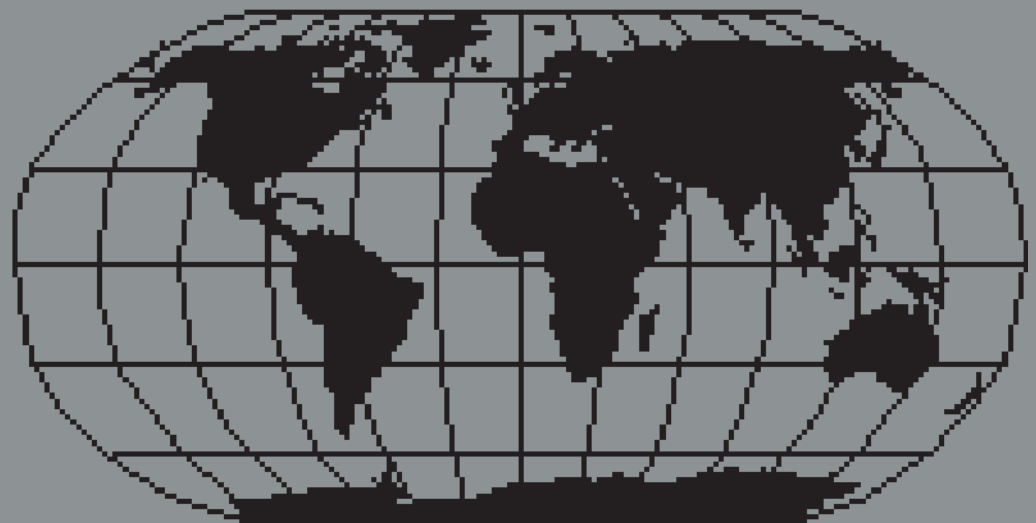
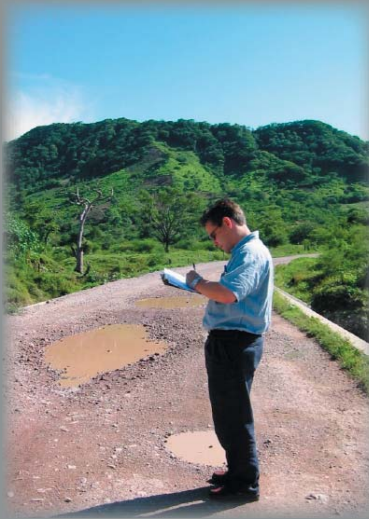


USAID



OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO THE CONGRESS



OCTOBER 1, 2003 TO MARCH 31, 2004

OIG HIGHLIGHTS

MILLENNIUM CHALLENGE CORPORATION

With the enactment of Public Law 108-199 (The Consolidated Appropriations Act of 2004) on January 23rd this year the Millennium Challenge Corporation (MCC) was established and the USAID Inspector General designated as the Inspector General for the MCC.

Considering the MCC's unique structure and operation and the substantial levels of development assistance it will administer, the OIG has established a separate Assistant Inspector General office, the Assistant Inspector General for the Millennium Challenge Corporation (AIG/MCC), to coordinate the oversight of all OIG MCC activities. While the AIG/MCC will establish performance and financial audit divisions, it will coordinate with the Assistant Inspector General for Investigations for investigative support and with the Assistant Inspector General for Audit for supplementary audit support.

See page 4 for additional information on OIG activities regarding the Millennium Challenge Corporation.



Photograph of AIG/MCC Henry Barrett (left) recently appointed by Inspector General Everett Mosley (right) to coordinate the oversight of all OIG MCC activities.

BAGHDAD



Photograph of AIG/A Bruce Crandlemire (left), an OIG Auditor and a Corps of Engineers official inspecting progress on a turbine generator at Doura Power Generation Station in Baghdad.

In March, the Assistant Inspector General for Audit, Bruce Crandlemire, accompanied the OIG staff on a field trip with a representative of the Army Corps of Engineers to the Doura Power Generation Station where USAID's contractor is overhauling two steam-powered turbine generators. OIG staff in Iraq have established an effective performance and financial audit program that is meeting the needs of USAID programs.

The Baghdad office will be composed of four auditors and one investigator. To date, the OIG staff has issued one performance audit of the results data of USAID's education activities in Iraq and 32 financial audit reports performed by the Defense Contract Audit Agency. See page 16 for additional information on the OIG's Iraq activities.

OFFICE OF INSPECTOR GENERAL



April 30, 2004

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

Dear Mr. Natsios:

I am pleased to report to you and the Congress of the United States the accomplishments of the USAID Office of Inspector General for the six-month period ended March 31, 2004. This report is issued in compliance with the Inspector General Act of 1978, as amended.

During this period the OIG issued 287 audit reports with monetary recommendations of about \$27.3 million, completed 88 investigations, and achieved savings and recoveries of \$5.8 million.

In addition to our other activities, we are working diligently to provide oversight of high-risk USAID operations in Afghanistan, Iraq, and the West Bank. Of particular importance is our increase in field staff in Iraq. I believe our reporting from these locations is making significant contributions to accountability of USAID funds.

Responding to growing Congressional interest in USAID's contracting practices for Iraq, I testified before the International Economic Policy, Export and Trade Promotion Subcommittee of the Senate Foreign Relations Committee on February 25, 2004. Also testifying was the head of USAID's procurement office. My testimony showed that while USAID strived to move programs forward to meet timing requirements, it did not always follow all Federal regulations.

We have also initiated special oversight efforts for the new funding for the Middle East Partnership Initiative and the new level of HIV/AIDS programming that is directed through USAID. Our plans are to provide substantive concurrent auditing.

I am pleased to note that this office was designated to provide Inspector General services for the Millennium Challenge Corporation. We are actively engaged in planning our activities to meet this new requirement.

The employees of this office are pleased to be making a professional contribution to the many important programs delivering foreign assistance.

Sincerely,

Everett L. Mosley
Inspector General

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

OFFICE OF INSPECTOR GENERAL



April 30, 2004

Mrs. Willie Grace Campbell, Acting Chairperson of the Board
Mr. Nathaniel Fields, President
The African Development Foundation
1400 Eye Street, NW, Tenth Floor
Washington, D.C. 20005-2248

Dear Madam and Sir:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the USAID Office of Inspector General (OIG) with regard to the African Development Foundation (ADF) for the period ended March 31, 2004.

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

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

Sincerely,

Everett L. Mosley
Inspector General

OFFICE OF INSPECTOR GENERAL



April 30, 2004

Mr. Frank D. Yturria, Chairman of the Board
Mr. David W. Valenzuela, President
The Inter-American Foundation
901 North Stuart Street, 10th Floor
Arlington, Virginia 22203

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the USAID Office of Inspector General (OIG) with regard to the Inter-American Foundation (IAF) for the period ended March 31, 2004.

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

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

Sincerely,

Everett L. Mosley
Inspector General

Acronyms

ADF	African Development Foundation
BTEC	Business Transformation Executive Committee
CAM	Contract Audit Management
CEO	Chief Executive Officer
CIP	Commodity Import Program
CLOs	Country Liaison Offices
CPA/IG	Coalition Provisional Authority/Inspector General
CTOs	Cognizant Technical Officers
DCAA	Defense Contract Audit Agency
FAR	Federal Acquisition Regulation
FRY	Federal Republic of Yugoslavia
FSN	Foreign Service National
GAO	General Accounting Office
GMRA	Government Management and Reform Act
GoR	Government of Romania
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IAF	Inter-American Foundation
IG	Inspector General
IG Act	Inspector General Act of 1978
JAFPP	Jordanian Association for Family Planning and Protection
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MEPI	Middle East Partnership Initiative
MOU	Memorandum of Understanding
NGOs	Non-Government Organizations
OIG	Office of Inspector General
OMB	Office of Management and Budget
PVO	Private Voluntary Organization
RECAP Activity	Emergency Reconstruction of Roads and Bridges Activity
REDSO/ESA	Regional Economic Development Services Office for East and Southern Africa
REFS	Rehabilitation of Economic Facilities and Services
Results Act	Government Performance and Results Act of 1993
SAIs	Supreme Audit Institutions
USAID/CAR	USAID Regional Mission for the Central Asian Republics
USAID	United States Agency for International Development
USPSC	U.S. personal services contractors

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Reporting Requirements—USAID

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 12-20
Recommendations for Corrective Actions	Pages 26-43
Summary of Each Significant Report	Pages 26-43
List of Audit Reports Issued	Appendix A Page 50
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 68
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 69
Statistical Table of Reports with Questioned and Unsupported Costs	Appendix D Page 71
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Appendix E Page 72
Summary of Instances in Which Information or Assistance Was Refused	Appendix F Page 73
Decisions and Reasons for Significant Revised Management Decisions	Appendix F Page 73
Significant Management Decisions with Which the Inspector General Disagrees	Appendix F Page 73
Remediation Plan Information (Required under the Federal Financial Management Improvement Act of 1996)	Appendix F Page 73
Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Appendix G Page 74

Reporting Requirements—ADF

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 44-45
Recommendations for Corrective Actions	Pages 44-45
Summary of Each Significant Report	Pages 45
List of Audit Reports Issued	Appendix A Page 66
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 68
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 70
Statistical Table of Reports with Questioned and Unsupported Costs	Nothing to Report
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Nothing to Report
Summary of Instances in Which Information or Assistance Was Refused	Nothing to Report
Decisions and Reasons for Significant Revised Management Decisions	Nothing to Report
Significant Management Decisions with Which the Inspector General Disagrees	Nothing to Report
Remediation Plan Information (Required under the Federal Financial Management Improvement Act of 1996)	Nothing to Report
Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Nothing to Report

Reporting Requirements—IAF

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 46-47
Recommendations for Corrective Actions	Pages 46-47
Summary of Each Significant Report	Pages 47
List of Audit Reports Issued	Appendix A Page 67
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 68
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 70
Statistical Table of Reports with Questioned and Unsupported Costs	Nothing to Report
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Nothing to Report
Summary of Instances in Which Information or Assistance Was Refused	Nothing to Report
Decisions and Reasons for Significant Revised Management Decisions	Nothing to Report
Significant Management Decisions with Which the Inspector General Disagrees	Nothing to Report
Remediation Plan Information (Required under the Federal Financial Management Improvement Act of 1996)	Nothing to Report
Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Nothing to Report

Executive Summary

This semiannual report presents the results of the Office of Inspector General's audit and investigation efforts at (1) the U.S. Agency for International Development (USAID), (2) the African Development Foundation (ADF), and (3) the Inter-American Foundation (IAF) for the six-month period ended March 31, 2004.

During the semiannual reporting period from October 1, 2003 through March 31, 2004, the Office of Inspector General (OIG) issued 287 audit reports with monetary recommendations valued at \$27.3 million. In addition, the OIG completed 88 investigations and achieved savings and recoveries of \$5.8 million. Because of continued aggressive actions, the OIG and USAID management have reached "management decisions" on all audits within six months of report issuance since March 31, 2001.

This report highlights three areas of interest by the OIG during this reporting period. First, with the enactment of Public Law 108-199 (The Consolidated Appropriations Act of 2004) on January 23, 2004 establishing the Millennium Challenge Corporation (MCC), the Inspector General (IG) of USAID was designated as the IG for the new Millennium Challenge Corporation. In this role, the IG has held meetings with the MCC executives and named an Assistant Inspector General to oversee the auditing and investigative activities of the MCC.

The second area is the Summary of the Standards for Success Analysis. With the concurrence of USAID management, the OIG developed Standards for Success to guide OIG and USAID management in better addressing the major

management challenges and other legislative and regulatory requirements that it faces. This section provides an overview of the Standards for Success and the current status of the report.

Finally, in response to growing Congressional concern over the procurement process for Iraq, the IG provided testimony before International Economic Policy, Export and Trade Promotion Subcommittee of the Senate Foreign Relations Committee on February 25, 2004. Also testifying was the head of USAID's procurement office. The IG highlighted the activities in Afghanistan and Iraq as well as, the Cognizant Technical Officer audit. The full testimony can be found on page 9.

The report also discusses the major challenges facing USAID, what USAID management is doing to address these challenges, and OIG efforts to provide assistance and advice. It includes a summary of OIG efforts to expand accountability in the international environment through support for anticorruption efforts, training, oversight of contractors and grantees, and other proactive steps. Significant audits and investigations conducted at USAID, organized by the relevant Bureau, are summarized in subsequent sections.

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. ADF's and IAF's Management Challenges, OIG Strategies, and Oversight Activities are included in separate sections of the report.

Overview

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

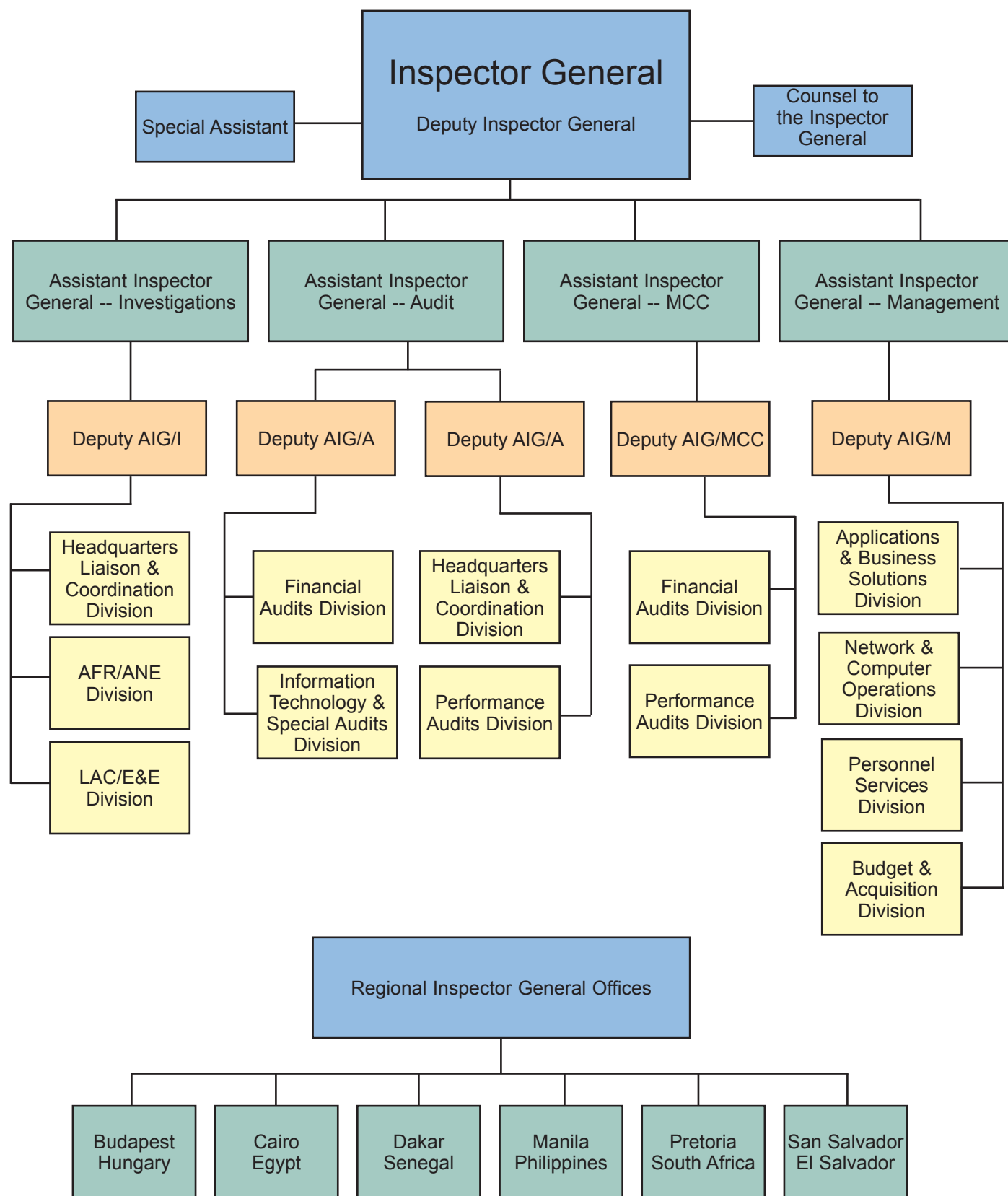
Mission

Established under the Inspector General Act of 1978 (IG Act), as amended, the OIG is tasked with (1) promoting economy, efficiency, and effectiveness in the administration of programs and (2) preventing and detecting fraud and abuse in worldwide program operations. The IG Act also requires all Inspectors General to keep management and the Congress fully and currently informed about problems and deficiencies relating to the administration of programs and operations, as well as about actions taken to correct those deficiencies and problems.

Organization

The OIG is organized into four areas of responsibility with Assistant Inspectors General for each area: Audit, Investigations, MCC and Management. There are also six overseas field offices, each headed by a Regional Inspector General, located in Budapest, Hungary; Cairo, Egypt; Dakar, Senegal; Manila, Philippines; Pretoria, South Africa; and San Salvador, El Salvador. In addition to the regional offices, the OIG has had a field presence in Iraq since July 2003. These regional and field offices maintain close working relationships with the USAID missions in their regions, and their presence in the field enables auditors and investigators to carry out their responsibilities efficiently.

Semiannual Report to the Congress



USAID Inspector General Assumes IG Responsibility for the Newly Created Millennium Challenge Corporation

On January 23, 2004, with the enactment of Public Law 108-199 (The Consolidated Appropriations Act of 2004), the Millennium Challenge Corporation (MCC) was established. The Act provided \$1 billion in initial funding for fiscal year 2004, and President Bush has pledged to increase funding to \$5 billion a year starting in fiscal year 2006. Further, the Act designates the Inspector General of USAID to serve as the Inspector General for the MCC and states that the Inspector General may conduct reviews, investigations and inspections of all aspects of the operations and activities of the MCC. In addition, the legislation states that in carrying out this responsibility, the Inspector General shall report to and be under the general supervision of the MCC's Board of Directors.

The MCC is an independent Government corporation designed to make maximum use of flexible authorities to optimize efficiency in contracting, program implementation and personnel. The MCC is managed by a Chief Executive Officer (CEO) appointed by the President and confirmed by the Senate and will be overseen by a Board of Directors composed of the Secretary of State, the Secretary of Treasury, the U.S. Trade Representative, the Administrator of USAID, the CEO of the MCC and four members to be appointed by the President with the advice and consent of the Senate. The Secretary of State will be the Chairman of the Board.

The Board held its first meeting on February 2, 2004, at which time it approved the MCC's bylaws. Then, on February 23, 2004, the President submitted the name of his nominee for the MCC's CEO to the Senate for confirmation. In March, the Corporation also held separate meetings with candidate country ambassadors and with the public to explain the criteria and methodology MCC will follow in fiscal year 2004 to select countries to be invited to submit proposals for MCC assistance.

Considering the MCC's unique structure and operation and the substantial levels of development assistance it will administer, the Office of Inspector General established a separate Assistant Inspector General office to coordinate the oversight of all OIG MCC activities.

The OIG continues to prepare for this new responsibility. The OIG met with the Corporation's Board Chairman and interim Chief Executive Officer to introduce senior OIG staff responsible for providing IG Act oversight of the Corporation, to discuss our philosophy of working with management on a proactive basis, and to establish a general working relationship. Further, the OIG has met on a number of occasions with the Corporation's senior manager responsible for administration and finance and with its General Counsel to learn more about the Corporation's start up activities and preliminary financial and operational plans, and to discuss statutory audit requirements and related timeframes.

Finally, as the Corporation more fully develops its program and operating concepts and procedures, the OIG will develop an audit strategy that will include the Corporation's annual financial statement audit, oversight of contracted financial audits of implementing entities, information system security reviews, compliance with provision of the Act, and, as appropriate, reviews of program activities. In the future, the OIG plans to issue a separate Semiannual Report to Congress on the activities of the Millennium Challenge Corporation.

Highlights

This section describes the most significant results of the OIG for the work concluded in the past six-month period. During this semiannual period, the OIG issued its first unqualified opinion on USAID's financial statements since agency-wide financial statement audits became a requirement under the Government Management Reform Act of 1994. Other important accomplishments included audits of USAID's food assistance program and the training, use, and accountability of Cognizant Technical Officers.

The investigative items reflect criminal investigations that resulted in indictments, convictions, procurement debarments, financial recoveries and restitution, and personnel actions.

Highlights of Significant Audits

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

Semiannual Report to the Congress

Type of Report	Number of Reports	Monetary Recommendations (\$)
Financial Audits		
USAID Programs and Operations	2	0
ADF and IAF Programs and Operations	2	0
U.S.-Based Contractors	42	\$13,439,109
U.S.-Based Grantees	27	\$223,156
Quality Control Reviews	1	0
Foreign-Based Organizations	146	\$12,360,756
Quality Control Reviews	24	0
Enterprise Funds	2	0
Performance Audits		
USAID Economy and Efficiency	26	\$1,281,680
ADF and IAF Economy and Efficiency	0	0
Other	6	0
AIG/A Memoranda	6	0
RIG/Manila Memoranda	3	0
TOTAL	287	\$27,304,701

Accelerated Schedule Achieved on USAID's Fiscal Year 2003 Financial Statements

On November 14, 2003, the OIG issued an unqualified opinion on USAID's fiscal year 2003 financial statements. The report was issued 2 ½ months ahead of the statutory deadline, on an accelerated schedule agreed to by the OIG and USAID management. By completing the fiscal year 2003 audit on an accelerated schedule, the OIG and USAID were able to identify operational issues that could affect the OIG's ability to issue a fiscal year 2004 financial statement audit report by the new November 15, 2004 Office of Management and Budget deadline.

The fiscal year 2003 financial statement audit report also included the first unqualified opinion that USAID has received on its financial statements. The OIG and USAID worked closely throughout the year to improve computer security, strengthen financial reporting, resolve material internal control weaknesses, maintain financial system capabilities, and develop reliable interim and year-end financial statements. USAID has reached a management decision on each of the findings identified in the audit report.

Audit of USAID's Distribution of P.L. 480, Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program

Under the P.L. 480 Title II non-emergency program, U.S. food assistance is provided to promote development programs critical to long-term food security by enhancing household nutrition or increasing incomes and agricultural production. As part of the OIG's multi-year strategy for auditing USAID's food aid programs, a worldwide audit was conducted to determine whether USAID missions were, through their monitoring and oversight, ensuring that Title II food assistance furnished under the program was being delivered to the intended beneficiaries. The fieldwork for this worldwide audit involved individual audits performed on USAID missions in four countries. Audits in Madagascar and Guatemala were completed in fiscal year 2003, and audits in Ghana (see page 28) and Ethiopia (see page 27) were completed during this reporting period.

The results contained in the audit reports for these individual audits were summarized in a capping report,¹ which reported that all four of the selected missions were monitoring activities under their respective Title II non-

¹ "Audit of USAID's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program," March 31, 2004 (Audit Report No. 9-000-04-002-P).

emergency programs to ensure that food aid was being delivered to the intended beneficiaries. The missions, for example, were found to be maintaining regular contact with the cooperating sponsors and, in most cases, conducting periodic field visits to their warehouses and distribution sites. In addition, records showed that the missions were generally receiving required reports from the cooperating sponsors for review. However, the audits identified several areas for improvement. Those areas fell into four main categories: (1) follow-up and review of commodity loss claims, (2) tracking of commodity loss claims, (3) scope and regularity of site visits, and (4) prohibiting cooperating sponsors from requiring payments from beneficiaries receiving food. The OIG made appropriate recommendations in the individual reports to strengthen these areas.

In addition, the capping report recommended USAID's Bureau for Democracy, Conflict and Humanitarian Assistance, Office of Food for Peace issue guidance to its missions reminding them of the need to follow up and review commodity loss claim reports on a regular basis. USAID took final action on this recommendation.

Audit of USAID's Training, Use and Accountability of Cognizant Technical Officers

Cognizant Technical Officers (CTOs) fulfill a vital role in USAID's acquisition and assistance process. In addition to their collateral duties as CTOs, these staff have programmatic and sometimes supervisory responsibilities. They administratively approve vouchers, monitor and report on contractor and recipient performance, and conduct price and cost determinations. Accordingly, they are important members of USAID's acquisition and assistance teams. Contracting/agreement officers do not have sufficient technical expertise or time to ensure successful administration and completion of all aspects of each award. They rely on CTOs to act for them with respect to certain critical administrative actions and technical issues arising under these awards. It is the CTO's responsibility to ensure—through liaison with the contractor or recipient—that the terms and conditions of the acquisition or assistance instrument are met. CTOs may spend significant amounts of their time performing their CTO functions.

As part of its multi-year strategy for auditing USAID's procurement activities, the OIG recently conducted a worldwide audit to determine whether USAID provided adequate training and guidance to its CTOs and held them accountable for performing their responsibilities. During fiscal year 2003, the OIG conducted three

audits of USAID missions in Guatemala, Malawi, and Mexico, as well as an audit of three USAID/Washington bureaus—Global Health; Economic Growth, Agriculture and Trade; and Asia and the Near East. During this reporting period, the OIG conducted three audits of USAID missions, including the Central Asian Republics' Regional Mission (see page 35), Nepal (see page 32), and Egypt (see page 31). A capping report² summarizing the results of these audits was issued during this reporting period.

These audits found that, in general, USAID had provided adequate guidance, but had not provided CTOs enough training to acquire core competencies or to understand and perform the full range of tasks assigned to them. In addition, USAID did not hold all its CTOs accountable for the performance of the CTO tasks assigned to them and, in some cases, did not evaluate CTOs at all.

The OIG capping report recommended that USAID:

- Maintain updated master lists of its CTOs indicating whether or not each CTO is certified.
- Develop training plans for its uncertified CTOs and schedule them to attend the training required for certification.
- Incorporate CTO duties and responsibilities into the position descriptions, work objectives, and statements of work of each individual designated to serve as a CTO.
- Evaluate each individual designated to serve as a CTO based on the performance of his or her CTO duties and responsibilities.
- Require supervisors to solicit comments on the performance of CTO tasks from contracting officers and other pertinent sources, as part of each CTO's annual performance evaluation.

USAID management agreed with the recommendations, and management decisions have been reached.

² "Audit of USAID's Training, Use, and Accountability of Cognizant Technical Officers," March 31, 2004 (Audit Report No. 9-000-04-003-P).

Highlights of Significant Investigations

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

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

Workload Indicator	
Cases Opened	75
Cases Closed	88
Hotline Contacts	1,187
Results	
Recoveries/Savings	\$5,832,955
Resignations/Terminations	3
Personnel Suspensions	2
Suspensions/Debarments	10
Indictments	4
Convictions	4
Systemic Changes*	26

*Systemic changes are modifications to program or operational procedures or policies that are made as a result of an OIG investigation, which are designed to reduce vulnerability to fraud, waste or abuse.

Investigation Results in Four Debarments and a Savings of \$2.6 Million

An OIG investigation into fraudulent bidding by four different Egyptian importers resulted in the debarment of all four companies. The investigation revealed that high level company officials conspired to submit false bids to USAID to obtain financing for transactions under the Commodity Import Program (CIP). Accordingly, USAID cancelled financing of 11 separate CIP transactions submitted by the companies, which resulted in a savings of \$2,637,360. Furthermore, the companies will not be allowed to participate in the USAID-sponsored CIP for a period of three months.

Investigation Leads to Guilty Plea and Four Debarments

An OIG investigation of a USAID-funded private voluntary organization resulted in the company president pleading guilty to one count of Obstruction of a Federal Audit. The company received over \$71 million in USAID contracts over a six-year period and fraudulently charged USAID approximately \$867,000. The investigation revealed that the company president created and certified fraudulent costs on annual reports submitted to USAID, thereby enabling the company to receive excessive reimbursements. The president also lied and provided false documentation to government auditors responsible for reviewing the reports. USAID has debarred the company and its president from future contracts with it and other U.S agencies. USAID has also debarred two other companies linked to this individual.

Investigation Results in Conviction and Restitution of \$250,000

An OIG investigation led to the conviction of a U.S. company for aiding and abetting in the commission of wire fraud and the making of a false claim to USAID. The false bids enabled the company to win a contract under the USAID Commodity Import Program in Egypt to supply \$1 million of scientific equipment to an Egyptian university. The company admitted that it did not exercise adequate control over its Egyptian agent and was therefore responsible for the false bids that were made. As the apparent low bidder, the company was required to certify that the equipment it supplied was not overpriced. Since the cost was highly inflated, the certification represented a false claim, and the corresponding payment from USAID constituted wire fraud. The company pled guilty and was sentenced to one year's probation and ordered to pay restitution in the amount of \$250,000.

Investigation Leads to 30-Day Suspension of Senior USAID Official

The OIG initiated an investigation based on an allegation of misuse of a government vehicle by a senior USAID official. The investigation confirmed that the senior official had utilized the vehicle for non-official (personal) reasons on at least two occasions. Accordingly, the investigative findings were referred to USAID for review and action. Subsequently, USAID determined that the individual had willfully misused the vehicle and issued the official a 30-day suspension, as required by law.

Fiscal Year 2003 Standards for Success Accomplishment Report

For several years, the Office of Inspector General has focused its efforts on management challenges facing USAID. Beginning in fiscal year 2003, with the concurrence of USAID management, the OIG developed 58 standards for success to define incremental steps that USAID needs to take to overcome the management challenges. These 58 standards fell into 7 groups dealing with (1) measuring performance and integrating performance information with budget decisions, (2) procurement, (3) managing large-scale emergencies, (4) human capital, (5) financial management, (6) information technology, and (7) protecting integrity. The OIG developed the standards for success on the basis of criteria from such sources as laws and regulations, the President's Management Agenda, administration priorities, and USAID policies and procedures. The standards for success have been shared widely with USAID staff, Office of Management and Budget (OMB) officials, and congressional staff members.

The OIG has committed to a long-term effort to address USAID's management challenges and the standards for success. Through its strategic planning process, the OIG has developed strategic goals and objectives and a multi-year program of the audits and investigative activities to help USAID achieve the standards for success.

In early fiscal year 2004, the OIG prepared a Standards for Success Accomplishment Report to describe USAID's progress toward achieving the standards for success and summarize the results of OIG work during

fiscal year 2003 related to the standards for success. Where sufficient information is available, the report provided an overall assessment of progress toward each standard for success. However, for many of the standards for success, OIG work scheduled for future years must be completed before the OIG can provide an overall assessment. In those cases, the report presented USAID's self-assessment of progress toward meeting the standards for success and, where possible, related the findings of outside authorities, such as OMB and the General Accounting Office, regarding USAID's progress in each area.

USAID is taking action to achieve the standards for success and address the management challenges that confront it. Of particular note, USAID has received its first unqualified opinion on its fiscal year 2003 consolidated financial statements, and OMB has rated USAID's progress in implementing the budget and performance integration, human capital, financial performance, and e-government initiatives in the President's Management Agenda as green (the highest possible rating). Completely addressing the management challenges and the standards for success will require sustained effort, and the standards themselves may need to be amended from time to time as priorities and legal and regulatory requirements change. But the OIG is convinced that the standards for success help focus attention on the incremental steps that USAID management needs to take to address USAID's management challenges.

Inspector General Testimony

During the reporting period, the OIG provided testimony before the U.S. Senate's Subcommittee on International Economic Policy, Export and Trade Promotion. The testimony is provided below in its entirety.

Submitted to the Subcommittee on International Economic Policy, Export and Trade Promotion, Foreign Relations Committee, U.S. Senate

Regarding U.S. Agency for International Development Contracting Practices

February 25, 2004

Mr. Chairman, other Committee members, and Committee staff:

Thank you for the opportunity to provide testimony on the U.S. Agency for International Development's (USAID's) contracting practices. As you have requested, my testimony will focus on USAID's contracting practices, with emphasis on programs in Afghanistan and Iraq.

My office has a continuing program to review USAID's procurement operations. These reviews consist of pre-award audits, incurred cost audits, and contract close-out audits that are performed by my staff, by contracted public accounting firms, and by the Defense Contract Audit Agency through a reimbursable agreement with my office. In addition, we have conducted a series of audits to examine whether USAID's Cognizant Technical Officers (CTOs) are properly trained and accountable for performing their duties. Cognizant Technical Officers play a crucial role in helping ensure that contractors deliver the goods and services contracted for.

Cognizant Technical Officers (CTOs)

To date, we have completed work in three USAID Bureaus in Washington and six USAID missions overseas. While we have not yet reached overall conclusions, audit work to date indicates that many Cognizant Technical Officers (CTOs) are not adequately trained to perform CTO duties. We are in the process of finalizing our summary audit report to USAID, which includes recommendations to ensure that (1) CTOs receive specific training on a timely basis to become eligible for certification and (2) CTO accountability is improved by including their responsibilities in their work objectives.

Afghanistan

In response to a request for assistance from USAID's Administrator, my office has provided advice on accountability and audit issues for the Afghanistan Assistance Program. For example, OIG representatives served as observers at meetings of the Central Asian Task Force established prior to the opening of the USAID Mission in Afghanistan to plan assistance activities. Additionally, prior to the awarding of the major contract for rehabilitation of economic facilities and services program in Afghanistan, USAID's Bureau for Asia and the Near East requested the OIG's cooperation in identifying appropriate audit coverage of the contract. Shortly after the contract was awarded, my staff visited Kabul to perform a preliminary risk assessment of the USAID program and to develop an audit strategy.

The audit strategy includes a concurrent financial audit program as well as performance audits. A series of concurrent financial audits are planned of costs incurred under the USAID/Afghanistan Rehabilitation of Economic Facilities and Services Program. These concurrent financial audits are designed to disclose accountability issues at an early stage—before larger sums of money are put at risk. These audits are conducted by Public Accounting firms and the Defense Contract Audit Agency.

The audits in Afghanistan are supervised closely by my office to ensure audit quality. The first of these financial audits, issued on January 23, 2004, covered about \$1.2 million in local costs paid in Afghanistan, of which about \$29,000 was questioned by the auditors.

My office has also issued a report on the progress of the Kabul-Kandahar Highway rehabilitation. The report described both successes and challenges that had caused project delays. As of November 1, 2003, Louis Berger Progress Reports showed that 222 kilometers of the 389-kilometer road project had been paved, and USAID officials stated that they planned to have the entire 389 kilometers of road completed with an acceptable interim paved surface by the end of December 2003. USAID subsequently reported that this was achieved. Our report also noted that Louis Berger had not updated its implementation plan, as required under the contract, to reflect changes made to the road reconstruction schedule. Therefore, we recommended that USAID require Louis Berger to maintain an updated implementation plan for its activities under the contract.

Iraq

Our work on contracting in support of the Iraq program is being conducted in three phases: (1) examining the decision to use less than full and open competition for nine contracts, (2) examining compliance with the Federal Acquisition Regulations in awarding contracts, and (3) conducting concurrent financial and performance audits of the program.

USAID has used less than full and open competition in awarding 9 of 11 contracts awarded to date. Subpart 6.3 of the Federal Acquisition Regulations and Section 706.302 of the USAID Acquisition Regulations allow use of less than full and open competition when the USAID Administrator makes a written determination that use of full and open competition would be inconsistent with the fulfillment of the Foreign Assistance Program. The office of the USAID Administrator made this determination in writing on January 16, 2003. The OIG advised the Ranking Member of the Senate Committee on Governmental Affairs of this determination in a letter dated April 14, 2003.

To date, USAID has awarded 11 reconstruction contracts totaling \$3.3 billion. These contracts relate to economic governance, education, infrastructure reconstruction, personnel support, seaport administration, local governance, monitoring and evaluation, health, airport administration and agriculture.

To date, my office has reviewed ten of these contracts with a value of \$1.5 billion. We have issued nine final memoranda on these reviews and a tenth memorandum is in draft at this time. We plan to review additional contracts as they are awarded during the remainder of FY 2004.

These reviews indicate that USAID has done a good job of processing these awards under tight timeframes to support the reconstruction program in Iraq. Based on the reviews completed to date, my office concluded that USAID complied with the acquisition regulations applicable to these contracts, with the following exceptions:

- For three contracts, the auditors noted weaknesses in USAID's documentation of its market research efforts to identify prospective contractors.

- For one contract, USAID staff should have consulted with its Office of General Counsel on a potential conflict-of-interest issue.
- For one contract, USAID did not provide one offeror with timely notification that an award had been made and did not provide timely debriefings to three unsuccessful offerors.

In addition to these instances of noncompliance with acquisition regulations, my office identified some other areas where contracting practices might be improved:

- For two contracts, we concluded that USAID should fully document what is discussed in pre-solicitation meetings with potential offerors.
- For two contracts, the level of effort initially estimated by USAID varied significantly from actual needs.
- For two contracts, USAID initially determined that contractors would need a facilities clearance and accordingly included this requirement in the request for proposals. After it found that the selected contractors did not have the requisite facilities clearances, USAID deleted the requirement.
- For one contract, where a request for proposal did not require that offerors provide evidence of their legal status, the selected offeror's status as a corporation had lapsed. However, the offeror became aware of this problem and corrected it prior to signing the contract with USAID.

In addition to this work, which focused on contracting processes associated with the Iraq program, my office has also conducted Financial and Performance Audits in Iraq itself.

Specifically, we have initiated 33 Financial Audits covering costs incurred by contractors implementing the USAID program to rebuild Iraq. These audits are being performed by Defense Contract Audit Agency (DCAA) auditors located in Baghdad and Kuwait City and in DCAA Regional offices in the U.S. The audits will examine the propriety of costs incurred under these contracts and the contractors' internal control systems.

Semiannual Report to the Congress

The OIG will review and issue the final reports to USAID to ensure that USAID collects any questioned costs due to USAID and takes action on any identified management and financial system weaknesses. To date, we have issued 22 audit reports covering about \$35 million in USAID funds. The auditors questioned \$339,646, which included \$275,772 in ineligible costs and \$63,874 in unsupported costs.

In addition, we have conducted one Performance Audit that examined the accuracy of results data compiled by USAID for its education activities in Iraq. My staff is drafting a report on the results of that audit now. We will conduct additional Performance Audits in Iraq during fiscal year 2004.

Proactive investigative work will include continual review and assessment of contracts and contract files to determine areas of potential vulnerability. In addition, contacts with key personnel involved with the effort have been initiated. The OIG will investigate any allegations of wrongdoing in the Iraq program.

Again, thank you for the opportunity to testify today. I will be happy to respond to any questions you may have.

Major Management Challenges

USAID implements America's foreign economic and humanitarian assistance programs in accordance with foreign policy guidance provided by the Secretary of State. USAID manages a budget of approximately \$12.6 billion and advances U.S. foreign policy objectives by supporting:

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

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

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

These Major Management Challenges are:

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

Financial Management

The OIG is pleased to report that because of our audit efforts and USAID's implementation of corrective actions to previously reported financial management challenges, the OIG issued unqualified opinions on USAID's fiscal year 2003 financial statements. The OIG believes that this is an important milestone and represents significant progress by USAID. However, while USAID has made progress over the last five years, several areas of its

financial management system continue to present challenges. Although there was improvement in the information on USAID's five financial statements, its system was not able to consistently provide managers with the necessary cost and budgeting information throughout fiscal year 2003.

Financial Management Challenges

Although USAID has made considerable progress toward resolving the challenges with its financial management system in the past year, USAID still has challenges that must be addressed. These challenges include:

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

Recording Costs against USAID Goals

Federal Financial Accounting Standard No. 4 requires agencies to match costs with the related outputs and requires them to report the full cost of outputs. A cost methodology, once adopted, is required to be used consistently so that cost information can be compared from year to year.

USAID does not have an effective system of identifying and reporting all costs against appropriate USAID goals. As a result of the OIG audit, USAID made a \$2.1 billion adjustment to reallocate expenses to the correct goal. However, since USAID was required to make such a large adjustment of costs between goals, the data on expenses within each of USAID's six goals cannot effectively be compared to the fiscal year 2002 financial statement data. As mentioned in Standard No. 4, Congress and Federal executives, including the President, make policy decisions on program priorities and allocate resources among programs using this cost information. These users need cost information to compare alternative courses of action, to make program authorization decisions, and to evaluate program performance. USAID's current system does not allow this to be accomplished successfully.

Calculating and Reporting Accounts Payable

The OIG determined that, although USAID has made progress in this area, its methodology for estimating accounts payable and accrued expenses using Cognizant Technical Officer reviews of the information contained in the Accrual Reporting System used by Washington, the Mission Accounting and Control System used by its missions, and the supervision of results have not worked effectively. This continues to be a challenge for USAID because:

- Financial information generated by the Accrual Reporting System is often unreliable.
- Cognizant Technical Officer information maintained in the Accrual Reporting System is unreliable.
- USAID has not used all available information to monitor the credibility of the information that is either accepted or reviewed within the Accrual Reporting System.
- USAID Office of Financial Management is not statistically reviewing the accuracy of accrual modifications.
- Supporting documentation for recorded accruals is held by as many as 600 individuals every quarter, making the system extremely difficult to audit.

Recognizing and Reporting Accounts Receivable

USAID continues to experience difficulty in recognizing and reporting accounts receivable accurately and in a timely manner. This problem was previously reported by the OIG in past consolidated financial statement audit reports.

USAID has not established adequate policies and procedures to account for worldwide accounts receivable and did not report this as a separate material internal control weakness in its Accountability Report. Instead, USAID has combined this material internal control weakness with the primary accounting system material internal control weakness reported. The OIG will continue to review these policies in future audits.

Reconciling Financial Management Information

Reconciling financial management information remains a challenge to USAID, a problem that has been consistently reported in previous consolidated financial statement audit reports issued in response to the Government Management Reform Act (GMRA).

After reviewing USAID's reconciliation progress during the Office of Inspector General's fiscal year 2003 GMRA audit, the OIG determined that USAID's internal controls over fund balance with the U.S. Department of Treasury account needs improvement. USAID, with an audit firm's assistance, performed a fund balance reconciliation and identified, researched and resolved differences with the U.S. Department of Treasury as of September 30, 2003. USAID also tracked the reconciling items reported by the overseas missions. While USAID has improved its fund balance reconciliations over the past two years, the overseas missions have not established a process to analyze, research, and resolve the outstanding reconciling items. As a result, in fiscal year 2003 USAID's Office of Financial Management made unsupported adjustments of about \$35 million net (\$201 million in absolute dollar value) to bring its cash balance in agreement with the U.S. Treasury's balance.

Recording and Classifying Advances and Related Expenses

As of September 30, 2003, USAID had not recorded approximately 20 grant agreements and/or modifications in the Department of Health and Human Services' Payment Management System. This resulted because USAID does not have a worldwide integrated financial management system that links its accounting, procurement, and assistance system, as well as all other activities performed by USAID. Although USAID established and implemented procedures for new grants and/or modifications to be sent to its Office of Financial Management, some grant officers were not following the established procedures.

Information Resource Management

OIG audits have identified significant weaknesses in USAID's management of information technology resources. The Clinger-Cohen Act of 1996 requires executive agencies to implement a process that maximizes the value and assesses the management

risks involved in information technology investments. Because USAID's management practices have impacted its ability to fully comply with the Act's requirements, its managers have not had access to financial information that is complete, reliable, and timely.

Within the area of information resource management, the OIG has identified two challenges: (1) information resource management processes and (2) computer security.

Improving Information Resource Management Processes

The OIG and other organizations have identified organizational and management deficiencies in USAID's information resource management processes. For example, the Clinger Cohen Act of 1996 includes (1) procedures to select, manage, and evaluate investments and (2) a means for senior managers to monitor progress in terms of costs, system capabilities, timeliness, and quality. Although USAID has made progress in improving the above processes, it needs to continue its efforts in this area.

As discussed in our September 30, 2003 Semiannual Report to the Congress, USAID has created a Business Transformation Executive Committee (BTEC), whose membership consists of senior members of management. BTEC's purpose is to provide USAID-wide leadership for initiatives and investments to transform USAID business systems and organizational performance. BTEC's roles and responsibilities include:

- Guiding business transformation efforts and ensuring broad-based cooperation, ownership, and accountability for results.
- Initiating, reviewing, approving, monitoring, coordinating, and evaluating projects and investments.
- Ensuring that investments are focused on highest pay-off performance improvement opportunities aligned with USAID's programmatic and budget priorities.

During the first half of fiscal year 2004, BTEC implemented and refined policies and procedures for reviewing and approving capital investments in information technology, with the objective of ensuring that investments are focused on high pay-off performance improvement opportunities. In its efforts to track USAID's progress, the OIG observed and made suggestions for improvement in meetings that implemented and refined

these policies and procedures. Furthermore, although not a voting member in the actual review and approval of information technology projects, the OIG participated by making suggestions for consideration in these review and approval meetings.

BTEC has also prepared a "Knowledge for Development" strategy, which provides a vision and mission statement. Components of this strategy include projects and initiatives to develop knowledge-sharing and knowledge-generating tools, techniques and procedures. In addition, BTEC monitors USAID's progress in acquiring a global core accounting system and a procurement system. The OIG has attended meetings relating to these activities.

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

Improving Computer Security

The OIG has determined that USAID continues to have computer security weaknesses. For example, USAID did not always:

- Configure systems to eliminate high-risk vulnerabilities.
- Use strong passwords.
- Limit unsuccessful log-on attempts to three.
- Implement effective controls over dial-up access to its systems.

Although USAID developed a training program, all key information security employees did not obtain specific training to carry out their security responsibilities. Further, under USAID's current organizational structure, USAID's Information Systems Security Officer did not have the authority to enforce mandatory training requirements.

However, USAID has taken some action to improve its computer security. For example, USAID:

- Continued to perform monthly scans of all the devices on USAID's network for vulnerabilities and report the results to responsible security personnel.
- Centrally managed the Windows 2000 domain servers, firewalls, and virus scan software.

- Implemented a network appliance sensor that will give USAID the capability to view what devices are being used on the network, record how those devices are being used, and detect intrusions to and vulnerabilities on the network.
- Implemented a process to assess information systems security for the purchase of capital assets.

The OIG will continue to monitor USAID's progress in improving its computer security to ensure that critical systems and data are protected from unauthorized access, modification, or destruction.

Managing for Results

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

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

The OIG continues to monitor USAID's progress in improving its performance management system. For example, during the reporting period, the OIG reported that performance information included in the management discussion and analysis section of USAID's fiscal year 2003 consolidated financial statements did not contain a clear picture of USAID's performance for that year. The primary performance information included was based on results achieved in fiscal year 2002 rather than fiscal year 2003. As a result, the statements did not adequately link costs to results for fiscal year 2003. Moreover, another recent OIG report indicated that while

USAID is implementing the requirements of the Results Act, it has struggled with meeting some performance reporting requirements. The report included two recommendations to assist USAID in this area.³

Planned OIG audits during fiscal year 2004 include an audit of the performance reporting included in the fiscal year 2004 consolidated financial statements and an audit of performance information contained in Annual Reports prepared by USAID operating units.

Procurement Management

USAID achieves development results largely through intermediaries: contractors or recipients of grants or cooperative agreements. Efficient and effective acquisition and assistance systems are therefore critical. The Office of Procurement has been the focus of various initiatives for defining ways to strengthen the efficiency and effectiveness of the acquisition and assistance process. These initiatives are in direct response to the long-standing challenges that the Office of Procurement has faced in the areas of procurement staffing; activity planning; and awarding and administering contracts, grants, and cooperative agreements.

The OIG recognizes the importance of the acquisition and assistance process in accomplishing USAID's mission. Therefore, as part of its strategic plan, it has adopted a strategic objective of contributing to the improvement of USAID's processes for awarding and administering contracts, grants, and cooperative agreements. To meet that objective, the OIG has developed multi-year strategies to promote increased efficiency and effectiveness in USAID procurement processes.

Within the framework of a multi-year audit plan, the OIG defined "standards for success" for critical acquisition and award processes. Time-phased audit plans have been developed to identify the Office of Procurement's status in achieving these standards and the steps needed for further improvement.

The OIG recently conducted a worldwide audit to determine if Cognizant Technical Officers (CTOs) are adequately trained and are held accountable for performing the acquisition and assistance tasks delegated to them. The audit determined that, in general, while USAID had provided adequate guidance, it had not provided CTOs enough training to acquire the core competencies necessary to perform their tasks and did

³ "Audit of USAID's Efforts to Meet the Requirements of the Government Performance and Results Act of 1993," September 30, 2003 (Audit Report No. 9-000-03-011-P)

not hold all its CTOs accountable for performing these tasks.⁴ Three related mission audits were conducted this reporting period at the following locations: the Central Asian Republics' Regional Mission (see page 35), Nepal (see page 32), and Egypt (see page 31). A report summarizing the worldwide audit results was issued this semiannual reporting period (see page 6).

During this reporting period, the OIG began an audit to determine whether USAID is achieving its small business procurement goals and whether it can strengthen its reporting in this area.

Human Capital Management

Management of a diverse and widespread workforce impacts on the ability of USAID to carry out its mission. Accordingly, USAID has undertaken a major effort to improve and restructure its human capital management. However, as of December 31, 2003, the Office of Management and Budget (OMB) had given USAID an unsatisfactory—or red light—in the area of human capital. While OMB did give USAID a green light for progressing in the area of Human Capital Management, more remains to be done. For example, USAID needs to (1) analyze and optimize its organizational structure to address future organizational challenges, (2) continuously update its talent pool for current and future succession, and (3) link performance appraisals to USAID's mission, goals, and objectives.

To assess how USAID can better manage its human capital, the OIG has committed resources to providing timely services in this area. Specifically, the OIG issued a report in December 2002 on its Audit of USAID's Human Capital Data.⁵ In this report, the OIG noted that the human capital data collected and maintained by USAID was neither complete nor totally accurate. To help improve the quality and completeness of this data, the OIG made recommendations, including (1) issuing guidance explaining responsibilities for workforce reporting and (2) developing procedures for attesting to the accuracy of workforce data. In addition, the OIG conducted audits of workforce planning for procurement officers and in the training, use, and accountability of Cognizant Technical Officers.

⁴ The CTO is responsible for ensuring, through liaison with the contractor or grant recipient, that the terms and conditions of the acquisition and assistance instrument are accomplished.

⁵ "Audit of Human Capital Data," December 20, 2002 (Audit Report No. 9-000-03-002-P)

In the area of USAID's non-direct hire workforce, the OIG is conducting a worldwide audit examining how USAID manages its U.S. personal services contractors. To date, the OIG has issued mission-specific audit reports on how the USAID missions in the (1) Dominican Republic (page 42); (2) Peru (page 42); (3) Kenya (page 29); (4) Regional Mission for Ukraine, Belarus, and Moldova (page 36); and (5) Regional Economic Development Services Office for East and Southern Africa (page 29) are managing U.S. personal service contractors. Similar audits are also scheduled at other overseas missions later this fiscal year. Finally, the OIG has commenced an audit of USAID's human capital strategy.

In addition to providing audit services, an OIG staff member participates as an observer to USAID's Business Transformation Executive Committee's Subcommittee on Human Capital, thereby allowing the OIG to keep abreast of USAID's human capital initiatives.

Other Management 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 vulnerability to corruption. To ensure the effective use of U.S. funds, the OIG devotes considerable resources to such programs.

Iraq

The OIG is reviewing USAID's Iraq program activities in Washington and in Iraq. In Washington, the OIG is reviewing contracts awarded to U.S. firms to implement the USAID-Iraq reconstruction program. This review is being made to determine if USAID complied with the Federal Acquisition Regulation (FAR) and to identify areas for possible improvement.

As of March 31, 2004, USAID's procurement office in Washington had awarded 11 reconstruction contracts totaling \$3.3 billion. The OIG has reviewed ten of these contracts with a value of \$1.5 billion and found overall compliance with the FAR by USAID. However, the OIG noted several exceptions to the FAR, including a need to (1) fully document market research efforts to identify prospective contractors; (2) consult with USAID's general counsel in making a conflict-of-interest determination; (3) notify and debrief offerors who were not awarded the contract; and (4) document the mitigation of an unfair competitive advantage.

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Additionally, the OIG noted areas for improvement in (1) documenting pre-solicitation contacts with offerors; (2) documenting the level of effort needed in requests for proposals; (3) developing guidance for determining if requests for proposals should specify a facilities clearance requirement; and (4) standardizing the treatment of security costs in offerors' Iraq-related cost proposals.

Near the end of this reporting period, the OIG began a review of the eleventh contract, a follow-on reconstruction and rehabilitation contract. Furthermore, the OIG plans to review the contracting process associated with additional follow-on contracts as they are awarded.

The OIG is also coordinating with the Coalition Provisional Authority Inspector General (CPA/IG). The OIG held several meetings with the CPA/IG and his staff and provided the office with the results of OIG work to date. The OIG will continue to coordinate with the CPA/IG and the General Accounting Office periodically on OIG work in the Iraq program.

The OIG is also continuing its presence and work in Iraq. In addition to two OIG auditors already in Iraq, a third arrived in November 2003 and a fourth in January 2004. OIG staff is located with the USAID mission in the protected Green Zone of Baghdad; however, in performing their audit responsibilities, they make visits to USAID activities throughout Iraq.

The OIG financial audit program utilizes the services of the Defense Contract Audit Agency (DCAA) located in Baghdad, Iraq; Kuwait City, Kuwait; and in regional offices in the United States to conduct financial audits



Photograph of OIG staff on assignment in Baghdad, Iraq.

of the contractors implementing the various USAID activities to rebuild Iraq. The financial audits examine the contractors' and grantees' internal control systems and the propriety of costs incurred under these contracts and grants. The OIG reviews and issues the final DCAA audit reports to USAID to ensure that USAID determines the allowability of any questioned costs, collects those costs determined to be unallowable, and takes action on any identified management and financial system weaknesses. During this period, 32 DCAA reports have been issued covering \$129 million in USAID funds. These audits reviewed the various internal controls of the contractors and made recommendations for corrective action where appropriate. The audits also resulted in questioned costs of approximately \$13.3 million incurred by contractors that USAID will review and act on.

In addition, the OIG is conducting performance audits of USAID/Iraq activities. The first performance audit addressed reported results of eight educational activities in Iraq, activities such as schools rehabilitated, textbooks printed, and teacher and student kits delivered. Six of the eight results were reported as less than the actual results because of a delay in capturing data. Schools rehabilitated were over-reported (1,500 vs. 1,356). The Mission instituted a process to receive and report data on a more current basis. The OIG began a second performance audit on USAID/Iraq's infrastructure reconstruction and rehabilitation activities during the period.

In the investigative arena, the OIG will continue to receive, assess, and conduct investigations of allegations involving the Iraq program. Liaison has been established with multiple offices within the Department of Justice that might have jurisdiction over anticipated future allegations of fraud related to the program. Furthermore, in fiscal year 2004, the OIG plans to add



Photograph of AIG/A Bruce Crandlemire, an OIG Auditor and a Corps of Engineers official inspecting progress on a turbine generator at Doura Power Generation Station in Baghdad.

an investigator to the staff in Iraq. Finally, the OIG routinely monitors contractor activity in Iraq, tapping into a variety of sources of information to identify potential areas of concern.

Afghanistan

The OIG has performed risk assessments in Afghanistan and found that the overall risk related to USAID/Afghanistan's ability to manage assistance activities is high, due primarily to security challenges, difficulties with staffing, and inadequate working and living conditions.

The \$500 million Rehabilitation of Economic Facilities and Services (REFS) program is the largest and most visible activity being implemented by USAID/Afghanistan. The purpose of the program is to promote economic recovery and political stability through infrastructure repair projects, including roads, schools, clinics, dams and irrigation systems. The single largest activity under the program is the reconstruction of a 1,207-kilometer highway running from Kabul through Kandahar to Herat. The 389-kilometer segment running from Kabul to Kandahar was paved with an initial layer of asphalt in 2003, and reconstruction of the remaining segment from Kandahar to Herat is scheduled to begin in June 2004.

The OIG is conducting a series of performance reviews on the reconstruction of the Kabul to Kandahar highway, and a public accounting firm is conducting a series of up to 15 concurrent financial audits for the OIG on the prime contractor's local costs. The initial performance review, issued in November 2003, found that progress was being made on the Kabul-Kandahar highway, but recommended that the Mission require the contractor to develop an implementation plan to ensure that the



Photograph of the USAID/Afghanistan Controller (left) and the Regional Inspector General from Manila (right) visiting the Auditor General of Afghanistan (middle).

contractor can be held accountable. The OIG issued the first REFS financial audit report in January 2004 and recommended numerous improvements in internal controls. The second REFS financial audit report was issued in March 2004 and recommended additional improvements in internal controls. The OIG has also contracted for a second series of concurrent audits to be performed at the contractor's U.S. offices in order to cover costs supporting the Afghanistan program that are paid in the U.S.

In March 2004, the OIG issued a second performance review on the Kabul-Kandahar highway reconstruction. The review concluded that progress continues to be made toward completing the highway by the end of October 2004. Also, in March 2004, the OIG began an audit of USAID/Afghanistan's \$87 million economic governance program.



Photograph of RIG/Manila auditors viewing one of six bridges (the first bridge south of Kabul at Km 48) under construction on the Kabul-Kandahar Highway.



Photograph of the Kabul-Kandahar Highway, with striping and signage, near Km 48.

On the investigative side, the OIG will continue to monitor the Afghanistan program directly from Manila with oversight and support from Washington. The receipt, assessment, and investigation of allegations will continue as a collaborative Manila/Washington effort. Finally, the OIG will continue to emphasize its proactive strategy.

Middle East Partnership Initiative

The Middle East Partnership Initiative (MEPI), a Presidential initiative, was launched in December 2002. This initiative aims to expand educational and economic opportunities, empower women, and strengthen civil society and the rule of law in the Middle East. The Department of State's Bureau of Near Eastern Affairs, Partnership Initiative Office, manages the MEPI policy and programs. To date, the administration has committed \$129 million in Economic Support Funds for MEPI over fiscal years 2002 and 2003. The fiscal year 2004 supplemental appropriation provides \$90 million for MEPI and allows the use of up to an additional \$30 million in Iraq.

A total of \$129 million in MEPI funding has been apportioned to USAID—\$29 million for fiscal year 2002 and \$100 million for fiscal year 2003. USAID has either allocated these funds to USAID bureaus and missions or transferred them to other government agencies.

Of the total \$129 million funded, USAID internally programmed approximately \$21.3 million in fiscal year 2002 and \$33.4 million in fiscal year 2003. The remaining funds were provided to the Departments of State, Commerce, and Treasury.

Each agency is responsible for managing the funds, and the OIG of each agency is required to audit those funds. The USAID OIG will coordinate with the OIGs of each agency receiving funds from USAID to ensure that the OIGs are aware of their responsibilities.

The OIG plans to provide audit coverage beginning this fiscal year to MEPI activities implemented by USAID through OIG performance and financial audit programs.

West Bank and Gaza

The Consolidated Appropriations Resolution, 2003, and the Consolidated Appropriations Act, 2004, require USAID to ensure that all recipients and significant sub-recipients of United States assistance under the Economic Support Fund for the West Bank and Gaza are audited at least annually. To perform these audits, the OIG received \$1 million under each appropriation.

To meet the above legislative requirements, the OIG performed a risk assessment of USAID/West Bank and Gaza's activities and developed an audit strategy, including a listing of projects to be audited. Because of security concerns and travel restrictions for U.S. Government personnel in the West Bank and Gaza, the OIG strategy focuses on contracting with local independent public accounting firms to conduct these audits.

As of March 31, 2004, the OIG had contracted for 49 audits with 6 independent public accounting firms.

During this reporting period, the OIG released final reports for 8 audits, which identified questioned costs of \$92,000 out of \$14.5 million audited. USAID agreed to recover approximately \$52,000 of these questioned costs from the recipients. The audits also identified instances of inadequate segregation of duties, noncompliance with regulations governing competition for subcontracts, and contractors charging USAID higher-than-negotiated rates for indirect costs. Furthermore, as a result of the audit activities, three contractors have been referred to OIG Investigations.

In addition to overseeing the above audits, USAID/West Bank and Gaza requested that the OIG provide coverage on a \$20 million cash transfer to the Palestinian Authority that was authorized in July 2003. The OIG plans to conduct an agency-contracted audit of this agreement.

In related efforts, the OIG will continue its West Bank and Gaza investigative program. The receipt, assessment, and investigation of allegations will continue, and the OIG will also continue to pursue its proactive approach to the work being done in the West Bank and Gaza. As a result, fraud awareness presentations and site visits are anticipated.

HIV/AIDS

According to the Joint United Nations Program on HIV/AIDS, approximately 40 million people are infected with HIV/AIDS (Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome), and the number is

growing. In 2003, an estimated 3 million people died, while another 5 million were newly infected. Nearly half of all new infections—over 6,000 daily—are occurring among young people (15–24 years old).

USAID funding for HIV/AIDS programs has increased dramatically—from \$139 million in fiscal year 1999 to more than \$700 million in fiscal year 2003. USAID HIV/AIDS funding for fiscal year 2004 will be more than \$500 million. Additionally, USAID will be managing projects focusing on prevention, treatment, and care funded out of the \$15 billion, over a five-year-period, included in the President's Emergency Plan for HIV/AIDS Relief.

With the funding increase, there has been much interest in monitoring the impact of USAID assistance on the HIV/AIDS epidemic. In its report on USAID's fight against HIV/AIDS in Africa,⁶ the U.S. General Accounting Office (GAO) noted that gaps in data-gathering and reporting, the inconsistent use of indicators, and the lack of a routine system for reporting program results limited USAID's ability to measure its overall impact on reducing HIV transmissions. GAO recommended that USAID (1) select standard indicators to measure performance, (2) gather performance data on a regular basis, and (3) report this data to a central unit for analysis.

During 2002, USAID responded to these recommendations by finalizing a standard set of HIV/AIDS program indicators (a process initiated before the GAO audit), issuing new monitoring and evaluation guidance to collect standard data on a regular basis, and establishing a centralized database at USAID/Washington to manage this data for analysis and use. USAID also increased the number of HIV/AIDS monitoring and evaluation technical staff from one to five persons. In April 2002, USAID's Administrator approved a new HIV/AIDS operational plan entitled "Stepping up the War against AIDS." This plan focused efforts on AIDS even further by launching a plan to accelerate the implementation of the expanded response strategy and maximize its impact. Finally, in September 2002, USAID established the Office of HIV/AIDS within its newly created Bureau for Global Health.

In February 2003, the OIG completed a worldwide audit of HIV/AIDS programs, which included fieldwork in Global Health's Office of HIV/AIDS and at eight USAID overseas missions (Cambodia, India, Nigeria, Rwanda, Senegal, South Africa, Uganda, and Zambia). The audit found that all eight missions needed improvements in two areas:

- Planning, conducting, and documenting data quality assessments, and
- Improving performance-monitoring plans.

USAID responded to this audit by conducting training in performance-monitoring plans for Office of HIV/AIDS staff and other Global Health staff and by increasing the amount of technical support to field missions and regional bureaus.

On May 27, 2003, President Bush signed the H.R. 1298, U.S. Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003. The President also named a Global AIDS Coordinator to coordinate this effort. This coordinator is working with the Departments of State and Health and Human Services, as well as with USAID and the Centers for Disease Control, to direct the efforts in the worldwide fight against AIDS.

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. It is clear that OIG audits and investigations afford one method of safeguarding USAID funds; however, the OIG actively pursues additional methods to promote accountability and transparency, methods that enable the OIG to leverage resources. For example, the OIG works with Supreme Audit Institutions (SAIs) to expand their capabilities and provides financial management and fraud awareness training.

Expanding Supreme Audit Institutions' Capabilities

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

⁶ "U.S. Agency for International Development Fights AIDS in Africa, but Better Data Needed to Measure Impact," March 2001 (GAO-01-449)

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Photo of RIG/Pretoria auditors presenting financial audit training to USAID/Kenya and REDSO/ESA employees.

Before SAI audits can be accepted by USAID, the SAI must meet certain requirements concerning its professional capability and independence. The acceptance process usually requires that the SAI, the USAID Mission, and the OIG all sign a Memorandum of Understanding (MOU) detailing standards and procedures to be used in auditing USAID funds provided to the host government. The MOU states that the OIG will provide technical advice to the SAIs and that the OIG will perform quality control reviews of SAI work. During this reporting period, an MOU was signed between the OIG, the USAID Mission in Kenya, and the Kenyan SAI to conduct financial audits of USAID grants to the Government of Kenya. With the signing of this new MOU, the OIG and USAID missions have now signed MOUs with SAIs in 20 countries.



Photo of RIG/Pretoria auditors presenting financial audit training to employees of local audit firms and the Kenyan Supreme Audit Institute.

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

These investments in SAIs are paying dividends. During the period, several SAIs conducted audits of USAID funds given to host government agencies. For example, the SAI in Tanzania audited USAID funds of \$1.3 million under the Government of Tanzania's Family Planning Unit Project. The resulting audit report included \$448,000 in questioned costs and reported one internal control weakness. The SAI in El Salvador also issued four financial audit reports, and the SAI in Guatemala issued one. The audits in El Salvador included a housing reconstruction program and a program to reconstruct and supply schools and childcare centers and to reconstruct public health facilities. The expenditures audited under both programs totaled about \$9 million.

Training USAID Staff and Others

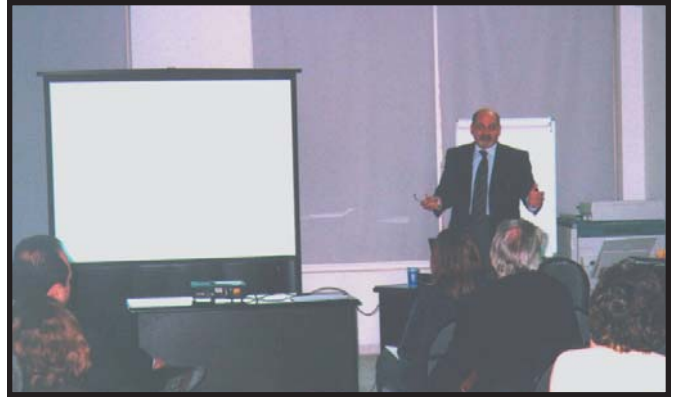
The OIG remains committed to a proactive approach to preventing losses before they occur and continues to provide financial management and fraud awareness training to USAID employees, contractors, grantees, SAIs, and auditors from local accounting firms.



Photograph of the signing of a Supreme Audit Institution MOU. Left: Controller & Auditor General of Kenya; Middle: Mission Director, USAID/Kenya; Right: Regional Inspector General/Pretoria.

Fraud Awareness Training

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



Photograph of an OIG investigator providing fraud awareness training at the office of a non-governmental organization in Amman, Jordan.

Month	Location	Sessions	Attendees	Type of Attendee
OCT 2003	Washington, DC, U.S.	1	20	USAID Personnel
OCT 2003	Yerevan, Armenia	2	97	USAID/Contractor/Grantee Personnel
OCT 2003	Zagreb, Croatia	2	58	USAID/Contractor Personnel
NOV 2003	Cairo, Egypt	2	27	USAID/Contractor/Grantee Personnel
NOV 2003	Tbilisi, Georgia	2	107	USAID/Contractor/Grantee Personnel
NOV 2003	Baku, Azerbaijan	1	43	USAID/Contractor Personnel
NOV 2003	Tegucigalpa, Honduras	4	228	1) USAID/Contractor/Grantee Personnel 2) Local Audit Firm Personnel 3) Local/National Government Officials
NOV 2003	Amman, Jordan	2	51	USAID/Contractor Personnel
NOV 2003	Baghdad, Iraq	1	5	Grantee Personnel
DEC 2003	Baghdad, Iraq	1	8	Contractor Personnel
DEC 2003	Amman, Jordan	7	157	USAID/Contractor/Grantee Personnel
DEC 2003	Kampala, Uganda	1	27	USAID/Grantee Personnel
DEC 2003	Bucharest, Romania	2	56	USAID/Contractor/Grantee Personnel
JAN 2004	Belgrade, Serbia	3	77	USAID/Contractor Personnel
MAR 2004	Pretoria, South Africa	1	49	Grantee Personnel
MAR 2004	Cairo, Egypt	1	21	Contractor Employees
MAR 2004	Washington, DC, U.S.	3	32	USAID Personnel
MAR 2004	Lima, Peru	2	117	1) USAID/Contractor/Grantee Personnel 2) Local Government Officials
	Total	38	1,180	



Photograph of OIG investigators at the Jordanian Association for Family Planning and Protection (JAFPP), a non-governmental organization in Jordan which participated in a fraud awareness briefing.

Financial Management Training

USAID's contracts and grants include provisions (cost principles) that define what types of costs are legitimate charges to support USAID programs. While the full text of these cost principles are contained in voluminous sections of the Federal Acquisition Regulation (FAR) and various Office of Management and Budget (OMB) Circulars, there generally is only a single sentence in USAID agreements that refers to the applicable section of the FAR or the applicable OMB Circular. To increase awareness of—and compliance with—cost principles and to promote the highest audit standards, the OIG has been presenting training to overseas USAID staff,



Photographs of OIG auditors providing training in financial auditing (following the OIG Guidelines) and fraud awareness to 36 participants from USAID/Paraguay, private audit firms, and USAID recipients from October 6-8 in Asuncion, Paraguay.

contractors, grantees and others. This training provides both a general overview of U.S. government cost principles and specific real-world examples demonstrating concepts such as reasonableness, allocability and various specific cost principles (e.g., travel expenses, entertainment costs). The training also includes recipient-contracted audit requirements and financial accountability issues.

During this reporting period, the OIG provided financial management training in 11 countries and trained over 800 individuals.

Accountability over Contractors and Grantees

USAID is required by Federal Acquisition Regulations, the Single Audit Act, Office of Management and Budget (OMB) Circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees. The OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and thereby enhancing accountability over USAID contractors and grantees. Also, in accordance with provisions in USAID contracts and agreements, the OIG reviews audit reports of foreign organizations receiving USAID funds. The OIG further enhances the accountability over grantees and contractors by providing training in U.S. government cost principles.

Audits of U.S.-Based Contractors

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

During this reporting period, the OIG reviewed and transmitted 40 DCAA reports on U.S.-based contractors. These reports covered approximately \$215 million in costs claimed by the contractors and identified \$13.3 million in questioned costs.

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

U.S.-based nonprofit organizations (grantees) also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, "Audits of States, Local Governments, and Non-

Profit Organizations,” auditors perform annual financial audits of USAID grantees that expend over \$500,000 of Federal funds annually. These auditors are required to identify:

- Reportable conditions in internal controls involving major programs.
- Material noncompliance with laws and regulations.
- Known fraud affecting a Federal award.
- Known questioned costs above \$10,000.
- Misrepresentations of the status of prior audit findings.
- The reasons why the auditor’s report on compliance for major programs is other than unqualified.

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

Enterprise Funds are U.S.-based nonprofit organizations established under the Support for Eastern European Democracy Act of 1989. USAID has established 11 Enterprise Funds, 10 of which invest in countries in Eastern Europe and Eurasia, while the 11th invests in South Africa. Enterprise Funds are subject to annual financial statement audits performed by private accounting firms and reviewed by the OIG.

During the current reporting period, the OIG:

- Reviewed and issued 25 non-Federal audit reports covering USAID funds of over \$475 million spent by U.S.-based grantees.
- Issued 2 reports completed by DCAA covering \$6.2 million spent by U.S.-based grantees.
- Identified over \$223,000 in questioned costs.

Audits of Foreign-Based Contractors and Grantees

Although OMB Circular A-133 does not apply to foreign-based contractors and grantees, given the high-risk environment in which USAID operates, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts and through “Guidelines for Financial Audits Contracted by Foreign Recipients,” issued by the OIG. Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms approved by the OIG’s overseas regional offices.

Under the recipient-contracted audit program, audits are required for all foreign nonprofit organizations that expend \$300,000 or more per their fiscal year. USAID may also request financial audits of nonprofit organizations that fall below the \$300,000 threshold. With respect to foreign for-profit organizations, incurred cost audits of direct awards or of cost-reimbursement host-country contracts and subcontracts must be performed annually.

During this reporting period, the OIG issued two recipient-contracted audit reports of a for-profit company covering \$3 million in USAID funds received under two contracts, a grant, and a cooperative agreement for agri-business services. The audit reports identified \$2.1 million in questioned costs, 8 reportable internal control weaknesses, and 18 instances of material noncompliance with applicable laws and regulations. As a result of OIG audit and investigative efforts, USAID ceased funding to the company and reprogrammed \$4.1 million to other recipients.

In addition, the OIG issued another recipient-contracted audit report of a USAID cooperative agreement with a non-government organization. The audit covered \$0.9 million in expended USAID funds and resulted in \$558,000 in questioned costs, six reportable conditions, and ten instances of material noncompliance.

USAID’s financial audit requirements concerning its contracts, grants, and cooperative agreements are normally satisfied under the recipient-contracted audit program. However, this program does not always satisfy USAID’s financial audit needs. Agency-contracted audits, initiated by either USAID or the OIG, may also

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be used to provide needed audit coverage or to address known or perceived financial management problems concerning USAID's contracts, grants, or other agreements.

For example, the OIG initiated an agreed-upon procedures review of a U.S.-based contractor's operations in response to allegations of fraud on the part of the contractor's local employees. The review, conducted by an independent auditing firm, covered \$5.7 million in funds expended under a USAID contract. The final report included \$121,000 in questioned costs, of which \$24,000 was deemed to be ineligible due to fraud. In addition, the report included two reportable internal control weaknesses and four instances of material noncompliance with applicable laws and regulations.

The OIG reviews all audit reports and, if they are found to be in compliance with the "Guidelines for Financial Audits Contracted by Foreign Recipients," transmits the report to the appropriate USAID mission. Audit firms are notified of any problems identified in the review of the audit reports. In addition, the OIG conducts quality

control reviews on the working papers of selected recipient-contracted audit reports. For example, the OIG conducted two such reviews in which the audit firms were asked to improve their work and to conduct additional testing to more fully comply with OIG Guidelines. The audit firms performed the requested work, revised the two reports, and identified approximately an additional \$194,000 in questioned costs.

During the most recent reporting period, the OIG reviewed and transmitted 146 audits of foreign-based organizations, resulting in \$12.4 million in questioned costs. The OIG also completed 25 quality-control reviews to ensure that the audits were completed in accordance with appropriate audit standards.

Introduction to USAID Bureaus and Independent Offices

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

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

Regional Bureaus

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

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

Program/Pillar Bureaus

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

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

Support Bureaus

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

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

Independent Offices

- Office of the Executive Secretariat & Chief of Staff
- Office of Equal Opportunity Programs
- Office of the General Counsel
- Office of Small Disadvantaged Business Utilization
- Office of Security

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

Bureau for Africa

Audit of USAID/Tanzania's Participant Training Activities

The OIG conducted this audit to (1) determine whether USAID/Tanzania complied with selected requirements for administering the participant training program; (2) determine the non-returnee rates for overseas participants from USAID/Tanzania and whether the Mission took appropriate actions when participants failed to return; and (3) identify additional actions that USAID/Tanzania should take to meet the new requirements.

The audit showed that USAID/Tanzania complied with two of the four selected requirements for administering the participant training program. Specifically, USAID/Tanzania identified the roles of personnel for entering, verifying and approving participant trainee data in accordance with the new visa compliance guidelines and ensured that all participants sent to the United States for training were issued a J-1 visa. However, inaccuracies existed in the historical data maintained in the Mission's TraiNet database for participants trained in the United States. These inaccuracies occurred because the Mission left errors unresolved after system conversions and Mission employees made data-entry errors attributed to lack of training on the system. As a result,

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the OIG could not determine the universe of participants that USAID/Tanzania sent to the United States in calendar years 2000 to 2002. Secondly, because the Mission did not consistently apply the requirements to all participants, it did not have required documentation on all participants.

A non-returnee rate for overseas participants from USAID/Tanzania could not be determined because the data from the Mission's TraiNet database was unreliable and the universe of participants was undeterminable. However, for the 15 participants that the Mission identified as non-returnees, the Mission did not take timely action. This occurred because the Mission did not have an effective or reliable system in place for tracking and reporting non-returnees. Furthermore, the Mission did not issue bills of collection to all known non-returnees, nor did it impose interest charges on uncollected amounts.

To comply with the new requirements for selecting, monitoring and reporting on participants trained in the United States, the Mission needs to develop Mission-specific guidance to improve the management and controls of administering the participant training program.

The report contained ten recommendations to help USAID/Tanzania comply with selected requirements for administering the participant training program, improve its tracking and reporting of participants identified as non-returnees, recover over \$865,000 in training costs for non-returnees, and comply with the new visa compliance requirements.

Management decisions were reached on all ten recommendations.

(Audit Report No. 4-621-04-001-P)

Audit of USAID/Ethiopia's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program

The OIG conducted this audit as part of a worldwide audit to determine if USAID/Ethiopia, through its monitoring and oversight activities, ensured that P.L. 480 Title II non-emergency assistance programmed for direct food aid distribution programs was delivered to the intended beneficiaries in accordance with existing agreements.

Through its monitoring and oversight activities, USAID/Ethiopia generally ensured that Title II non-emergency food aid commodities were delivered to the intended beneficiaries in accordance with existing agreements. The Mission staff conducted periodic site visits to the cooperating sponsors' warehouses and distribution centers, reviewed relevant documents such as commodity/recipient status reports and commodity loss reports, and held monthly meetings with the cooperating sponsors to discuss issues relating to Title II programs. The Mission staff also interviewed beneficiaries to get their opinion on matters such as food-ration size, the distribution process, and misuse of commodities. However, the audit identified activities where monitoring activities could be improved.

The OIG recommended that USAID/Ethiopia develop and implement a plan of action to pursue a variety of commodity loss claims and to resume site visits to the warehouses and distribution centers managed by its partners.

Upon report issuance, management decisions had been reached on all recommendations.

(Audit Report No. 4-663-04-002-P)

Audit of USAID/South Africa's Selected Financial Data During Fiscal Year 2003

This audit was conducted to determine whether selected financial data recorded at USAID/South Africa during fiscal year 2003 were correct and in accordance with USAID policy. The OIG found that selected financial data recorded at USAID/South Africa were correct and in accordance with USAID policy, except for building costs reported to USAID/Washington under the category of Property Plant & Equipment.

The Mission had made several improvements in the processing and reporting of financial data when compared to an internal control review conducted earlier in the year by the OIG. The improvements included:

- Requested documentation for testing was made available in a timelier manner.
- Outstanding project advances decreased by 39 percent.
- The offset of project accruals and advances was more accurately reported.

- Project accruals were better supported and were more accurately calculated and reported.

However, the Mission needed to improve its reporting in the area of Property Plant & Equipment. According to USAID guidance, all material elements of construction costs are to be included in the cost basis of U.S. Government facilities. The Mission had not included costs for an upgraded security system and other modifications in the cost basis of its new office building as reported to USAID/Washington. The additional costs had not been included due to an oversight on the part of the Mission's Office of Financial Management. As a result, the total value of Property Plant & Equipment reported as of June 30, 2003 was understated by about \$1.2 million.

The OIG recommended that USAID/South Africa determine the amount of all material cost elements expended on its new office building and report the total amount as Property Plant & Equipment in the next data call to USAID/Washington.

The recommendation received both a management decision and final action upon final report issuance.

(Audit Report No. 4-674-04-001-F)

Audit of USAID/Ghana's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program

The OIG audited the program to determine if USAID/Ghana, through its monitoring and oversight activities, ensured that P.L. 480 Title II non-emergency assistance programmed for direct food aid distribution programs was delivered to the intended beneficiaries in accordance with existing agreements. It found that the Mission was ensuring that the direct food aid distribution programs were delivering the food to the intended beneficiaries in accordance with existing agreements, but the Mission could be monitoring the program more effectively and efficiently.

The OIG recommended that USAID/Ghana (1) develop a more effective monitoring plan, (2) perform timely data quality assessments, and (3) develop and implement procedures for following up on all loss claims.

Management decisions have been reached on all recommendations.

(Audit Report No. 7-641-04-001-P)

Audit of USAID/Benin's Health Program

In 1998, USAID established a Family Health program to address Benin's health problem. Benin's maternal and child health statistics were among the worst in Africa, its use of family planning services was among the lowest, and its HIV infection rate was growing. The objective of the health program is to increase the use of preventive health measures and family health services in a supportive policy environment. At the national level, interventions with the Ministry of Health focus on improving policies on key family health issues, improving weak management and planning systems, and strengthening fragile partnerships between the public and private sector. These interventions are complemented by a regional integrated family health program targeting the Borgou/Alibori area, where health statistics were worse than the national average. The program also supports nationwide social marketing of contraceptives as well as a national- and community-level campaign for HIV/AIDS prevention.

The objectives of this audit were to determine (1) if USAID/Benin had an activity-monitoring program in place to ensure proper management oversight of its health program and (2) if the Family Health program achieved its planned results.

USAID/Benin has not established a monitoring system that would fully provide management with proper oversight of the Family Health program activities. Although some monitoring efforts had been made, visits to implementing partner sites were not consistently documented nor conducted systematically. Without procedures in place to systematically and consistently monitor the Family Health program activities, USAID/Benin cannot be fully assured that the program activities conducted by the implementing partners will lead to the achievement of the health strategic objective.

Also, the Mission had not conducted a data quality assessment of the information reported to USAID/Washington as required. Although the accuracy of selected health program data for fiscal year 2002 was tested during the audit and no material errors were found, USAID/Benin cannot be assured as to the accuracy of the data reported to USAID/Washington in subsequent years without a formal, periodic assessment.

USAID/Benin's Family Health program has generally achieved its planned results for fiscal year 2002. A review of 22 performance measures showed that the actual results for more than half of those indicators were

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at 100 percent or more of the planned results. For four measures, the results were substantially lower than expected, but the implementing partner responsible for the activities had identified and implemented options to improve performance. However, challenges remain for the Mission in developing and maintaining the high-level government support for health policies and government reform needed for effective programs, and in ensuring sustainability for the achievements made so far.

The OIG recommended that USAID/Benin should improve its activity-monitoring program by establishing a schedule and procedures for conducting site visits and developing procedures for conducting data quality assessments.

Management decisions were reached on all recommendations.

(Audit Report No. 7-680-04-002-P)

Audits of USAID/Kenya's and USAID/Regional Economic Development Services Office for East and Southern Africa's Management of U.S. Personal Services Contractors

The OIG conducted these audits to determine whether USAID/Kenya and USAID/Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA) (1) determined its requirements for U.S. personal services contractors (USPSCs) in accordance with USAID policies and procedures and (2) awarded USPSCs contracts in accordance with selected USAID policies and procedures. These audits were part of a worldwide effort to review USAID's management of USPSCs.

Both USAID/Kenya and USAID/REDSO/ESA (1) determined their requirements for USPSCs in accordance with USAID policies and procedures and (2) awarded its U.S. personal services contracts in accordance with selected USAID policies and procedures for ensuring full and open competition and for establishing salaries and fringe benefits. However, neither USAID/Kenya nor USAID/REDSO/ESA had taken action to ensure that the required grade-level reviews were performed for all USPSC positions and that the results of the reviews were included in the USPSC files.

The OIG recommended that USAID/Kenya and USAID/REDSO/ESA develop and implement a system to ensure that their U.S. personal services contracts are executed only after a grade-level review has been conducted and documented in the contract file. In addition, the current checklist used in the U.S. personal service contract files should be modified.

USAID/Kenya and USAID/REDSO/ESA took final action on the recommendations.

(Audit Report Nos. 4-615-04-004-P and 4-623-04-005-P)

Joint OIG/USAID Effort Results in Bill for Collection for \$1,008,406

As a result of a major collaborative effort between the OIG and the USAID Contract Audit Management (CAM) Office, the USAID Mission in South Africa issued a bill for collection to a contractor in the amount of \$1,008,406. Based upon a complaint alleging serious financial irregularities by the contractor, the OIG initiated an investigation. The investigation disclosed an on-going pattern of improper billing practices centering on the contractor's salary payments to employees and indirect costs charged to USAID. The OIG then attempted to quantify the extent of the improper billings and determined that none of the submitted billings had back-up documentation sufficient to support any of the claimed costs. Accordingly, the OIG recommended that all costs be disallowed. Subsequently, the Mission sought CAM's assistance in determining an appropriate dollar figure upon which a bill for collection could be issued. Based upon CAM's analysis, the Mission issued the contractor a bill for collection in the amount of \$1,008,406.

Bureau for Asia and the Near East

Audit of USAID's Results Data for Its Education Activities in Iraq

Prior to the 1990s, Iraq had one of the best education systems in the Middle East with universal primary school enrollment and high rates of literacy among women. However, a decade later school enrollment for all ages declined to approximately 73 percent. While most schools in the country were not damaged during the recent conflict, renovations and repairs are greatly needed.



Photograph of school supplies provided by USAID.

In response to urgent needs of the Iraqi educational system, USAID has made assistance to the education system one of its top priorities. Prior to the start of the school year, USAID extended three contracts and nine grants to a number of USAID contractors and grantees and UN organizations to rehabilitate and supply Iraqi schools with educational materials and supplies. USAID funding for educational activities in Iraq is approximately \$116 million. Educational activities funded by USAID include repairing schools (e.g., painting, plumbing, electrical); distributing student kits consisting of a shoulder bag containing pencils, an eraser, a ruler, a pencil sharpener and writing paper; distributing teacher kits containing pens, pencils and writing books; providing school furniture, including student desks, teacher desks, teacher chairs, cabinets, and chalkboards; and editing and printing math and science textbooks.

The purpose of the audit was to determine if USAID accurately reported data and results for its education activities in Iraq. The OIG found that inaccuracies existed in the reported results for seven of eight education activities reviewed and that some schools were counted twice if the school received furniture and equipment as well as repairs to the building. The Mission took immediate action and implemented procedures to identify cases of double counting.

The OIG recommended that USAID/Iraq develop procedures to verify data included in reports prior to their issuance.

Final action was taken on the recommendation.

(Audit Report No. E-266-04-001-P)

Audit of USAID/Mongolia's Participant Training Activities

This audit was conducted as part of the OIG's world-wide audit of USAID's participant training activities. The audit was designed to determine (1) whether USAID/Mongolia complied with selected requirements for administering participant training conducted in the United States; (2) what the non-returnee rates were for overseas participants from Mongolia who were trained in the United States and whether USAID/Mongolia took appropriate actions when participants failed to return to Mongolia; and (3) what additional actions USAID/Mongolia should take to meet new requirements for selecting, monitoring, and reporting on participant training in the United States.

USAID/Mongolia complied with one of the selected requirements for administering participant training related to the use of USAID's participant training database. However, it did not comply with requirements that participant trainees travel on the proper type of visa and that appropriate records be maintained on participant trainees. According to Mission records, 5 of 106 participant trainees failed to return to Mongolia. Although the Mission appropriately reported that the five did not return to Mongolia, USAID/Mongolia needed to develop procedures to track participant trainees and to recover training costs from non-returnees. To meet new participant training program requirements, USAID/Mongolia should update its guidance governing participant training and use Conditions of Training forms for all participant trainees.

The OIG recommended that USAID/Mongolia (1) comply with USAID visa requirements, (2) establish procedures relating to requirements for English proficiency, tax identification numbers, trainees' timely return to Mongolia, locating and tracking non-returnees, reimbursement of training costs for non-returnees, and use of the Conditions of Training form, (3) determine if approximately \$136,000 in training costs can be recovered from non-returnees, and (4) update a local procedure to be consistent with USAID requirements.

All recommendations have received management decisions.

(Audit Report No. 5-438-04-001-P)

Audit of USAID/Egypt's Training, Use and Accountability of Cognizant Technical Officers

As of March 30, 2003, USAID/Egypt had designated 51 employees as Cognizant Technical Officers (CTOs). According to the Mission, these CTOs were responsible for managing 74 contracts, grants, cooperative agreements, and personal service contracts for an estimated amount of \$1.02 billion.

The OIG audited USAID/Egypt's training, use and accountability of CTOs to determine if the Mission (1) provided adequate training and guidance to its CTOs to help ensure that they were aware of and capable of performing their responsibilities and (2) held its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations.

The audit concluded that the Mission (1) had not provided enough training for its CTOs to acquire the core competencies needed to perform the full range of tasks assigned to them and (2) did not always hold its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations.

The OIG recommended that USAID/Egypt (1) in coordination with the USAID Bureau for Management's Learning Support Division, assess course comparability and determine the additional courses required for the Mission's CTOs to complete the certification program and arrange for CTOs to attend the necessary training and (2) require adherence to its policies that call for rating officials to establish, discuss, and formally record employee work plans at the beginning of the rating cycle and evaluate the performance of individual CTOs at the end of their rating cycle.

USAID/Egypt has taken final action on both recommendations.

(Audit Report No. 6-263-04-003-P)

Audit of USAID/Jordan's Microfinance Activities

In support of USAID's microenterprise program, in January 1998, USAID/Jordan initiated an \$18.4 million microfinance initiative under its \$57 million Access to Microfinance and Improved Implementation of Policy Reform Program. The initiative primarily involved four institutions and aimed to increase the sustainable delivery of financial services to microentrepreneurs,

including small and medium enterprises and women entrepreneurs. In August 2002, the Mission began a three-year, \$59 million follow-on program, of which \$9 million was budgeted for microenterprise initiatives, including the development of microfinance institutions, microenterprise business development, and microenterprise innovation grants.

The OIG audited USAID/Jordan's calendar year 2002 microfinance activities to determine if (1) the Mission administered the activities in accordance with applicable USAID guidance and (2) the activities had progressed towards their intended results. The audit concluded that USAID/Jordan administered its microfinance activities in accordance with applicable USAID guidance but that three of the Mission's four microfinance institutions did not focus on reaching poor people. The OIG did not recommend that this issue be addressed because missions have flexibility in structuring their lending programs and the extent to which they target the poor.

In regards to intended results, USAID/Jordan's microfinance activities had mixed results for calendar year 2002. One indicator (number of borrowers) fell short of its target by 21 percent, but another indicator (number of repeat borrowers) exceeded its target by 2 percent. Mission officials were unaware that they had fallen short of their targeted number of borrowers because they had not assessed the quality of data reported to them by microfinance institutions. Consequently, the Mission had inadvertently reported inaccurate microfinance results.

The OIG recommended that USAID/Jordan (1) perform a data quality assessment of microfinance results before including such results in its 2004 Annual Report and (2) develop a procedure to verify that results included in the Mission's Annual Report have had data quality assessments.

USAID/Jordan reached a management decision regarding Recommendation No. 1 and took final action on Recommendation No. 2.

(Audit Report No. 6-278-04-001-P)

Audit of USAID/Jordan's Cash Transfer Program

The OIG audited USAID/Jordan's Cash Transfer Program to determine if the Mission ensured that the conditions precedent were met before releasing cash transfer funds to the Government of Jordan and if the program progressed toward achieving its intended benefits.

USAID/Jordan ensured that the conditions precedent were met before disbursing the cash transfer funds to the Government of Jordan. The Mission established effective controls to ensure that the Government of Jordan (1) furnished satisfactory evidence to support the completion of each condition precedent and (2) met the general terms and conditions relating to use of the cash transfer in accordance with the terms of the agreement.

USAID/Jordan's Cash Transfer Program progressed toward achieving its intended benefits. This program contributed towards (1) paying the Government of Jordan's external debt, (2) influencing economic policy reforms, and (3) realigning the Government of Jordan's budget line items to support USAID initiatives through the local currency associated with the cash transfer.

The report contained no recommendations.

(Audit Report No. 6-278-04-002-P)

Audit of USAID/Nepal's Training, Use and Accountability of Cognizant Technical Officers

The audit was conducted as part of the OIG's worldwide audit of the training, use and accountability of Cognizant Technical Officers to determine whether USAID/Nepal provided adequate training and guidance to its Cognizant Technical Officers (CTOs) and held them accountable for performing their responsibilities.

Although USAID/Nepal provided adequate guidance to its CTOs, it needed to provide them with more training to ensure that they not only understood the full range of assigned tasks but also had the competence and confidence to perform these tasks successfully. USAID/Nepal did not provide sufficient training to its CTOs because it did not adequately monitor and maintain its training plans. Furthermore, USAID/Nepal did not hold most of the CTOs tested accountable for performing their responsibilities because key personnel records (such as position descriptions and evaluations) generally did not

refer to those responsibilities. Finally, the Mission did not ensure that knowledgeable contracting office staff was contacted for input in evaluating the performance of individual CTOs.

The audit report made four recommendations to help USAID/Nepal adopt practices to improve CTO training and to hold CTOs accountable for performing their responsibilities.

Final action has been taken on all recommendations.

(Audit Report No. 5-367-04-002-P)

Risk Assessment of Major Activities Managed by USAID/Pakistan

Pakistan has emerged as one of the largest recipients of U.S. foreign assistance. After having been closed since 1995, USAID/Pakistan reopened in July 2002. The reopening was a result of renewed cooperation between the U.S. Government and the Government of Pakistan. Since July 2002, USAID/Pakistan has signed bilateral strategic objective agreements with the Government of Pakistan, with funding totaling \$306 million for development assistance in four sectors: education, health, governance, and economic growth. Current annual assistance is about \$50 million but is expected to increase to about \$150 million over the next several years. Additional non-project assistance is planned at \$200 million for fiscal year 2004 and \$300 million per year for five years beginning in fiscal year 2005.

To prioritize OIG workload and determine what type of audit coverage was appropriate for each major activity being funded and managed by the Mission, the OIG performed risk assessments of USAID/Pakistan's operations as a whole and of those major activities planned to date.

The OIG concluded that, because of the precarious security situation in Pakistan, staffing constraints and challenges, and restrictions on the travel of official Americans outside the capital city of Islamabad, the overall risk related to USAID/Pakistan's ability to manage assistance activities was high—although the Mission has taken steps to address this risk. The high risk was amplified by (1) the magnitude of the funding being provided to Pakistan, (2) the pressure to design and implement activities within short timeframes, (3) the potential for terror strikes and evacuations from post, and (4) the risks associated with the Mission's high reliance on indigenous organizations and management.

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Photograph of USAID/Pakistan Education Officer and RIG/Manila auditor observing a USAID-funded teaching program in a 1st grade class at the Federal Government Junior Model School in Islamabad, Pakistan.

For the four sectors in which the Mission had development assistance programs, the OIG assessed risk for seven major activities. The OIG rated the risk exposure as high for three of the activities and medium for the remaining four. Based on these risk exposures, the OIG determined the appropriate level of audit coverage for each of the seven activities.

USAID/Pakistan agreed with the risks identified in the report and believed it was taking appropriate actions to minimize vulnerabilities.

(Report No. 5-391-04-001-S)

Investigation Leads to Conviction and Restitution of \$250,000

An OIG investigation resulted in the conviction of a U.S. company and the imposition of restitution in the amount of \$250,000. The company admitted that it aided and abetted in the commission of wire fraud and the making of a false claim to USAID when it submitted false bids through its Egyptian agent. The false bids enabled the U.S. company to win a contract financed by the USAID Commodity Import Program (CIP) to supply \$1 million of scientific equipment to a university in Egypt. The two competing fake bids made the winning company's bid appear reasonable even though it was greatly exaggerated. As the apparent low bidder, the winning company was required to certify that the equipment it provided

was not overpriced. Since the cost of the equipment was highly inflated, the certification represented a false claim, and the corresponding payment from USAID CIP funds constituted wire fraud.

The company admitted it did not exercise adequate control over its Egyptian agent and was therefore responsible for the false bids that were submitted. Accordingly, the company pled guilty to wire fraud and aiding and abetting the presentation of a false claim. Subsequently, the judge sentenced the company to one year's probation and ordered restitution of \$250,000. During previous reporting periods, it was noted that this company had been indicted and suspended from eligibility for future contracting with USAID and other U.S. government agencies for a period of 12 months.

Investigation Results in Four Debarments and a Savings of \$2.6 Million

An OIG investigation into fraudulent bidding by four different Egyptian importers resulted in the debarment of all four companies by the Egyptian Department of International Cooperation/Ministry of Foreign Affairs. Accordingly, the companies will not be allowed to participate in the USAID-sponsored Commodity Import Program (CIP) for a period of three months.

The investigation revealed that the owners, presidents, and other high-level officials within the four Egyptian companies conspired to submit false bids to USAID to obtain financing for commodity transactions under the USAID-sponsored CIP. All four Egyptian companies were seeking financing to purchase from the United States raw perma-clear polyester resin, which is used in the manufacture of synthetic products such as plastic bottles for water and plastic bags. As a result of the investigation, USAID rejected the request for the financing of 11 separate CIP transactions submitted by the companies. The cancellation of the 11 transactions resulted in a savings of \$2,637,360.

Investigation Results in Two Debarments and a Savings of \$1,841,899

An investigation into fraudulent bidding by two Egyptian importing companies resulted in the debarment of both companies. The Egyptian Department of International Cooperation/Ministry of Foreign Affairs, as a result of a

recommendation from USAID, prohibited both companies from being able to participate in the USAID-sponsored Commodity Import Program (CIP) for a period of three months.

The investigation disclosed that the General Manager of the one company and the Chairman and Managing Director of the other, on separate occasions and without collusion, submitted false competitive bids to USAID in an attempt to secure financing for three separate CIP transactions. The two Egyptian companies were seeking financing to purchase and import writing/printing paper from the United States. As a result of the investigation, USAID rejected the requests for financing. The cancellation of the three transactions resulted in a savings to USAID of \$1,841,899.

Investigation Yields Recovery of \$12,333 and a Savings of \$19,200

As a result of an investigation against a USAID subcontractor, a USAID prime contractor in Egypt repaid USAID \$12,333 and withheld a \$19,200 payment to the subcontractor. The investigation disclosed that the subcontractor submitted false, inflated and unverifiable expenses to the prime contractor, who subsequently billed USAID. The prime contractor, who alerted the OIG to the potential fraud and cooperated in the investigation, became suspicious when it discovered a rental car receipt for \$5,000 from a company that claimed never to have done business with the subcontractor. Investigation by the OIG revealed that the receipt was indeed false. The OIG also proved that other receipts were either false or unallowable, including receipts for apartment rent, endorsement fees and a laboratory rental. The subcontractor has since ended its operations in Egypt and returned to the United States.

Investigation Yields Recovery of over \$29,000

An OIG investigation into air freight shipping transactions resulted in a recovery of \$29,205. The investigation revealed that a USAID contractor operating in Egypt had not been using American carriers to transport project material from the U.S. to Egypt, as required by the USAID contract.

A review of 174 air freight shipping transactions disclosed 11 transactions that did not meet the U.S. air carrier contractual requirement and that did not contain proper justification for the use of non-U.S.-flag air carriers. Accordingly, USAID deducted \$29,205 from the contractor's progress payment voucher.

Investigation Results in Two Convictions

As a result of a multi-year OIG investigation, two former corporate officers of a U.S. company, which had received a subcontract as part of a USAID-financed telecommunications project in Egypt, each pled guilty to felony fraud charges. The investigation revealed that the company provided commodities manufactured in a country specifically prohibited as a source by the USAID contract. To coverup the true country of origin of their commodities, the two corporate officers designed and implemented a scheme to systematically change or alter all documentation and packaging of the commodities to make it appear as if the commodities had been manufactured in the U.S. and, thus, were eligible for USAID funding.

Investigation Yields Savings of over \$26,000

An OIG investigation involving the alleged submission of fraudulent competitive bids to USAID by an Egyptian Importer requesting funding under the USAID-sponsored Commodity Import Program (CIP) resulted in the denial of financing for the referenced transaction in the amount of \$26,507. The OIG initiated an investigation based on information received regarding a suspicious request for financing under the CIP. Subsequently, OIG investigators contacted all of the U.S.-based firms which had purportedly bid on the transaction. All of these firms indicated that they had not submitted bids on the transaction in question. When confronted with this information, the organization requesting the financing acknowledged that they had relied on a third party agent to obtain their bids and that they had no first-hand knowledge as to the veracity of the information. Accordingly, the OIG then provided its findings to the CIP Program Manager, who contacted the financing institution and requested that the funding be denied.

Bureau for Europe and Eurasia

Audit of USAID/Central Asian Republics' Training, Use and Accountability of Cognizant Technical Officers

The USAID Regional Mission for the Central Asian Republics (USAID/CAR) is headquartered in Almaty, Kazakhstan, with country offices in Kyrgyzstan, Uzbekistan, Turkmenistan, and Tajikistan. At the time of the audit, USAID/CAR had 35 designated Cognizant Technical Officers (CTOs) responsible for managing contracts, grants, and cooperative agreements valued at an estimated \$483 million, of which \$299 million had been obligated.

This audit was conducted as part of the OIG's multi-year strategy for auditing USAID's procurement activities. The objectives were to determine (1) whether USAID/CAR adequately trained CTOs to help ensure that they were aware of and capable of performing their responsibilities and (2) whether USAID/CAR held CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations.

Overall, USAID/CAR was proactive in obtaining the necessary training for CTOs to meet USAID's certification requirements. However, the OIG found that even with the training provided, CTOs felt a need for additional training. In addition, USAID/CAR did not hold the majority of its CTOs accountable for performing their CTO responsibilities.⁷

The OIG recommended that USAID/CAR (1) evaluate the need for additional training based on the requirements identified by CTOs, (2) only permit certified CTOs to serve as alternates in the absence of the primary CTO, (3) incorporate CTO duties and responsibilities into position descriptions, work objectives, and statements of work of each individual designated to serve as a CTO, and (4) require supervisors to evaluate CTO performance against work objectives or statements of work and solicit comments from the contracting office personnel and other pertinent sources on each CTO's performance.

⁷ The CTO is responsible for ensuring, through liaison with the contractor or grant recipient, that the terms and conditions of the acquisition and assistance instruments are accomplished.

Management decisions were reached on all recommendations.

(Audit Report No. B-176-04-002-P)

Audit of USAID/Bulgaria's Participant Training Activities

The OIG conducted this audit to determine (1) if USAID/Bulgaria complied with selected requirements for administering participant training conducted in the United States; (2) the non-returnee rates from USAID/Bulgaria participants who were trained in the United States and whether or not USAID/Bulgaria took appropriate actions when participants failed to return to their home countries; and (3) any additional actions USAID/Bulgaria should take to meet new requirements for selecting, monitoring, and reporting on participants training in the United States.

The audit showed that USAID/Bulgaria generally complied with selected USAID requirements for participant training activities in the United States. However, the Mission needed to strengthen two areas of its participant training program. There were no problems found regarding non-returnees from USAID/Bulgaria's participant training activities. However, in order to comply with new requirements, USAID/Bulgaria must revise the Mission's participant training guidance to reflect new USAID instructions for obtaining visas and monitoring various aspects of the program.

The OIG recommended that USAID/Bulgaria (1) follow USAID guidance regarding independent application reviews; (2) conduct periodic management reviews of its participant training implementing contractor; and (3) develop guidance defining roles, responsibilities, and procedures for staff involved in participant training and visa applications.

Final action had been taken on all recommendations.

(Audit Report No. B-183-04-001-P)

Audit of USAID Mission for Ukraine, Belarus and Moldova's Management of U.S. Personal Services Contractors

The OIG conducted this audit to determine (1) if the Mission for Ukraine, Belarus and Moldova (USAID/WNIS) established its requirements for U.S. personal service contractors (USPSCs) in accordance with USAID policies and procedures and (2) whether the Mission awarded USPSC contracts in accordance with selected policies and procedures.

The audit found that USAID/WNIS generally (1) complied with USAID policy guidance related to the establishment of requirements for USPSCs and (2) awarded personal services contracts in accordance with USAID policies and procedures.

The OIG recommended that the Mission (1) better document its compliance with USAID policies regarding the non-direct hire workforce, (2) establish procedures to ensure compliance with USAID leave policies for USPSCs, and (3) improve procedures for obtaining and retaining contractor salary histories.

Final action has been taken on all recommendations.

(Audit Report No. B-121-04-003-P)

Follow-up Audit of USAID/Ukraine's Implementation of Recommendation Nos. 1 and 7, Audit of USAID/Ukraine's Activity Monitoring System, dated June 28, 2001

This follow-up review was designed to determine if USAID/Ukraine had satisfactorily implemented two prior audit recommendations.

The June 2001 audit determined that USAID/Ukraine needed to strengthen certain elements of its Performance Monitoring Plan and implement a system to evaluate contractor performance to fully meet the requirements of USAID's Automated Directives System. The OIG found that the Mission had taken action to eliminate the problems identified in the audit report regarding its Performance Monitoring Plan by preparing detailed Performance Indicator Review Sheets for each indicator. The OIG also found that, although the Mission efforts to implement a contractor performance evaluation system still needs improvement, the Mission

continues to develop and implement an action plan to ensure compliance with contractor evaluation reporting requirements. Therefore, the OIG does not believe it necessary to re-open the recommendation at this time.

(Audit Report No. B-121-04-001-S)

Audit of USAID/Macedonia's Democratic and Local Governance Program

This audit of USAID/Macedonia's Democracy and Local Governance (DLG) program was designed to determine how the Mission spent funds and whether it monitored activities to ensure that intended results were achieved. The audit was part of the Office of Inspector General's fiscal year 2004 Annual Plan and was conducted to promote improvements in the way that USAID manages for results.

As of September 30, 2003, USAID/Macedonia—through its DLG Office—funded 15 projects with obligations of \$60.7 million and cumulative expenditures of \$44.2 million. The Mission spent these funds to assist with Macedonia's development of more legitimate democratic institutions. To accomplish this objective, the DLG Office designed projects to increase citizen participation in political and social decision-making, enhance adherence to the rule of law, improve the effectiveness and accountability of local government, and increase confidence in government institutions and political processes.

USAID/Macedonia monitored DLG programs to ensure that activities achieved their intended results. However, the Mission's annual performance reporting does not fully reflect USAID's impact in Macedonia because of USAID/Macedonia's predominant use of public perception surveys to measure results of DLG activities. In addition, USAID/Macedonia approved for payment a charge of approximately \$54,000 relating to currency fluctuations. When the OIG questioned this charge, the Mission determined that it should be disallowed and recovered.

The OIG recommended that USAID/Macedonia (1) re-evaluate its performance indicators and select a new mix of indicators that better represents their program's performance and (2) recover the approximately \$54,000 relating to currency fluctuations.

A management decision was reached on Recommendation No. 1, and final action was taken on Recommendation No. 2.

(Audit Report No. B-165-04-004-P)

Risk Assessment of USAID/Serbia and Montenegro

The Republic of Serbia and the Republic of Montenegro within the Federal Republic of Yugoslavia (FRY) formed the state union of Serbia and Montenegro on February 4, 2003. Since its transition from an authoritarian to an elected civilian government, the Government of the Federal Republics of Serbia and Montenegro continues to rebuild its government and social institutions, and is attempting to revitalize its economy under challenging political and economic conditions.

The purpose of the risk assessment was to identify the significant areas of vulnerability within USAID/Serbia and Montenegro's administrative and program operations and to assist the OIG in planning program audits for fiscal year 2005 and beyond.

The OIG judged risk exposure by considering several factors such as the likelihood of significant abuse, illegal acts, and/or misuse of resources, failure to achieve program objectives, and noncompliance with laws, regulations, and internal policies. Overall risk exposure was assessed as low, moderate, or high depending on which functions were more vulnerable to not achieving program objectives or to experiencing irregularities.

USAID/Serbia and Montenegro consists of a Controller's office, an Executive (Administration) office, and four program-related offices. The OIG assigned a low risk level to the Democracy and Governance and the Program offices, and a moderate risk level to the remaining four offices: Economic Policy and Finance, General Development, Executive (Administration), and Controller.

The OIG believes that much of the risk associated with USAID/Serbia and Montenegro's program objectives not being met are due to the uncertainty of political and economic reforms. The OIG also found instances where the Mission has appropriately identified and disclosed weaknesses and taken aggressive action to correct problems. In some cases, however, additional management action and improved procedures are needed to ensure adequate program controls.

USAID/Serbia and Montenegro management generally agreed with the report.

(Report No. B-169-04-002-S)

Investigation Leads to Termination of FSN for Voucher Fraud

As reported during the previous period, a Foreign Service National (FSN) employee in Kiev, Ukraine, was suspended without pay for 90 days pending a security clearance review. The suspension and security review resulted from an OIG investigation which disclosed that the FSN made false statements on a travel voucher after an eight-night training trip to the Washington, D.C., area. Though on the voucher the employee claimed eight nights at a hotel under a hotel allowance of \$150 per night, the investigation revealed that the employee stayed with a friend in the area and incurred no hotel costs. Other claimed voucher costs were also determined to be false. During the current reporting period, the FSN's security certification was revoked, and the person's employment contract was terminated. As a further result of the investigation, the Mission recovered \$2,100 in travel advances and rejected payment of \$495 in additional claims made by the former employee on the travel voucher.

Investigation Results in Systemic Change

An investigation into allegations of possible wrongdoing in a program supporting independent print and broadcast media in Eastern Europe has resulted in numerous actions by a USAID mission in the Balkans. As a consequence of the investigation, the Mission undertook a review of its internal operations and implemented systemic improvements in the maintenance of its project files. To strengthen project officers' knowledge of their responsibilities, the Mission arranged Cognizant Technical Officer (CTO) training for eight employees. In the previous reporting period, one Mission employee undertook CTO training while two others were orally reprimanded for actions stemming from the inappropriate preparation of a retroactive source-origin waiver. Pursuant to regulations, the waiver was needed for the purchase of television media equipment from sources other than the United States. The equipment was purchased under a \$5 million USAID-funded cooperative agreement with a U.S.-based grantee for the implementation of the independent print broadcast media project.

Investigation Results in Resignation and Systemic Change

Pursuant to an OIG investigation initiated upon information provided by USAID/Ukraine, a Foreign Service National (FSN) employee of the Mission resigned. The FSN was designated the Cognizant Technical Officer (CTO) on a \$28 million contract issued to a U.S. company for the development and implementation of a “one-stop-shop” concept in business registration, post registration procedures, and the issuance of permits and business licenses.

The investigation showed that the FSN violated his designated authority as a CTO by directing substantially the work of contractors and subcontractors on work orders issued under the contract. The general responsibilities of a CTO are to monitor contractor performance, coordinate actions with the contracting officer, assist the contracting officer, resolve problems, and perform inspections and monitor deliverables under the terms of contract. CTO responsibilities unique to each contract are clarified in *Designation of Authority* letters issued by contracting officers. The investigation revealed that the FSN improperly shared proprietary information with potential subcontractors with whom he had a personal and substantial relationship, improperly directed the selection of key personnel on the contract and sub contracts, used a government vehicle for other than official purposes, and misused government equipment and government time.

While the investigation was on-going, USAID/Ukraine placed the FSN on administrative leave, appointed a new CTO for the contract, identified CTO problems in general, and devised an action plan to correct identified weaknesses. The first step management took was to sponsor a mandatory meeting with 32 CTOs and office directors wherein the expectations of CTOs were clarified, including a discussion of the appropriate level of involvement by CTOs in the administration of U. S. Government-issued contracts. Then, Mission management held a meeting with 35 contractor and grantee representatives to discuss common implementation problems and the role of CTOs, including behavior considered inappropriate. The Mission emphasized to the implementers the importance of bringing concerns to the attention of USAID management or the OIG, as appropriate, so that problems can be identified and addressed quickly.

The third step taken by Mission management was to revise the CTO *Designation of Authority* letters for contract/task orders, grants, and cooperative agreements. Mission management also amended position descriptions for FSNs—and personal service contractors—to include language about the CTO function, and required that this function be addressed in annual evaluations, with mandatory feedback from the contracting officer as well as contractors and recipients. Finally, Mission management developed a series of mandatory one-hour training sessions for all CTOs, consisting of eight different topics ranging from close-out procedures for CTOs to fraud awareness training.

Investigation Results in Systemic Change

An OIG investigation into allegations of possible wrongdoing in the selection of local recipients by a USAID-funded grantee resulted in systemic changes to the grantee’s operations. The U.S.-based entity was awarded a \$1.4 million grant in 2002 to support the advancement of political and economic performance in Kyrgyzstan. The grantee made grants and loans to small organizations within Kyrgyzstan that promoted political and economic concepts such as business education, legal consultation for young people’s rights, and tourism. While the investigation did not uncover evidence of corruption, it did reveal vulnerabilities within the field office operations. As a result of the investigation, the grantee established new policy on the avoidance of conflicts of interest; formal procedures for filing grant and loan protests; prohibitions on issuing grants to grantee service providers like landlords; and limitations on issuing multiple grants and loans to any one entity.

Investigation Leads to Indictment of Romanian Government Officials

With the assistance of USAID and the OIG, the Romanian National Anti-Corruption Prosecutor’s Office indicted the former Romanian Minister of Agriculture and three other Romanian government officials for acts of public corruption involving the theft of USAID funds amounting to \$1,200,000 in local currency.

The case centered on actions occurring in 1999 when the former Romanian Minister of Agriculture allegedly diverted approximately \$1.67 million dollars in local currency that was intended to support costs associated with improved wheat storage for agriculture farmers and processors that were selected on criteria established by the Ministry of Agriculture. The funds were originally derived from a USAID-funded Commodity Import Grant

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Agreement that authorized \$8.5 million dollars to the Government of Romania (GoR). In 1999, the agreement between the GoR and USAID was amended to allow for the transfer of \$1.67 million dollars to the Romanian Ministry of Agriculture. Of this amount, \$1.2 million dollars in local currency was illegally diverted off-shore under the guise of a false agricultural consulting contract with a chemical company in Cypress.

The Office of Inspector General continues to support the GoR's prosecution effort by providing investigative assistance in tracking the movement of USAID funds to, and the subsequent laundering of the funds by, the chemical company in Cypress.

Investigation Results in Systemic Change by Private Voluntary Organization

A U.S.-based Private Voluntary Organization (PVO), the recipient of a multi-year \$5 million cooperative agreement funded by USAID, made significant changes to its internal operations as a result of an OIG investigation. Allegations of cost mischarging and other irregularities were received as the cooperative agreement began to conclude. Accordingly, the OIG initiated an investigation while financial staff from USAID/Nepal conducted a review of the PVOs operations. Working together, OIG and Mission personnel found that very few internal controls had been established by the PVO.

As a result of the investigation, the PVO implemented nine measures to improve its financial management and internal operational controls. These measures included (1) creation of a finance and audit committee within the board of directors; (2) creation of a financial management *best practices* working group; (3) strengthening of finance and audit expertise at the board level; (4) greater senior management attention to financial management priorities; (5) restructuring of the finance department; (6) expansion of its finance staff; (7) increased resources for internal reviews and audits; (8) improvement of manuals, reports, and other financial management documents; and (9) increased staff training.

Investigation Leads to Savings of \$5,250 and Grant Termination

In cooperation with USAID, two U.S.-based grantees terminated funding to a non-governmental organization (NGO) in Croatia. The NGO was supporting HIV/AIDS awareness and education activities in southern Croatia when allegations of fraud surfaced in the local media. At

the recommendation of the OIG, the grantees undertook a review of the NGO's operations and found a lack of integrity in its financial reporting. In one instance, they found that the NGO was unable or unwilling to provide adequate documentation to justify the accuracy of numerous invoices submitted for reimbursement. In another, they determined that submitted invoices were false. Accordingly, they disallowed payment of \$5,250.

Investigation Results in Systemic Changes by U.S. Grantee

An investigation into allegations of theft of funds by a project employee of a U.S.-based grantee involved in efforts to supply food for pensioners at various feeding sites in Georgia via a \$1 million USAID grant has resulted in several systemic changes. The changes addressed both the management of the program and the methods used for funds accountability.

The allegation of theft of project funds was not proven; however, the following systemic changes were initiated as a result of the OIG investigation: (1) the grantee removed the employee suspected of theft from independent purchasing authority; (2) the grantee established a new position of Regional Project Manager to oversee accounting practices and expenditures; (3) the grantee hired an additional site monitor; (4) the grantee established a new system of accountability by having an officer approve cash disbursements; (5) the grantee increased the number of unannounced inspections of its feeding sites to determine the quality of service to recipients; (6) the grantee undertook an audit of its entire project to determine the efficiency of operations and accountability of project funds; (7) the grantee established a log for usage of all project vehicles; (8) the grantee now accomplishes the purchase of food and supplies, previously done on a cash advance level, by having vendors deliver items directly to the grantee office or warehouse, present receipts and then receive reimbursement.

Bureau for Latin America and the Caribbean

Follow-up Audit of Recommendations Made for the USAID/Colombia-Financed Alternative Development Program

In January 2002, the OIG issued an audit report⁸ that stated the Alternative Development Program was not on schedule to achieve planned results, planned program outputs were inconsistent between entities involved in the program, and some planned outputs were not documented.

The report included recommendations that (1) USAID/Colombia amend its performance monitoring plan to agree with the planned outputs contained in its contract and its agreement with the Government of Colombia and (2) USAID/Colombia review the annual workplan and sub-agreements to ensure that all documents use the same definitions and timeframes and are sufficiently clear and specific to determine how and by when outputs will be achieved.

The OIG performed an audit to determine whether USAID/Colombia implemented the above recommendations and obligated funds under its Alternative Development Program for authorized purposes.

USAID/Colombia implemented the recommendations. As of September 2003, output targets defined in the Mission's performance-monitoring plan and its agreement with the Government of Colombia and program implementers were consistent. Indicator definitions were consistent and timeframes were sufficiently clear and specific to determine how and by when outputs would be met. In addition, the audit found that USAID/Colombia was obligating funds under its Alternative Development Program for authorized purposes.

Although not directly related to the Mission's performance on implementing the recommendations, one of the indicators being used to measure program outputs was susceptible to overstatement.

The OIG recommended that USAID/Colombia disaggregate the values reported for families benefiting from access to improved basic services and for families benefiting from licit productive activities when reporting the number of families benefited through alternative development activities.

The recommendation received final action.

(Audit Report No. 1-514-04-002-P)

Follow-up Audit of USAID/EI Salvador Housing Project Under the Earthquake Reconstruction Program

In November 2002, the OIG published the "Audit of USAID/EI Salvador-Financed Housing Reconstruction Activities" (Report No. 1-519-03-001-P). The audit reported that in 2002 the housing reconstruction program was not on schedule to achieve planned results and included a recommendation that USAID/EI Salvador implement timeliness standards with procedures and a clear statement of responsibilities for preparing and reviewing environmental assessments.

The OIG performed this follow-up audit to determine (1) whether USAID/EI Salvador implemented the recommendation from Audit Report No. 1-519-03-001-P and (2) whether housing reconstruction activities were on schedule to achieve planned outputs. USAID/EI Salvador implemented the recommendation by identifying environmental review activities, associating the activities with the organizations responsible for completing them, and setting timeliness standards. Seven of USAID/EI Salvador's eight housing reconstruction activity implementers were on schedule to complete their planned houses by September 30, 2004. The eighth implementer would have to significantly increase construction output to meet its target by the Mission's deadline.

The OIG recommended that USAID/EI Salvador expedite the approval of beneficiaries and obtain a set of planned activities that could be used to limit delays caused by rain.

Management decisions were reached for both recommendations.

(Audit Report No. 1-519-04-005-P)

⁸ "Audit of the USAID/Colombia-Financed Coca Alternative Development Program Under the Plan Colombia Supplemental Appropriation," January 16, 2003 (Audit Report No. 1-514-02-005-P). *Alternative development* creates legal sources of employment and income for rural families who would otherwise grow illicit crops (i.e., poppy and coca) for their livelihood.

Audit of the Post-Project Condition of Roads and Bridges Constructed in Honduras Under the Emergency Reconstruction of Roads and Bridges Activity

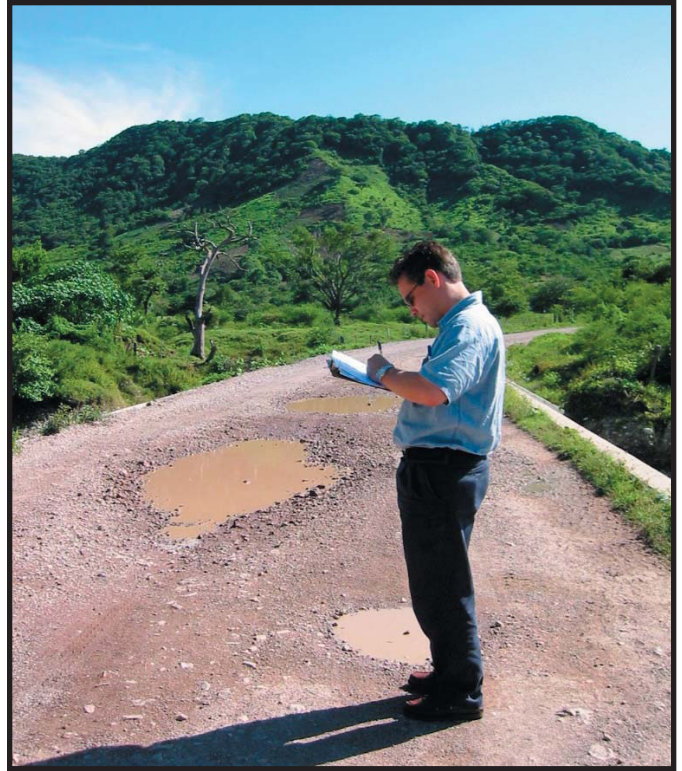
The OIG performed this audit to determine whether the USAID/Honduras-financed roads and bridges were in adequate condition one year after the completion date for the Emergency Reconstruction of Roads and Bridges Activity (RECAP Activity).

The audit determined that 77 percent of the roads and 95 percent of the bridges repaired or reconstructed under the RECAP Activity were in adequate condition one year after the project completion date. However, two bridges had structural damage that could significantly reduce their useful lives.

The OIG recommended that USAID/Honduras notify the Government of Honduras of the structural damage to the two bridges and request that the Government of Honduras prioritize its maintenance budget to repair the bridges.

Final action was taken on the recommendation.

(Audit Report No. 1-522-04-006-P)



Photograph of an OIG auditor assessing road condition on Road #210, Choluteca, Honduras.

Audit of the Management of USAID/Haiti's P.L. 480 Title II Food Program

The OIG conducted an audit to determine whether USAID/Haiti's P.L. 480 Title II food programs were managed in an efficient manner in accordance with Regulation 11 of the U.S. Code of Federal Regulations and best practices for managing food distribution programs.

USAID/Haiti's P.L. 480 Title II food programs were generally being managed in an efficient manner in accordance with Regulation 11 of the U.S. Code of Federal Regulations and best practices for managing food distribution programs. The audit showed that the four cooperating sponsors did comply with the basic guidance outlined in Regulation 11 and, in addition, utilized two joint and three individual practices that have made the program more efficient as well as reduced costs.

However, the OIG made four recommendations to help USAID/Haiti improve the management costs of the P.L. 480 Title II food program. The OIG recommended that USAID/Haiti (1) conduct a personnel management



Photograph of concrete beams with corroded steel strands and filtered-down moisture below Los Achiotés bridge in Olancho, Honduras, September 2003.

survey, (2) coordinate a cost analysis of commodity transport needs, (3) coordinate a review of commodity management systems, and (4) coordinate program activities to avoid duplication.

Management decisions were reached on all recommendations.

(Audit Report No. 1-521-04-001-P)

Audit of USAID/Peru's Management of U.S. Personal Services Contractors

As part of a worldwide audit in its fiscal year 2004 audit plan, the OIG conducted this audit to assess (1) whether USAID/Peru determined its requirements for U.S. personal services contractors (USPSCs) in accordance with USAID policies and procedures and (2) if USAID/Peru awarded U.S. personal services contracts in accordance with selected USAID policies and procedures.

The OIG found that USAID/Peru determined its requirements for USPSCs in accordance with USAID policies and procedures and awarded U.S. personal services contracts in accordance with selected USAID policies and procedures, except in one case where a USPSC's salary exceeded the market value of the USPSC's position.

As a result, the OIG recommended that USAID/Peru renegotiate the contract amount to conform to the market value of the USPSC's position, thereby reducing unnecessary costs to the U.S. Government.

A management decision was reached on the recommendation.

(Audit Report No. 1-527-04-004-P)

Audit of USAID/Dominican Republic's Management of U.S. Personal Services Contractors

This audit was the first in a series of worldwide audits and was conducted to determine (1) how USAID/Dominican Republic established its staffing requirements for U.S. personal services contractors (USPSCs) and (2) whether it awarded U.S. personal services contracts in accordance with selected USAID policies and procedures. The audit concluded that the Mission had deter-

mined its USPSC staffing requirements in accordance with USAID policies and procedures and had awarded its U.S. personal services contracts in accordance with selected USAID policies and procedures.

Nevertheless, the audit noted that the Mission had filled one USPSC position with an individual initially ranked in fourth place rather than with higher-ranked applicants and that the pertinent file did not adequately document why this decision had been made. Moreover, the audit found that the USPSC was graded according to the Foreign Service pay schedule and that the grade needed to be converted to the applicable General Schedule grade.

The OIG made three recommendations that addressed documenting selection decisions and determining appropriate grades for positions.

Final action has been taken on all recommendations.

(Audit Report No. 9-517-04-001-P)

Risk Assessment of Major Functions Within USAID/Brazil

A country of tremendous contrasts, Brazil has the largest economy in South America. On the surface, Brazil has the profile of an advanced developing country, but its relatively high per capita income masks what is nearly the worst distribution of income in the world. Hence, it is not a poor country, but rather a country with an extremely large population living in poverty—53 million people of its population of 170 million.

The purposes of this risk assessment were to identify opportunities for improvement in USAID/Brazil operations and to assist the OIG in planning future audits. In judging the risk exposure for the major functions in USAID/Brazil, the OIG considered several factors, such as the amount of funding the individual programs received relative to the overall Mission budget, the experience of key staff members, and the level of risk inherently present in each activity.

Based upon its review, the OIG assigned high risk to USAID/Brazil's Environment Program, moderate risk to the Mission's Infectious Diseases Program, and low risk to the Energy and At-Risk Youth Programs, as well as to the Mission's program office.

USAID/Brazil agreed with the risks identified in the report.

(Report No. 1-512-04-001-S)

Bureau for Management

Audit of Iraq Contract Procurement Process

The OIG audited the procurement process associated with nine contracts and one task order that USAID awarded in the first year of reconstruction efforts in Iraq. The audit was designed to determine if USAID complied with the Federal Acquisition Regulation (FAR) in awarding the Iraq contracts and to identify areas for possible improvement. These ten procurements had an approximate cost of \$1.5 billion and included awards for economic governance, personnel support, seaport administration, local governance, education, infrastructure reconstruction, monitoring and evaluation, health, airport administration and agriculture.

Due to heightened Congressional, USAID and public interest in the procurement process associated with the Iraq contracts, the OIG issued separate interim AIG/A Memorandums when our review of each contract procurement was completed. These Memorandums included a summary of our findings for the contract reviewed and, where appropriate, recommendations, some of which were directed to the Office of Procurement and others of which were directed to the Asia and Near East Bureau. The OIG found that, overall, USAID complied with the FAR. However, the OIG noted several exceptions to the FAR, including a need to (1) fully document market research efforts to identify prospective contractors; (2) consult with USAID's general counsel in making a conflict-of-interest determination; (3) notify and debrief unsuccessful offerors in a timely manner; and (4) determine whether unfair competitive advantages existed.

Additionally, the OIG noted areas for improvement in (1) documenting pre-solicitation contacts with offerors; (2) documenting the level of effort needed in requests for proposals; and (3) reviewing and analyzing cost proposals submitted by offerors.

The OIG is currently preparing an audit report based on the results of its audit work and the AIG/A Memorandums issued for the nine contracts and one task order awarded under the first phase of USAID's Iraq reconstruction effort.

Investigation Leads to Guilty Plea and Four Debarments

An OIG investigation of a Virginia-based, USAID-funded Private Voluntary Organization resulted in the company's president pleading guilty to one count of Obstruction of a Federal Audit. Over a six-year period, the company received approximately \$71 million in USAID contracts. The investigation reflected that the company president fraudulently overcharged USAID by creating and certifying fraudulent costs on annual reports submitted to USAID, enabling the company to receive inflated reimbursements. The company president also lied and provided false documentation to government auditors responsible for reviewing the reports, thus obstructing a Federal audit.

Evidence obtained during the investigation confirmed that a consulting firm paid by the president was, in fact, solely owned by the company president. Although the consultancy did not provide any service, it received over a million dollars from the primary company. The investigation also revealed that work statements and other documents sent from the consultancy to the primary company, which were later submitted to the U.S. government, were in actuality created by the president. In addition, the primary company's branch office in New Jersey was an unfurnished residential property owned by the president and his spouse. The spouse, meanwhile, was listed on company books as a full-time employee, which was false.

Sentencing will occur later this year. USAID has debarred the company and its president from future procurement contracts with it and other U. S. agencies. USAID has also debarred two other companies linked to this individual.

African Development Foundation

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

ADF began field operations in 1984 and provides grants directly to community groups in Africa. Based in Washington, D.C. and governed by a seven-member Board of Directors appointed by the President of the United States, ADF receives its funding from congressional appropriations and also obtains supplemental funding from public and private sources. Currently, ADF is supporting approximately 220 projects and grants in 15 African countries. With an appropriation of \$18.6 million in fiscal year 2004, ADF provides development grants directly to local organizations in Africa.

OIG Strategy

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

Performance audits also play a key role in maintaining ADF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected ADF operations. These assessments were used to determine where selected ADF operations could be vulnerable and to assist in developing future plans. Further, the OIG has disseminated information to ADF and conducted employee briefings on the OIG Hotline. ADF employees and others can contact the OIG Hotline or the OIG directly to report their concerns about ADF operations.

In addition to the financial and performance audits mentioned above, the OIG meets periodically with ADF management to discuss ongoing ADF operations, emerging issues, and upcoming audit services that ADF may require. Finally, the OIG continues to remain responsive to any congressional concerns regarding ADF.

Management Challenges

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

Performance Monitoring

Prior to fiscal year 2002, ADF had established and funded Country Liaison Offices (CLOs) in countries with active grantee projects to help grantees establish benchmarks, prepare monitoring and assessment plans, maintain accounting systems, and submit performance reports to ADF. In addition, CLOs submitted their own periodic reports to ADF describing the grantees' progress and the condition of the grantees' financial systems. Nevertheless, ADF's project-monitoring guidelines were not always followed, and grantees' progress reports did not always include accurate and useful information.

In response to an OIG audit, ADF terminated its agreements with the CLOs and adopted a new field operations model. This new model has two components:

- Cooperative agreements with a local community development non-government organization (NGO) in each program country (referred to as partners), designed to strengthen the NGO's capacity to assist grassroots groups, including ADF's clients.
- Representative offices at the country level to represent ADF with host country public and private entities; coordinate with the United States Government and other donor agencies; conduct program outreach, screening and evaluation of applications; and provide ongoing oversight, monitoring and evaluation of ADF-approved grants and operations.

Currently, ADF has field representatives for 13 of the 15 countries where it has active programs and is working to hire or assign representatives in the remaining 2 countries. Moreover, ADF is now conducting an analysis to further refine the role and responsibilities of the representatives to help identify and provide training related to core competencies and attributes that make an effective and successful country representative.

ADF also faces a challenge with its indigenous partner organizations. These ADF partners provide technical support and training to ADF grantees in financial management, project implementation and administration, and participatory development approaches. They visit projects regularly to monitor progress and assist with on-the-ground trouble-shooting when problems arise. ADF's goal is to assist these partners in becoming financially sustainable and widely recognized development experts in their respective countries. In the upcoming months, ADF management plans to assess the partners' operational effectiveness in supporting ADF grantees, overall organizational capabilities, and the longer-term sustainability of its indigenous partners.

In further response to the audit, ADF has also strengthened its performance-monitoring system by (1) aligning grantee project performance indicators with ADF's strategic plan objectives, (2) instituting quarterly monitoring and reporting on projects, and (3) conducting semi-annual reviews of its country project portfolios. These reviews are providing ADF with greater insight into the strengths and weaknesses of its project development and approval processes—allowing grantees and partners to take more timely corrective actions on implementation problems—and are equipping ADF representatives, partners and management to better monitor and make more informed decisions. Finally, ADF's monitoring of the financial performance of its grantees' projects has also been improved with the introduction of software that enhances the assessment of project profitability and sustainability.

Implementing an Integrated Financial Management System

ADF prepares a complete set of financial statements, and a private accounting firm, with OIG oversight, audits those statements. Even though ADF again received an unqualified opinion on its financial statements for fiscal year 2003, the OIG identified a number of significant challenges. For example, ADF performed significant accounting functions in systems that are not connected to its general ledger. Information from these separate

accounting systems is used to compile elements of ADF's financial statements. Because of this, key elements of the financial statements are developed from sources other than the general ledger. Some of these elements include grant advances, accounts payable, undelivered orders, unexpended appropriations, and expenses. ADF management is now in the process of changing its accounting service provider and anticipates that this change will fully address ADF's challenges in this area.

OIG Oversight Activities

Current Activities

At this time, the OIG is conducting an audit of ADF's information technology security plan. The report should be issued in fiscal year 2004.

Audit of the African Development Foundation's Financial Statements for the Fiscal Year Ended September 30, 2003

An audit of the African Development Foundation's financial statements for the fiscal year ended September 30, 2003, was performed, under OIG oversight, by a non-Federal audit firm. The audit firm provided an unqualified opinion on the financial statements. In its report, the audit firm identified one material weakness in internal control and three findings of noncompliance. These issues involved ADF's general ledger, its separate accounting systems, and its maintenance of asset, liability, and expense accounts.

The OIG recommended that ADF implement the U.S. Standard General Ledger at the transaction level. The OIG also recommended that ADF implement an accounting system capable of providing full disclosure of its results of financial operations and adequate financial information needed in the management of its budget and operations, and of providing effective control over its revenues, expenses, funds, property, and other assets in accordance with the Budget and Accounting Procedures Act of 1950, OMB Circular A-127, and the Joint Financial Improvement Program's *Federal Financial Management System Requirements*.

Management decisions have been reached on both recommendations.

(Audit Report No. 0-ADF-04-002-C)

Inter-American Foundation

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

IAF was established in 1969 and provides grants directly to local organizations in Latin America and the Caribbean. Based in Arlington, Virginia, IAF has 47 employees and is governed by a nine-member Board of Directors appointed by the President of the United States. IAF's operating budget and program budget consist of congressional appropriations and funds derived through the Social Progress Trust Fund. Currently, IAF supports 216 projects in 22 countries. With an appropriation of \$16.3 million in fiscal year 2004, it provides development grants directly to local organizations in Latin America and the Caribbean.

OIG Strategy

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

Performance audits also play a key role in maintaining IAF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected IAF operations. These assessments were used to determine where selected operations could be vulnerable and to assist in developing future plans. Further, the OIG has disseminated information to IAF and conducted employee briefings on the OIG Hotline. IAF employees and others can contact the Hotline or the OIG directly to report their concerns about IAF operations.

In addition to the financial and performance audits mentioned above, the OIG meets periodically with IAF management to discuss ongoing IAF operations, emerging issues, and upcoming audit services that IAF may require. Finally, the OIG continues to remain responsive to any congressional concerns regarding IAF.

Management Challenges

In pursuit of its mission, IAF faces a number of programmatic challenges and difficult issues. Moreover, as noted in previous semiannual reports, IAF has or continues to address management challenges that have been identified by the OIG and the General Accounting Office—management challenges such as performance monitoring, results documentation, and administrative and organizational structure changes. As discussed below, IAF has identified management initiatives to address these challenges.

Performance Monitoring and Results Documentation

IAF has formed partnerships with 12 corporate foundations from throughout Latin America and has signed 12 cooperative agreements to co-fund development projects. IAF is using this network to transfer its project methodology and approach to these foundations, thereby fostering sustainability. Still, these partnerships present IAF with a management challenge—how to monitor the progress of grants made through the partnerships. In response, IAF recently brought two of its auditors from overseas to Washington to work on developing a system for auditing IAF's corporate foundation partnerships. Moreover, IAF's Evaluation Office and two other leading foundations recently held a workshop addressing both performance measures for larger grants and audit policies and procedures.

Now that the IAF has consolidated tangible grant performance results reporting, its management is focusing greater attention on performance indicators of democracy-building and other societal changes. IAF is engaged in dialogue with leading experts regarding the effective articulation of such gains. In addition, IAF has awarded a contract for the performance of project evaluations. These evaluations will be designed to assess

both how the grantee and IAF performed and to examine the suitability and effectiveness of the performance indicators used. IAF is also reaching out to groups of migrants in the U.S. to help them channel some of their \$32 billion in annual remittances home to Latin America into development activities. Dialogue with the OIG as the IAF weighs its alternatives will lend insight into possible options.

Administrative and Organizational Structure

IAF has brought to fruition several major management initiatives, including (1) outsourcing of procurement, human resources, accounting, budget services, payroll, and Equal Employment Opportunity services; (2) significant changes in organizational structure; and (3) formulation of new programmatic vehicles. Some of the many benefits that IAF has gained from outsourcing include timelier financial reporting, swifter procurements, and enhanced management of IAF's budget. However, the cost of this outsourcing continues to rise, and IAF management is keeping a close watch on that trend.

Over a year ago, IAF also made significant changes in its organization by introducing a new structure that reduced the number of management layers and provided for an interlocking and flexible set of peer-led teams, thereby maximizing the number of staff working directly on IAF programs. Now that some time has passed and IAF has experience with peer-led teams, IAF management anticipates revisiting this new structure to determine if it is indeed the optimal way of organizing IAF's programs.

OIG Oversight Activities

Current Activities

Later in fiscal year 2004, the OIG plans to initiate a risk assessment of IAF's use of information technology and oversee the audit of IAF's annual financial statements.

Audit of the Inter-American Foundation's Financial Statements for the Fiscal Year Ended September 30, 2003

An audit of the Inter-American Foundation's financial statements for the fiscal year ended September 30, 2003, was performed, under OIG oversight, by a non-Federal audit firm. The audit firm provided an unqualified opinion on the financial statements, and the report did not contain findings or recommendations for IAF management relative to noncompliance or material weaknesses in internal controls.

(Audit Report No. 0-IAF-04-003-C)

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REPORTS ISSUED

October 1, 2003 through March 31, 2004

USAID

Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
—PROGRAMS AND OPERATIONS—				
0-000-04-001-C	11/14/03	Independent Auditor's Report on USAID's Consolidated Financial Statements, Internal Controls, and Compliance for Fiscal Years 2003 and 2002		
4-674-04-001-F	02/24/04	Audit of USAID/South Africa's Selected Financial Data During Fiscal Year 2003		
—FOREIGN-BASED ORGANIZATIONS—				
0-000-04-004-D	12/31/03	Stakeholders Forum for Our Common Future, Report on Preaward Survey		
0-000-04-008-D	03/17/04	Liberty Institute, Report on Pre-award Accounting System Survey		
7-625-04-001-D	01/12/04	Audit of USAID's Resources Managed by the Permanent Interstate Committee to Combat Drought in the Sahel (CILSS) for the Period January 1, 2001 to December 31, 2001	29	QC
1-519-04-001-N	10/24/03	Financial Audit of USAID Resources, Managed by the National Popular Housing Fund, Under the Special Objective Grant Agreement No. 519-0458, "Earthquake Recovery Program" Housing Activity, for the Quarter Ended June 30, 2003		
1-520-04-002-N	10/30/03	Cost-Sharing Audit, Projects Administered by Consejo Nacional de Areas Protegidas Under the USAID/Guatemala Agreement No. 520-0395, Maya Biosphere Project, for the Period from August 30, 1990 to June 30, 2002; and Agreement No. 520-0395.20, Improved Management of the Natural Resources and Conservation of the Biodiversity, for the Period from August 21, 2001 to June 30, 2003		
1-519-04-003-N	11/26/03	Concurrent Financial Statement Audit of the Mother and Child Community Health Services Project in Santiago de Maria, El Salvador, Grant Agreement No. 519-A-00-01-00213-00, Managed by AmeriCares Foundation, Inc., for the Period from April 1, 2003 to June 30, 2003		
1-519-04-004-N	12/10/03	Financial Statement Audit of the Special Objective Grant Agreement, Earthquake Recovery Program, Schools, Micro and Small Business (Local Municipal Markets) and Health Facilities Reconstruction Activities, Activity No. 519-0458, Managed by the Social Investment Fund for Local Development, for the Quarter Ended June 30, 2003		
1-519-04-005-N	02/11/04	Quarterly Financial Audit of USAID Resources, Managed by the National Popular Housing Fund, Under the Special Objective Grant Agreement No. 519-0458, "Earthquake Recovery Program" Housing Activity, for the Quarter Ended September 30, 2003		
1-519-04-006-N	03/09/04	Quarterly Financial Audit of the Special Objective Grant Agreement, Earthquake Recovery Program, Schools, Micro and Small Business (Local Municipal Markets) and Health Facilities Reconstruction Activities, Activity No. 519-0458, Managed by the Social Investment Fund for Local Development, for the Quarter Ended September 30, 2003		
4-611-04-001-N	11/18/03	Audit of USAID/Zambia's Resources Managed by Credit Management Services Limited Under Cooperative Agreement No. 690-A-00-99-00026-00 for the Period April 1, 2001 to January 31, 2003	373	QC UN
4-696-04-002-N	01/20/04	Audit of USAID/Rwanda's Assistance to the Genocide Survivors Fund Under Project No. IL 0156-01 for the Period August 2001 to October 2002	19	QC
4-674-04-003-N	01/26/04	Agreed Upon Procedures for Review of the USAID Resources Managed by Abt Associates Under the Support to Tertiary Education Project, Contract No. 674-0309-C-7054-00/674-C-00-97-00054 for the Period April 1, 1999 to April 30, 2003	121 15	QC UN

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-367-04-002-N	02/20/04	Closeout Financial Audit of the Market Access for Rural Development Project, USAID/ Nepal Grant Agreement No. 367-G/(A)-00-97-00064-00, Managed by the Canadian Center for International Studies and Cooperation, for the Period from April 1, 2000 to January 25, 2002	178 178	QC UN
6-294-04-001-N	10/29/03	Audit of USAID Resources Managed by American Near East Refugee Aid, Cooperative Agreement No. 294-A-00-02-00224-00, for the Period from October 1, 2001 to September 30, 2002		
6-294-04-002-N	12/11/03	Audit of the Fund Accountability Statement of the Civil Society and Democracy Strengthening Project, Managed by America-Mideast Educational and Training Services Inc. Under Contract No. 294-C-00-00-00077-00-AE for the Period from October 1, 2000 to September 30, 2002		
6-294-04-003-N	02/09/04	Audit of USAID Resources Managed by DPK Consulting International Inc., Contract No. 294-C-00-99-00159-00, for the Period from September 30, 1999 to January 31, 2003	54 12	QC UN
6-294-04-004-N	01/06/04	Audit of the Fund Accountability Statement of the Civil Society and Democracy Strengthening Project, Managed by Massar Associates, Contract No. 294-C-00-00-00077-00-M, for the Period from October 1, 2000 to September 30, 2002		
6-294-04-005-N	01/06/04	Audit of the Fund Accountability Statement of the Civil Society and Democracy Strengthening Project, Managed by CARE International, Contract No. 294-C-00-00-00077-00-CARE, for the Period from October 1, 2000 to September 30, 2002		
6-294-04-006-N	02/09/04	Audit of Fund Accountability Statement of the Local West Bank Operation of the Environmental Health Project Implemented by the Camp Dresser & McKee International Inc., Contract No. HRN-I-00-99-00011-00, for the Year Ended September 30, 2002	7 7	QC UN
6-294-04-007-N	02/10/04	Audit of USAID Resources Managed by Save the Children, Cooperative Agreement No. 294-A-00-01-00129-00, for the Period from October 1, 2001 to September 30, 2002	5	QC
6-294-04-008-N	02/10/04	Audit of the Fund Accountability Statement of the Water Resources Program (Phase II) and the Bethlehem 2000 Program, Managed by CH2M HILL Under Contract No. 294-C-00-99-00022-00 for the Year Ended September 30, 2002	26	QC
6-263-04-009-N	03/25/04	Audit of USAID Resources Managed by the National Council for Women/Women Business Development Center, USAID/Egypt Cooperative Agreement No. 263-A-00-02-00016-00, for the Period from October 1, 2001 through December 31, 2002	18 17	QC UN
1-526-04-001-R	10/01/03	Audit of Program No. 526-00-A-00-00125-00 Strengthening the Sustainable Management of the Chaco and Pantanal Ecoregions, Managed by the "Fundacion Para el Desarrollo Sustentable del Chaco," for the Year Ended December 31, 2002		
1-526-04-002-R	10/01/03	Audit of the Programs No. 526-A-00-01-00074-00-Civil Society and No. 526-A-00-01-00100-00-Health Decentralization and Community Participation, Managed by the Fundacion Comunitaria for the Period from October 1, 2001 to December 31, 2002		
1-526-04-003-R	10/01/03	Audit of Program No. 526-A-00-93-00001-00, Development of Economic Policies Programs, Managed by Centro Paraguayo Para la Promocion de la Libertad Economica y de la Justicia Social for the Year Ended December 31, 2002		
1-527-04-004-R	10/02/03	Audit of the Fund Accountability Statement for USAID Grant Agreement No. 527-0348, Framework Sub-Agreement for the Alternative Development Program Between the National Commission for Development and Life Without Drugs - DEVIDA (formerly CONTRADROGAS) and the National Institute for Development-INADE, Managed by Special Project Pichis Palcazu-PEPP, for the Years Ending December 31, 2001 and 2000	108 75	QC UN
1-518-04-005-R	10/02/03	Audit of the Family Planning and Reproductive Health Services Project, USAID/Ecuador Agreement No. 518-A-00-97-00268-00, Managed by Centro Medico de Orientacion y Planificacion Familiar, for the Period January 1 through September 30, 2001		
1-518-04-006-R	10/02/03	Fund Accountability Statement Audit of the Program for Community Strengthening Initiatives in Northern Ecuador, USAID Cooperative Agreement No. 518-A-00-01-00010-00, Managed by the International Organization for Migration, for the Period January 1, 2001 through December 31, 2002	11	QC
1-526-04-007-R	10/03/03	Audit of the Fund Accountability Statement for USAID Agreement No. 526-A-00-94-00008-00, "Programa de Accion de Desarrollo Ambiental en Paraguay," Managed by Alter Vida Association for the Year Ending December 31, 2002		
1-526-04-008-R	10/06/03	Audit of the Fund Accountability Statement for USAID Cooperative Agreement No. 526-A-00-99-00008-00, "Fortalecimiento Institucional del CEPEP," Managed by Centro Paraguayo de Estudios de Poblacion (CEPEP), for the Year Ending December 31, 2002		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-518-04-009-R	10/08/03	Audit of the Family Planning and Reproductive Health Services Project, USAID/Ecuador Agreement No. 518-A-00-97-00268-00, Managed by Centro Medico de Orientacion y Planificacion Familiar, for the Year Ended December 31, 2000		
1-511-04-010-R	10/10/03	Fund Accountability Statement Audit of the Municipal Health Program for the Yungas, USAID Cooperative Agreement No. 511-A-00-01-00058-00, Managed by SERVIR Servicios Educativos, for the Period April 12, 2001 through March 31, 2002	70 70	QC UN
1-519-04-011-R	10/24/03	Financial Audit of USAID Resources, Managed by the Fundacion Salvadorena para la Reconstruccion y el Desarrollo, Under the Cooperative Agreement No. 519-A-00-02-00040-00, for the Period from March 15 through October 31, 2002		
1-519-04-012-R	10/24/03	Financial Audit of USAID Resources, Managed by the Fundacion Salvadorena para la Reconstruccion y el Desarrollo, Under the Cooperative Agreement No. 519-A-00-01-00149-00, for the Period from January 1 through December 31, 2002		
1-525-04-013-R	11/20/03	Audit of the Financial Statements for the Foundation for the Preservation of Natural Resources, Pursuant to the Donation Agreement for the Management of Natural Resources Project (MARENA/PROJECT No. 525-0308) for the Period July 1, 2001 through June 30, 2002		
1-517-04-014-R	12/10/03	Financial Audit of the Reproductive Health Services Project No. 517-G-00-01-00115-00, Managed by the Asociacion Dominicana de Planificacion Familiar, Inc., for the Period from January 1, to December 31, 2002		
1-517-04-015-R	12/19/03	Close-out Financial Audit of USAID Program, AIDS and Sexually Transmitted Diseases Control General Direction—DIGECITSS' Institutional Strengthening Project No. 517-0276, Managed by the Departmental Coordinator of External Resources of the Technical Secretariat of the Presidency, for the Period from January 1, 2000 to March 31, 2001		
1-519-04-016-R	12/29/03	Financial Audit of the Sustainable Reproductive Health Project, Cooperative Agreement No. 519-A-00-99-000-92-00, Managed by the Salvadoran Demographic Association, Covering the Period January 1 through December 31, 2002		
1-511-04-017-R	12/23/03	Financial Audit of the Fund Accountability Statement of the "Centro para Programas de Comunicacion Bolivia," Under the Cooperative Agreement No. 511-A-00-01-00067-00, for the Period from March 1, 2001 to February 28, 2002		
1-522-04-018-R	12/24/03	Financial Audit of USAID Resources, Cooperative Agreement No. 522-A-00-02-00346-00: CEV's Technical Capacity Development, Managed by the Advisory Center for Human Resources Development of Honduras, for the Period from July 5, 2002 to June 30, 2003		
1-520-04-019-R	12/31/03	Financial Audit of USAID/G-CAP Project, Communities in Transition, Agreement No. 520-0413-A-00-5130-00, Managed by Centro Canadiense de Estudios y Cooperacion Internacional, for the Years Ended March 31, 2003 and 2002		
1-525-04-020-R	01/08/04	Close-out Financial Statement Audit of the Trade and Investment Development Project, Cooperative Agreement No. 525-A-00-92-00204-00, Managed by the Chamber of Commerce, Industry and Agriculture of Panama, for the Year Ended March 31, 2003		
1-527-04-021-R	01/09/04	Closeout Financial Statement Audit of Project Increase of Access to Basic Services and Citizen Participation in Decision-Making, Component 1 of the Alternative Development Program, Financed Under Cooperative Agreement No. 527-A-00-98-00151-00, Managed by the Association of Municipalities of the San Martin Region, for the Period from January 1 through June 30, 2003		
1-596-04-022-R	01/23/04	Financial Audits of the Following Projects Financed by USAID/G-CAP and Executed by the Secretariat for the Central American Economical Integration-SIECA: Closeout Audit for Copyright Protection in Central America No. 596-0178.01 (Stage "A"), for the Period Ended September 30, 2002; Closeout Audit of the Program for Trade Liberalization and General Framework of Investment Policies, No. 596-0178-01 (Stage "B"), for the Period Ended September 30, 2002; Closeout Audit of the Program for the Modernization of the Labor Market No. 596-0178.11, for the Period Ended September 30, 2002 and Audit of the Grant Agreement Strategic Objective "Greater Competitiveness for Central America in the Global Markets," No. 596-0184.20, for the Year Ended December 31, 2002		
1-520-04-023-R	01/23/04	Audit Report of the Project Accord on the Rights and Identity of Indigenous Peoples-Human Capacity Development USAID/Guatemala Cooperative Agreement Project No. 520-A-00-98-00013-00, Implemented by Rafael Landivar University, for the Year Ended December 31, 2002		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-527-04-024-R	01/28/04	Closeout Financial Audit of Strategic Target Grant Agreement No. 527-0368, Project "Conservation and Handling of the Biodiversity and Fragile Ecosystems-BIOFOR," Managed by the National Institute for Natural Resources, for the Period April 1, 2002 through May 15, 2003		
1-523-04-025-R	01/29/04	Financial Statement Audit of the Wildfire Prevention and Restoration Program, Managed by La Universidad Autonoma de Nuevo Leon "Facultad de Ciencias Forestales" and the Fondo Mexicano para la Conservacion de la Naturaleza, A.C., USAID Cooperative Agreement No. 523-A-00-98-00039-00, for the Period July 26, 2000 to September 30, 2002		
1-596-04-026-R	02/02/04	Financial Statement Audit of the Project "Improved Environmental Management in the Mesoamerican Biological Corridor," USAID Project No. 596-0185, Managed by Secretaria General de la Integracion Centro Americana and Comision Centro Americana de Ambiente y Desarrollo, for the Period October 1, 2002 through September 30, 2003		
1-511-04-027-R	02/05/04	Fund Accountability Statement Audit of the Project Sexual and Reproductive Health Improvement for Women, Men and Adolescents, USAID Grant Agreement No. CA 511-A-00-98-00158-00, Managed by Centro de Investigacion, Educacion y Servicios, for the Year Ended December 31, 2002	7	QC
1-511-04-028-R	02/04/04	Financial Audit of the Integral Health Coordination Program, Child Survival and Reproductive Health Activities, USAID Cooperative Agreement No. 511-A-00-98-00156-00 (511-0644), for the Year Ended December 31, 2001	28 24	QC UN
1-520-04-029-R	02/05/04	Close-out Financial Statement Audit for Agreement No. 520-0381-A-00-9637-00, "Small Farmer Coffee Improvement Program," for the Period October 1, 2001 to September 30, 2002 and Close-out Financial Statement Audit of Agreement 520-A-00-02-00051-00, "Primary School Scholarships and School Maintenance Program," Managed by Asociacion Nacional del Cafe for the Period from February 7, 2002 to January 31, 2003		
1-511-04-030-R	02/10/04	Close-out Financial Statement Audit of Project - Extension of Reproductive Health Services and Products, Grant Agreement No. 511-G-00-95-00089-00 (511-0644) for the Year Ended December 31, 2001 and Financial Statement Audit of Prosalud's Institutional Consolidation, Cooperative Agreement No. 511-A-00-01-00262-00, Managed by Asociacion de Proteccion a la Salud, for the Period October 1, 2001 to December 31, 2001	2	QC
1-522-04-031-R	02/10/04	Financial Statement Audit of USAID Municipal Development Project No. 522-0340 (Child Survival Program) and USAID Housing Guaranty Loan Project No. 596-HG-006, Administered by the Honduran Social Investment Fund/Directorate of Major Infrastructure, for the Period January 1, 2000 to December 31, 2002		
1-521-04-032-R	02/10/04	Financial Statement Audit of USAID Program for the Recovery of the Economy in Transition, Project No. 521-A-00-99-00073-00, Managed by Societe Financiere Haitienne de Developpement S.A., for the Period October 1, 2001 to September 30, 2002	2 2	QC UN
1-527-04-033-R	02/11/04	Close-out Financial Statement Audit of the Development Programs Funded Through the Food Monetization Program PL-480, Title II of USAID, Managed by TechnoServe Inc-Peru, for the Period October 1, 2001 to December 31, 2002	9	QC
1-523-04-034-R	02/11/04	Financial Statement Audit of the Trust Fund Under Cooperative Agreement No. 523-4007-A-6001-00, Managed by the Mexican Nature Conservation Fund, A.C., for the Year Ended December 31, 2002		
1-527-04-035-R	02/12/04	Close-out Financial Statement Audit of the Project Micro-Finance Initiative, Agreement No. 527-A-00-00-0188-00, Managed by the Consortium of Private Organizations for Promotion of the Development of Micro and Small Business (COPEME), for the Period January 1 to September 30, 2002, and the Audit of COPEME's General Purpose Financial Statements as of December 31, 2002	1	QC
1-511-04-036-R	02/12/04	Financial Statement Audit of Cooperative Agreement No. 511-A-00-01-00067-00, Managed by the Center for Communication Programs Bolivia, for the Period from March 1 to December 31, 2002		
1-525-04-037-R	02/12/04	Financial Statement Audit of USAID Resources, Under Grant Agreement No. 525-A-00-01-00016-00, Managed by the Sociedad Nacional Para el Desarrollo de Empresas y Arcas Rurales, for the Year Ended December 31, 2002		
1-511-04-038-R	02/12/04	Fund Accountability Statement of the Population Council for Sustainable Development, USAID Grant Agreement No. 511-0644.02, Managed by the Ministry of Sustainable Development and Planning, for the Year Ended December 31, 2002		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-04-039-R	02/25/04	Close-out Financial Statement Audit of Sustainable Improvements in Family Health, Cooperative Agreement No. 522-A-00-95-00411-00, Managed by the Asociacion Hondurena de Planificacion de Familia, for the Period April 1, 2001 to September 30, 2002		
1-532-04-040-R	02/25/04	Financial Statement Audit of the Resources of USAID/GOJ HIV/AIDS Prevention and Control Project No. 532-0184/532-0003, Managed by the Ministry of Health, Health Promotion and Protection Division, for the Period September 1, 2001 to March 31, 2003	1	QC
1-527-04-041-R	02/27/04	Financial Statement Audit of Cooperative Agreement No. 527-A-00-01-0166-00, Within the Framework of the Alternative Development Program, Managed by the Association of Municipalities of the Apurimac and Ene River Valleys, for the Period from January 1, to June 30, 2003	8	QC
1-517-04-042-R	03/09/04	Close-out Financial Statement Audit of the Participation of Organized Civil Society in Democratization of Cultural and Political Practices in the Dominican Republic, Cooperative Agreement No. 517-A-00-97-00107-00, Managed by Participacion Ciudadana, for the Period September 1, 2001 to December 31, 2002		
1-523-04-043-R	03/08/04	Fund Accountability Statement Audit for the Wildfire Prevention and Restoration Program, Managed by the Mexican Nature Conservation Fund, A.C., Under USAID Cooperative Agreement No. 523-A-00-98-00039-00, for the Year Ended December 31, 2002	12 12	QC UN
1-511-04-044-R	03/12/04	Financial Statement Audit of (1) Grant Agreement No. 511-G-00-95-00089-00 (511-0644) - Extension of Reproductive Health Services and Products Project (Additional Activity of Tuberculosis in Santa Cruz); (2) Cooperative Agreement No. 511-A-00-01-00262-00 -- PROSALUDS's Institutional Consolidation; and (3) Cooperative Agreement No. 511-A-00-02-00261-00 Partners in Health Project, Managed by Asociacion de Proteccion a la Salud, for the Year Ended December 31, 2002	10 8	QC UN
1-522-04-045-R	03/16/04	Financial Statement Audit of USAID Program/Let's Learn Math Phase II, Agreement No. 522-A-00-01-00304-00, Managed by the Foundation for the Education Ricardo Ernesto Maduro Andreu, for the Period June 1, 2001 to May 31, 2002		
1-511-04-046-R	03/22/04	Consolidated Fund Accountability Statement Audit of the Integrated Health Project, USAID Grant Agreement No. 511-0644.02, Managed by the Ministry of Health and Social Welfare, for the Year Ended December 31, 2002	135 122	QC UN
1-524-04-047-R	03/22/04	Fund Accountability Statement Audit of the Program Coffee Relief Activity, Managed by the Secretaria del Programa PL 480 and Implemented by Cooperating Sponsors, for the Period May 1, 2002 to January 31, 2003	1	QC
1-520-04-048-R	03/22/04	Close-out Audit of Project No. 520-0424.20 Reducing Violence Against Women, Managed by Asociacion Mujer Vamos Adelante in Coalition with Centro de Investigacion, Capacitacion y Apoyo a la Mujer and Consejo de Mujeres Mayas de Desarrollo Integral, for the Period July 1, 2002 through June 30, 2003		
1-521-04-049-R	03/29/04	Financial Statement Audit of USAID/Haiti's Education 2004, Project No. 521-0259, Cooperative Agreement No. 521-A-00-99-00070-00, Managed by Fondation Haitienne de L'Enseignement Prive for the Year Ended July 31, 2002	1	QC
1-527-04-050-R	03/31/04	Financial Statement Audit of the Bilateral Grant Agreement No. 527-0391, "Addressing the Threats of Emerging and Reemerging Infectious Diseases - VIGIA Project," Managed by the National Institute of Health for the Year Ended December 31, 2002	275	QC
4-615-04-001-R	10/01/03	Audit of K-Rep Bank Limited Under USAID Grant Agreement No. 623-G-00-98-00004-00 for the Thirteen-Month Period Ended November 30, 2002	176	QC
4-617-04-002-R	10/06/03	Audit of FINCA Uganda Limited Under USAID Agreement No. 617-G-00-98-00009-00 for the Period September 1, 2000 to August 31, 2001	34	QC
4-690-04-003-R	10/07/03	Audit of the World Conservation Union Under Cooperative Agreements No. 690-0283-A-00-5950-00 and No. 690-A-00-96-00046-00 for the Period January 1, 2000 to December 31, 2000	564 563	QC UN
4-690-04-004-R	10/07/03	Audit of the World Conservation Union Under Cooperative Agreement No. 690-0283-A-00-5950-00 for the Period January 1, 2001 to December 31, 2001	377 377	QC UN
4-623-04-005-R	10/14/03	Audit of the Association for Strengthening Agricultural Research in Eastern and Central Africa Under USAID Agreements No. 623-A-00-98-00054-00 and 623-A-00-02-00095-00 for the Period January 1, 2002 to December 31, 2002		
4-623-04-006-R	10/29/03	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, 2001		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-674-04-007-R	11/12/03	Audit of the Business Against Crime - South Africa Under USAID Cooperative Agreement No. 674-A-00-02-00012-00 for the Period February 8, 2002 to May 31, 2003	27	QC
4-674-04-008-R	11/21/03	Audit of the African Centre for the Constructive Resolution of Disputes, Under USAID Agreements No. 674-0301-A-00-6064-00 and AOT-G-00-97-00369-00 for the Period January 1, 2000 to December 31, 2000	24 1	QC UN
4-621-04-009-R	11/21/03	Audit of the Agricultural Transport Assistance Program Under USAID Project No. 621-0166 for the Period July 1, 2001 to June 30, 2002		
4-674-04-010-R	12/10/03	Audit of Enterprise Management & Innovation Ltd, Under USAID Grant Agreement Nos. 674-G-00-00-00064-00 and 674-G-00-00-00072-00 for the Period September 1, 2000 to February 28, 2001	292 103	QC UN
4-674-04-011-R	12/10/03	Audit of Enterprise Management & Innovation Ltd. Under USAID Agreement Nos. 674-G-00-00-00064-00, 674-G-00-00-00072-00, 674-C-00-01-00032-00 and PCE-A-00-98-00035-00 for the Period March 1, 2001 to July 31, 2002	1,805 4,100	QC BU
4-623-04-012-R	12/11/03	Audit of the Inter-Governmental Authority on Development Under USAID Award No. 623-0006 for the Period January 1, 2001 to December 31, 2001	88 88	QC UN
4-621-04-013-R	01/13/04	Audit of the Family Planning Unit Project Under USAID/Tanzania Grant Number 621-0173, Reports and Fund Accountability Statement for the Period July 1, 2000 to June 30, 2001	448 448	QC UN
4-617-04-014-R	01/27/04	Audit of the AIDS Support Organization Uganda Limited Under USAID Award No. 623-A-00-96-00030-00 for the Year Ended December 31, 2001	8	QC
4-617-04-015-R	01/28/04	Audit of Improving Mother and Child Care at Lacor Hospital, USAID Funded Project Award No. 617-G-00-01-00003-00 for the Period June 28, 2001 to June 30, 2002	11	QC
4-674-04-016-R	01/30/04	Audit of Project Literacy Under USAID Agreement No. 674-A-00-99-00027-00 for the Period January 01, 2002 to December 31, 2002	17	QC
4-674-04-017-R	01/30/04	Audit of Project Literacy Under USAID Agreement No. 674-A-00-99-00027-00 for the Period January 01, 2003 to April 30, 2003	18	QC
4-674-04-018-R	01/29/04	Audit of Hope Worldwide South Africa Under USAID Agreement No. 674-00-01-00042-00 for the Period September 15, 2001 to December 31, 2002	558 557	QC UN
4-621-04-019-R	02/17/04	Audit of the Family Planning Services Support Project of the Government of Tanzania's Ministry of Health, Reproductive and Child Health Section Under USAID/Tanzania Project Implementation Letter No. 51, Project No. 621-0173 for the Six-Month Period Ended December 31, 2001	205 183	QC UN
4-617-04-020-R	02/27/04	Audit of the Environmental Conservation Trust of Uganda Under USAID Contract No. 617-C-00-01-00002-00 for the Period September 1, 2000 to December 31, 2000		
4-617-04-021-R	03/01/04	Audit of the Environmental Conservation Trust of Uganda Under USAID Agreement No. 617-A-00-01-00002-00 for the Period January 1, 2001 to December 31, 2001	3 3	QC UN
4-674-04-022-R	03/15/04	Audit of the Nelson Mandela Children's Fund Under USAID Grant No. 674-G-00-00-00071-00 for the Period September 15, 2000 to March 31, 2002	171 63	QC UN
4-674-04-023-R	03/15/04	Audit of the Wits Health Consortium Under USAID Grant No. 674-0320-G-00-5053 for the Period January 17, 2001 to December 31, 2001	199 16	QC UN
4-674-04-024-R	03/18/04	Audit of the South African Institute of Race Relations Under USAID Grant No. 674-A-00-90-00039-00 for the Period April 1, 2001 to March 31, 2002	45 45	QC UN
4-615-04-025-R	03/23/04	Audit of the Kenya Wildlife Services Under USAID/Kenya Project No. 615-0247 for the Period July 1, 2000 to June 30, 2001	1	QC
5-492-04-001-R	10/27/03	Financial Audit of the Developing Standards for Microfinance Program, USAID Grant Agreement No. 492-0470-G-SS-6060-00, Managed by the TSPI Development Corporation, for the Period from November 1, 2000 to September 30, 2001	2	QC
5-492-04-002-R	12/10/03	Financial Audit of the Sustainable and Improved Coastal Resources Management Project, USAID Grant Agreement No. 492-G-00-99-00017-00, Managed by the Notre Dame Business Resource Center Foundation, Inc., for the Period from October 14, 1999 to December 31, 2002	1	QC
5-386-04-003-R	12/30/03	Financial Audit of the AIDS Prevention and Control Project, USAID/India Project No. 386-0525, Managed by the Voluntary Health Services, for the Period from April 1, 2002 to March 31, 2003	42 6	QC UN

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-367-04-004-R	01/09/04	Financial Audit of the Kathmandu Valley Earthquake Risk Management Action Plan Implementation Project, USAID/Nepal Project No. 367-G-00-00-00080-00, Managed by the National Society for Earthquake Technology-Nepal, for the Period from September 14, 2000 to September 30, 2002	3 2	QC UN
5-442-04-005-R	01/16/04	Financial Audit of the Institutional Development and Service Delivery Support Project, USAID/Cambodia Cooperative Agreement No. 442-A-00-99-00033-00, Managed by the Reproductive Health Association of Cambodia, for the Period from January 1, 2002 to December 31, 2002	2	QC
5-497-04-006-R	01/27/04	Financial Audit of the Developing Public Television in Indonesia's New Democratic Environment Project, USAID/Indonesia Grant Agreement No. 497-G-00-00-00046-00, Managed by the Yayasan Sains Estetika dan Teknologi (Yayasan SET), for the Period from January 1, 2001 to December 31, 2002	3 1	QC UN
5-497-04-007-R	01/27/04	Financial Audit of the Indonesian Biodiversity Foundation Project, Cooperative Agreement No. AID-497-0384-A-00-5011-00, Managed by the Yayasan Keanekaragaman Hayati Indonesia (Yayasan KEHATI), Endowment Income Fund for the Period from January 1, 2002 to December 31, 2002, and Restated Fund Accountability Statements for the Project Fund and the Endowment Income Fund for the Period from January 1, 2001 to December 31, 2001	2 1	QC UN
5-388-04-008-R	02/26/04	Financial Audit of USAID/Bangladesh Cooperative Agreement No. 388-A-00-97-00032-00, Managed by the International Centre for Diarrhoeal Disease Research, Bangladesh, for the Period from January 1, 2002 to December 31, 2002	85 85	QC UN
5-386-04-009-R	03/04/04	Financial Audit of the Energy Conservation and Commercialisation Programme, USAID/India Project No. 386-0542, Managed by the ICICI Bank Limited, for the Period from April 1, 2002 to March 31, 2003		
5-493-04-010-R	03/17/04	Financial Audit of the Accelerating Economic Recovery in Asia Program, USAID Cooperative Agreement No. 442-A-00-99-00072-00, Managed by the Kenan Foundation of Asia, for the Year Ended September 30, 2002	38 38	QC UN
6-263-04-001-R	10/23/03	Audit of the American Chamber of Commerce in Egypt, Grant Agreement No. 263-G-00-96-00073-11, for the Year Ended December 31, 2002		
6-263-04-002-R	11/23/03	Audit of the Egyptian Center for Economic Studies Under USAID Cooperative Agreement No. 263-A-00-93-00104-00 and Endowment Agreement No. 263-A-00-01-00023-00 for the Year Ended December 31, 2002		
6-263-04-003-R	11/23/03	Audit of USAID Resources Managed by the Egyptian Exporters Association-ExpoLink, Cooperative Agreement No. 263-A-00-02-00031-00, for the Period from May 1, 2002 to December 31, 2002		
6-268-04-004-R	02/09/04	Audit of Makhzoumi Foundation, Micro-Credit Unit Program, USAID Grant No. 268-G-00-01-00219-00, for the Period from September 26, 2001 to September 30, 2002		
6-263-04-005-R	02/16/04	Audit of USAID Resources Managed by the Ministry of Health and Population/Schistosomiasis Vaccine Development Program, Implementation Letters No. Two and Three, Results Package No. 263-0265.01, for the Period from July 1, 2002 through September 30, 2003		
6-263-04-006-R	02/17/04	Audit of USAID Resources Managed by the National Population Council Under USAID Project No. 263-0267, Implementation Letter No. 6 for the Period October 1, 2001 through December 31, 2002		
6-263-04-007-R	02/17/04	Audit of USAID Resources Managed by Alexandria Business Association Under USAID Cooperative Agreement No. 263-A-00-02-00005-00 for the Period November 29, 2001 to December 31, 2002	67	QC
6-263-04-008-R	02/18/04	Audit of USAID Resources Managed by the Ministry of Health and Population/Epidemiology and Surveillance Unit/ Combating Emerging and Endemic Diseases, Grant Agreement No. 263-0265, Component No. Three, Implementation Letter No. One, for the Period from July 1, 2002 through September 30, 2003		
6-263-04-009-R	02/19/04	Audit of USAID Resources Managed by the State Information Service/Information, Education and Communication Center, Grant Agreement No. 263-0267, Implementation Letter No. Five, for the Period from November 1, 2001 through December 31, 2002		
6-263-04-010-R	03/23/04	Audit of USAID Resources Managed by the Ministry of Health and Population Under Implementation Letter No. 4, USAID/Egypt's System Development Project Under Grant Agreement No. 263-0267 for the Period July 1, 2001 to June 30, 2002	27 25	QC UN

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
7-641-04-001-R	10/30/03	Recipient-Contracted Audit of the Expenses Incurred by the "Private Enterprise Foundation," USAID Grant No. 641-G-00-00-00029 for the Twenty-three Month Period Ended November 30, 2002	43	QC
7-680-04-002-R	12/10/03	Recipient-Contracted Final and Close-out Audit of USAID Resources Managed by Songhai Center, Benin, from January 1, 2002 through September 16, 2002 and of the Songhai Center Financial Statements for Calendar Year 2002, Project No. 680-0214		
7-636-04-003-R	03/19/04	Recipient-Contracted Audit of Premiere Urgence Sierra Leone, Koidu Hospital Rehabilitation Project Under USAID Grant No. 636-G-00-03-00005-00 for the Ten-Month Period Ended August 31, 2003	79 61	QC UN
B-167-04-001-R	10/15/03	Audit of MEDECINS DU MONDE, in Paris, France, Under USAID Agreement Nos. AOT-G-00-99-00009-00, AOT-G-00-98-00149-00, 687-A-00-98-00216-00, and FHI/FCO Number 84705 for the Period Ending December 31, 2000	14 1	QC UN
B-687-04-002-R	10/16/03	Audit of MEDECINS DU MONDE, in Paris, France, Under USAID Agreement Nos. 687-A-00-98-00216-00, and FHI/FCO Number 84705 for the Period Ending December 31, 2001		
B-183-04-003-R	10/27/03	Audit of the Foundation for Local Government Reform-Danube River Initiative Program, Grant No. 183-G-00-99-00109-00 for the Period August 1, 2001 through September 30, 2002		
B-118-04-004-R	11/15/03	Audit of Moscow Helsinki Group in Moscow, Russia Under USAID Cooperative Agreement Nos. 118-A-00-98-00179-00 and 118-A-00-01-00163 for the Year Ended December 31, 2001	95 24	QC UN
B-695-04-005-R	11/15/03	Audit of Solidarites Paris, France Grant Nos. AOT-G-00-01-00043-00; AOT-G-00-01-00136-00; HAD-G-00-02-00084-00; and HAD-G-00-02-00049-00 for the Year Ended December 31, 2002	14 14	QC UN
B-114-04-006-R	11/15/03	Audit of Horizonti: Foundation for the Third Sector in Tbilisi, Georgia Under USAID Cooperative Agreement No. 114-A-00-01-00199-00 for the Year Ended December 31, 2002	9	QC
B-193-04-007-R	11/17/03	Audit of Foundation Ekopolis in the Slovak Republic Under USAID Cooperative Agreement No. 193-032-A-00-9100-00 for the Year Ended December 31, 2001		
B-118-04-008-R	11/21/03	Audit of Moscow Public Science Foundation Under the USAID Cooperative Agreement No. 118-A-00-99-00142-00 for the Year Ended December 31, 2002		
B-193-04-009-R	12/10/03	Audit of Foundation Ekopolis in the Slovak Republic Under USAID Cooperative Agreement No. 193-A-00-99-00100-00 (formerly 193-032-A-00-9100-00) for the Year Ended December 31, 2002		
B-000-04-010-R	12/15/03	Audit of Action Contre La Faim in Paris, France, Under Ten Separate USAID Grants for the Year Ended December 31, 2001	232 226	QC UN
B-000-04-011-R	12/15/03	Audit of the USAID/BHR/OFDA Grant Agreement No. AOT-G-00-00054-00 to the OXFAM Great Britain Emergency Water and Sanitation Program in Angola for the Period from February 9, 2001 to April 30, 2002	695 10 492	QC BU UN
B-000-04-012-R	12/17/03	Audit of the USAID/BHR/OFDA Grant Agreement No. KOV131 to OXFAM (GB) Capacity Building Program in Kosovo for the Period from October 25, 2001 to April 30, 2002		
B-000-04-013-R	12/22/03	Audit of Foundation Hironnelle in Lausanne, Switzerland Under USAID Grant No. HDA-G-00-02-00153-00 for the Year Ended December 31, 2002		
B-118-04-014-R	01/05/04	Audit of ANO "Moscow School of Political Studies" Under USAID Cooperative Agreement No. 118-A-00-00-00084-00 for the Period from May 2002 through August 2003		
B-118-04-015-R	01/06/04	Audit of the Institute for Election Systems Development Under USAID Cooperative Agreement No. 118-A-00-00-00106-00 for the Year Ended December 31, 2002		
B-111-04-016-R	01/09/04	Audit of the Institute of Chartered Accountants of Scotland, Under USAID Cooperative Agreement No. 111-A-00-02-00034-00 and a Sub-grant for Educational Development for the Year Ended December 31, 2002		
B-111-04-017-R	01/21/04	Audit of Halo Trust U.K. Under USAID Grant No. 111-G-00-01-00075-00 for the Twelve Months Ended March 31, 2003		
B-000-04-018-R	02/10/04	Audit of Medical Emergency Relief International (Merlin) in London, England Under USAID Grant and Cooperative Agreement Nos. AOT-G-00-99-00059-00, HAD-G-00-01-00040-00, HAD-G-0-02-00175-00, AOT-G-00-00-00250-00, and 119-A-00-00022-00 for the Year Ended December 31, 2002		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
B-118-04-019-R	02/15/04	Audit of the Institute for the Economy in Transition for the Period Ended December 31, 2001	58	QC
B-000-04-020-R	02/15/04	Audit of Veterinaires Sans Frontieres ASBL, in Bruxelles, Belgium Under USAID Grant No. AOT-G-00-00-178-00 for the Year Ended December 31, 2002	2	QC
B-000-04-021-R	02/15/04	Audit of International HIV/AIDS Alliance Under Seven USAID Grant and Pass-Through Grants in Brighton, England for the Year Ended December 31, 2002	13	QC
B-000-04-022-R	02/29/04	Audit of MEDAIR in Ecublens, Switzerland Under USAID Award Nos. AOT-G-00-00-00212-00, HRN-A-00-00-00014-00, HDA-G-00-01-00115-00, and AOT-G-00-00-00148-00 for Periods During 2001 and 2002		
B-118-04-023-R	02/29/04	Audit of IPO Junior Achievement Russia Under USAID Grant No. 118-G-00-98-00151-00 for the Year Ended December 31, 2002		
B-118-04-024-R	03/02/04	Audit of the Institute for Urban Economics Under USAID Cooperative Agreement No. 118-A-00-98-00168-00 for the Period September 17, 1998 to September 30, 2002 and Cooperative Agreement No. 118-A-00-01-00135 for the Period September 10, 2001 to December 31, 2002		
B-000-04-025-R	03/15/04	Audit of Action Contre La Faim in Paris, France, Under Multiple USAID Agreements for the Year Ended December 31, 2002	134 134	QC UN
B-121-04-026-R	03/15/04	Audit of the Center for Ukrainian Reform Education Under USAID Cooperative Agreement No. 121-A-00-02-00002-00 for the Year Ended December 31, 2002	9	QC
—U.S.-BASED GRANTEES—				
0-000-04-003-D	12/16/03	Medical Missions for Children, Inc., Report on Preward Survey		
5-438-04-001-D	02/12/04	Report on Financial Audit of Incurred Costs in Mongolia of Mercy Corps International Mongolia, USAID Cooperative Agreement No. 442-A-00-99-00016-00, for the Period from January 8, 1999 to March 31, 2003	223 53	QC UN
0-000-03-039-T	10/03/03	Initial Review of the Audit of Cooperative Housing Foundation for the Fiscal Year Ended September 30, 2002		
0-000-03-040-T	10/07/03	Initial Review of the Audit of International Fertilizer Development Center for the Fiscal Year Ended December 31, 2002		
0-000-03-041-T	10/03/03	Initial Review of the Audit of the Urban Institute for the Fiscal Year Ended December 31, 2002		
0-000-04-001-T	10/29/03	Initial Review of the Audit of Save the Children Federation, Inc. for the Fiscal Year Ended September 30, 2002		
0-000-04-002-T	11/20/03	Initial Review of the Audit of Shelter for Life International, Inc. for the Fiscal Year Ended December 31, 2002		
0-000-04-003-T	11/20/03	Initial Review of the Audit of Terra Institute, LTD. For the Fiscal Year Ended June 30, 2002		
0-000-04-004-T	11/20/03	Initial Review of the Audit of International Human Rights Law Group for the Fiscal Year Ended September 30, 2001		
0-000-04-005-T	11/20/03	Initial Review of the Audit of International Human Rights Law Group for the Fiscal Year Ended September 30, 2002		
0-000-04-006-T	11/20/03	Initial Review of the Audit of International Foundation for Election Systems for the Fiscal Year Ended September 30, 2002		
0-000-04-007-T	11/20/03	Initial Review of the Audit of Population Services International for the Fiscal Year Ended December 31, 2002		
0-000-04-008-T	12/22/03	Initial Review of the Audit of Medical Care Development, Inc. for the Fiscal Year Ended December 31, 2002		
0-000-04-009-T	11/25/03	Initial Review of the Audit of Strategies for International Development for the Fiscal Year Ended December 31, 2002		
0-000-04-010-T	11/20/03	Initial Review of the Audit of Center for Economic Initiatives for the Fiscal Year Ended December 31, 2002		
0-000-04-011-T	11/25/03	Initial Review of the Audit of SEAF Trans-Balkan Fund LLC for the Fiscal Year Ended December 31, 2002		
0-000-04-012-T	12/02/03	Initial Review of the Audit of SEAF Macedonia LLC for the Fiscal Year Ended December 31, 2002		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-04-013-T	11/20/03	Initial Review of the Audit of Small Enterprise Assistance Funds for the Fiscal Year Ended December 31, 2002		
0-000-04-014-T	11/24/03	Initial Review of the Audit of Opportunity International, Inc. and Affiliates for the Fiscal Year Ended December 31, 2002		
0-000-04-015-T	12/02/03	Initial Review of the Audit of Air Serv International, Inc. for the Fiscal Year Ended December 31, 2002		
0-000-04-016-T	12/23/03	Initial Review of the Audit of Educational Development for the Fiscal Year Ended December 31, 2002		
0-000-04-017-T	12/15/03	Initial Review of the Audit of Salesian Missions Inc. for the Fiscal Year Ended December 31, 2002		
0-000-04-018-T	12/15/03	Initial Review of the Audit of Medecins Sans Frontieres USA, Inc./Doctors Without Borders USA, Inc. for the Fiscal Year Ended December 31, 2002		
0-000-04-019-T	12/15/03	Initial Review of the Audit of ACDI/VOCA for the Fiscal Year Ended December 31, 2002		
0-000-04-020-T	12/22/03	Initial Review of the Audit of Relief International for the Fiscal Year Ended December 31, 2002		
0-000-04-021-T	12/22/03	Initial Review of the Audit of Action Against Hunger – USA for the Fiscal Year Ended December 31, 2002		
0-000-04-022-T	01/07/04	Initial Review of the Audit of International Real Property Foundation for the Fiscal Year Ended September 30, 2001		
		—U.S.-BASED CONTRACTORS—		
0-000-03-043-D	11/21/03	Bechtel National, Inc. Report on Application of Agreed Upon Procedures, Internal Controls and Organization Related to Performance of Subcontract Award and Administration Activities for USAID Iraq Infrastructure Reconstruction Contract No. EEE-C-03-00018-00		
0-000-04-001-D	11/21/03	Chemonics International, Report on Audit of FY 1999 Incurred Costs	6	QC
0-000-04-002-D	03/18/04	Juarez and Associates, Inc., Report on Audit of CY 1997 through 2001 Incurred Costs		
0-000-04-005-D	03/18/04	Black & Veatch International, Report on Audit of FY 1999 Incurred Costs	18	QC
0-000-04-007-D	03/08/04	Metcalf and Eddy, Inc., Report on Audit of FY 2001 Incurred Costs		
0-000-04-009-D	03/25/04	Sigma One Corporation, Report on Audit of FY 1998 Incurred Costs	14	QC
0-000-04-010-D	03/26/04	Sigma One Corporation, Report on Audit of FY 1999 Incurred Costs		
0-000-04-011-D	03/26/04	Sigma One Corporation, Report on Audit of FY 2000 Incurred Costs		
5-306-04-001-N	01/23/04	Financial Audit of Local Costs Incurred by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from September 30, 2002 to June 30, 2003	29 29	QC UN
5-306-04-003-N	03/26/04	Financial Audit of Local Costs Incurred by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from July 1, 2003 to September 30, 2003	114 114	QC UN
E-266-04-001-D	10/31/03	Report on Evaluation of Timekeeping Procedures and Practices of SSA Marine		
E-266-04-002-D	11/04/03	Audit of Kroll Associates Inc.'s Proposal for USAID Contract No. 267-C-00-03-001-00		
E-266-04-003-D	11/04/03	Report on SSA Marine's Usage and Controls of Materials and Services Procured Under USAID Contract TRN-C-00-03-00054-00		
E-266-04-004-D	11/19/03	Survey of Kroll and Associates Inc.'s Accounting System		
E-266-04-006-D	11/20/03	Audit of Creative Associates International, Inc.'s Internal Controls for the Awarding of Grants Under Contract No. EDG-C-00-03-00011-00		
E-266-04-007-D	12/05/03	Audit of SSA Marine's Controls Over Port Revenues and Expenses at Um Qasr, Iraq Under USAID Contract No. TRN-C-00-03-00054-00		
E-266-04-008-D	01/05/04	Audit of Bechtel National Inc.'s Internal Controls of Subcontract Awards Under USAID Iraq Infrastructure Reconstruction Contract No. EEE-C-00-03-00018-00		
E-266-04-009-D	01/04/04	Report on Evaluation of Bechtel National Inc.'s Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Iraq Infrastructure Reconstruction Contract No. EEE-C-00-03-00018-00		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
E-266-04-010-D	01/13/04	Report on Evaluation of Skylink Air & Logistical Support (USA) Inc.'s Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Contract No. DFD-C-00-03-00026-00		
E-266-04-011-D	01/14/04	Audit of Costs Incurred and Billed by SkyLink Air and Logistic Support (USA), Inc. Under USAID Contract DFD-C-00-03-00026-00 from March 21, 2003 through October 31, 2003	82 23	QC UN
E-266-04-012-D	01/15/04	Report on Evaluation of the International Resources Group's Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Contract No. EMT-C-00-03-00007		
E-266-04-013-D	02/09/04	Audit Report on Skylink Air & Logistical Support (USA) Inc.'s Usage and Controls of Materials and Services Procured Under USAID Contract No. DFD-C-00-03-00026-00		
E-266-04-014-D	02/09/04	Report on the Audit of the Accounting System of Skylink Air & Logistical Support (USA) Inc.		
E-266-04-015-D	02/09/04	Evaluation of Bechtel National Inc.'s Usage and Controls of Materials and Services Procured Under USAID Iraq Infrastructure Reconstruction Contract No. EEE-C-00-03-00018-00		
E-266-04-016-D	02/12/04	Audit of Costs Incurred by Bechtel National, Inc. Under USAID Iraq Infrastructure Reconstruction Contract EEE-C-00-03-00018-00 from April 17, 2003 (Inception of the Contract) to August 31, 2003		
E-266-04-017-D	02/12/04	Audit of the Accounting Controls of Bechtel National, Inc. Under USAID's Iraq Infrastructure Reconstruction Contract EEE-C-00-03-00018-00		
E-266-04-018-D	02/12/04	Audit of Bechtel National, Inc.'s Subsidiary Billing System for USAID's Iraq Infrastructure Reconstruction Contract EEE-C-00-03-00018-00		
E-266-04-019-D	02/12/04	Audit Report on Review of Costs Incurred and Billed by SSA Marine Under USAID Contract TRN-C-00-03-00054-00 as of August 12, 2003	55	QC
E-266-04-020-D	02/14/04	Audit Report on International Resources Group's Usage and Controls of Materials and Services Procured Under USAID Contract No. EMT-C-00-03-00007	41 41	QC UN
E-266-04-021-D	02/15/04	Report on Evaluation of Abt Associates, Inc.'s Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Contract No. RAN-C-00-03-00010-00		
E-266-04-022-D	02/15/04	Audit of Costs Incurred and Billed by Abt Associates, Inc. Under USAID Contract No. RAN-C-00-03-00010-00 from July 18, 2003 through October 24, 2003	161	QC
E-266-04-023-D	02/15/04	Report on Evaluation of BearingPoint, Inc.'s Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Contract No. RAN-C-00-03-00043-00		
E-266-04-024-D	02/21/04	Report on Evaluation of Creative Associates International, Inc.'s Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Contract No. EDG-C-00-03-00011-00		
E-266-04-025-D	02/26/04	Report on Audit of Creative Associates International, Inc.'s Usage and Controls of Materials and Services Procured Under USAID Contract No. EDG-C-00-03-00011-00		
E-266-04-026-D	02/26/04	Audit of Costs Incurred and Billed by Research Triangle Institute Under USAID Contract No. EDG-C-00-03-00010-00 from March 26, 2003 through November 30, 2003	28 28	QC UN
E-266-04-027-D	02/26/04	Report on the Audit of Research Triange Institute's Usage and Controls of Materials and Services Procured Under USAID Contract No. EDG-C-00-03-00010-00	12,670	QC
E-266-04-028-D	02/28/04	Audit of Costs Incurred and Billed by Creative Associates International, Inc. Under USAID Contract No. EDG-C-00-03-00011-00 from April 11, 2003 through October 31, 2003	12	QC
E-266-04-029-D	03/01/04	Report on Evaluation of Abt Associate, Inc.'s Usage and Controls of Materials and Equipment Procured Under USAID Contract No. Ran-C-00-03-00010-00	10	QC
E-266-04-030-D	03/07/04	Report on the Evaluation of Research Triangle Institute's Compliance with Established Timekeeping System Policies and Procedures for Recording Labor Charges Under USAID Contract No. EDG-C-00-03-00010-00		
E-266-04-031-D	03/10/04	Audit of Costs Incurred and Billed by Management Systems International Inc. Under USAID Contract No. AEP-I-00-00-00024-00 from June 25, 2003 through January 30, 2004		
E-266-04-032-D	03/10/04	Audit of Costs Incurred and Billed by the International Resources Group Under USAID Contract No. EMT-C-00-03-00007 from February 5, 2003 through August 31, 2003	134	QC

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
E-266-04-033-D	03/24/04	Audit of Costs Incurred and Billed by BearingPoint, Inc. Under USAID Contract No. RAN-C-00-03-0043-00 from July 18, 2003 through November 30, 2003	65 14	QC UN
		—ENTERPRISE FUNDS—		
0-000-04-001-E	03/31/04	Review of Audit Report of the Romanian-American Enterprise Fund for the Fiscal Year Ended September 30, 2002		
0-000-04-002-E	03/31/04	Review of Audit Report of the Baltic-American Enterprise Fund for the Fiscal Year Ended September 30, 2002		

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

Semiannual Report to the Congress

USAID Miscellaneous Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
		—QUALITY CONTROL REVIEWS—		
1-518-04-001-Q	10/08/03	Quality Control Review of Audit Report and Working Papers Related to the International Organization for Migration, Cooperative Agreement No. 518-A-00-01-00010-00, for Period from January 1, 2001 to December 31, 2002		
1-511-04-002-Q	10/08/03	Quality Control Review of Audit Report and Working Papers Related to Centro de Promocion de la Mujer Gregoria Apaza as of December 31, 2002		
1-514-04-003-Q	10/09/03	Quality Control Review of the Audit Report and Working Papers Related to the "Fundacion para la Educacion Superior FES Social, Audit Report for Grant Agreement CO-484 Programa Fondo para el Desarrollo FES-IAF, for the Period from July 1, 2000 thru September 30, 2002"		
1-523-04-004-Q	10/10/03	Quality Control Review of the Audit Report and Working Papers Related to the "Audit of the USAID/Mexico Endowment Under the Cooperating Agreement No. 523-4007-A-6001-00, Managed by the Fondo Mexicano Para la Conservacion de la Naturaleza, A.C., for the Period from January 1 to December 31, 2001"		
1-523-04-005-Q	10/16/03	Quality Control Review of the Audit Report and Working Papers Related to the "Accion Ciudadana para la Educacion, la Democracia y el Desarrollo, A.C., Audit Report of the Grant Agreement ME-407, for the Period from February 1, 2002 to July 31, 2003"		
1-527-04-006-Q	10/20/03	Quality Control Review of the Audit Report and Working Papers Related to the Instituto Nacional de Recursos Naturales "INRENA," Project "Institutional Support to INRENA with Emphasis on the Forestry Sector," for the Period December 4, 2001 to November 30, 2002		
1-511-04-007-Q	11/06/03	Quality Control Review of the Audit Report and Working Papers Related to the Consolidated Fund Accountability Statement of the Integrated Health Project, USAID Grant Agreement No. 511-0644.02, Managed by the Ministry of Health and Social Welfare, for the Year Ended December 31, 2001		
1-512-04-008-Q	11/14/03	Quality Control Review of PricewaterhouseCoopers Auditores Independientes Brazil's Report and Working Papers Related to the "World Wildlife Fund Brazil, Report on the Review of the Compliance with Contractual Standards and Procedures Related to the Technical and Financial Cooperation Agreements as of September 2003, Project No. 3042, Agreement No. 0Z20, Under Agreement No. 512-G-00-96-00041 Between USAID/Brazil and WWF/USA"		
1-520-04-009-Q	11/14/03	Quality Control Review of the Audit Report and Working Papers Related to the Audit Entitled "Cost-Sharing Audit, Projects Administered by Consejo Nacional de Areas Protegidas Under the USAID/Guatemala Agreement No. 520-0395, Maya Biosphere Project, for the Period from August 30, 1990 to June 30, 2002; and Agreement No. 520-0395.20, Improved Management of the Natural Resources and Conservation of the Biodiversity, for the Period from August 21, 2001 to June 30, 2003"		
1-526-04-010-Q	11/14/03	Quality Control Review of BDO Rubinsztein & Guillen - Paraguay's Audit Report and Working Papers Related to the "Ministerio de Educacion y Cultura de Paraguay, Programa de Fortalecimiento de la Reforma Educativa en la Educacion Escolar Basica, Carta Acuerdo No. 1242/QC-PR Para Operacion Individual Dentro de la Linea de Credito de la Facilidad de Preparacion de Proyectos - Banco Interamericano de Desarrollo, Estados Financieros al 31 de diciembre de 2000"		
1-526-04-011-Q	11/20/03	Quality Control Review of the AFS Programas Interculturales Paraguay as of August 31, 2002		
1-512-04-012-Q	11/24/03	Quality Control Review of Grant Thornton Auditores Independientes - Brazil's Audit Report and Working Papers Related to the "Consolidated Financial Statements as of December 31, 2002 and 2001, Plaut Consultora Ltda. and Its Subsidiaries"		
1-527-04-013-Q	12/10/03	Quality Control Review of the Audit Report and Working Papers Related to "Institute for High Quality Health Care — MAX SALUD, Cooperative Agreement No. 527-A-00-99-00307-00, for the Period January 1, 2002 to December 31, 2002"		
1-521-04-014-Q	12/10/03	Quality Control Review of the Audit Report and Working Papers Related to "Hurricane Georges Reconstruction Program Managed by Centre de Development des Ressources Humaines Under Sub-Agreement No. 521-A-00-99-00072-00" for the Period from March 8, 2000 to September 30, 2000		

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

Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-525-04-015-Q	12/24/03	Quality Control Review of the Fund Accountability Statement of the "Sociedad Nacional Para el Desarrollo de Empresas y Areas Rurales, Grant Agreement No. 525-A-00-01-00016-00, USAID for the Year January 1, 2001 to December 31, 2001"		
1-521-04-016-Q	12/24/03	Quality Control Review of the Fund Accountability Statement of the "Fondation Haitienne De L'Enseignement Prive Financial Statements," for the Period from August 1, 2000 to July 31, 2001		
1-522-04-017-Q	01/22/04	Quality Control Review of Coca Luque y Asociados - Correspondent Member of DFK International's Audit Report and Working Papers Related to the "Audit of USAID Resources Managed by Centro Asesor Para el Desarrollo de los Recursos Humanos de Honduras Under Cooperative Agreement No. 522-A-00-02-00346-00, CEV's Technical Capacity Development, for the Period July 5, 2002 to June 30, 2003"		
1-525-04-018-Q	02/26/04	Quality Control Review of the Fund Accountability Statement of the "Foundation for the Preservation of Natural Resources Under the Authority of Donation Agreement for Natural Resources Management Project (MARENA/PROJECT No. 525-0308) for the Year Ended June 30, 2002"		
4-617-04-001-Q	10/15/03	Quality Control Review of the Recipient-Contracted Audit Performed by Carr Stanyer Sims & Co. (Kampala, Uganda), of the AIDS Support Organisation, Uganda Limited (TASO) for the Year Ended December 31, 2001, USAID Award No. 623-A-00-96-00030-00		
5-492-04-001-Q	11/28/03	Quality Control Review of the Audit Report and Working Papers for the Financial Audit Conducted by Fernandez Santos & Lopez, Makati City, Philippines, of the Trade and Investment Policy Analysis and Advocacy Support Project - Advocacy for Trade and Investment Liberalization, USAID/Philippines Cooperative Agreement No. AID-492-A-00-00-00012-00, Managed by the Philippines Exporters Confederation, Inc., for the Period from January 1 to December 31, 2002		
5-367-04-002-Q	12/02/03	Quality Control Review of the Audit Report and Working Papers for the Agency-Contracted Audit Conducted by Joshi & Bhandary, Chartered Accountants, Kathmandu, Nepal, of the Market Access for Rural Development Project, USAID/Nepal Grant Agreement No. 367-G(A)-00-97-00064-00, Managed by the Canadian Center for International Studies and Cooperation, for the Period from April 1, 2000 to January 25, 2002		
6-278-04-001-Q	10/02/03	Quality Control Review of Talal Abu-Ghazaleh and Co.'s Financial Audit of USAID Resources Provided Through Project Agreement No. 278-A-00-98-00002-00, Managed by Cooperative Housing Foundation for the Jordan Access to Credit Project, for the Year Ended September 30, 2001		
6-294-04-002-Q	03/17/04	Quality Control Review on the Audit of Resources Managed by Chemonics International Inc. Under Contract No. 294-C-00-00-00077-00 for the Period from October 1, 2000 to September 30, 2002		
7-680-04-001-Q	12/31/03	Quality Control Review of the Audit of USAID Resources Managed by Songhai Center, Benin, from January 1, 2001 through December 31, 2001		
7-685-04-002-Q	12/31/03	Quality Control Review of the Audit of the Fund Accountability Statement of SISERA for the Year-Ended March 31, 2003		
		—OTHER—		
1-512-04-001-S	12/12/03	Risk Assessment of Major Functions Within USAID/Brazil		
5-391-04-001-S	10/30/03	Risk Assessment of Major Activities Managed by USAID/Pakistan		
6-268-04-001-S	11/30/03	Survey of USAID Assistance to Lebanon		
9-000-04-001-S	01/08/04	Follow-up of Recommendations Included in the Audit of USAID-Funded Activities in Nonpresence Countries, Audit Report No. 9-000-99-005-P, dated February 26, 1999		
B-121-04-001-S	01/21/04	Follow-up of Recommendation Nos. 1 and 7 of Audit Report No. B-121-01-006-P, "Audit of USAID/Ukraine's Activity Monitoring System," Issued on June 28, 2001		
B-169-04-002-S	03/30/04	Risk Assessment of USAID/Serbia and Montenegro		

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

Semiannual Report to the Congress

USAID Performance Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
—ECONOMY AND EFFICIENCY—				
1-521-04-001-P	10/20/03	Audit of the Management of USAID/Haiti's P.L. 480 Title II Food Program		
1-514-04-002-P	11/12/03	Follow-up Audit of Recommendations Made for the USAID/Colombia-Financed Alternative Development Program		
1-524-04-003-P	12/16/03	Audit of General Controls Over USAID/Nicaragua's Computer Systems		
1-527-04-004-P	01/14/04	Audit of USAID/Peru's Management of U.S. Personal Services Contractors		
1-519-04-005-P	02/17/04	Follow-up Audit of USAID/El Salvador Housing Project Under the Earthquake Reconstruction Program		
1-522-04-006-P	03/03/04	Audit of the Post-Project Condition of Roads and Bridges Constructed in Honduras Under the Emergency Reconstruction of Roads and Bridges Activity		
4-621-04-001-P	11/05/03	Audit of USAID/Tanzania's Participant Training Activities	866	BU
4-663-04-002-P	11/21/03	Audit of USAID/Ethiopia's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program	121	BU
4-674-04-003-P	01/12/04	Audit of Follow-up Review of Recommendation No. 1 from Audit Report No. 4-674-02-002-P, Audit of USAID/South Africa's Information Systems General Computer Controls		
4-615-04-004-P	03/15/04	Audit of USAID/Kenya's Management of U.S. Personal Services Contractors		
4-623-04-005-P	03/15/04	Audit of USAID/REDSO/ESA's Management of U.S. Personal Services Contractors		
5-438-04-001-P	11/25/03	Audit of USAID/Mongolia's Participant Training Activities		
5-367-04-002-P	12/19/03	Audit of USAID/Nepal's Training, Use and Accountability of Cognizant Technical Officers (CTOs)		
6-278-04-001-P	10/01/03	Audit of USAID/Jordan's Microfinance Activities		
6-278-04-002-P	11/30/03	Audit of USAID/Jordan's Cash Transfer Program		
6-263-04-003-P	12/29/03	Audit of USAID/Egypt's Training, Use and Accountability of Cognizant Technical Officers		
7-641-04-001-P	10/15/03	Audit of USAID/Ghana's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program	224	BU
7-680-04-002-P	01/08/04	Audit of USAID/Benin's Health Program		
9-517-04-001-P	01/23/04	Audit of USAID/Dominican Republic's Management of U.S. Personal Services Contractors		
9-000-04-002-P	03/31/04	Audit of USAID's Distribution of P.L. 480 Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program		
9-000-04-003-P	03/31/04	Audit of USAID's Training, Use and Accountability of Cognizant Technical Officers		
B-183-04-001-P	11/19/03	Audit of USAID/Bulgaria's Participant Training Activities		
B-176-04-002-P	11/20/03	Audit of USAID/CAR's Training, Use and Accountability of Cognizant Technical Officers		
B-121-04-003-P	03/17/04	Audit of USAID Mission for Ukraine, Belarus and Moldova's Management of U.S. Personal Services Contractors	17	BU
B-165-04-004-P	03/25/04	Audit of USAID/Macedonia's Democracy and Local Governance Program	54	QC
E-266-04-001-P	03/19/04	Audit of USAID's Results Data for Its Education Activities in Iraq		

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

Semiannual Report to the Congress

AIG/A Memoranda to USAID Management

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
AIG/A Memorandum 03-005	10/17/03	USAID's Compliance with Federal Regulations in Awarding the Health System Strengthening in Post-Conflict Iraq Contract		
AIG/A Memorandum 04-001	01/14/04	USAID's Compliance with Federal Regulations in Awarding the Iraq Monitoring and Evaluation Program Performance Task Order		
AIG/A Memorandum 04-002	01/14/04	USAID's Compliance with Federal Regulations in Awarding the Agriculture Reconstruction and Development Program for Iraq Contract		
AIG/A Memorandum 04-003	01/27/04	USAID's Compliance with Federal Regulations in Awarding the Iraq Airport Administration Contract		
AIG/A Memorandum 04-004	01/27/04	USAID's Compliance with Federal Regulations in Awarding the Iraq Seaport Assessment and Operation Contract		
AIG/A Memorandum 04-005	03/22/04	USAID's Compliance with Federal Regulations in Awarding the Contract for Economic Recovery, Reform and Sustained Growth Contract in Iraq		

RIG/Manila Memoranda to USAID Management

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
RIG/M Memorandum 04-001	10/01/03	Follow-Up of USAID/India's Implementation of Recommendation No. 5, Audit Report No. 5-386-02-001-P, "Audit of USAID/India's Monitoring of the Performance of Its HIV/AIDS Program," Issued by RIG/Manila on December 14, 2001		
RIG/M Memorandum 04-002	11/13/03	Review of the Road Project Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program		
RIG/M Memorandum 04-003	03/31/04	Second Review of the Road Project Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program		

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

African Development Foundation Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
		—ADF Programs and Operations—		
0-ADF-04-002-C	11/14/03	Report on Audit of the African Development Foundation's Consolidated Financial Statements, Internal Control and Compliance for Fiscal Year 2003 and 2002		

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

Inter-American Foundation Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
		—IAF Programs and Operations—		
0-IAF-04-003-C	11/14/03	Report on Audit of the Inter-American Foundation's Consolidated Financial Statements, Internal Control, and Compliance for the Fiscal Years Ended September 30, 2003 and 2002		

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

**AUDIT REPORTS OVER SIX MONTHS OLD
WITH NO MANAGEMENT DECISION*****As of March 31, 2004**

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

*Applies to USAID, ADF, and IAF.

Semiannual Report to the Congress

SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of March 31, 2004

USAID

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
0-000-99-001-F	USAID's Financial Statements Internal Controls and Compliance for FY 1998	03/01/99	1.1	03/01/99	06/04
9-000-01-003-P	USAID's Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936	03/30/01	1	03/30/01	06/04
			5	03/30/01	06/04
			6	03/30/01	06/04
9-000-02-005-P	USAID's Staff Training and Development Activities	07/11/02	1	07/11/02	08/04
			2	07/11/02	08/04
			3	07/11/02	08/04
9-000-03-002-P	USAID's Human Capital Data	12/20/02	5	12/20/02	09/04
			6	12/20/02	09/04
			7	03/24/03	12/05
0-000-03-001-C	USAID's Consolidated Financial Statements, Internal Controls, and Compliance for Fiscal Year 2002	01/24/03	2.1	01/24/03	09/04
			2.2	01/24/03	09/04
7-688-03-001-P	USAID/Mali's Self-Help Program	02/28/03	2	02/28/03	09/04
1-521-03-004-P	USAID/Haiti's Executive Office Operations	05/29/03	1	05/29/03	06/04
1-523-03-005-P	USAID/Mexico's Training, Use and Accountability of Cognizant Technical Officers	06/27/03	1	06/27/03	06/04
5-000-03-002-P	Selected Micro and Small Enterprise Development Loan Guarantees in the Philippines	08/05/03	1	08/05/03	08/04
			2	08/05/03	08/04
9-000-03-008-P	USAID/Washington's Classified Administrative Support Service Contractors	09/17/03	1	09/17/03	09/04
9-000-03-009-P	Selected USAID Bureaus' Training, Use and Accountability of Cognizant Technical Officers	09/22/03	1.1	09/22/03	06/04
			1.2	09/22/03	09/04
			1.3	09/22/03	09/04
			2.1	09/22/03	06/04
			2.2	09/22/03	09/04
			2.3	09/22/03	09/04
			3.1	09/22/03	06/04
			3.2	09/22/03	12/04
			3.3	09/22/03	12/04
			4.1	09/22/03	06/04
			4.2	09/22/03	12/04
			4.3	09/22/03	12/04
			5	09/22/03	12/04
9-687-03-010-P	USAID/Madagascar's Distribution of P.L. 480, Title II Non-Emergency Assistance in Support of Its Direct Food Aid Distribution Program	09/24/03	1	09/24/03	09/04
			2	09/24/03	09/04
			3	09/24/03	09/04
			4	09/24/03	09/04
9-524-03-012-P	USAID/Nicaragua's Participant Training Activities	09/30/03	2	09/30/03	09/04
			4	09/30/03	09/04
			5	02/23/04	09/04

African Development Foundation

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-ADF-03-005-P	Audit of Awarding and Monitoring of Grants by the African Development Foundation	02/28/03	1	02/28/03	06/04
			2	02/28/03	06/04
			3	02/28/03	06/04
			5	02/28/03	09/04

Inter-American Foundation

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-IAF-03-006-P	Audit of Awarding and Monitoring of Grants by the Inter-American Foundation	02/28/03	3	02/28/03	09/04

Reports Issued With Questioned And Unsupported Costs

October 1, 2003 through March 31, 2004

REPORTS	NUMBER OF AUDIT REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS ¹
A. For which no management decision had been made as of October 1, 2003	19	\$2,751,076 ²	\$1,514,213
B. Add: Reports issued October 1, 2003 through March 31, 2004	92	\$22,252,873 ^{3,4}	\$4,776,943 ³
Subtotal	111	\$25,003,949	\$6,291,156
C. Less: Reports with a management decision made October 1, 2003 through March 31, 2004	65 ⁵	\$9,103,193 ⁶	\$4,478,989 ⁶
i. Value of Recommendations Disallowed by Agency Officials		\$2,930,741	\$990,152
ii. Value of Recommendations Allowed by Agency Officials		\$6,172,452	\$3,488,837
D. For which no management decision had been made as of March 31, 2004	46	\$15,900,756 ⁷	\$1,812,167 ⁷

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

²Amounts include \$74,599 in Questioned Costs for audits performed for the OIG by other federal audit agencies.

³Amounts include \$13,547,374 in Questioned Costs and \$158,529 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

⁴Reports issued this period amounted to \$21,966,904 in Questioned Costs and this amount was increased by \$285,969 to reflect finding adjustments of reports issued in a prior reporting period due to management decisions.

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

⁶Amounts include \$185,392 in Questioned Costs and \$22,542 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

⁷Amounts include \$13,436,962 in Questioned Costs and \$135,987 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

Reports Issued With Recommendations That Funds Be Put To Better Use

October 1, 2003 through March 31, 2004

REPORTS	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
A. For which no management decision had been made as of October 1, 2003	1	\$385
B. Add: Reports issued October 1, 2003 through March 31, 2004	6	\$5,337,797
Subtotal	7	\$5,338,182
C. Less: Reports with a management decision made October 1, 2003 through March 31, 2004	7	\$5,338,182
i. Value of Recommendations Agreed to by Agency Officials		\$5,338,182
ii. Value of Recommendations Not Agreed to by Agency Officials		\$0
D. For which no management decision had been made as of March 31, 2004	0	\$0

Reporting Requirements

(5) Summary of Instances in Which Information or Assistance Was Refused

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

(11) Decisions and Reasons for Significant Revised Management Decisions

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

(12) Significant Management Decisions with Which the Inspector General Disagrees

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

(13) Remediation Plan

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

USAID needs to continue to improve in two key areas before the Agency can become substantially compliant with FFMIA:

- Although USAID has made improvements in its computer security and taken several steps to improve its information security program, further improvements are needed. According to USAID's fiscal year 2003 accountability report, more work is needed to ensure that sensitive data is not exposed to unacceptable risk of loss or destruction. USAID plans to correct this material weakness during fiscal year 2004.
- USAID needs to implement a worldwide, integrated financial management system, allowing the Agency to use the U.S. Standard General Ledger at the transaction level. USAID plans to complete its worldwide deployment of the system by the summer of 2005, but the integration with a procurement system will not take place until at least late 2005. (At this time, the OIG is not sure whether this delay will impact USAID's ability to meet financial management system requirements.)

The Office of Inspector General will continue to monitor USAID's progress in becoming substantially compliant with FFMIA.

OIG STATISTICAL SUMMARY

USAID

As of March 31, 2004

INVESTIGATIVE ACTIONS

WORK LOAD			CIVIL	
CASES PENDING (10/01/03)	107		CIVIL REFERRALS	0
CASES OPENED	75		COMPLAINTS	0
CASES CLOSED	88		JUDGEMENTS/RECOVERIES	0
CASES PENDING (03/31/04)	94		SETTLEMENTS	0
CRIMINAL			ADMINISTRATIVE	
PROSECUTIVE REFERRALS	5		REPRIMANDS/DEMOTIONS	0
PROSECUTIVE DECLINATIONS	5		PERSONNEL SUSPENSIONS	2
INDICTMENTS	4		RESIGNATIONS/TERMINATIONS	3
CONVICTIONS	4		OTHER ADMINISTRATIVE ACTIONS	15
FINES	0		RECOVERIES	4
RESTITUTIONS	1		SUSPENSIONS / DEBARMENTS	10
			SAVINGS	6
			SYSTEMIC CHANGES*	26

*Systemic changes are modifications to program or operational procedures or policies that are made as a result of an OIG investigation, which are designed to reduce vulnerability to fraud, waste or abuse.

INVESTIGATIVE RECOVERIES

JUDICIAL RECOVERIES	\$250,200
ADMINISTRATIVE RECOVERIES	\$1,052,044
SAVINGS	\$4,530,711
TOTAL INVESTIGATIVE SAVINGS/ RECOVERIES	\$5,832,955

INSPECTOR GENERAL

HOTLINE

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

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

Email ig.hotline@usaid.gov

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



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



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