's Financial Statements, Internal Controls, and Compliance for FY 1998	03/01/99	1.1	03/01/99	09/01
0-000-99-002-F	Report to USAID Managers on Selected USAID Internal Controls	03/31/99	10.2	07/01/99	12/02
0-000-99-005-F	Acordia Healthcare Solutions, Inc.	03/26/99	2.1	07/14/00	07/01
			2.2	07/14/00	07/01
A-000-99-002-P	Access and System Software Security Controls Over the Mission Accounting and Control System	12/31/98	1	12/31/98	01/02
9-000-99-007-P	USAID's Interagency Agreements Under Section 632(b) of the Foreign Assistance Act	04/15/99	1.1	06/17/99	06/01
			1.2	06/17/99	06/01
			1.3	06/17/99	06/01
7-688-99-004-P	USAID/Mali's Operating Expenses	08/13/99	1.4	08/13/99	05/01
			5	08/13/99	05/01
A-000-99-006-P	USAID's Processing of Personal Property Claims in Ordered Evacuation of USAID Employees	08/20/99	1.1	01/13/00	04/01
B-111-99-005-P	The 1996 Natural Gas Import Program In Armenia	09/07/99	1.1	09/07/99	09/01
			1.2	09/07/99	09/01
			1.3	09/07/99	09/01
			2	09/07/99	09/01

**TABLE C**

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
B-111-00-002-P	The 1996 Emergency Wheat Assistance Program in Armenia	12/10/99	1.1	12/10/99	09/01
			1.2	12/10/99	09/01
			1.3	12/10/99	09/01
			1.4	12/10/99	09/01
			1.5	12/10/99	09/01
			1.6	12/10/99	09/01
			1.7	12/10/99	09/01
			1.8	12/10/99	09/01
			2	12/10/99	09/01
B-110-00-006-D	Grant Management Controls at Eurasia Foundation Field Offices – Central Russia and Siberia Region	12/30/99	1	09/20/00	09/01
0-000-00-003-F	USAID Advances and Related Internal Controls for FY 1999	02/01/00	2	02/01/00	06/01
			3	09/12/00	09/01
			4	09/12/00	09/01
B-110-00-010-D	Grant Management Controls at Eurasia Foundation Field Offices – Almaty Regional Office	02/25/00	2	09/20/00	09/01
B-110-00-011-D	Grant Management Controls at Eurasia Foundation Field Offices – Vladivostok Regional Office	03/13/00	2	09/20/00	09/01
5-398-00-001-P	U.S. Asia Environmental Partnership Program	03/24/00	1	03/24/00	05/01
			3	03/24/00	06/01
7-641-00-007-P	USAID/Ghana's Performance Monitoring for Indicators	06/30/00	1	06/30/00	07/01
			2	06/30/00	07/01
			3	08/23/00	07/01
			4	06/30/00	07/01
			5	06/30/00	07/01
0-000-00-003-E	Central Asian-American Enterprise Fund	07/31/00	1	11/28/00	10/01
0-000-00-079-D	Burns & Roe Enterprises, Inc.	08/11/00	1	03/15/01	03/02
			2	03/15/01	03/02
5-386-00-003-P	USAID/India's Innovation in Family Planning Services Program	08/14/00	1	08/14/00	09/01
			2	08/14/00	05/01
			3	08/14/00	05/01
			4.1	08/14/00	05/01
			4.2	08/14/00	05/01
			4.3	08/14/00	05/01
			5.1	08/14/00	05/01



**TABLE C**

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
			5.2	08/14/00	05/01
A-000-00-003-P	USAID's Actions to Correct Financial Management System Planning Deficiencies	08/24/00	1.1	08/24/00	09/01
			1.2	08/24/00	09/01
			3	11/22/00	09/01
7-636-00-008-P	Internal Controls Over Relief Commodities at the Port of Freetown in Sierra Leone	08/25/00	1.1	08/25/00	08/01
			1.2	08/25/00	08/01
1-520-00-006-P	USAID/Guatemala's Road & Bridge Repair Activities	09/27/00	1.1	09/27/00	04/01
			1.2	09/27/00	04/01
			1.3	09/27/00	04/01
			2	09/27/00	04/01
9-000-00-004-P	USAID's Internal Controls Over Its Government-Sponsored Travel Card Program	09/27/00	1	09/27/00	05/01
			3	09/27/00	05/01
0-000-00-007-F	USAID's Payroll & Related Internal Controls for FY 1999	09/28/00	1.1	09/28/00	09/01
			1.2	09/28/00	09/01
			1.3	09/28/00	09/01
			1.4	09/28/00	09/01
			1.5	09/28/00	09/01
			2.1	09/28/00	09/01
			2.2	09/28/00	09/01
			3.1	09/28/00	09/01
			3.2	09/28/00	09/01
			4.1	09/28/00	09/01
			4.2	09/28/00	09/01

**REPORTS ISSUED WITH QUESTIONED AND  
UNSUPPORTED COSTS  
October 1, 2000 through March 31, 2001**

*(Dollars in Thousands)*

REPORTS	NUMBER OF AUDIT REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS <sup>1</sup>
For which no management decision had been made as of October 1, 2000	44	\$59,637 <sup>2,3</sup>	\$48,090 <sup>2,3</sup>
Add: Reports issued October 1, 2000 through March 31, 2001	81	\$4,110 <sup>4</sup>	\$1,754
Subtotal	125	\$63,747	\$49,844
Less: Reports with a management decision made October 1, 2000 through March 31, 2001	90 <sup>5</sup>	\$60,936 <sup>6,7</sup>	\$48,673 <sup>6,7</sup>
For which no management decision had been made as of March 31, 2001	34	\$2,811 <sup>8</sup>	\$1,171
For which no management decision was made within six months of issuance	0	\$0	\$0

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

<sup>2</sup>The ending balance at September 30, 2000, for Questioned Costs totaling \$59,599,349 was increased by \$37,504 to reflect adjustments in the amount of recommendations contained in three reports; the ending balance at the same period for Unsupported Costs of \$48,067,298 was increased by \$22,820 to reflect adjustments in one report.

<sup>3</sup>Amounts include \$56,326,949 in Questioned Costs and \$45,166,168 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>4</sup>Amounts include \$1,548,743 in Questioned Costs for audits performed for the OIG by other federal audit agencies.

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

<sup>6</sup>Agency Officials disallowed \$11,093,817 in Questioned Costs (\$489,972 in Unsupported Costs) cited in 68 reports. Agency Officials did not sustain \$49,842,541 in Questioned Costs (\$48,183,221 in Unsupported Costs) cited in 51 reports.

<sup>7</sup>Amounts include \$ 56,643,140 in Questioned Costs and \$ 45,166,168 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>8</sup>Amounts include \$ 1,232,552 in Questioned Costs for audits performed for the OIG by other federal audit agencies.

**REPORTS ISSUED WITH RECOMMENDATIONS THAT  
FUNDS BE PUT TO BETTER USE  
October 1, 2000 through March 31, 2001**

*(Dollars in Thousands)*

REPORTS	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
For which no management decision had been made as of October 1, 2000	0	\$0
Add: Reports issued October 1, 2000 through March 31, 2001	3	\$194,240,516
Subtotal	3	\$194,240,516
Less: Reports with a management decision made October 1, 2000 through March 31, 2001	2	\$186,180,223 <sup>1</sup>
For which no management decision had been made as of March 31, 2001	1	\$8,060,293
For which no management decision was made within six months of issuance	0	\$0

<sup>1</sup>Agency Officials agreed with \$186,180,223 in actions cited in two reports.

**OIG STATISTICAL SUMMARY**  
As of March 31, 2001  
**INVESTIGATIVE ACTIONS**

<b>WORK LOAD</b>			<b>CIVIL</b>	
CASES PENDING (10/1/00)	149		CIVIL REFERRALS	1
CASES OPENED	95		COMPLAINTS	0
CASES CLOSED	109		JUDGEMENTS/RECOVERIES	0
CASES PENDING (3/31/01)	135		SETTLEMENTS	2
<b>CRIMINAL</b>			<b>ADMINISTRATIVE</b>	
PROSECUTIVE REFERRALS	5		REPRIMANDS	0
PROSECUTIVE DECLINATIONS	4		PERSONNEL SUSPENSIONS	1
INDICTMENTS	2		RESIGNATIONS/ TERMINATIONS	4
CONVICTIONS	2		OTHER ADMINISTRATIVE ACTIONS	4
FINES	1		RECOVERIES	8
RESTITUTIONS	2		SUSPENSIONS / DEBARMENTS	3
			SAVINGS	5

**INVESTIGATIVE RECOVERIES AND SAVINGS**

JUDICIAL RECOVERIES	\$13,339,360
ADMINISTRATIVE RECOVERIES	\$225,028
SAVINGS	\$68,796,314
<b>TOTAL INVESTIGATIVE RECOVERIES AND SAVINGS</b>	<b>\$82,360,702</b>

# *The Hotline*

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

During this reporting period, the OIG received 311 hotline contacts. Of these, 49 cases were initiated (representing 16 percent of incoming contacts), 17 actions were referred for management resolution, 8 actions were held pending additional information, and 6 contacts were referred to other law enforcement agencies. The remaining contacts were determined not to be OIG-related matters.

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

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

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

**Hotline Email Address – IG.HOTLINE@USAID.GOV**



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Office of Inspector General  
1300 Pennsylvania Avenue, N.W.  
Room 6.06D  
Washington, D.C. 20523**

**The Semiannual Report to the Congress is available on the  
internet at  
[www.info.usaid.gov/oig](http://www.info.usaid.gov/oig)**