



**USAID**  
FROM THE AMERICAN PEOPLE

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

April 1, 2005 - September 30, 2005





**USAID**  
FROM THE AMERICAN PEOPLE

# Inspector General HOTLINE

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

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

E-mail           [ig.hotline@usaid.gov](mailto:ig.hotline@usaid.gov)

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



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



**USAID**  
FROM THE AMERICAN PEOPLE

*Office of Inspector General*

October 28, 2005

The Honorable Andrew S. Natsios  
Administrator  
U.S. Agency for International Development

Dear Mr. Natsios:

I am pleased to forward the Office of the Inspector General's (OIG) Semiannual Report to you and the Congress for the six month period ending September 30, 2005. The report is issued in compliance with the Inspector General Act of 1978, as amended.

The report highlights our work particularly where the U.S. Agency for International Development (USAID) is operating in areas of crisis. Chief among those areas are Iraq and Afghanistan. We found that while challenging, progress can be and is being made and we draw attention to the successes that have been obtained by USAID under difficult circumstances.

I can report very substantial settlements from three major investigations. In the first case the OIG was part of a multi-agency Federal investigation into allegations of false claims involving undisclosed travel rebates. The result was a government-wide civil settlement of \$41.9 million--of which \$3.36 million is attributable to USAID. The second major case arose out of an OIG investigation of an accounting fraud scheme by a U.S. non-profit organization. The result was a \$3.3 million civil settlement. In the third case, a \$31.5 million civil settlement was attained in a case that involved insider dealing on an important USAID project to promote aspects of a market economy in Russia.

This report updates our work on two Presidential Initiatives. Our world-wide audit of the President's Emergency Plan for AIDS Relief shows that USAID is contributing significantly to the overall plan in various aspects across the globe. USAID's program of Global Development Alliances was also the subject of a world-wide audit at five locations. Our overall assessment showed that USAID's partnerships with the private sector can be effective in attaining results, but more can be done to strengthen the program overall.

We remain focused on USAID's major management challenges which are described in detail in the report. Senior Management's continued attention and oversight in these areas is warranted.

The OIG will continue responding to the priority programs and operations of the Agency with its many mandates, particularly in high risk environments and high risk programs. I appreciate your continued support of OIG and the high regard you have shown for our work.

Sincerely,

Paula F. Hayes  
Acting Deputy Inspector General



**USAID**  
FROM THE AMERICAN PEOPLE

*Office of Inspector General  
for  
The African Development Foundation*

October 28, 2005

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

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the U.S. Agency for International Development (USAID), Office of Inspector General (OIG) with regard to the African Development Foundation (ADF) for the period that ended September 30, 2005.

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

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

Sincerely,

Paula F. Hayes  
Acting Deputy Inspector General



**USAID**  
FROM THE AMERICAN PEOPLE

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

October 28, 2005

Mr. Roger W. Wallace, Chairman of the Board  
Mr. Larry Palmer, President  
The Inter-American Foundation  
901 North Stuart Street, 10th Floor  
Arlington, VA 22203

Dear Sirs:

It is with pleasure that I report to you and the U.S. Congress the accomplishments of the U.S. Agency for International Development (USAID) Office of Inspector General (OIG) with regard to the Inter-American Foundation (IAF) for the period that ended September 30, 2005.

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

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

Sincerely,

Paula F. Hayes  
Acting Deputy Inspector General



# Acronyms

ADF	African Development Foundation
APEP	Afghanistan Primary Education Program
CAP	Community Action Program
CEO	Chief Executive Officer
CIP	Commodity Import Program
CPA/IG	Coalition Provisional Authority/Inspector General
CTOs	Cognizant Technical Officers
DCA	Development Credit Authority
DCAA	Defense Contract Audit Agency
DOS	Department of State
FDA	U.S. Food and Drug Administration
FFMIA	Federal Financial Management Improvement Act of 1996
FSN	Foreign Service National
GAO	Government Accountability Office
GDA	Global Development Alliance
GMRA	Government Management and Reform Act
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IAF	Inter-American Foundation
IG	Inspector General
IG Act	Inspector General Act of 1978
MCC	Millennium Challenge Corporation
MOU	Memorandum of Understanding
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PVO	Private Voluntary Organization
Results Act	Government Performance and Results Act of 1993
SAIs	Supreme Audit Institutions
SFO	Sudan Field Office
SPLM	Sudan People's Liberation Movement
USAID	United States Agency for International Development





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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, include the following:

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 4 - 11
Recommendations for Corrective Actions	Pages 16 - 32
Summary of Each Significant Report	Pages 16 - 32
List of Audit Reports Issued	Appendix A Pages 40 - 58
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Appendix B Page 60
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 61 - 62
Statistical Table of Reports with Questioned and Unsupported Costs	Appendix D Pages 64
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Appendix E Pages 66
Summary of Instances in Which Information or Assistance was Refused	Appendix F Page 68
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*Semiannual Report to the Congress*


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## Reporting Requirements—ADF

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 34 - 35
Recommendations for Corrective Actions	Pages 34 - 35
Summary of Each Significant Report	Page 35
List of Audit Reports Issued	Appendix A Pages 59
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Nothing to Report
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Appendix C Page 63
Statistical Table of Reports with Questioned and Unsupported Costs	Appendix D Page 65
Statistical Table of Reports with Recommendations That Funds Be Put to Better Use	Appendix E Page 67
Summary of Instances in Which Information or Assistance was Refused	Nothing to Report
Decisions and Reasons for Significant Revised Management Decisions	Nothing to Report
Significant Management Decisions with Which the Inspector General Disagrees	Nothing to Report
Remediation Plan Information (Required under the Federal Financial Management Improvement Act of 1996)	Nothing to Report
Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Resulted	Nothing to Report

## Reporting Requirements—IAF

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

Reporting Requirement	Location
Significant Problems, Abuses and Deficiencies	Pages 36 - 37
Recommendations for Corrective Actions	Pages 36 - 37
Summary of Each Significant Report	Nothing to Report
List of Audit Reports Issued	Appendix A Pages 59
Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made	Nothing to Report
Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	Nothing to Report
Statistical Table of Reports with Questioned and Unsupported Costs	Nothing to Report
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

During this reporting period, the Office of the Inspector General issued 234 audit reports with monetary recommendations valued at \$31.7 million and completed 61 investigations with savings and recoveries of \$42,279,796. OIG and USAID continue to reach “management decision” on all audit recommendations within 6 months of report issuance, a trend that began March 31, 2001.

This report presents the findings of the most significant audits and investigations during this reporting period. An increasing amount of our work responds to USAID’s work in areas of conflict and crisis. USAID has defined the special challenges of such situations in a recent publication, *Fragile States Strategy*. Tremendous instability is common in these locations, instability that hinders USAID, project implementers, recipients, and the OIG in the performance of their jobs. We place a high priority on that work as part of the nation’s important foreign affairs efforts. Our reports strive to reflect both the high risk and extremely difficult accountability environments in which USAID is operating. And we recognize that such environments make it difficult to achieve the desired program results.

During this reporting period, the final resolution of three major investigations resulted in substantial civil settlements. They involved: (1) a multi-agency federal taskforce investigation into allegations of false claims involving undisclosed travel rebates, resulted in a government-wide civil settlement of \$41.9 million--of which \$3.36 million is attributable to USAID; (2) an OIG investigation of an accounting fraud scheme by a U.S. non-profit organization resulted in a \$3.3 million civil settlement agreement; and (3) a \$31.5 million civil settlement attained on a longstanding case that involved insider dealing on an important USAID project to promote aspects of a free market economy in Russia.

Our work in Iraq and Afghanistan is intended to help USAID respond to the demands of those operations. We found that USAID was making important progress in those two countries.

Looking toward the future and the possibility

that peace accords in Sudan will present new opportunities for relief and development, the OIG conducted a survey to identify subjects for audit. Transparency and accountability for USAID’s funds will continue to be a challenge in that environment over the long run, but improvements will be facilitated by new peace agreements.

The Congress has provided up to \$1 million to the USAID/OIG for directed audit and investigation coverage of USAID’s tsunami program. During this reporting period, OIG’s risk assessments in Indonesia and Sri Lanka indicated that the USAID programs of tsunami recovery and reconstruction could be hampered by the tenuous security and the degree of cooperation from host governments. The OIG is assisting the USAID Mission by providing briefings focusing on fraud-related concerns and plans for fraud awareness seminars.

As part of its worldwide assessment of USAID’s implementation of the President’s Emergency Plan for AIDS Relief (Emergency Plan), the OIG issued five audit reports during this reporting period. The OIG focused on countries where USAID has a major role in prevention and care. The overall findings were that the programs in Uganda, Kenya, Zambia, Rwanda, and Haiti are contributing significantly to the Emergency Plan.

Supreme Audit Institutions continue to be productive partners for the OIG; in fact, during this reporting period, nine SAI audit reports on USAID assistance to foreign governments were completed with OIG oversight. These reports identified over \$1 million in questioned costs, 21 internal control weaknesses, and 20 instances of material noncompliance.

The Major Management challenges facing USAID, as identified by the OIG, are updated in this report. Progress continues to be made against this agenda. There are five areas of focus: managing for results, procurement, human capital, financial management, and information technology.

This report also presents the OIG’s audit strategy and the major challenges facing ADF and IAF.

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## **Overview**

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

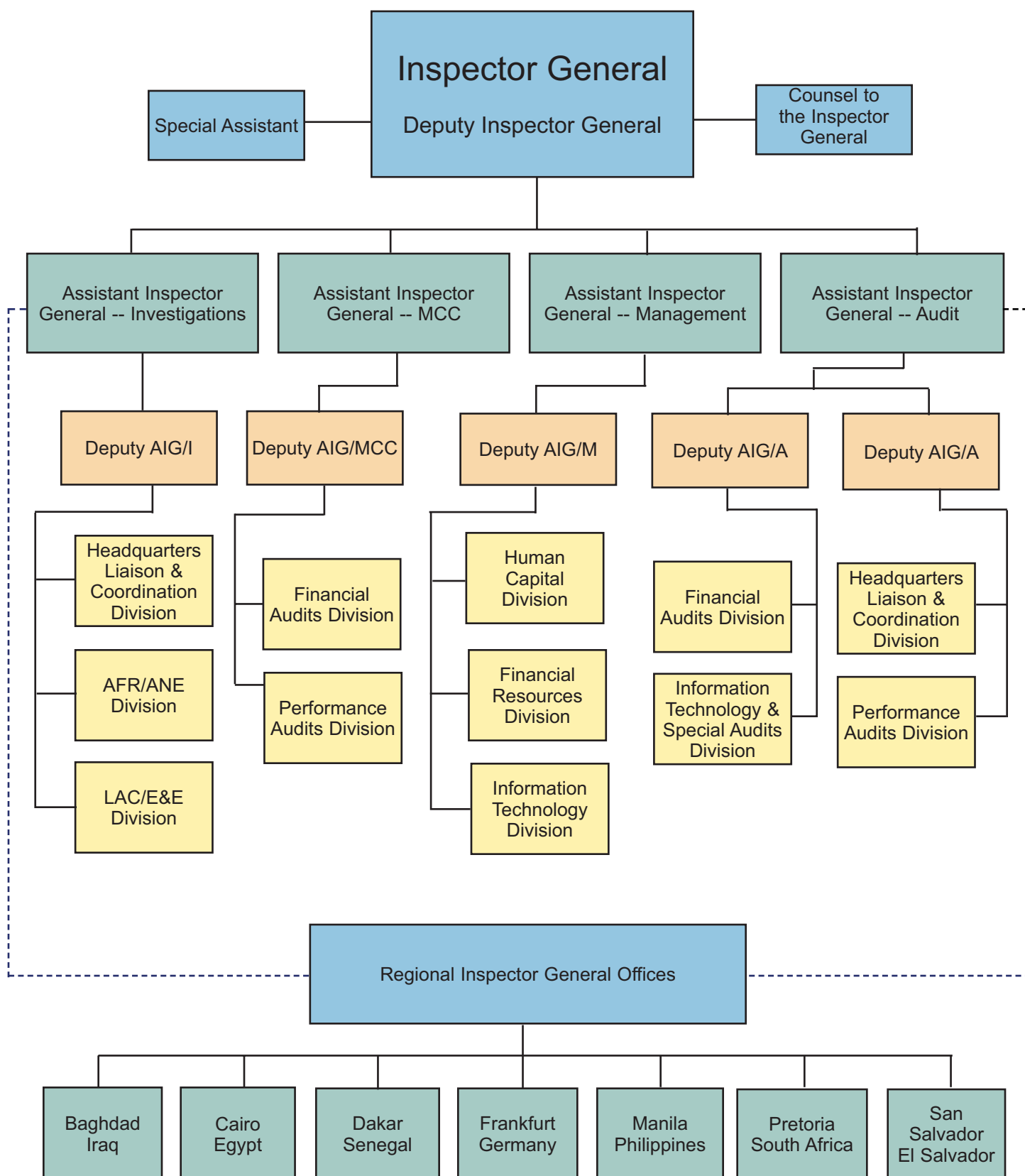
## **Mission**

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

## **Organization**

The OIG is organized into four operational units: Audit, Investigations, Millennium Challenge Corporation, and Management. There are seven overseas field offices, each headed by a Regional Inspector General: Cairo, Egypt; Baghdad, Iraq; Dakar, Senegal; Frankfurt, Germany; Manila, Philippines; Pretoria, South Africa; and San Salvador, El Salvador. (During this reporting period, OIG's Budapest, Hungary field office was relocated to Frankfurt, Germany.) These regional offices maintain close working relationships with the USAID missions in their regions, and their presence in the field enables auditors and investigators to carry out their responsibilities efficiently.

# USAID Office of the Inspector General



## Major Management Challenges

USAID implements American'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 \$13.1 billion and advances U.S. foreign policy objectives by supporting:

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

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

These Major Management Challenges are:

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

## Financial Management

In November 2004, the OIG issued an unqualified opinion on USAID's fiscal year 2004 financial statements. In the previous semiannual report, the OIG identified this opinion as an important milestone representing significant progress by USAID. The fiscal year 2005 audit is currently underway, and the OIG will provide its opinion on USAID's financial statements by November 15,

2005. With respect to the one material weakness reported in fiscal year 2004, the OIG will report on USAID's progress in establishing a process to compile, monitor, and review quarterly accruals affecting accounts payable and expenditures. The OIG will also report on progress made in addressing the following reportable conditions cited in fiscal year 2004:

- Mapping strategic objectives to USAID performance goals.
- Reconciling its fund balance with the U.S. Treasury.
- Recognizing and reporting accounts receivable.
- Performing reconciliations of intragovernmental transactions.
- Deobligating unneeded unliquidated obligations.
- Preparing a complete Management Discussion and Analysis.

## Information Resources Management

### Improving Information Resources Management Processes

The Clinger-Cohen Act of 1996 requires the heads of executive agencies to, among other things, implement (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.

Beginning in 1997, USAID reported a material weakness in its ability to meet Clinger-Cohen Act requirements. Specifically, USAID did not have the following:



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- A strategic-oriented<sup>1</sup> IT capital investment planning, budgeting, and acquisition process.
- A tactical-oriented<sup>2</sup> IT investment program management control capacity.

In November 2004, USAID reported that closure of the material weakness was contingent upon the full implementation of tactically-oriented program management and oversight practices. Further, USAID would demonstrate that such practices were effective by completing the implementation of a project, which was expected by the end of fiscal year 2005.

USAID has taken some actions to correct this weakness. Specifically, it has:

- Staffed most of its Program Management Office.
- Hired Directors for its Office of Information Resources Management and Program Management Office.
- Published (among other things) risk management and quality control plans for projects.
- Issued revised policies and procedures for USAID's capital planning and investment control process.

The OIG is currently conducting an audit that will address this weakness and will report the results in the March 2006 Semiannual Report to the Congress. Based on current discussions, USAID will no longer report this as a material weakness, but plans to report it as a reportable condition in its FY 2005 Performance and Accountability Report.

<sup>1</sup> Strategic orientation breaks down the organization's goals into doable elements.

<sup>2</sup> Tactical orientation deals with the details and methods to accomplish strategic elements.

### **Improving Information Security**

The Federal Information Security Management Act of 2002 (FISMA) requires agencies to develop, document, and implement an agency-wide information security program to protect its information and information systems, including those provided or managed by another agency, contractor, or other source. USAID met FISMA's computer security requirements by:

- Providing computer awareness training.
- Conducting regular network scans to identify vulnerabilities.
- Operating network intrusion sensors to detect unauthorized attempts to access USAID networks.
- Detecting and responding to security incidents.

However, USAID could do more work to strengthen its compliance with FISMA. Specifically, it could strengthen its contingency planning and certification and accreditation process and its controls over access to the computer network and its financial management system. In addition, there are areas where USAID could strengthen controls over the physical security of its computer network.

USAID is also not in compliance with provisions of the security classification of system managers at overseas critical threat locations. Contrary to Foreign Affairs Manual requirements, these positions are staffed by foreign service nationals instead of U.S. citizens with security clearances.

The OIG will continue to monitor USAID's progress in addressing the above issues.

### **Managing for Results**

USAID has programs in about 100 countries promoting a wide range of objectives related to economic growth, agriculture, and trade; global health; and democracy, conflict prevention and humanitarian assistance. Federal laws, such as the

Government Performance and Results Act of 1993, require that Federal agencies develop performance measurement and reporting systems that establish strategic and annual plans, set annual targets, track progress, and measure results. In addition, government-wide initiatives, such as the President's Management Agenda, require that agencies link their performance results to budget and human capital requirements.

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

The OIG continues to monitor USAID's progress in improving its performance management system. While USAID has made notable improvements, more remains to be done. For example, during the prior reporting period, the OIG reported<sup>3</sup> that certain information included in the Management's Discussion and Analysis section of USAID's fiscal year 2004 consolidated financial statements did not contain a clear picture of USAID's planned and actual performance for that year. Moreover, the primary performance information included was based on results achieved in fiscal year 2003 rather than fiscal year 2004.

Nevertheless, USAID has made notable improvements to the Management Discussion and Analysis section. First, the Management's Discussion and Analysis for fiscal year 2004 reported more current-year results than the prior year's. USAID's present ability to compare the estimated current-

year results against established goals and targets is a significant step in the right direction. Second, the Management's Discussion and Analysis for fiscal year 2004 used USAID's New Strategic Planning Framework and Goal Structure contained in the Joint USAID/State Strategic Plan. This new framework is designed to present a more coherent, concise and logical reflection of how the Department of State and USAID organize their work towards results and outcomes.

We will review progress made in the Management's Discussion and Analysis for fiscal year 2005 when this information is made available to us by USAID management in mid-October 2005.

Each quarter, the Office of Management and Budget (OMB) scores each agency's status and progress towards implementing the President's Management Agenda. A "green" rating indicates success and a "yellow" rating signifies mixed results, while a "red" rating is unsatisfactory. For the quarter ending June 30, 2005, OMB rated USAID's current status in the budget/performance integration initiative as "yellow" and USAID's progress towards meeting its goals in this area as "green." Although USAID is making satisfactory progress toward meeting its budget/performance integration goals, more work remains to be done.

During this reporting period, the OIG issued a report that summarized the results of its work regarding USAID's Global Development Alliances (GDAs). Audit work was conducted in Zambia, Peru, Nigeria, South Africa, and India. The OIG determined that USAID missions did not always report their GDAs accurately and completely. That is, the missions did not always include all the GDA information requested by the Annual Report guidance. In addition, missions did not always maintain documentation to support that their GDAs met the criteria to be reported as GDAs or to support partner contributions reported to USAID/Washington. Furthermore, although over one-third of the GDAs audited had either achieved their intended results or were on track to do so, nearly one-half had either not

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

developed performance indicators or targets, or had not achieved their intended results. The OIG made four recommendations to correct these deficiencies (see page 27).

## **Procurement Management**

The OIG recognizes that promoting operational efficiency and effectiveness is of critical importance to ensure that intended results are achieved. Because of the innate complexities associated with acquisition and assistance—numerous laws, regulations, policies, procedures, definitions, etc.—USAID faces challenges in its efforts to acquire supplies and services. USAID uses several different methods for acquiring supplies and services, including contracts, grants, and cooperative agreements. Consequently, much of USAID’s development results are achieved through intermediaries such as contractors and grant recipients and through cooperative agreements.

In the scorecard published as of June 30, 2005, the Office of Management and Budget (OMB) indicated that USAID was unlikely to realize objectives for competitive sourcing without significant management intervention. Although OMB reported that USAID’s implementation of competitive sourcing is proceeding according to agreed-upon plans, improvements will need to continue since the scorecard also indicated no change in USAID’s unsatisfactory rating since the last report in March 2005.

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

To ensure that USAID maximizes its benefits from cost-effective acquisition and assistance processes, the OIG defined “standards for success” for critical processes within the framework of a multi-year audit plan. The OIG developed its multi-year audit

plans to identify the Office of Acquisition and Assistance’s status in achieving these standards and the necessary steps required to continue improvement. Presently, the OIG is conducting an audit of selected scopes of work for task orders issued under indefinite quantity contracts by the Office of Acquisition and Assistance.

## **Human Capital Management**

The President’s Management Agenda identifies the strategic management of human capital as one of five government-wide areas that need improvement. A decade of downsizing, insufficient funding, staff reductions and lack of hiring, and reductions in training created a serious human capital gap at USAID. In response to the President’s Management Agenda’s initiative on human capital and to address its own human capital challenges, USAID has undertaken a major effort to improve and restructure its human capital management. For example, in August 2004, USAID issued its first comprehensive Human Capital Strategic Plan, which covered fiscal years 2004 to 2008. As of June 30, 2005, the Office of Management and Budget gave USAID a “yellow” rating for its overall status in the area of human capital management, an upgrade from an unsatisfactory rating of “red.” USAID needs to continue efforts to implement its workforce planning to close skill gaps through recruitment, retention, training, succession planning, and other strategies.

## Responding to Major Crises and Working in Fragile States

Many USAID programs have required rapid expansion and implementation to address major crises and may operate in nations where economic and/or political instability increases vulnerability. USAID recently published its Fragile States Strategy, which provided its strategic approach to fragile states. Fragile states have posed a growing problem since the end of the Cold War and are now recognized as a source of our nation's most pressing security threats.

USAID uses the term fragile states to refer to a broad range of failing, failed, and recovering states. In its Fragile States Strategy, USAID distinguished between fragile states that are vulnerable from those that are already in crisis. USAID uses the term vulnerable to refer to those states that do not adequately ensure security or basic services to significant portions of their populations and where the legitimacy of the government is in question. USAID uses crisis to refer to states whose central government does not exert control over its territory or does not provide vital services, where the legitimacy of the government is weak, and where violent conflict is a reality or a great risk. USAID has recognized that in working with fragile states, development efforts will not succeed immediately. Therefore, USAID must be prepared to stay for the long haul.

Accordingly, USAID and the OIG are dedicating significant resources to areas that have been identified as fragile states (Afghanistan and Sudan), to areas of conflict and vulnerability (Iraq and West Bank and Gaza), and to major crises such as the tsunami (Indonesia and Sri Lanka) and the HIV/AIDS pandemic in Sub-Saharan Africa.

## Iraq

USAID/Iraq constitutes the largest U.S. government reconstruction effort since the Marshall Plan, with more than \$5 billion in program resources. The OIG has seven auditors and one investigator residing in Baghdad to conduct performance audits and investigations of reconstruction and relief activities. USAID/Iraq carries out programs in four strategic areas: (1) restoring essential infrastructure, (2) supporting health and education, (3) expanding economic opportunity, and (4) improving efficiency and accountability in government. During this period, the OIG completed performance audits in the strategic area related to infrastructure.



*Photograph showing one of two turbines that a USAID contractor refurbished in an Iraq power plant.*

The infrastructure audits included the audit of USAID/Iraq's restoration of the electrical power supply and of its water and sanitation rehabilitation activities. The OIG determined that seven of the 22 electrical power sector projects reviewed either had not or were not achieving their intended outputs and that much more needed to be done regarding institutional capacity-building (see page 21). The OIG also found that four of the 34 water and sanitation rehabilitation projects reviewed were

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not achieving their intended outputs. Many of the reasons for the limited success of both projects were due to conditions beyond USAID/Iraq's control (see page 21).

The OIG also arranges for the Defense Contract Audit Agency to conduct concurrent financial audits of USAID contractors and grantees implementing programs in Iraq. During this reporting period, the OIG issued 12 financial audit reports covering \$712.6 million in incurred costs. These audits questioned approximately \$14.2 million in costs associated with salaries and wages, foreign allowances, subcontractor costs, security, overhead, facility capital costs of money, miscellaneous expenses, and indirect costs.

During the current reporting period, the OIG completed four investigations.

### Afghanistan

In its Fragile States Strategy, USAID has identified Afghanistan as a fragile state in crisis. The central government has limited control over the country, and the Taliban continue to mount attacks. Moreover, many of the country's social and economic indicators continue to be the worst or close to the worst in the world. The three investigations closed during the period all concerned program integrity issues. One investigation resulted in a recovery of over \$46,000 while the other two did not lead to significant results.

As is typical of fragile states in crisis, security is a major concern in Afghanistan. Because of the ongoing conflict with the Taliban, security in the country is tenuous, and USAID's efforts to implement and monitor projects there are often impeded.

Nonetheless, USAID continues to implement a sizable program to advance the country's recovery to a stage where transformational development progress is possible. For example, USAID's fiscal year 2006 budget request included \$623 million

in assistance for Afghanistan. In May 2005, USAID received an additional \$1.3 billion for Afghanistan from the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005.

During this reporting period, the OIG conducted a performance audit of USAID/Afghanistan's estimated \$87.9 million Afghanistan Primary Education Program (APEP). The audit found that seven of ten APEP activities achieved their planned outputs, while the other three APEP activities had not (see page 22).

In addition to the performance audit, three concurrent financial audits were conducted of a USAID contractor implementing a \$665 million program in Afghanistan—the largest USAID program in the country. These audits reported ten material internal control weaknesses, five reportable internal control conditions, and about \$1.1 million in questioned costs.

During the current reporting period, the OIG completed investigations on three existing cases and began action on a fourth.

### West Bank and Gaza

USAID has identified the West Bank and Gaza as a fragile state, and it is within this context that accountability over USAID assistance presents a major challenge. To respond to USAID's concerns as well as those of the Congress about accountability over USAID funds, the USAID OIG has provided an expanded program of oversight activities in collaboration with USAID/West Bank and Gaza, as follows.

- The OIG contracted with an independent public accounting firm to conduct concurrent audits of three cash-transfer programs totaling \$90 million to the Palestinian Authority as the funds are disbursed. To date, these audits have helped to ensure that the Palestinian Authority has used the funds to (1) repay \$29 million in past-due utility bills and (2) finance about \$7

million of the total \$61 million provided for reconstruction and rehabilitation projects throughout municipalities within the West Bank and Gaza. During this reporting period, the OIG issued four audit reports covering concurrent audits under the first and second cash transfers.

- The OIG has contracted with independent public accounting firms to conduct audits and other procedures on contractors, grantees, sub-contractors, and sub-grantees. Among other things, these audits help to ensure the validity of costs claimed and compliance with Executive Order 13224 on the blocking of assistance to terrorist organizations. During this reporting period, the OIG issued 14 final reports on these activities, reports that identified questioned costs of approximately \$243,000 out of the \$56.9 million audited.

None of the OIG's oversight activities during this reporting period identified any instances where terrorist organizations received USAID funds. The OIG will continue its emphasis on proactive efforts in the West Bank and Gaza.

## Sudan

After more than 20 years of civil war, a comprehensive peace agreement between the Government of Sudan and the southern-based Sudan People's Liberation Movement (SPLM) was signed in January 2005. The civil war adversely affected Sudan, Africa's largest country, with the loss of two million lives and the internal displacement of over four million Sudanese. Additionally, some 420,000 refugees who fled Sudan during the conflict now live in formal refugee camps in neighboring countries.

USAID-funded programs for fiscal year 2005 total \$210 million, nearly half of which is for humanitarian assistance, principally in the Darfur region. The remaining \$106 million was designated for development activities, principally in southern Sudan, which address governance, education,



*Photograph of people in southern Sudan following the signing of a peace agreement.*

health, economic recovery, and support to the peace process. These activities emphasize capacity-building at the local level and are linked to USAID's Sudan Interim Strategic Plan for FY 2004-2006. To facilitate the implementation of assistance to southern Sudan, USAID established the Sudan Field Office (USAID/SFO) in November 2003. In USAID's Fragile States Strategy, Sudan is used as an example of a crisis state that is poised to transition towards post-conflict recovery.

During this reporting period, the OIG conducted a survey of USAID/SFO (see page 19) in order to identify areas in which USAID/SFO could improve its management of and accountability for USAID funds, as well as to provide information for planning future audits. The survey team visited four sites in southern Sudan to review a sample of activities managed by USAID/SFO. The team reviewed staffing and administrative issues, USAID branding, program monitoring, technical skills and development, audit coverage, transportation, and transparency and accountability.

## Tsunami

On December 26, 2004, a magnitude 9.0 earthquake off the west coast of Northern Sumatra, Indonesia, spawned a massive tsunami that struck several countries throughout South and Southeast Asia, and parts of Africa.

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## Semiannual Report to the Congress

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On May 11, 2005, President Bush signed the “Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005.” This Act provided \$907 million for tsunami recovery and reconstruction assistance. Under the Act, USAID will receive \$656 million to provide direct assistance to tsunami-affected countries. Most of USAID’s funding will go to Indonesia and Sri Lanka. The Act also provided up to \$1 million for the OIG to review USAID’s tsunami assistance.

USAID has identified Indonesia as a fragile state, and open conflict continues in areas in Sri Lanka. During this reporting period, the OIG conducted risk assessments of USAID/Indonesia and USAID/Sri Lanka—the two missions implementing the majority of USAID’s tsunami-assistance activities. The purpose of the risk assessments was to prioritize the OIG’s workload and determine what type of audit coverage was appropriate.

The risk assessments also noted that both missions face two potential constraints that could adversely affect their respective tsunami recovery and reconstruction programs: (1) tenuous security and (2) the degree of cooperation they will receive from their respective host governments.

The OIG provides investigative coverage for the tsunami relief effort. During the current reporting period, the OIG held meetings with several Mission Directors assigned to tsunami-affected countries. During these meetings, the OIG briefed the Mission Directors on fraud-related concerns and plans for specific tsunami investigative efforts and fraud awareness seminars.

## HIV/AIDS

The HIV/AIDS pandemic is more than a health emergency; it is a social and economic crisis that is threatening to erase decades of development progress. Recognizing that the HIV/AIDS pandemic is an unprecedented crisis requiring an unprecedented response, President Bush announced the President’s Emergency Plan for

AIDS Relief (Emergency Plan) in January 2003. The United States is focusing significant new resources in 15 of the most afflicted countries in the world. In these nations, the Emergency Plan aims to support treatment for 2 million people living with HIV/AIDS, prevent 7 million new HIV infections, and support care for 10 million people infected and affected by HIV/AIDS, including orphans and vulnerable children. These 15 focus countries<sup>4</sup> contain approximately half of the world’s 39 million HIV-positive people and have almost 8 million children orphaned or made vulnerable by HIV/AIDS. Along with the Departments of State, and Health and Human Services, USAID is one of the key agencies implementing the Emergency Plan.

USAID funding for HIV/AIDS programs had been increasing steadily—from \$139 million in fiscal year 1999 to more than \$815 million in fiscal year 2005. USAID has requested \$330 million in fiscal year 2006 for 60 non-focus countries to provide prevention, care, and HIV/AIDS treatment efforts, and for the support of children affected by AIDS. Also, USAID requested an additional \$100 million for the Global Fund.<sup>5</sup> Funding for the 15 focus countries is being requested in the Department of State’s Global HIV/AIDS Initiative account. With the funding increases, there is much interest in monitoring the impact of USAID assistance on the HIV/AIDS epidemic.

The Emergency Plan is one of USAID’s highest priorities. In 2005, the OIG launched a worldwide audit to determine how USAID is participating in the Emergency Plan and how it is progressing with its Emergency Plan activities. The OIG issued a summary report and six audit reports to USAID missions, five of them during this reporting period (see pages 17, 18, and 19).<sup>6</sup>

<sup>4</sup> Botswana, Cote d’Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia in Africa; Guyana and Haiti in the Caribbean; and Vietnam in Asia.

<sup>5</sup> The Global Fund is a public-private partnership that raises money to fight AIDS, tuberculosis, and malaria.

<sup>6</sup> The report issued during the previous semiannual reporting period was the “Audit of USAID/Ethiopia’s Implementation of the President’s Emergency Plan for AIDS Relief,” March 30, 2005 (Audit Report No. 9-663-05-005-P).

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## **Expanding Accountability**

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Corruption and lack of accountability are major impediments to development and threaten to negate years of economic growth, especially in areas of the world beset by political instability and violence. The OIG audits and investigations afford one method of safeguarding USAID funds; however, the OIG actively pursues additional methods to promote accountability and transparency. For example, the OIG works with Supreme Audit Institutions (SAIs) to expand their capability, provides fraud awareness and financial management training, works with other members of the Federal community to improve standards and identify best practices, and maintains oversight of audit work conducted on the OIG's behalf.

## **Expanding Supreme Audit Institutions' Capabilities**

The OIG continues to work closely with selected Supreme Audit Institutions (SAIs). 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. The OIG establishes standards and procedures for SAI audits of USAID funds and oversees the SAI's work. During this reporting period, the OIG issued nine SAI audit reports. The reports included over \$1 million in questioned costs, 21 internal control weaknesses, and 20 instances of material noncompliance.

## **Fraud Awareness Training**

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



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### Fraud Awareness Training

Month	Location	Sessions	Attendees	Type of Attendee
<b>APR 05</b>	Cairo, Egypt	3	189	USAID Personnel
	Washington, DC, U.S.	1	22	USAID Personnel
<b>MAY 05</b>	Washington, DC, U.S.	2	54	USAID Personnel
<b>JUN 05</b>	Cairo, Egypt	1	24	USAID Personnel
	Lusaka, Zambia	3	113	USAID/Contractor/Grantee Personnel, USAID Recipients, Audit Firm Personnel, and Zambian Officials
<b>JUL 05</b>	Sana, Yemen	1	15	
	Tirana, Albania	2	45	USAID/Contractor/Grantee Personnel
	San Salvador, El Salvador	2	26	USAID Personnel
<b>AUG 05</b>	Bogotá, Colombia	9	187	USAID/Contractor Personnel
	Medellin, Colombia	3	22	Contractor Personnel
	La Paz, Bolivia	11	208	USAID/Contractor Personnel
<b>SEP 05</b>	La Paz, Bolivia	1	10	Contractor Personnel
	Kinshasa, Democratic Republic of the Congo	2	50	USAID/Contractor/Grantee Personnel, USAID Recipients
	Washington, DC, U.S.	1	17	USAID Personnel
	Novi Sad, Serbia	1	15	Grantee Personnel
	Manila, Philippines	3	117	USAID Personnel
	<b>Total</b>	<b>46</b>	<b>1114</b>	



Photograph of OIG personnel assembled to conduct fraud awareness training in Cairo, Egypt.



Photograph of a fraud awareness training session underway in Cairo, Egypt.

## **Investigations: Prevention and Fraud Awareness**

OIG investigative priorities are twofold: (1) to preserve and protect program and employee integrity within USAID, ADF, and IAF and (2) to prevent fraud, waste, and abuse within USAID, ADF, and IAF programs and operations. During the current reporting period, the OIG has placed emphasis on preventive strategies as part of its oversight responsibilities. Use of proactive strategies has proven to be very effective in combating fraud, waste, and abuse.

Accordingly, the OIG has employed a number of proactive strategies. For example, as mentioned above, fraud awareness training is given to employees, contractors, grantees and others to alert them to fraudulent practices and schemes and advise them on how to report fraud. When requested, the training is tailored for presentation to specific groups, such as contracting officers or Cognizant Technical Officers. Most importantly, investigations resulting in criminal and/or civil prosecution are publicized on the Agency's website and other publications, thereby calling attention to prosecutorial action taken against individuals or organizations convicted of fraud. The publication of prosecutorial actions serves as a deterrent to fraud, waste and abuse.

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

## **Financial Management Training**

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

During this reporting period, the OIG provided financial management training in three countries to about 200 individuals representing USAID missions, partners and recipients; accounting firms; Supreme Audit Institutions; and various government ministries.

## **Federal-wide Quality Control Review Program**

USAID/OIG is one of a group of offices participating in the Federal Government's Single Audit Quality Control Working Group. The OIG is finalizing three reviews of audits performed on grantees predominately funded by USAID. The Working Group will report on the review results of all Federal agencies in fiscal year 2006. In addition, OIG auditors have been working with USAID program managers to develop audit compliance guidance for several Global Health programs. By August 2005, this guidance was developed into a document covering HIV/AIDS, Population, and Child Survival programs that will be submitted to the Office of Management and Budget (OMB) as an addition to the OMB Circular A-133 Compliance Supplement. When complete, this Compliance Supplement addition will provide practical guidance on Global Health programs to independent public accountants conducting audits of USAID's domestic grantee partners.

## **Presentations to Federal and Nonfederal Audiences**

In April 2005, USAID's Acting Inspector General hosted the 2nd Annual Intragovernmental Audit Forum at the Department of Education. At this Forum, representatives from the IG community, Government Accountability Office, and OMB gathered to discuss accelerated financial reporting deadlines and best practices learned from fiscal year 2004. Also, in June 2005, OIG representatives were guest speakers at the Association of Private Voluntary Organizations Financial Managers Annual Conference in Washington, D.C. Financial representatives from every one of USAID's major domestic nonprofit partners listened to OIG representatives discuss the OIG's oversight approach, concerns and current areas of focus, and descriptions of how OIG activities impact the grantee community.

## **Oversight of Audit Work Conducted on the OIG's Behalf**

The OIG maintains oversight of audit work conducted by Federal and non-Federal auditors. 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. In addition, the OIG provides oversight of non-Federal auditors who perform audits of U.S.-based nonprofit and foreign organizations that receive USAID funds and conducts quality-control reviews to determine if the audits comply with U.S. Government requirements.

During this reporting period, the OIG issued 183 audit reports which identified about \$30.6 million in questioned costs, covering about \$2.4 billion audited.

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## Introduction to USAID Bureaus and Independent Offices

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The Office of the Inspector General's audit or investigative results are presented under the appropriate USAID unit or bureau.

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 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. The tasks of these three support bureaus encompass policy formulation, coordination, budget formulation, resource allocation, management services (including information technology, personnel and financial management), and public and Congressional liaison.

### *Independent Offices*

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

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

## Bureau for Africa

### Audits of USAID's Implementation of the President's Emergency Plan for AIDS Relief

Congress enacted legislation to fight HIV/AIDS internationally through the President's Emergency Plan for AIDS Relief (Emergency Plan). The \$15 billion, 5-year program provides \$9 billion in new funding to speed up prevention, care and treatment services in 15 focus countries. The Emergency Plan also devotes \$5 billion over 5 years to bilateral programs in more than 100 countries and increases the U.S. pledge to the Global Fund<sup>7</sup> by \$1 billion over 5 years.

Audits of the Emergency Plan were conducted in five locations during this reporting period, four in Africa and one in the Caribbean. The objectives of the audits were to determine (1) how USAID participated in the Emergency Plan; (2) whether USAID's HIV/AIDS activities progressed as expected towards planned outputs in their grants, cooperative agreements, and contracts; and (3) whether USAID's HIV/AIDS activities contributed to the overall U.S. Government's Emergency Plan targets. Four of these audits are briefly summarized below; the fifth is summarized on page 29.

#### USAID/Uganda

The OIG determined that USAID/Uganda has had a principal role in the President's Emergency Plan for AIDS Relief activities in Uganda for HIV/AIDS prevention and care, as well as for HIV/AIDS treatment; its partners were progressing better than expected towards meeting planned outputs in their agreements and contracts; and its HIV/AIDS activities were contributing significantly to the overall U.S. Government's Emergency Plan care and treatment targets.

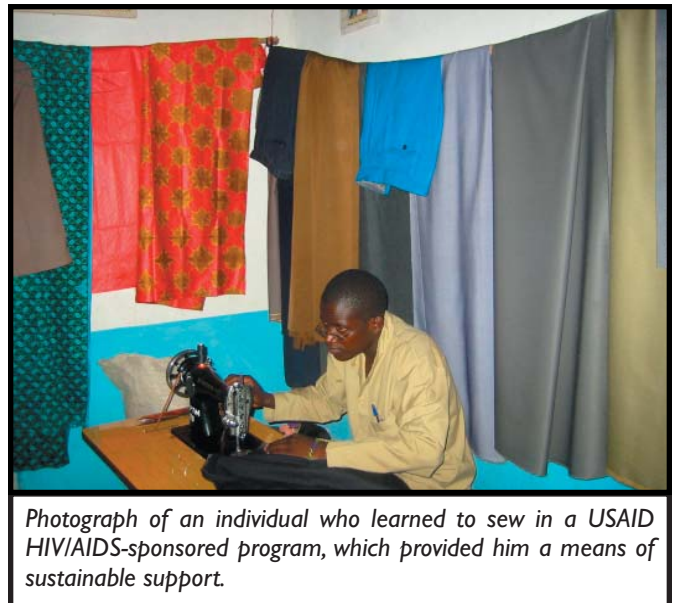
The OIG recommended that USAID/Uganda (1) schedule a data-quality assessment for its performance indicator reporting the prevention of mother-to-child transmission, (2) develop a plan to identify alternate sources for test kits in the event of future supply disruptions, and (3) revise its outdated targets for the strategic objective that addresses Improved Human Capacity<sup>8</sup> and reflect the revised targets in the Performance Management Plan.

Management decisions have been reached on all recommendations.

(Audit Report No. 4-617-05-006-P)

#### USAID/Kenya

The OIG determined that USAID/Kenya has a principal role in the President's Emergency Plan for AIDS Relief activities in Kenya for HIV/AIDS prevention and care, as well as a major supporting role for HIV/AIDS treatment; its partners were progressing as expected toward meeting planned outputs in their agreements and contracts; and USAID/Kenya's HIV/AIDS



<sup>8</sup> Improved Human Capacity includes programs targeting, for example, the number of orphans and vulnerable children receiving care and support and the number of individuals receiving voluntary counseling and testing.

<sup>7</sup> The Global Fund is a public-private partnership that raises money to fight AIDS, tuberculosis, and malaria.

activities are contributing significantly to the U.S. Government's Emergency Plan care and treatment targets.

The OIG recommended that USAID/Kenya (1) develop a monitoring plan based on a risk assessment of its partners and their activities, (2) place into action a plan to ensure more effective coordination and knowledge-sharing with and among its partners, (3) develop and implement a new procurement and distribution system for HIV test kits, (4) require that its partners develop strategies for the sustainability of their activities, and (5) request Emergency Plan funding for nutritional assistance to be provided to malnourished patients receiving anti-retroviral treatment.

Management decisions have been reached on all recommendations.

(Audit Report No. 9-615-05-007-P)

## **USAID/Zambia**

The OIG determined that USAID/Zambia has a principal role in the President's Emergency Plan for AIDS Relief activities in Zambia for prevention and care, as well as a major supporting role for HIV/AIDS treatment. Its partners were progressing as expected towards meeting planned outputs in their agreements and contracts. However, the Mission did not provide adequate oversight of all partner activities, and results reported by some partner consortiums were not accurate or adequately supported. Finally, the OIG found that USAID/Zambia's HIV/AIDS activities were contributing significantly to the overall U.S. Government's Emergency Plan prevention and care targets and to a lesser extent to the treatment targets.

The OIG recommended that USAID/Zambia (1) engage the U.S. Government Emergency Plan Team to explore options for minimizing the strain on human resources to ensure adequate oversight of activities, (2) schedule

training for partners in reporting and maintaining supporting documentation, and (3) require its partners to develop strategies for the sustainability of Emergency Plan activities.

Management decisions were reached on all recommendations, and final action has taken place on two recommendations.

(Audit Report No. 7-611-05-005-P)

## **USAID/Rwanda**

The OIG determined that USAID/Rwanda has the primary role in the Emergency Plan Activities in Rwanda for prevention and care, and a major supporting role for HIV/AIDS treatment. In addition, its partners were progressing as expected towards meeting planned outputs in their cooperative agreements,<sup>9</sup> and USAID/Rwanda's HIV/AIDS activities of prevention, care and treatment contributed significantly to the U.S. Government's Emergency Plan targets.

Nevertheless, the OIG recommended that USAID/Rwanda (1) require periodic forums of all Emergency Plan partners to exchange ideas and learn from each other's experiences, (2) develop procedures requiring documented site visits, and (3) assess the quality of quantitative data and document the assessment.

Management decisions were reached on all recommendations.

(Audit Report No. 4-696-05-005-P)

## **Audit of USAID/South Africa's Global Development Alliance Program**

The OIG conducted this audit as part of a worldwide effort to review USAID's management of Global Development Alliances (GDAs). GDAs are

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<sup>9</sup> All of USAID/Rwanda's partners are under cooperative agreements.

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understandings between USAID and other parties in the development community to jointly define a development problem and jointly contribute to its solution.

The objectives of the audit were to determine if USAID/South Africa considered utilizing GDAs in planning its activities and reported its GDAs accurately and completely, and whether the GDAs achieved their intended results.

The OIG determined that USAID/South Africa considered utilizing GDAs in planning its activities. Also, USAID/South Africa reported its GDA information completely although it did not always report its GDAs accurately. The OIG found six reporting errors—including incorrect data sources and agreement mechanisms—in the four GDAs described in the Mission's 2004 Annual Report. Finally, because USAID/South Africa did not always plan and include performance indicators and intended results with its GDA alliances, it was not possible to determine if the GDAs had met intended results.

The OIG included four recommendations to assist USAID/South Africa in strengthening the GDA information in its Annual Report, correcting the reported amounts in the GDA database, improving its documentation system and support for reported partner contributions, and developing indicators or intended results for GDA alliances.

Management decisions were reached and final action has been taken on all recommendations.

(Audit Report No. 4-674-05-004-P)

### **Survey of USAID/Sudan Field Office**

The OIG conducted this survey of the USAID/Sudan Field Office (SFO) in order to identify areas for future audits. This survey was conducted to identify USAID/Sudan Field Office (I) program and project activities that are underway or planned for fiscal year 2005 and how they are being



*Photograph of people waiting to obtain water from a water pump financed by USAID. Water is a scarce commodity in southern Sudan.*

implemented and (2) actions to mitigate the risks that it faces in operating in a dangerous and dynamic environment. The survey included a review of issues such as staffing and administration, USAID branding, program monitoring, technical skills and development, audit coverage, transportation, and transparency and accountability.

The OIG found that the USAID/SFO Program for fiscal year 2005 was designed to help prepare southern Sudan for the transition from conflict to peace. The programs addressed good governance, basic education, health, economic recovery, infrastructure rehabilitation, and expanded support to the peace process.

(Report No. 4-650-05-001-S)

### **Investigation Results in Letter of Admonishment**

The OIG initiated an investigation based on an allegation of voucher fraud by a USAID employee. The investigation revealed that the employee certified travel vouchers indicating that commercial lodging expenses were incurred while on TDY when, in fact, they were not. The employee's false certification caused USAID to pay \$2,697 for costs that were not incurred. During the investigation, the employee admitted to making the improper

certifications and receiving the overpayments. As a result of the investigation, USAID issued a Bill for Collection to recover the overpayments and admonished the employee for the improper conduct.

### **Investigation Results in the Suspension of 18 Foreign Service National Employees**

The OIG received allegations of fraud involving the use of gasoline payment coupons by USAID motor pool drivers. Accordingly, the OIG initiated an investigation with the assistance of the Embassy's Regional Security Office. The investigation revealed that a number of Foreign Service National (FSN) Mission drivers were engaged in a scheme to defraud USAID through the cashing of gas vouchers for amounts larger than what was being pumped into the vehicles. The drivers would then pocket the difference. The investigative findings were referred to the USAID Mission, which subsequently suspended 18 of the FSN employees without pay. Seventeen FSN employees received one-day suspensions, while one received a three-day suspension.

### **Investigation Leads to Suspension of Four Foreign Service National Employees**

The OIG initiated an investigation after receiving allegations that four Foreign Service National (FSN) Mission drivers had submitted fraudulent travel vouchers. The investigation substantiated the allegations, and the matter was referred to the USAID Mission for administrative action. Subsequently, the Mission suspended each of the four drivers for three days without pay.

### **Investigation Leads to Indictment and Arrest**

Upon receipt of the allegations of theft and embezzlement involving a former Foreign Service National (FSN) employee who had worked in

the Cashier's Office of a USAID Mission in Africa and had since departed for a position with the U.S. Embassy's Cashier's Office, the USAID OIG initiated a joint investigation with the Department of State (DOS) OIG and Diplomatic Security Service. The investigation revealed that the former FSN employee had used his positions with USAID and the U.S. Embassy in order to engage in an elaborate scheme to embezzle over \$200,000.

Based upon the evidence collected and presented to the U.S. Attorney, the case was accepted for criminal prosecution. A federal indictment and an arrest warrant were issued and agents from the USAID OIG and the DOS OIG successfully arrested the former employee.



## **Bureau for Asia and the Near East**

### **Audit of USAID/Iraq's Electrical Power Sector Activities**

Since the end of the conflict in Iraq, USAID has been directly involved in the effort to rebuild and rehabilitate the country's critical infrastructure. Years of minimal repairs and no regular maintenance, coupled with fuel shortages and vandalism, have left Iraq's national electrical system with limited power-generating capacity.

The OIG performed this audit to determine whether (1) USAID's projects to rebuild and rehabilitate Iraq's electrical network were achieving their intended outputs and (2) institutional capacity-building was being addressed in these projects to ensure their sustainability.



*Photograph of new smokestacks under construction at a power plant where USAID funded a project to install two new turbines.*

The OIG found that USAID's electrical power sector projects were not always achieving their intended outputs for reasons beyond USAID's control, including revisions in the U.S. government's spending priorities and deteriorating security conditions. In addition, while USAID was found to be addressing institutional capac-

ity-building under its electrical power sector projects, the OIG determined that much more needed to be done in the areas of operations and maintenance. Unless the electrical infrastructure is properly operated and maintained, this infrastructure will be at risk of sustaining damage following its transfer to the Iraqi government.

The OIG recommended that USAID develop a multi-year strategy outlining its plan of activities to strengthen the Iraqi institutional capacity to properly operate and maintain the electrical infrastructure rebuilt or rehabilitated by the U.S. government.

A management decision was reached on this recommendation.

(Audit Report No. E-267-05-003-P)

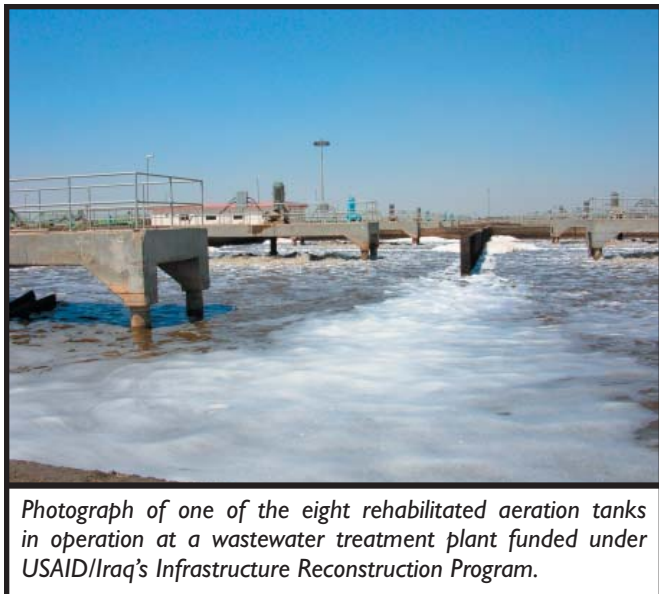
### **Audit of USAID/Iraq's Water and Sanitation Rehabilitation Activities**

According to various U.S. Government reports, Iraq's water treatment and sewage facilities are operating at considerably less than normal capacity. USAID awarded two contracts for rehabilitation, repair, and reconstruction of these facilities.

The OIG conducted this audit to determine (1) whether USAID's water and sanitation rehabilitation projects were achieving their intended outputs and (2) whether USAID was addressing institutional capacity-building in its projects to rebuild and rehabilitate Iraq's water and sanitation sector infrastructure.

The OIG found that the water and sanitation rehabilitation projects were achieving their intended outputs with some exceptions. These exceptions were due to security conditions, access to project site problems, and lack of local government cooperation. Since these causes were beyond the control of USAID and

its implementing partners, the OIG did not issue a recommendation. The OIG also found that USAID addressed the issue of institutional capacity-building in its projects to rebuild and rehabilitate Iraq's water and sanitation infrastructure through the provision of training and operating manuals. Furthermore, USAID had taken steps to institute operations and maintenance support and training at the plant level in order to preserve the U.S. Government's investment.



*Photograph of one of the eight rehabilitated aeration tanks in operation at a wastewater treatment plant funded under USAID/Iraq's Infrastructure Reconstruction Program.*

The report contained no recommendations.

(Audit Report No. E-267-05-004-P)

### **Audit of USAID/Afghanistan's Primary Education Program**

The objective of the audit was to determine whether USAID/Afghanistan's Primary Education Program activities were on schedule to achieve key planned outputs.

In January 2003, USAID/Afghanistan awarded a \$16.5 million contract to implement the Afghanistan Primary Education Program (APEP). Since the award date, contract modifications have increased the estimated costs of the program to \$87.9 million.

The OIG determined that seven of ten APEP activities achieved their planned outputs for calendar year 2004. The other three APEP activities (textbook distribution, grade equivalents, and female students enrolled) had not achieved their planned outputs because of a delay in receiving funding for the APEP, security concerns, and the conservative attitude regarding the value of providing education to females.

Although USAID/Afghanistan generally monitored program progress, it did not perform annual contractor performance evaluations as required by USAID guidance. As a result, information on the APEP contractor's performance was not officially documented.

The OIG made four recommendations to address the issues above and to conduct and document a performance evaluation of the contractor.

Management decisions were reached and final actions were taken on all the recommendations.

(Audit Report No. 5-306-05-005-P)

### **Audit of USAID/India's Global Development Alliances**

This audit was one in a series of worldwide audits of Global Development Alliances (GDAs). GDAs are understandings between USAID and other parties in the development community to jointly define a development problem and jointly contribute to its solution.

The objectives of the audit were to determine if USAID/India considered utilizing GDAs in planning its activities and reported its GDAs accurately and completely, and whether the GDAs achieved their intended results.

The OIG determined that USAID/India did consider utilizing GDAs in planning its activities. However, although USAID/India reported its

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GDA as required, the information reported was not complete or accurate. Because of this incomplete reporting, USAID's ability to evaluate the full scope and effectiveness of USAID/India's GDAs was limited. Two of the five GDAs managed by USAID/India were active in fiscal year 2003, and both achieved their intended results for that year.

The OIG made two recommendations to improve USAID/India's reporting of GDA information in its annual reports and in its submissions to the GDA Secretariat.

Management decisions were reached and final action was taken on both recommendations.

(Audit Report No. 5-386-05-006-P)

### **Audit of USAID/Jordan's Water Resources Management Activities**

The OIG performed this audit to determine (1) the status of USAID/Jordan's water resources management activities and (2) if the activities had progressed towards their intended results.

The OIG determined that, as of August 2004, USAID/Jordan was managing 13 active water resources projects with estimated costs of about \$250 million and that USAID/Jordan did not meet its fiscal year 2003 targets. According to Mission officials, they did not meet planned targets because of a deteriorating security situation, the assassination of a Mission official, and the onset of the Iraq war, which caused the Mission to evacuate personnel from the country. However, contrary to these findings, USAID/Jordan reported in its fiscal year 2003 Annual Report that it had met its 2003 targets in the water sector. In addition, USAID/Jordan's Performance Management Plan, a required report, did not include all required elements.

The OIG recommended that the Mission revise its fiscal year 2004 Annual Report to correct the error and that USAID/Jordan correct its Performance Management Plan.

Management decisions were reached on both recommendations, and final actions have been taken on Recommendation No. 1.

(Audit Report No. 6-278-05-003-P)

### **Audit of USAID/Iraq's Cash Control Procedures**

The OIG performed this audit to determine whether USAID/Iraq (1) managed its cashing operations in accordance with established regulations, policies, and procedures and (2) properly calculated and disbursed cash payroll payments to its foreign service national workforce in accordance with established regulations, policies, and procedures.

The OIG determined that USAID/Iraq properly managed its cashing operations, and properly calculated and disbursed its foreign service national cash payroll payments. However, USAID/Iraq did not require its regional representatives to sign a form to confirm that they received the petty cash funds sent to them. This unnecessarily exposed the Mission and the people responsible for transporting and receiving the cash, to the risk that someone could misappropriate the funds and deny having responsibility because of the uncertainty surrounding when accountability over the cash was transferred.

The OIG recommended that the Mission finalize and implement its draft policy requiring regional offices to accept, in writing, petty cash funds delivered to them by the Mission's cashier's office.

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

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

### **Investigation Leads to Termination of Foreign Service National Employee and Savings of \$24,000**

The OIG initiated an investigation based on allegations that a Foreign Service National (FSN) employee solicited and received commissions from contractors awarded USAID contracts to perform various maintenance tasks. It was also alleged that the FSN gave these contractors copies of bid solicitation letters with technical specifications prior to their dissemination to other qualified contractors.

The OIG investigation established that the FSN did solicit and receive commissions from two contractors in amounts equal to 5 percent of each contract—estimated at a total of \$30,000 by the USAID Mission. The investigation also verified that the FSN gave the two contractors advanced copies of bid solicitation letters with technical specifications.

As a result of the investigation, the USAID Mission terminated the FSN for cause and withheld the employee's supplemental retirement of \$24,000.

### **Investigation Results in Resignation**

The OIG initiated an investigation after it received a complaint from an anonymous source that a Foreign Service National (FSN) employee had engaged in a conflict of interest related to the award of a Mission computer contract. The FSN chaired the selection committee and helped to choose the firm which was awarded the \$95,000 computer contract. He also served as the Cognizant Technical Officer. The investigation revealed that the owner of the company that received the award was the maternal cousin of the FSN. Accordingly, the case was referred to the

USAID Mission. However, before any action could be taken, the FSN suddenly resigned, citing personal reasons.

### **Investigation Leads to Recovery of over \$46,000**

An OIG investigation was initiated based on allegations that a sub-grantee of the USAID prime grantee billed \$80,000 in unallowable costs on a \$128 million cooperative agreement to provide basic health care services, including family planning and immunizations. The OIG investigation determined that, of the \$80,000 in questioned costs vouchered to the grantee by its sub-grantee, over \$46,000 was unallowable and inappropriately billed to USAID. As a result of the investigation, the USAID Mission with oversight responsibility for the grant issued a demand letter to the grantee for over \$46,000. The grantee responded by agreeing to issue a credit to USAID for the amount in question.

### **Investigation Results in Disallowed Costs of \$863,683**

A contractor billed USAID \$863,683 for 119 baby incubators sold to it by a subcontractor. The incubators were part of a multi-million dollar USAID contract for health development. However, after the incubators were delivered, they exhibited a high rate of failure. After several attempts by factory representatives failed to resolve the problems, an independent firm was hired to test the incubators. That firm found that none of the incubators met U.S. Food and Drug Administration (FDA) standards. Furthermore, a check with the FDA revealed that the incubators did not have proper FDA certification, as the supplier had attested in its application to USAID to win the contract. Based on the investigative findings, the USAID Mission disallowed the entire amount paid for the incubators.

## **Investigation Leads to Filing of Civil Fraud Complaint**

A long term OIG investigation resulted in the U.S. Attorney for the Southern District of New York filing a civil fraud complaint against two Florida-based companies and an executive officer. The companies, which were participant suppliers in the USAID Commodity Import Program (CIP), brokered shipments of pulp and resin from U.S. manufacturers to foreign importers. The complaint alleges that the companies systematically claimed inflated costs for shipping and insurance which were then reimbursed via the CIP. Pursuant to this scheme, the complaint also alleges that company employees forged signatures and altered documents provided by ocean carriers and others to make it appear that they paid more for the services than they had, in fact, paid. It is estimated that the companies improperly received over a million dollars through these fraudulent practices.

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## **Bureau for Europe and Eurasia**

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### **Investigation Leads to Suspension of Senior Agency Official**

An OIG investigation was initiated based on an allegation that a USAID official was using a government owned vehicle and a USAID Mission driver to conduct personal business. The investigation revealed that the official frequently misused a government owned vehicle while posted overseas. Furthermore, the official directed the driver to utilize large portions of regular duty hours to conduct the official's personal errands. Based on the findings of the investigation, USAID suspended the official for 30 days without pay and issued a Bill for Collection for \$2,300 to recover the cost of the driver's time.

### **Investigation Results in \$31.5 Million Civil Settlement**

An OIG fraud investigation and Department of Justice civil fraud prosecution resulted in all named parties to the action agreeing to settle claims made by the government in the amount of \$31.5 million. The investigation involved a respected institute of higher learning which had been hired to lead the government's effort at assisting Russia in its transformation from a communist- to a capitalist-based financial system supported by the rule of law. The action arose out of allegations that the two top officials leading the institute's efforts were engaged in personal financial transactions in Russia, transactions that conflicted with their official duties under the project. The government had previously been granted a summary judgment by a Federal judge in the U.S. District of Massachusetts on several issues dealing with the liability of the named parties. However, before a date could be set for a trial to assess damages, a global settlement was reached.

### **Investigation Leads to \$119,189 in Disallowed and Savings of \$2,000,000**

The OIG previously reported that an investigation launched in coordination with a USAID Mission resulted in the identification of questionable practices in the awarding of sub-grants by U.S.-based implementers involved in USAID's Agribusiness Development Program and the Private Farmers Assistance Program (PFAP). As a result, USAID suspended the implementers' abilities to issue four sub-grants amounting to \$149,620 and the Chiefs of Party for both implementers were removed, as well as one Deputy Chief of Party and two employees.

During the current reporting period, as a result of further investigation and additional reviews by the Mission, USAID officials disallowed over \$119,189 in questioned costs submitted by the two implementers of the PFAP and concluded the entire project early, allowing \$2,000,000 to be re-directed to other projects.

## Global Development Alliance Secretariat

### Audit of USAID's Global Development Alliances

Global Development Alliances (GDAs) are agreements between USAID and other parties—both governmental and private sector—in the development community to jointly define a development problem and jointly contribute to its solution. While working closely with development partners is certainly not new to USAID, since 2001 the concept of public-private alliances has been emphasized as a business model to increase USAID's effectiveness in delivering foreign assistance.

In July 2005, the OIG issued its final report on the results of its worldwide GDA audit. This report summarized the results of five audits conducted at selected missions worldwide<sup>10</sup> and addressed USAID-wide issues identified during the course of these audits.



Photograph of women processing cassava at the GDA-supported fufu<sup>11</sup> factory.

The OIG determined that USAID considered utilizing GDAs in planning its activities but that the missions did not always report their GDAs accurately and completely and did not always maintain documentation to support that their GDAs met the criteria to be reported as such or to support partner contributions. In addition, although over one-third of the GDAs audited had either achieved their intended results or were on track to do so, nearly one-half had either not developed performance indicators or targets or had not achieved their intended results. Furthermore, the OIG found that USAID did not fully disclose the nature and limitations of the data reported to external or internal parties.

This report included four recommendations to strengthen GDA reporting and related disclosures, improve GDA documentation, and help ensure that GDAs are working towards achieving intended results.

Management decisions were reached on three of the four recommendations.

(Audit Report No. 9-000-05-006-P)

<sup>10</sup> The five USAID missions audited were Zambia, Peru, Nigeria, South Africa, and India.

<sup>11</sup> Fufu is a thick, dough-like West African food.

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## **Bureau for Global Health**

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### **Audit of USAID's Implementation of the President's Emergency Plan for AIDS Relief**

This worldwide audit summarized the results of six OIG audits conducted at selected missions in Africa and the Caribbean.<sup>12</sup> In addition to summarizing these results, this report addressed USAID-wide issues identified during the course of these audits.

The OIG's objectives were to determine (1) how USAID participated in the President's Emergency Plan for AIDS Relief activities, (2) whether USAID partners' HIV/AIDS activities progressed as expected towards planned outputs in their agreements and contracts, and (3) whether USAID's HIV/AIDS activities contributed to the overall U.S. Government's Emergency Plan targets.

Based on the results of six audits conducted at selected missions, the OIG concluded that USAID had a principal role in the President's Emergency Plan for AIDS Relief activities for HIV/AIDS prevention and care, as well as either a principal or a major supporting role for HIV/AIDS treatment; its partners were progressing as expected towards meeting planned outputs in their agreements and contracts; and its HIV/AIDS activities were contributing significantly to the overall U.S. Government's Emergency Plan care and treatment targets for fiscal year 2004.

This summary audit report contained two audit findings. The first finding pertained to sustainability, which was not required by the Department of State's Office of the U.S. Global

AIDS Coordinator. The second finding dealt with the need for additional funding for food and nutrition. Since USAID is now considering a draft policy issued by the Office of the U.S. Global AIDS Coordinator addressing sustainability and the use of Emergency Plan funds to address food and nutrition needs, the OIG did make any recommendations.

(Audit Report No. 9-000-05-009-P)

### **Investigation Leads to \$3.3 Million Civil Settlement**

An OIG investigation of a U.S. non-profit organization's accounting practices as they related to USAID-administered cooperative agreements resulted in the organization agreeing to settle all fraud claims levied against it through a civil suit filed in the Southern District of New York in the amount of \$3.3 million. The suit claimed that the organization had improperly retained government funds when various agreements it had with USAID expired and that it took affirmative steps to hide the existence of the leftover funds from the government. As part of the settlement, the organization agreed to enter into an organizational integrity agreement with the OIG, which calls for it to hire an independent monitor who will ensure that the organization adheres to the terms and conditions of its USAID cooperative agreements.

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<sup>12</sup> Audits were conducted in this reporting period in Haiti, Kenya, Rwanda, Uganda, and Zambia (see pages 17, 18, and 29). An audit was conducted in Ethiopia during the prior reporting period, "Audit of USAID/Ethiopia's Implementation of the President's Emergency Plan for AIDS Relief," March 30, 2005 (Audit Report No. 9-663-05-005-P).



## **Bureau for Latin America and the Caribbean**

### **Audit of USAID/Haiti's Implementation of the President's Emergency Plan for HIV/AIDS Relief**

The President's Emergency Plan for AIDS Relief (Emergency Plan) is a \$15 billion, 5-year program that provides \$9 billion in new funding to speed up prevention, care and treatment services in 15 focus countries. The Emergency Plan also allocates \$5 billion over 5 years to bilateral programs in more than 100 countries and increases the U.S. pledge to the Global Fund<sup>13</sup> by \$1 billion over 5 years.

The OIG performed this audit to determine (1) how USAID/Haiti participated in the Emergency Plan, (2) whether USAID/Haiti's activities progressed as expected towards planned outputs in its grants, cooperative agreements and contracts, and (3) whether USAID/Haiti's HIV/AIDS activities contributed to the overall U.S. Government's Emergency Plan targets.

The OIG determined that USAID/Haiti was heavily involved in implementing the Emergency Plan in Haiti for HIV/AIDS prevention and care and played a major role in supporting HIV/AIDS treatment. In addition, USAID's implementing partners were progressing as expected towards meeting planned outputs, and USAID/Haiti's activities contributed to the overall Emergency Plan's targets.

However, the OIG identified problems related to the implementation of the Emergency Plan. For example, an adequate drug management system had not been implemented to track drug usage

<sup>13</sup> The Global Fund is a partnership among governments, civil society, the private sector and affected communities that raises money to fight AIDS, tuberculosis, and malaria.

and stock levels, and USAID/Haiti did not have an adequate monitoring and evaluation system in place.

The OIG made seven recommendations to USAID/Haiti that addressed planning and financial issues.

Management decisions were reached on six of the seven recommendations.

(Audit Report No. I- 521-05-010-P)

### **Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Program**

The OIG performed this audit to determine the steps USAID/Jamaica implemented to manage its hurricane recovery and rehabilitation program and to determine if the management processes were operating as designed.

USAID/Jamaica designed 12 steps to control significant risks facing its hurricane recovery and rehabilitation program. These steps included reviewing sub-awards, progress reports, vouchers, work plans and budgets; and conducting environmental and engineering assessments and site visits.

Of the 12 management processes, four were operating as designed, three were started but not far enough along to assess whether they were operating as designed, and five were not operating as designed.

The OIG recommended that USAID/Jamaica (1) acquire engineering services to oversee and monitor the quality control reviews, (2) evaluate supporting documentation in its reviews of vouchers submitted by implementing partners, (3) complete an environmental checklist for each project site, (4) establish clearly defined roles and responsibilities for USAID officials and members of the monitoring oversight firm, and (5) maintain a spreadsheet of target due dates for each activity.

USAID/Jamaica reached management decisions on all of the recommendations.

(Audit Report No. I-532-05-008-P)

### **Investigation Results in Savings of over \$2,500,000 and Systemic Change**

The OIG initiated an investigation into Public Law (PL) 480 inland transportation costs after a USAID Mission reported that transportation contracts were repeatedly awarded to the same companies and that the transportation costs were much higher than standard market rates.

Although the OIG investigation did not substantiate allegations that U.S.-based Private Voluntary Organizations (PVOs) had engaged in criminal activity, the OIG did determine that PL 480 transportation costs passed on to USAID by the PVOs were much higher than normal market rates for non-PL 480 items. Therefore, as a result of the investigation and subsequent recommendations for systemic change, the Mission undertook a thorough re-examination of the bidding process used by the PVOs. Accordingly, the Mission completely revamped the inland transportation solicitation process and implemented numerous improvements. As an example, PVOs now routinely receive six bids for services whereas in the past they would obtain only two. In addition, to add transparency and clarity to the process, the PVOs now hold meetings with potential bidders to explain bidding and award procedures. These improvements have resulted in greater competition among the potential bidders, which has led to lower prices. Over a 2-year period, inland transportation costs per metric ton dropped approximately 36 percent—for an overall savings exceeding \$2,500,000.

### **Investigation Yields Bill for Collection for over \$47,000**

As a result of an OIG investigation, a USAID Mission issued a \$47,798 Bill for Collection to a U.S. supplier of baby scales. The Integral Nutrition Care Campaign was implemented by USAID to improve infant nutrition. As part of that campaign, USAID contracted with a U.S. supplier to provide 900 new baby scales; but the baby scales turned out to be defective and different from the agreed upon specifications. The supplier agreed to replace the scales, but never did. Due to the supplier's actions—both in providing defective products and in causing the Government to incur additional shipping costs for the return of the defective units—USAID issued a Bill for Collection.

### **Investigation Leads to Guilty Plea**

An OIG investigation resulted in the former controller of a USAID contractor pleading guilty to the Interstate Transportation of Stolen Property.

This guilty plea stems from the controller's theft of \$58,337 from his former employer, a company that provides development-related services in foreign countries throughout the world pursuant to its contracts with USAID. The OIG investigation determined that the defendant stole funds from the contractor's operational expense account at a U.S.-based bank by causing checks to be issued payable to himself. The former controller then took the checks from the USAID contractor's offices in the District of Columbia to Virginia, where he deposited them to his personal bank account.

Sentencing is scheduled for later this year. If convicted, the former controller faces up to 10 years in prison and a \$250,000 fine.

## **Bureau for Management**

### **Memorandum Regarding the Calculation and Collection of U.S. Treasury Interest on the Development Credit Authority Guarantee Financing Account**

During July 2005, the OIG issued a memorandum regarding the calculation and collection of U.S. Treasury interest on the Development Credit Authority (DCA) guarantee financing account.<sup>14</sup>

The DCA is a broad financing authority that allows USAID to use credit to pursue any of the development purposes specified under the Foreign Assistance Act of 1961, as amended. These credit guarantees encourage commercial banks to finance targeted development projects that otherwise would not have been funded, encourage local private-sector lending, and stimulate the development of local capital markets. Guarantees typically cover up to 50 percent of a loan.

The OIG found that USAID had not calculated, billed or collected interest on the DCA financing account. The Office of Financial Management/ Loan Management Division estimated that the interest earned through September 30, 2004, was approximately \$435,000. As the cash balances in the financing account have grown as the program has expanded, interest due at September 30, 2005, is expected to be significantly higher.

The OIG recommended that USAID calculate and collect the interest due from the U.S. Treasury on its guarantee financing account and that USAID implement systems and procedures to ensure that future interest is calculated and collected in a timely manner.

<sup>14</sup> The OIG issued the memorandum during the survey phase of the worldwide audit of USAID's DCAs because the summary report for the worldwide audit will not be issued until all participating Regional Inspector General reports have been issued—most likely in the summer of 2006. The OIG believed that these recommendations should be brought to USAID management's attention and acted upon before that time.

Management decisions have been reached on both recommendations.

(Report No. 9-000-05-001-S)

### **Investigation Leads to Contract Termination**

The OIG learned that a company which had been debarred and its president incarcerated as a result of a previous OIG investigation had misled the General Services Administration (GSA) in order to maintain a previously awarded Management, Organizational and Business Improvement Services contract. Subsequent to its debarment, the company received over \$500,000 under this contract.

Approximately 3 months after the company was debarred, the convicted company president, in one of his last acts before leaving for prison, sent a letter to the GSA advising that the Company Controller (misidentified as the Chief Operating Officer) would now be the company's point of contact for GSA. No mention was made of the investigation, the debarment or his pending term of incarceration.

Accordingly, the OIG advised GSA of the company's debarment, and GSA immediately terminated the contract.

### **Multi-Agency Investigation Yields Settlement of \$41.9 Million**

The OIG participated in a task force investigation involving 11 Federal agencies under the direction of the Department of Justice. The investigation resulted in a U.S. contractor firm making payment in the amount of \$41.9 million to settle civil false claims allegations. The contractor firm received travel-related rebates from travel service providers such as airlines and hotels. When these rebates were received, the contractor firm should have reduced or credited the amount of the rebate against the claim for reimbursement to the government. Instead, the contractor firm charged the government the full amount of the travel-related costs. This undisclosed practice resulted in tens of millions of dollars in

losses to the government and extra profit to the contractor firm to which it was not entitled. The portion of the settlement attributable to USAID was \$3.36 million. Of this amount, \$1.4 million was returned to USAID, while the remainder went to the U.S. Treasury.



# African Development Foundation

The African Development Foundation (ADF) is a public corporation and Federal agency established by the United States Congress in 1980. It began operations in 1984 and is the only U.S. government agency working solely at the grassroots level in Africa to alleviate poverty and promote broad-based sustainable development. Over the past two decades, ADF has provided more than \$200 million in programming support to more than 1,600 projects in 27 countries.

ADF believes that local communities are a vital source of ideas and energy for development. ADF makes grants directly to African enterprises and non-governmental organizations; none of its resources pass through government agencies or international organizations. Most of ADF's grants are between \$50,000 and \$250,000 and are disbursed to grantees in local currency.

Based in Washington, D.C. and governed by a seven-member Board of Directors appointed by the President of the United States, ADF receives its funding from congressional appropriations and obtains significant additional funding from strategic partnerships with African governments and from other sources. Congress appropriated \$19 million to ADF in fiscal year 2005. Currently, ADF is supporting approximately 225 projects in 15 African countries.

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## OIG Strategy

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The OIG is implementing a comprehensive strategy—including financial, performance, and information systems audits—to maintain effective oversight of ADF operations. An essential aspect of the strategy lies in the OIG's annual audit of ADF's financial statements. To achieve the most timely and cost-effective audits, the OIG coordinates this audit work with non-Federal auditors and provides on-going technical audit advice and liaison to ADF and its auditors. In addition, 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 an important role in maintaining ADF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected ADF operations. These assessments were used to determine where selected ADF operations could be vulnerable and to assist in developing future audit plans.

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## Management Challenges

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

## Performance Monitoring

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

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

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

The fiscal year 2005 financial audit is currently underway, and the audit report will be issued by November 15, 2005.

The OIG anticipates performing future work at ADF.

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## **OIG Oversight Activities**

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### **Audit of African Development Foundation's Monitoring, Reporting and Evaluation System**

The OIG conducted an audit of the African Development Foundation's (ADF) monitoring, reporting, and evaluation system. The OIG noted weaknesses in both ADF's grant close-out and financial audit processes. Furthermore, weak implementation of its monitoring, reporting, and evaluation system resulted in inaction on a Government Accountability Office (GAO) decision, cost over-runs of almost 50 percent at its Jigawa, Nigeria housing projects, and improper and unsupported costs of \$146,000. Lastly, unless the relationship with the current partner organization that monitors, evaluates, and reports on ADF-funded activities in Namibia is extended or a replacement partner is found, after September 30, 2005, ADF will not have a partner organization in Namibia to monitor its activities.

The report's primary recommendations were to (1) strengthen the grant close-out and financial audit processes, (2) ensure partner organizations are involved in all projects in their country(s) of responsibility, (3) deposit funds into the U.S. Treasury according to GAO instructions, and (4) recover \$146,000 that ADF improperly paid for the medical-related costs of a consultant.

Management decisions were reached on all recommendations.

(Audit Report No. 9-ADF-05-008-P)

# Inter-American Foundation

The Inter-American Foundation (IAF) is an independent Federal agency established by the United States Congress in 1969 to support grass roots development in Latin America and the Caribbean. Since then, it has funded more than \$571 million in over 4,500 projects in 32 countries.

IAF provides grants to nongovernmental and community-based organizations in Latin America and the Caribbean for innovative, sustainable, and participatory self-help programs. IAF primarily funds partnerships among grassroots and nonprofit organizations, businesses and local governments directed at improving the quality of life of poor people and strengthening participation, accountability and democratic practices.

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. Its operating and program budgets consist of congressional appropriations and funds derived through the Social Progress Trust Fund. Congress appropriated \$18 million to IAF in fiscal year 2005. Currently, IAF supports 213 projects in 26 countries.

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## OIG Strategy

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

Performance audits also play a key role in maintaining IAF accountability. After initially identifying relevant management controls, the OIG performed risk assessments of selected IAF operations. These assessments were used to determine where selected operations could be vulnerable and to assist in developing future audit plans.

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## Management Challenges

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

## Performance Monitoring and Results Documentation

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

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



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

### **Administrative and Organizational Structure**

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

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### **OIG Oversight Activities**

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The OIG did not perform any performance audits during this reporting period but anticipates performing future work at IAF.



# A P P E N D I C E S

# Semiannual Report to the Congress

## REPORTS ISSUED

**April 1, 2005 through September 30, 2005**

## USAID

### Financial Audit Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>—FOREIGN-BASED ORGANIZATIONS—</b>				
0-000-05-069-D	05/26/05	The Malaria Emergency Training and Operational Response Initiative, Report on Audit of Pre-Award Accounting System		
0-000-05-082-D	07/12/05	The Motivation Charitable Trust, Report on Post-Award Accounting System Follow-up		
0-000-05-095-D	09/13/05	The Malaria Emergency Training and Operational Response Initiative, Report on Audit of Pre-Award Accounting System Follow-up		
1-519-05-009-N	05/05/05	Quarterly Financial Statement Audit of the Special Objective Grant Agreement, Earthquake Recovery Program, Schools, Micro and Small Business (Local Municipal Markets) and Health Facilities Reconstruction Activities, Activity No. 519-0458, Managed by the Social Investment Fund for Local Development, for the Quarter Ended December 31, 2004		
1-519-05-010-N	06/06/05	Concurrent Financial Statement Close-Out Audit of the Mother and Child Community Health Services Project in Santiago de Maria, El Salvador, Grant Agreement No. 519-A-00-01-00213-00, Project No. 519-0458, Managed by AmeriCares Foundation, Inc., for the Quarter Ended September 30, 2004	20 20	QC UN
1-519-05-011-N	06/14/05	Concurrent Audit of the Fund Accountability Statement of the Special Objective "Earthquake Recovery Program" Housing Activity, Agreement No. 519-0458, Managed by the National Popular Housing Fund, for the Quarter Ended December 31, 2004		
1-520-05-012-N	08/12/05	Closeout Financial Statement Audit of the Rural Development Trust Fund, Project Nos. 520-0425.10 and 520-0426.23, Managed by Banco de Desarrollo Rural, for the Year Ended December 31, 2003		
1-527-05-046-R	04/06/05	Closeout Fund Accountability Statement Audit for the Framework Subagreement of the Execution of the Alternative Development Program, Subscribed Between the National Commission for Development and Life Without Drugs DEVIDA (Previously, CONTRADROGAS) and the National Institute for Development - INADE, Financed by Grant Agreement No. 527-0348, Executed Between the Governments of the United States and Peru, Managed by the Special Project South Central Mountains for the Period January 1, 2002 to November 30, 2003	62 62	QC UN

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
1-527-05-047-R	05/04/05	Closeout Fund Accountability Statement Audit of "USAID Resources Under Framework Sub-Agreement for Execution of the Alternative Development Program INADE - CONTRADROGAS (now DEVIDA) Agreement No. 527-0348," Managed by Special Project Pichis Palcazu for the Period January 1, 2002 to June 30, 2003		
1-521-05-048-R	05/10/05	Closeout Fund Accountability Statement Audit of the Forum 2000 Project Under the Recovery of the Economy in Transition Program, USAID/Haiti Project No. 521-A-00-99-00074-00, Managed by Centre Pour la Libre Enterprise et la Democratie for the Period October 1, 2003 to June 30, 2004	8 8	QC UN
1-522-05-049-R	05/10/05	Financial Statement Audit of the Central American and Dominican Republic Centers of Excellence for Teacher Training Program, Cooperative Agreement No. 522-A-00-02-00348-00, Managed by Universidad Pedagogica Nacional Francisco Morazan, for the Period from September 25, 2002 to December 31, 2003		
1-520-05-050-R	05/16/05	Closeout Fund Accountability Statement Audit of the "University Education to Indigenous People in UVG South and Coast and Altiplane Campuses" Program, Cooperative Agreement No. 520-G-00-04-00058-00, Managed by Universidad del Valle de Guatemala for the Period February 27 to December 31, 2004		
1-522-05-051-R	05/25/05	Close-Out Financial Statements Audit of the Project Technical Assistance to Municipalities for the Privatization of Municipal Services Process, Grant Agreement No. 522-A-00-98-00116-00, Managed by the Asociacion de Municipios de Honduras, for the Year Ended December 31, 2002	3	QC
1-521-05-052-R	05/25/05	Audit of the Fund Accountability Statement of the USAID/Haiti Resources Under Cooperative Agreement No. 521-A-00-02-00023-00, Managed by La Fondation Heritage Pour Haiti, for the Period from October 1, 2003 to September 30, 2004		
1-518-05-053-R	05/25/05	Financial Statement Audit of the Strengthening Rule of Law in Ecuador Project, Cooperative Agreement No. 518-A-00-02-00160-00, Managed by Fundacion Hacia La Seguridad - Imperio de la Ley, for the Period from October 1, 2003 to December 31, 2004		
1-520-05-054-R	05/26/05	Financial Statement Audit of the Strengthen Local Governments and National Organizations that Bond with the Municipalities of Central America Isthmus Countries, Grant Agreement No. LAG-A-00-99-00016-00, Managed by the Federacion de Municipios del Istmo Centroamericano, for the Year Ended December 31, 2003		
1-527-05-056-R	06/09/05	Financial Statement Audit of the Institute for High-Quality Health Care -- Max Salud, Cooperative Agreement 527-A-00-99-00307-00, for the Year Ended December 31, 2004		
1-596-05-057-R	06/09/05	Fund Accountability 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, 2003 through September 30, 2004	3 3	QC UN

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

## Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-523-05-058-R	06/16/05	Audit of the Fund Accountability Statement 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, 2003	8 8	QC UN
1-523-05-059-R	06/16/05	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, 2003		
1-521-05-060-R	06/22/05	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, 2003		
1-522-05-061-R	06/24/05	Close-out Financial Statement Audit of the Honduran Environmental Protection Fund Project, Cooperative Agreement No. 522-0385-A-00-3330-00, Managed by Fundacion Hondurena de Ambiente y Desarrollo, for the Period January 1, 2002 to December 31, 2003		
1-532-05-062-R	06/24/05	Audit of the Fund Accountability Statement of the Innerscity Peace and Prosperity Project Under Grant No. 532-A-00-01-00116-00, Managed by Kingston Restoration Company Limited, for the Period from March 19, 2001 to November 30, 2004	18	QC
1-517-05-063-R	06/28/05	Audit of the Fund Accountability Statement of the Service Program in Reproductive Health Activities, Agreement No. 517-G-00-00-00141-00, Managed by the Asociacion Dominicana Pro-Bienestar de la Familia Inc., for the Year Ended June 30, 2001		
1-538-05-064-R	06/24/05	Audit of the Fund Accountability Statement for the Limited Scope Sub-Grant Agreement No. 538-004, Regional Strategic Objective No. 3, "Increased Effectiveness and Fairness of the Legal Systems in the Caribbean" Managed by the Organization of Eastern Caribbean States, for the Period from July 1, 2003 to June 30, 2004		
1-520-05-065-R	07/06/05	Closeout Audit of the Fund Accountability Statement of USAID/ Guatemala Project No. 520-0413-A-00-5130-00, Managed by Centro Canadiense de Estudios y Cooperacion Internacional, for the Years Ended March 31, 2004 and 2003	414	QC
1-517-05-066-R	07/11/05	Closeout Audit of the Fund Accountability Statement of the Program Improved Basic Education Through Private Sector Sponsorship of Public Schools, Agreement No. CA-517-A-00-04-00104-00, Managed by the Fundacion Falconbridge Inc., for the Period December 3, 2003 to December 2, 2004		
1-520-05-067-R	07/19/05	Financial Statement Audit of the "Technical Support to the Small Farmer Initiative Project," Cooperative Agreement No. 520-A-00-03-00121-00, Managed by the Fundacion Agros, for the Period July 1, 2003 through June 30, 2004		
1-525-05-068-R	07/26/05	Closeout Audit of the Fund Accountability Statement of the Hydrographic Basin of the Panama Canal Project, Under Grant Agreement No. 525-A-00-01-00016-00, Managed by the Sociedad Nacional Para el Desarrollo de Empresas y Areas Rurales, for January 1 to September 30, 2004	2	QC

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

## Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-05-069-R	07/25/05	Audit of the Fund Accountability Statement for the Basic Education and Skills Training Project, Component I of Grant Agreement No. 522-0388 and No. 522-0436, Managed by the Secretariat of Public Education, for the Year Ended December 31, 2004	3	QC
1-517-05-070-R	07/26/05	Audit of the Fund Accountability Statement for the Consolidation and Expansion of Opportunities for Citizen Participation and Political Culture Project No. 517-A-00-03-00105-00, Managed by Participacion Ciudadana, for September 1, 2003 to August 31, 2004		
1-522-05-071-R	07/29/05	Financial Statement Audit of the USAID/Honduras Municipal Development Project, Grant Agreement No. 522-A-00-93-00264-00, Managed by the Asociacion de Municipios de Honduras, for the Period January 1, 2002 through September 30, 2003	15 15	QC UN
1-527-05-072-R	07/29/05	Fund Accountability Statement Audit of the Program "Increase in Microfinance Services for the Activities of the Poor," Cooperative Agreement No. 527-A-00-02-00224-00, Managed by Consorcio de Organizaciones Privadas de Promocion al Desarrollo de la Micro y Pequena Empresa, for the Period from October 1, 2003 to December 31, 2004		
1-522-05-073-R	08/08/05	Fund Accountability Statement Audit of the Endowment Fund, Cooperative Agreement No. 522-0388-A-00-5401-00, Managed by the Advisory Council for Human Resources Development of Honduras, for the Year Ended December 31, 2004		
1-526-05-074-R	08/09/05	Fund Accountability Statement Audit of the Program of Mediation, Agreement No. 526-A-00-02-00073-00, Managed by Instituto de Estudios Comparados en Ciencias Penales y Sociales, for the Period from September 30, 2002 to December 31, 2003	9 7	QC UN
1-522-05-075-R	08/09/05	Closeout Fund Accountability Statement Audit of Technical Services for Vocational Centers, Cooperative Agreement No. 522-A-00-02-00346-00, Managed by the Advisory Council for Human Resources Development of Honduras, for the Period from July 1, 2003 to December 31, 2004		
1-519-05-076-R	08/10/05	Fund Accountability Statement Audit of the Healthy Salvadorans Project, Grant Agreement No. 519-0430, Managed by the Ministry of Public Health and Social Assistance, through the Project Coordinator Unit, for the Year Ended December 31, 2004		
1-522-05-077-R	08/12/05	Closeout Audit of the Fund Accountability Statement of the Program "Competitiveness and Exports of Non Traditional Agricultural and Wood Products in Honduras" Cooperative Agreement No. 522-A-00-03-00419-00, Managed by the Foundation for Investment and Development for Exports for the Period from October 1, 2003 to December 31, 2004		
1-527-05-078-R	08/17/05	Fund Accountability Statement and Its Reconciliation with the Balance of Cash - Commodity Status Report of the PL 480 Title II (Monetization) Program, Managed by Caritas del Peru, for the Period from October 1, 2002 to December 31, 2003		
1-522-05-079-R	08/19/05	Fund Accountability Statement Audit of Strengthened Rule of Law and Respect for Human Rights Program, Project No. 522-0394, Managed by the Public Ministry of Honduras, for the Year Ended December 31, 2004	11 11	QC UN

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

## Semiannual Report to the Congress

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
1-521-05-080-R	08/25/05	Financial Statement Audit for USAID/Haiti's Resources Under Cooperative Agreement No. 521-A-00-02-00036-00, for the Period October 1, 2003 to September 30, 2004, Managed by Fondation Haitienne de L'Environnement	2	QC
1-518-05-081-R	08/29/05	Audit of the Fund Accountability Statement of the Environmental Support Program, No. 518-0126, Managed by the Galapagos National Park, for the Year Ended December 31, 2002		
1-511-05-082-R	08/29/05	Fund Accountability Statement Audit of the Municipal Health Program of the Yungas, Cooperative Agreement No. 511-A-00-01-00058-00, Managed by SERVIR Servicios Educativos, for the Year Ending December 31, 2003		
1-511-05-083-R	08/29/05	Fund Accountability Statement Audit of the Municipal Health Program of the Yungas, Cooperative Agreement No. 511-A-00-01-00058-00, Managed by SERVIR Servicios Educativos, for the Period April 1, 2002 to December 31, 2002	36 36	QC UN
1-518-05-084-R	08/30/05	Financial Statement Audit of Programa de Sostenibilidad Financiera y Alianzas Estrategicas for the Year Ended December 31, 2004, Undertaken by Fundacion Esquel - Ecuador		
1-518-05-085-R	08/30/05	Audit of the Fund Accountability Statement of the Environmental Support Program, No. 518-0126, Managed by the Galapagos National Park, for the Year Ended December 31, 2003		
1-511-05-086-R	09/01/05	Audit of the Fund Accountability Statement of the Sustainable Technologies Promotion Center, USAID Donation Agreement No. 511-A-00-02-00282-00, Corresponding to the Period from October 1, 2002 to December 31, 2003		
1-511-05-087-R	09/07/05	Financial Statement Audit of the "Project to Support Emerging Markets for Certified Forest Products," Cooperative Agreement No. 511-A-00-02-00206-00, Managed by the Centro Amazonico de Desarrollo Forestal, for the Period from September 20, 2002 to December 31, 2003	3	QC
1-527-05-088-R	09/08/05	Financial Audit to the USAID Bilateral Grant Agreement No. 527-0375 and Its Amendments "Coverage with Quality Project" Ministry of Health - Program for Administration of Management Agreements - PAAG 2003 Period	18	QC
1-527-05-089-R	09/19/05	Audit of the Fund Accountability Statement of the Institutional Strengthening of the Office of the Ombudsman for the Supervision of State Reform and Promotion of Citizen Vigilance, Bilateral Agreement No. 527-0402-OMB-02, Managed by the Office of the Ombudsman, for the Period from September 23, 2002 to December 31, 2003		
1-511-05-090-R	09/19/05	Financial Statement Audit of the Program for the Communication Strategy to Support Health Organizations in the Public and Private Sectors, Cooperative Agreement No. 511-A-00-01-00067-00, Managed by the Centro Para Programas de Comunicacion Bolivia, for the Year Ended December 31, 2004		

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



## Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-522-05-091-R	09/19/05	Financial Statement Audit of USAID/Honduras Resources Managed by the Honduran Social Investment Fund/Directorate of Major Infrastructure, Under Municipal Development Project No. 522-0340 (Child Survival Program) for the Period January 1 to December 31, 2004		
1-518-05-092-R	09/23/05	Closeout Audit of the Fund Accountability Statement of the Environmental Support Program, No. 518-0126, Managed by the Galapagos National Park, for the Year Ended December 31, 2004		
1-521-05-093-R	09/21/05	Fund Accountability Statement Audit of USAID/Haiti's Resources Under Cooperative Agreement No. 521-A-00-02-00025-00, Managed by Association des Oeuvres Privees de Sante, for the Year Ended December 31, 2004	49 49	QC UN
4-656-05-008-N	04/04/05	Audit of USAID/Mozambique's Resources Managed by the Foundation for Community Development, Under Cooperative Agreement No. 656-A-00-01-00077-00 for the Period October 1, 2002 to September 30, 2003	354 9	QC UN
4-663-05-009-N	07/07/05	Audit of USAID's Resources Managed by the Relief Society of Tigray, Under Agreement Nos. FFP-A-00-99-00095-00, 663-A-00-03-00352-00, 663-A-00-02-00366, 663-A-00-03-00354-00, FFP-A-00-03-00049-00, and FFP-A-00-03-00004-00, for the Period January 1, to December 31, 2003	356 356	QC UN
4-674-05-010-N	07/28/05	Audit of the Wits Health Consortium Under USAID Bilateral Grant Agreement No. 674-0320-G-00-5053-10, Project Implementation Letters 10, 14, 15, 16 and 17 for the Period January 1, 2002 to December 31, 2003	3,316 2,880	QC UN
4-663-05-014-R	04/15/05	Audit of GOAL Ethiopia Under Grant Agreement No. 663-G-00-02-00383-00 for the Period September 16, 2002 to December 31, 2002	105 105	QC UN
4-617-05-015-R	05/13/05	Audit of the Environmental Conservation Trust of Uganda Under USAID Cooperative Agreement No. 617-A-00-01-00002-00 for the Year Ended December 31, 2004		
4-674-05-016-R	06/10/05	Closeout Audit of People's Housing Partnership Trust Under USAID Cooperative Agreement No. 674-0312-A-98-00045 for the Period March 1, 1998 to March 31, 2002	3,010 2	QC UN
4-674-05-017-R	06/23/05	Audit of Business Against Crime - South Africa Under USAID Cooperative Agreement No. 674-A-00-02-00012-00 for the Period June 1, 2003 to May 31, 2004	594 594	QC UN
4-674-05-018-R	06/23/05	Audit of Right to Care Under USAID Cooperative Agreement No. 674-A-00-02-00018-00 for the Period January 1 to December 31, 2003	500 489	QC UN
4-617-05-019-R	06/29/05	Audit of International Service Volunteers Association Under USAID Agreement Nos. 617-G-00-99-00013-00, 617-G-00-01-00015-00, 617-A-00-02-00010-00 and HAD-G-00-02-00204-00 for the Period January 1 to December 31, 2002		
4-674-05-020-R	08/04/05	Audit of the Department of Justice and Constitutional Development Under USAID Bilateral Agreement No. 674-0301-G-00-4182, Project Implementation Letters 10, 11, 14, 15, 16, 18, 20, 21, 23, 24, 25 and 28 for the Period April 1, 1999 to March 31, 2000	733 557	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
4-674-05-021-R	08/04/05	Audit of the Department of Justice and Constitutional Development Under USAID Bilateral Agreement No. 674-0301-G-00-4182, Project Implementation Letters 10, 14, 15, 18, 20, 21, 23, 24, 25, 28 and 31 for the Period April 1, 2000 to March 31, 2001	227	QC
			183	UN
4-674-05-022-R	08/05/05	Audit of the Department of Justice and Constitutional Development Under USAID Bilateral Agreement No. 674-0301-G-00-4182, Project Implementation Letters 14, 23, 31, 33 and 39 for the Period April 1, 2001 to March 31, 2002	68	QC
			39	UN
4-663-05-023-R	08/15/05	Closeout Audit of the Southern Nations Nationalities and Peoples Regional Education Bureau Under USAID Grant Agreement No. 663-0015, Project Implementation Letter No. 28 and USAID Grant Agreement No. 663-0090, Implementation Letter No. 4 for the Period July 8, 2001 to December 31, 2002	646	QC
			192	UN
4-623-05-024-R	09/20/05	Audit of the Centre for African Family Studies Under USAID Cooperative Agreement Nos. 623-0005-A-00-4143-00 (Closeout) and 623-A-00-02-00107-00 for the Period January 1 to December 31, 2003	1	QC
			264	BU
5-367-05-007-N	05/09/05	Financial Audit of the Department of Health Services, Government of Nepal, Under USAID Strategic Objective Grant Agreement, Project No. 367-02A1 Implementation Letter No. 35, for the Period from July 16, 2001 to July 15, 2002	85	QC
			20	UN
5-492-05-007-D	06/06/05	Financial Audit of the Program Titled "Private Sector Family and Reproductive Health System," USAID/Philippines Cooperative Agreement No. 492-A-00-01-00020-00, Managed by FriendlyCare Foundation, Inc., for the Period from January 1, 2003 to December 31, 2003	89	QC
			20	UN
5-386-05-017-R	04/20/05	Financial Audit of the Program for the Advancement of Commercial Technology, Child Reproductive Health, USAID/India Project No. 386-0496, Managed by the ICICI Bank Limited, for the Period from April 1, 2003 to March 31, 2004		
5-386-05-018-R	04/21/05	Financial Audit of the Trade in Environmental Services and Technologies, Clean Technology Initiative, USAID/India Project No. 386-0530, Managed by the ICICI Bank Limited, for the Period from April 1, 2003 to March 31, 2004		
5-367-05-019-R	05/20/05	Close-out Audit of USAID Cooperative Agreement No. 367-A-00-02-00120-00, Managed by the Center for Victims of Torture, Nepal, for the Period from January 1, 2004 to December 31, 2004		
5-492-05-020-R	05/20/05	Financial Audit of the Vehicle Emission Control in Metro Manila, USAID/Philippines Cooperative Agreement No. 492-A-00-02-00013-00, Managed by the Infinite Progressions Corporation, for the Period from August 15, 2002 to August 15, 2004		
5-497-05-021-R	05/27/05	Financial Audits of the Program in Development Public Television in Indonesia's New Democratic Environment, USAID/Indonesia Grant Agreement No. AID 497-G-00-00-00046-00 (Close-out) for the Period from January 1, 2003 to August 9, 2003, and the Program of Public Empowerment and Media Monitoring for a Peaceful Election in 2004, USAID/Indonesia Cooperative Agreement No. AID 497-A-00-03-00029-00 for the Period from August 21, 2003 to December 31, 2003; Managed by the Yayasan Sains Estetika dan Teknologi	14	QC
			1	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
5-497-05-022-R	06/30/05	Financial Audit of the Program Titled "Stengthening Civil Society in Aceh and Its Contribution to Promote Peaceful 2004 Elections," USAID/Indonesia Cooperative Agreement No. AID 497-A-00-04-00004-00, Managed by the YAPPIKA Aliansi Masyarakat Sipil untuk Demokrasi, for the Period from December 30, 2003 to December 31, 2004	4 1	QC UN
5-497-05-023-R	07/12/05	Financial Audit of the Programs Titled "Democracy Study and Development," USAID/Indonesia Cooperative Agreement No. 497-A-00-00-00061-00 for the Period from January 1, 2003 to September 30, 2003 (Close-out Audit), and "Enhancing People's Political Participation to Consolidate Democracy," Cooperative Agreement No. 497-A-00-03-00040-00 for the Period from September 30, 2003 to December 31, 2003; Managed by the Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial	109 31	QC UN
5-492-05-024-R	07/22/05	Closeout Audit of the Trade and Investment Policy Analysis and Advocacy Support Project - Advocacy for Trade and Investment Liberalization, USAID/Philippines Cooperative Agreement No. AID-492-A-00-00-00012-00, Managed by the Philippine Exporters Confederation, Inc., for the Period from January 1, 2004 to September 30, 2004	4	QC
5-386-05-025-R	07/22/05	Financial Audit of the AIDS Prevention and Control Project, USAID/India Grant Agreement No. 386-0525, Managed by the Voluntary Health Services, for the Period from April 1, 2003 to March 31, 2004	132 2	QC UN
5-367-05-026-R	07/25/05	Financial Audit of the Kathmandu Valley Earthquake Risk Management Action Plan Implementation Project, USAID/Nepal Project No. 367-G-00-00-0080-00, Managed by the National Society for Earthquake Technology-Nepal, for the Period from October 1, 2003 to September 30, 2004	14 4	QC UN
5-386-05-027-R	08/09/05	Closeout Audit of the Financial Institution's Reform and Expansion Project, USAID Grant Agreement No. AID-386-A-00-99-00075-00, Managed by the National Institute of Urban Affairs, for the Period from April 1, 2003 to September 30, 2003	112 112	QC UN
5-497-05-028-R	08/09/05	Financial Audit of the Programs Titled "Conservation of the Greater Sebangau Water Catchment Area in Central Kalimantan, Indonesia," USAID/Indonesia Grant Agreement No. 497-G-00-01-00059-00 for the Period from July 1, 2003 to September 30, 2003 (closeout audit) and "Promoting Forest Certification and Combating Illegal Logging in Indonesia," Cooperative Agreement No. 497-A-00-02-00060-00 for the Period from July 1, 2003 to June 30, 2004; Managed by Yayasan WWF Indonesia	35 3	QC UN
5-497-05-030-R	08/31/05	Financial Audit of the Indonesian Biodiversity Foundation Project, Cooperative Agreement No. AID-497-0384-A-00-5011-00, Managed by Yayasan Keanekaragaman Hayati Indonesia, Endowment Income Fund for the Period from January 1, 2004 to December 31, 2004		
5-367-05-031-R	09/06/05	Financial Audit of the Developing Regional Cooperation for Flood Information Exchange Program, USAID/Nepal Cooperative Agreement No. 367-A00-02-00024-00, Managed by the International Centre for Integrated Mountain Development, for the Period from January 24, 2002 to December 31, 2003		

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

## Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-497-05-032-R	09/20/05	Financial Audit of USAID/Indonesia Cooperative Agreement No. 497-A-00-02-00014-00, Managed by Yayasan Kelompok Masyarakat Pengelola Sumber Daya Alam (Yayasan KEMALA), for the Period from January 1, 2004 to December 31, 2004	15 14	QC UN
6-278-05-009-R	06/20/05	Audit of the Royal Society for the Conservation of Nature, Socio-Economic Development for Nature Conservation, USAID Agreement No. 278-A-00-00-00212-00, for the Year Ended May 31, 2003	70	QC
6-263-05-010-R	07/13/05	Financial Audit of USAID Resources Managed by the Ministry of Health and Population, Healthy Mother/Healthy Child Project Nos. 263-0242 and 263-0287, Implementation Letter No. Four, for the Year Ended June 30, 2004		
6-263-05-011-R	07/14/05	Close-out Audit of the Egyptian Center for Economic Studies, Cooperative Agreement No. 263-A-00-93-00104, Under USAID/ Egypt Grant Agreement No. 263-0230/228 and Endowment Agreement No. 263-A-00-01-00023-00, for the Period from January 1, 2003 to June 30, 2004		
6-263-05-012-R	07/14/05	Close-out Audit of USAID Resources Managed by the Egyptian Exporters Association, Cooperative Agreement No. 263-A-00-02-000-31-00, for the Period from January 1, 2004 to December 31, 2004		
6-263-05-013-R	08/30/05	Financial Close-Out Audit of the Ministry of Health and Population, Systems Development Project, USAID Grant Agreement No. 263-0267, Implementation Letter No. 4, for the Period July 1, 2002, through September 30, 2003	5	QC
6-263-05-014-R	09/12/05	Audit of USAID Resources Managed by the Horticultural Exporters Improvement Association, Grant Agreement No. 263-G-00-99-00010-00, for the Period from January 1, 2003 to December 31, 2003		
6-263-05-015-R	09/19/05	Close-out Audit of USAID Resources Managed by the State Information Service/Information, Education, and Communication Center Under Grant Agreement Number 263-0267, Implementation Letter Number Five, for the Period from January 1, 2003 to September 30, 2003		
6-263-05-023-N	04/17/05	Audit of USAID Resources Managed by Credit Guarantee Company, Under Strategic Objective No. 16, Project No. 263-0228, for the Period from September 13, 1999 to December 31, 2002		
6-294-05-032-N	05/31/05	Examination Procedures Related to Resources Provided to the Palestinian Authority Through the Ministry of Finance Under the Cash Transfer Grant Agreement Dated July 16, 2003, "USAID Activity No. 294-W-008" for the Period from July 16, 2003 to September 30, 2004	58	QC
6-263-05-033-N	06/15/05	Financial Audit of the Government of Egypt Special Accounts, Related to USAID/Egypt's Private Commodity Import Program and Cash Transfers, for the Period from July 1, 2002 to June 30, 2003		
6-294-05-034-N	06/19/05	Audit of Fund Accountability Statement of USAID Resources Managed by the Palestinian Academic Society for the Study of International Affairs Under Award No. 294-A-00-97-00025-00, "Civil Society Empowerment through Training and Skills Development" for the Period from July 1, 2000 to July 31, 2004	5	QC

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

## Semiannual Report to the Congress

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-05-035-N	09/20/05	Examination Procedures Related to Resources Provided to the Palestinian Authority Through the Ministry of Finance Under the Cash Transfer Grant Agreement Dated December 27, 2004, for the Period from December 27, 2004 to March 31, 2005		
7-680-05-001-N	05/31/05	Close-out Audit of USAID Resources Managed by Songhai, Benin Under Grant No. 680-G-00-02-00232-00		
7-624-05-002-N	06/30/05	Consolidated Audit of Donor Resources Granted to the Permanent Interstate Committee for Drought Control in the Sahel for the Period January 1, 2003 to December 31, 2003	4 3	QC UN
7-688-05-006-R	06/28/05	Audit of Local Currency Expenses Incurred by the Administrative and Financial Directorate of the Malian Ministry of Health Under the Youth Strategic Objective Project No. 688-0272 for the Period January 1, 2001 to September 30, 2003	24 8	QC UN
B-114-05-001-N	06/28/05	Audit of USAID/Caucasus Resources Managed by Mercy Corps International	40 40	QC UN
B-000-05-023-R	04/15/05	Audit of Solidarites in Paris, France, Under Multiple USAID Agreements for the Year Ended December 31, 2003	9	QC
B-168-05-024-R	05/17/05	Audit of Centres for Civic Initiatives of Bosnia-Herzegovina for the Year Ended January 31, 2003		
B-115-05-025-R	06/13/05	Audit of Soros Foundation Kazakhstan's USAID Grant No. 115-G-00-00-00001 and Cooperative Agreement Nos. 115-A-00-02-00002 and 122-A-00-02-00042 for the Year Ended December 31, 2003		
B-183-05-026-R	06/15/05	Audit of the Foundation for Local Government Reform Under USAID Grant No. 183-G-00-01-00103-00 for the Year Ended September 30, 2004		
B-119-05-027-R	06/16/05	Audit of the Tajik Branch of Open Society Institute--Assistance Foundation Under Three USAID Grants and One Cooperative Agreement for the Year Ended December 31, 2003		
B-111-05-028-R	06/21/05	Audit of the Institute of Chartered Accountants of Scotland Under USAID Cooperative Agreement Nos. 111-A-00-02-00034-00 for the Year Ended December 31, 2004		
B-114-05-029-R	06/21/05	Audit of Horizonti of Tbilisi, Georgia Under USAID Cooperative Agreement Nos. 114-A-00-03-00190-00 and 114-A-00-01-00199-00 for the Year Ended December 31, 2004		
B-000-05-030-R	07/28/05	Audit of Save the Children Fund Under 35 USAID Agreements for the Three-Year Period Ended March 31, 2002		
B-182-05-031-R	07/28/05	Audit of Terres des Hommes Albania Under USAID Cooperative Agreement No. 182-A-00-03-00103-00 for the Period June 1, 2003 to December 31, 2004		
B-000-05-032-R	08/15/05	Audit of Norwegian People's Aid Under Three USAID Agreements for the Year Ended December 31, 2003	1,352 1,352	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
B-000-05-033-R	08/15/05	Audit of Norwegian People's Aid Under USAID Grant Agreement AOT-G-00-00-00126-00 for the 38-Month Period Ended May 31, 2003	232 228	QC UN
B-118-05-034-R	09/06/05	Audit of the Moscow School of Political Studies Under USAID Cooperative Agreement No. 118-A-00-03-00090 for the Period from August 1, 2003 through December 31, 2004		
<b>—U.S.-BASED GRANTEES—</b>				
0-000-05-003-T	04/11/05	Review of Audit Report for CARE USA, for the Fiscal Year Ending June 30, 2003		
0-000-05-004-T	05/24/05	Review of the Audit Report for World Vision, Inc. for Fiscal Year Ending September 30, 2003		
0-000-05-010-T	04/11/05	Review of Audit Report for Counterpart International, Inc., for the Fiscal Year Ending September 30, 2003		
0-000-05-011-T	04/11/05	Review of Audit Report for Save the Children Federation, Inc., for the Fiscal Year Ending September 30, 2003		
0-000-05-012-T	04/11/05	Review of the Audit Report for The Carter Center, Inc., for the Fiscal Year Ending August 31, 2003		
0-000-05-015-T	04/11/05	Review of the Audit Report for ACDI/VOCA, for the Fiscal Year Ending December 31, 2003		
0-000-05-016-T	04/11/05	Review of the Audit Report for Health Volunteers Overseas, Inc., for the Fiscal Year Ending December 31, 2003		
0-000-05-019-T	04/11/05	Review of the Audit Report for Business for Social Responsibility, for the Fiscal Year Ending December 31, 2003		
0-000-05-022-T	04/06/05	Review of the Audit Report for Pathfinder International, for the Fiscal Year Ending June 30, 2003		
0-000-05-036-T	04/11/05	Review of the Audit Report for Shelter for Life International, for the Fiscal Year Ending December 31, 2003		
0-000-05-041-T	04/11/05	Review of the Audit Report for Junior Achievement International, for the Fiscal Year Ending June 30, 2003		
0-000-05-074-D	04/11/05	Altarum Institute, Report on Agreed Upon Procedures for USAID Incurred Costs for Award No. 121-A-00-98-00615-00 and 121-A-00-01-00018-00		
5-442-05-008-D	09/12/05	Report on the Audit of The Asia Foundation's Sub-Grantee System in Cambodia as of February 10, 2005, USAID/Cambodia Cooperative Agreement No. 442-A-00-96-00509-00		
5-492-05-029-R	08/17/05	Financial Audit of the Alliance for Mindanao Off-Grid Renewable Energy Program, USAID/Philippines Cooperative Agreement No. 492-A-00-02-00006-00, Managed by the Winrock International Institute for Agricultural Development Philippines Branch, for the Period from February 22, 2002 to July 31, 2004	7 7	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
6-294-05-025-N	05/17/05	Audit of Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation Under Award Number 294-A-00-02-00201-00, "Emergency Financial Services Program in the West Bank and Gaza," for the Period from December 4, 2001 to December 31, 2002	16	QC
6-294-05-026-N	05/17/05	Audit of Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation Under Award Number 294-A-00-99-00157-00, "Community and Rural Service Program," for the Period from September 30, 1999 to September 30, 2002	14 1	QC UN
6-294-05-027-N	05/17/05	Audit of Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation Under Award Number 294-A-00-01-00116-00, "Emergency Employment Generation Program," for the Period from June 11, 2001 to May 29, 2003	21	QC
6-294-05-028-N	05/17/05	Audit of Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation Under Award Number 294-A-00-02-00232-00, "Palestinian Help and Outreach for Empowering Neighborhoods and Increasing Excellence Program (Phoenix)," for the Period from September 13, 2002 to July 31, 2003	17	QC
6-294-05-029-N	05/17/05	Audit of Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation Under Award Number 294-A-00-02-00218-00, "Palestinian Environmental Improvement/ Vocation Training Program," for the Period from July 19, 2002 to July 31, 2003	55	QC
6-294-05-030-N	05/17/05	Audit of Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation Under Award Number 294-A-00-00-00069-00, "Village Service Program for Southern Gaza," for the Period from September 30, 2000 to September 30, 2002	26	QC
6-294-05-037-N	09/12/05	Audit of USAID Resources Managed by Youth Project Developing Council, Sub-grant No. SC/VSP 001 from Save the Children Federation Under Award No. 294-A-00-00-00073-00 for the Period from May 1, 2001 to September 30, 2003		
E-267-05-009-D	04/21/05	Audit of Costs Incurred by Agricultural Cooperative Development International/Volunteers Overseas Cooperative Assistance Under USAID Cooperative Agreement No. AFP-A-00-03-00003-00 from May 16, 2003 through July 31, 2004	9	QC
E-267-05-018-D	09/22/05	Audit of Costs Incurred by Save the Children Federation, Inc. Under Cooperative Agreement No. AFP-A-00-03-00005-00 from May 16, 2003 to July 31, 2004		
<b>—U.S.-BASED CONTRACTORS—</b>				
0-000-05-064-D	04/07/05	Metcalf & Eddy, Inc., Report on Audit of CAS Compliance, Floor Check and Purchase Existence for Fiscal Year 2004		
0-000-05-066-D	04/11/05	Camp, Dresser & McKee International, Report on Audit of Fiscal Year 2001 and 2002 Incurred Costs		

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
0-000-05-067-D	04/11/05	Camp, Dresser & McKee International, Report on Noncompliance with Cost Accounting Standard 404		
0-000-05-068-D	04/11/05	Montgomery Watson Harza Energy and Infrastructure, Report on Audit of Fiscal Year 2001 Incurred Costs		
0-000-05-070-D	04/11/05	EWA Information & Infrastructure Technologies, Inc., Report on Review of Fiscal Year 2002 Incurred Costs		
0-000-05-071-D	04/11/05	Black & Veatch International, Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-072-D	04/11/05	The Futures Group International, Report on Application of Agreed Upon Procedures		
0-000-05-073-D	04/11/05	Metcalf & Eddy, Inc., Report on Audit of CAS 418 Compliance		
0-000-05-075-D	04/11/05	DPK Consulting, Report on Audit of Calendar Years 2000, 2001 and 2002 Incurred Costs		
0-000-05-076-D	04/11/05	LTG Associates, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-077-D	04/11/05	Parsons Infrastructure & Technology Group, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-078-D	04/11/05	Geneva Global, Inc., Report on Pre-Award Survey of Prospective Contractor Accounting System		
0-000-05-079-D	04/21/05	CH2M HILL International Services, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs	15	QC
0-000-05-080-D	05/26/05	CH2M Hill International Services, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs	949	QC
0-000-05-081-D	05/26/05	Juarez and Associates, Inc., Report on Audit of Calendar Year 2002 Incurred Costs		
0-000-05-083-D	09/13/05	Louis Berger International, Inc., Report on Audit of Fiscal Year 1999 Incurred Costs	827	QC
0-000-05-084-D	07/12/05	Juarez & Associates, Inc., Report on Audit of Fiscal Year 2003 Incurred Costs		
0-000-05-085-D	09/12/05	The Recovery Group, Report on Audit of Fiscal Year 1999 and 2000 Incurred Costs	20	QC
0-000-05-086-D	09/13/05	Metcalf & Eddy, Inc, Report on Audit of Fiscal Year 2003 Incurred Costs		
0-000-05-087-D	09/12/05	Carana Corporation, Report on Audit of Fiscal Year 1999 Incurred Costs		
0-000-05-088-D	09/12/05	Carana Corporation, Report on Audit of Fiscal Year 2000 Incurred Costs		
0-000-05-089-D	09/12/05	Sigma One Corporation, Report on Fiscal Year 2005 Labor Floor Check Evaluation		
0-000-05-090-D	09/13/05	Carana Corporation, Report on Audit of Fiscal Year 1998 Incurred Costs		
0-000-05-091-D	09/13/05	The Louis Berger Group, Inc. - International, Report on Fiscal Year 2005 Labor Floor Check		
0-000-05-092-D	09/12/05	Associates in Rural Development, Inc., Report on Audit of Fiscal Year 2002 Incurred Costs		

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

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-05-093-D	09/13/05	Metcalf & Eddy, Inc., Report on Audit of Fiscal Year 2005 Labor Floor Check		
0-000-05-094-D	09/13/05	General Dynamics Network Systems, Inc., Services Organization, Report on Audit of Fiscal Year 2002 Incurred Costs		
0-000-05-096-D	09/21/05	The Futures Group International, Report on Application of Agreed Upon Procedures, Prime Contract No. 690-C-00-02-0001-00 in Zimbabwe		
0-000-05-097-D	09/21/05	Sigma One Corporation, Report on Audit of Fiscal Year 2001 Incurred Costs		
5-306-05-006-D	04/19/05	Audit of Costs Incurred in the United States by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from October 1, 2003 to June 30, 2004	1,103 318	QC UN
5-306-05-008-N	06/30/05	Financial Audit of Local Costs Incurred by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from January 1, 2005 to March 31, 2005, Including Contract Line Item No. 2 Costs for the Period from April 1, 2004 to June 30, 2004		
5-306-05-009-N	08/29/05	Financial Audit of Local Costs Incurred by the Louis Berger Group, Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period from April 1, 2005 to June 30, 2005, Including Contract Line Item No. 2 Costs for the Period from July 1, 2004 to June 30, 2005		
6-294-05-024-N	04/18/05	Audit of USAID Resources Managed by Associates in Rural Development Under Award No. 294-C-00-99-00156-00, Strengthen the Capability of the Palestinian Legislative Council, for the Period from October 1, 2001 to September 30, 2002	1 1	QC UN
6-263-05-031-N	05/09/05	Financial Audit of Locally Incurred Costs Under Contract No. PCE-I-00-98-00017-00, Task Order No. 845, PricewaterhouseCoopers/IBM, Privatization Implementation Project, for the Period October 1, 2002, through December 31, 2003	241	QC
6-294-05-036-N	09/20/05	Audit of the Fund Accountability Statement of USAID Resources Managed by Financial Markets International Under Contract No. PCE-I-00-99-00010-00 "Capital Markets Development Initiative Program" for the Period from July 5, 2000 to September 30, 2002	20	QC
6-294-05-038-N	09/20/05	Audit of USAID Resources Managed by Development Alternatives, Inc. Under Contract No. 294-C-00-99-00060-00 for the Period from September 1, 2002 to August 31, 2004	11	QC
6-294-05-039-N	09/21/05	Audit of the Fund Accountability Statement of USAID Resources Managed by Development Alternatives, Inc. Under Contract No. LAG-I-11-99-00017-00, "Gaza Desalination Plant," for the Period from December 18, 2001 to September 17, 2004		
E-267-05-010-D	04/28/05	Audit of Skylink Air and Logistical Support Inc.'s Labor Systems and Controls Under Contract No. DFD-C-00-03-00026-00 Conducted on December 28, 2004 and January 13, 2005		

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-267-05-011-D	05/15/05	Audit of Costs Billed by Research Triangle Institute Under Contract No. EDG-C-00-03-00010-00 for the Period of March 26, 2004 through September 30, 2004	418 87	QC UN
E-267-05-012-D	05/17/05	Audit of Costs Billed by Creative Associates International, Inc. Under Contract No. EDG-C-00-03-00011-00 from March 1, 2004 through August 31, 2004	37 2	QC UN
E-267-05-013-D	06/14/05	Audit of Costs Incurred and Billed to USAID by BearingPoint, Inc. Under USAID Contract No. RAN-C-00-03-00043-00, April 1, 2004 through September 30, 2004	13,332 12,892	QC UN
E-267-05-014-D	06/16/05	Audit of Costs Incurred and Billed by the International Resources Group from April 1, 2004 through May 4, 2004 Under Contract No. EMT-C-00-03-00007-00, and from May 4, 2004 through October 31, 2004 Under Contract No. 517-C-00-04-00106-00		
E-267-05-015-D	06/16/05	Audit of Costs Incurred by Bechtel National Inc. from March 1, 2004 to September 30, 2004 Under Contract No. EEE-C-00-03-00018-00 and from January 5, 2004 to September 30, 2004 Under Contract No. SPU-C-00-04-00001-00	118	QC
E-267-05-016-D	06/27/05	Audit of Costs Incurred and Billed by Abt Associates, Inc. from April 1, 2004 through September 24, 2004, Under Contract No. RAN-C-00-03-00010-00	13	QC
E-267-05-017-D	06/27/05	Audit of SkyLink Air and Logistic Support (USA), Inc. Costs for the Period March 1, 2004 through September 30, 2004, Under USAID Contract No. DFD-C-00-03-00026-00	301 17	QC UN
E-267-05-019-D	09/23/05	Audit of Material and Services Procured by Bechtel National, Inc. Under Contract No. EEE-C-00-03-00018-00 and SPU-C-00-04-00001-00 Between January and February 2005		
E-267-05-020-D	09/22/05	Audit of Costs Incurred by Siemens Westinghouse Under Subcontract No. 24910-30N-ESL-MG00-001 and Subcontract No. 24910-30B-ESD-MGSO-013 from Inception Until September 30, 2004		

### USAID Miscellaneous Reports

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>—QUALITY CONTROL REVIEWS—</b>				
0-000-05-004-Q	05/16/05	Quality Control Review of the Audit of Adventist Development and Relief Agency Performed by PricewaterhouseCoopers, for the Fiscal Year Ended September 30, 2002		

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

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
1-527-05-006-Q	04/01/05	Quality Control Review of the Audit of the Special Project, "Huallaga Central y Bajo Mayo," Grant Agreement No. 527-0348, Framework Sub-agreement for the Alternative Development Program (Between the National Commission for Development and Life Without Drugs), Managed by the National Institute for Development, for the Period from January 1, 2002 to June 30, 2003		
1-527-05-007-Q	05/05/05	Quality Control Review of the Audit of Three Projects - (1) Salud Reproductiva en la Comunidad (REPROSALUD) Cooperative Agreement No. 527-A-00-95-00372-04; (2) Coalicion para la Reforma del Congreso (CONSODE) Cooperative Agreement No. 527-A-00-02-00167-00; and (3) MercoMujer Cooperative Agreement No. GEG-A-00-01-00002-00, Managed by the Movimiento Manuela Ramos (MMR) for the Year Ended December 31, 2003		
1-522-05-008-Q	05/10/05	Quality Control Review of Audit Reports and Work Papers Related to Agreement No. 522-A-00-98-00116-00 and No. 522-A-00-93-00264-00		
1-522-05-009-Q	05/17/05	Quality Control Review of Audit Report and Work Papers Related to the Financial Statement Audit of the USAID-Funded Municipal Development Program, Managed by the Foundation for Municipal Development, for the Year Ended December 31, 2002 and the Close-out Audit for the 9-Month Period Ending September 30, 2003		
1-524-05-010-Q	07/28/05	Quality Control Review of the Close-out Audit of the Fund Accountability Statement of the Voter Documentation Support Program, Grant Agreement No. 524-0373, Managed by the Consejo Supremo Electoral, for the Period of July 20, 2001 to November 30, 2001		
1-519-05-011-Q	08/22/05	Quality Control Review of Audit Report and Work Papers Related to the Financial Statement Audit of the "Earthquake Recovery Program," Agreement No. 519-0458, Managed by the National Popular Housing Fund, for the Quarter Ended June 30, 2004		
4-674-05-003-Q	04/12/05	Quality Control Review of the Audit of the South African National Roads Agency Limited for the Financial Year Ended March 31, 2004		
4-621-05-004-Q	05/20/05	Quality Control Review of the Audit of the Reproductive and Child Health Initiative, Under USAID Strategic Objective Agreement No. 621-001-01, Project Implementation Letters 51, 53, 54, and 58 for the Period December 1, 2001 to June 30, 2003		
4-674-05-005-Q	05/13/05	Quality Control Review of the Audit of the Desmond Tutu Educational Trust Under USAID Grant Agreement No. 674-G-00-92-00038-00 for the Period January 1, 2002 to May 31, 2003		
4-674-05-006-Q	06/27/05	Quality Control Review of BDO Spencer Steward's Pretoria Office		
4-674-05-007-Q	07/12/05	Quality Control Review of the Recipient-Contracted Audit of the Hope Worldwide South Africa Under USAID Cooperative Agreement No. 674-A-00-01-00042-00 for the Period January 1 to December 31, 2003 Performed by Henk Prinsloo & Partners (Pretoria, South Africa)		

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

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-674-05-008-Q	08/04/05	Quality Control Review of the Recipient-Contracted Audit of the South African Institute of Race Relations Under USAID Cooperative Agreement No. 674-A-00-90-00039-00 for the Period April 1, 2002 to March 31, 2003 Performed by Ernst & Young (Johannesburg, South Africa)		
4-615-05-009-Q	08/19/05	Quality Control Review of the Recipient-Contracted Audit of the Kenya Wildlife Services Under USAID/Kenya Project No. 615-0247 for the Period July 1, 2000 to June 30, 2001 Performed by Deloitte & Touche (Nairobi, Kenya)		
4-623-05-010-Q	09/16/05	Quality Control Review of the Recipient-Contracted Audit of the Inter-Governmental Authority on Development, Horn of Africa Support Project Under USAID Award No. 625-0006 for the Period January 1 to December 31, 2003, Performed by Ernst & Young (Nairobi, Kenya)		
4-623-05-011-Q	09/20/05	Quality Control Review of the Recipient-Contracted Audit of the Centre for African Family Studies Under USAID/REDSO/ESA Cooperative Agreement No. 623-0005-A-00-4143-00 for the Year Ended December 31, 2001, Performed by PricewaterhouseCoopers (Nairobi, Kenya)		
4-696-05-012-Q	09/23/05	Quality Control Review of the Audit/Evaluation of the Micro Projects Programme, Funded by the Delegation of the European Union in Rwanda, for the Period January 1, 2001 to December 31, 2002 Performed by KPS Associates (Kigali, Rwanda)		
5-492-05-001-Q	08/17/05	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Punongbayan & Araullo, City of Makati, Philippines, of the Alliance for Mindanao Off-Grid Renewable Energy Program, USAID/Philippines Cooperative Agreement No. 492-A-00-02-00006-00, Managed by the Winrock International Institute for Agricultural Development Philippines Branch, for the Period from February 22, 2002 to July 31, 2004		
6-263-05-001-Q	06/16/05	Quality Control Review of Audit Report Covering USAID Resources Managed by the Horticultural Exporters Improvement Association, through Grant Agreement Number 263-G-00-99-00010-00, for the Period from January 1, 2003 through December 31, 2003		
<b>—OTHER—</b>				
4-650-05-001-S	05/16/05	Survey of USAID/Sudan Field Office		
5-497-05-001-S	07/20/05	Risk Assessments of Major Activities Under USAID/Indonesia's Tsunami Recovery and Reconstruction Program		
5-383-05-002-S	09/02/05	Risk Assessments of Major Activities Under USAID/Sri Lanka's Tsunami Recovery and Reconstruction Program		
9-000-05-001-S	07/21/05	Memorandum Regarding the Calculation and Collection of U.S. Treasury Interest on the Development Credit Authority Guarantee Financing Account	435	BU

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

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>—ECONOMY AND EFFICIENCY—</b>				
1-521-05-007-P	04/11/05	Audit of USAID/Haiti's Tropical Storm Reconstruction Program		
1-532-05-008-P	04/12/05	Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Program		
1-514-05-009-P	07/05/05	Audit of USAID/Colombia's Internally Displaced Persons Program		
1-521-05-010-P	07/29/05	Audit of USAID/Haiti's Implementation of the President's Emergency Plan for HIV/AIDS Relief		
1-519-05-011-P	08/17/05	Audit of USAID/El Salvador's Cashiering Operations		
4-674-05-004-P	04/21/05	Audit of USAID/South Africa's Global Development Alliance Program		
4-696-05-005-P	06/10/05	Audit of USAID/Rwanda's Implementation of the President's Emergency Plan for AIDS Relief		
4-617-05-006-P	08/01/05	Audit of USAID/Uganda's Implementation of the President's Emergency Plan for AIDS Relief		
5-306-05-005-P	04/14/05	Audit of USAID/Afghanistan's Primary Education Program		
5-386-05-006-P	05/11/05	Audit of USAID/India's Global Development Alliances		
6-278-05-003-P	06/07/05	Audit of USAID/Jordan's Water Resources Management Activities		
6-294-05-004-P	07/06/05	Audit of USAID/West Bank Gaza's Oversight of Resources Managed by American Near East Refugee Aid Under Cooperative Agreement 294-A-00-02-00229-00		
6-263-05-005-P	07/17/05	Audit of USAID/Egypt's Severance Payments to Foreign Service National Employees		
7-611-05-005-P	07/27/05	Audit of USAID/Zambia's Implementation of the President's Emergency Plan for HIV/AIDS Relief		
7-608-05-006-P	07/28/05	Audit of USAID/Morocco's Results Achieved Under the Country Strategic Plan with Activities Ending in FY 2004		
7-685-05-007-P	08/30/05	Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities		
9-000-05-006-P	07/21/05	Audit of USAID's Global Development Alliances		
9-615-05-007-P	07/21/05	Audit of USAID/Kenya's Implementation of the President's Emergency Plan for AIDS Relief		
9-000-05-009-P	09/30/05	Audit of USAID's Implementation of the President's Emergency Plan for AIDS Relief		
A-000-05-007-P	06/28/05	Audit of USAID's Compliance with Provisions on Security Classification for Information System Managers at Critical Threat Missions		
A-000-05-008-P	09/26/05	Audit of USAID's Compliance with Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2005		
A-000-05-011-P	09/30/05	Audit of USAID's Access Controls Over Financial Management Systems and General Support Systems for Fiscal Year 2005		

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

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## Semiannual Report to the Congress

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<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
E-267-05-003-P	06/29/05	Audit of USAID/Iraq's Electrical Power Sector Activities		
E-267-05-004-P	06/30/05	Audit of USAID/Iraq's Water and Sanitation Rehabilitation Activities		
E-267-05-005-P	09/27/05	Audit of USAID/Iraq's Cash Control Procedures		

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

## Semiannual Report to the Congress

### African Development Foundation Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>—PROGRAMS AND OPERATIONS—</b>				
A-ADF-05-009-P	09/27/05	Audit of the African Development Foundation's Compliance with the Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2005		
<b>—ECONOMY AND EFFICIENCY</b>				
9-ADF-05-008-P	08/17/05	Audit of African Development Foundation's Monitoring, Reporting and Evaluation System	236 146	BU QC

### Inter-American Foundation Audit Reports

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>—PROGRAMS AND OPERATIONS—</b>				
A-IAF-05-010-P	09/29/05	Audit of Inter-American Foundation's Compliance with Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2005		

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 September 30, 2005**

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

\*Applies to USAID, ADF, and IAF.



## Semiannual Report to the Congress

# SIGNIFICANT AUDIT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION

As of September 30, 2005

## USAID

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-000-02-005-P	USAID's Staff Training and Development Activities	07/11/02	1	07/11/02	09/06
			2	07/11/02	09/06
			3	07/11/02	09/06
0-000-03-001-C	Report on USAID's Consolidated Financial Statements Internal Controls and Compliance for Fiscal Year 2002	01/24/03	2.2	01/24/03	12/05
A-000-04-003-P	Capping Report: USAID's Compliance with Federal Regulations in Awarding the Iraq Phase I Contracts	05/19/04	2	08/25/04	10/05
1-598-05-001-P	Regionalization Efforts in Latin America and the Caribbean	11/09/04	1	11/09/04	12/05
			2	11/09/04	12/05
			3	11/09/04	12/05
			4	11/09/04	12/05
			5	11/09/04	12/05
			6	11/09/04	12/05
			7	11/09/04	12/05
1-598-05-002-P	USAID's Bureau for Management, Office of Acquisition and Assistance's Administration of Audits Required Under Awards to Foreign and U.S. Recipients	12/03/04	1	12/03/04	12/05
			2	12/03/04	12/05
			3	12/03/04	12/05
			4	12/03/04	12/05
			5	12/03/04	12/05
			6	12/03/04	12/05
9-000-05-001-P	Field Support Mechanisms in the Global Health Bureau	12/07/04	1	12/07/04	12/05
			2	12/07/04	12/05
			3	12/07/04	12/05
9-611-05-002-P	USAID/Zambia's Global Development Alliances	12/28/04	1	12/28/04	11/05
			2	12/28/04	11/05
			3	03/21/05	02/06
A-267-05-005-P	USAID's Compliance with Federal Regulations in Awarding the Contract for Security Services in Iraq to Kroll Government Services International, Inc.	01/06/05	1	01/06/05	01/06
			2	01/06/05	01/06
			4	01/06/05	11/05
1-524-05-004-P	Management Activities of USAID/Nicaragua's Cognizant Technical Officers	01/26/05	1	01/26/05	10/05
			2	01/26/05	10/05

## Semiannual Report to the Congress

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
			3	01/26/05	10/05
			4	01/26/05	10/05
7-685-05-003-P	USAID/Senegal's Contracting Operations	01/31/05	1	01/31/05	10/05
			2	01/31/05	11/05
			3	01/31/05	11/05
1-527-05-005-P	USAID/Peru's Global Development Alliances	02/14/05	1	02/14/05	02/06
			2	02/14/05	02/06
6-608-05-001-P	USAID/Morocco's Management of Activities Under the Middle East Partnership Initiative	02/21/05	1	02/21/05	12/05
A-000-05-006-P	USAID's Information Technology Infrastructure	02/22/05	1	02/22/05	01/06
			3	02/22/05	10/05
			4	02/22/05	10/05
			7	02/22/05	11/05
			8	02/22/05	11/05
			9	02/22/05	11/05
5-306-05-003-P	USAID/Afghanistan's School and Clinic Reconstruction Program	03/14/05	1	03/14/05	10/05
			2	03/14/05	10/05
			3	03/14/05	10/05
4-621-05-003-P	Report on Follow-up of Recommendation Nos. 1 through 10 from the Audit of USAID/Tanzania's Participant Training Activities	03/15/05	6	03/15/05	10/05
			7	04/26/05	10/05
			8	03/15/05	10/05
9-000-05-004-P	USAID's Implementation of the Office of Management and Budget's Program Assessment and Rating Tool	03/25/05	1	03/25/05	11/05
			2	03/25/05	11/05
			3	03/25/05	11/05
5-388-05-004-P	USAID/Bangladesh's Nongovernmental Organization Service Delivery Program	03/31/05	4	03/31/05	12/05
B-118-05-002-P	USAID/Russia's Democracy Program	03/31/05	1	03/31/05	12/05
			2	03/31/05	12/05
			3	03/31/05	12/05
			4	03/31/05	12/05
			5	03/31/05	12/05
			6	03/31/05	12/05

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## Semiannual Report to the Congress

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### African Development Foundation

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
9-ADF-03-005-P	Audit of Awarding and Monitoring of Grants by the African Development Foundation	02/28/03	1	02/28/03	07/06
			2	02/28/03	07/06
			3	02/28/03	07/06
			5	02/28/03	07/06

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### Inter-American Foundation

***NOTHING TO REPORT***

## Reports Issued With Questioned And Unsupported Costs USAID

**April 1, 2005 through September 30, 2005**

REPORTS	NUMBER OF AUDIT REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS <sup>1</sup>
A. For which no management decision had been made as of April 1, 2005	62	\$30,682,955 <sup>2</sup>	\$21,662,247 <sup>2</sup>
B. Add: Reports issued April 1, 2005 through September 30, 2005	74	\$30,573,206 <sup>3</sup>	\$20,784,947 <sup>3</sup>
Subtotal	136	\$61,256,161	\$42,447,194
C. Less: Reports with a management decision made April 1, 2005 through September 30, 2005	97 <sup>4</sup>	\$37,542,321 <sup>5</sup>	\$23,443,452 <sup>5</sup>
i. Value of Recommendations Disallowed by Agency Officials		\$11,153,961	\$5,743,572
ii. Value of Recommendations Allowed by Agency Officials		\$26,388,360	\$17,699,880
D. For which no management decision had been made as of September 30, 2005	39	\$23,713,840 <sup>6</sup>	\$19,003,742 <sup>6</sup>

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

<sup>2</sup> Amounts include \$6,907,613 in Questioned Costs and \$3,945,302 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>3</sup> Amounts include \$17,230,848 in Questioned Costs and \$13,334,964 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>4</sup> Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here are again counted in the figure below it.

<sup>5</sup> Amounts include \$8,207,539 in Questioned Costs and \$4,368,398 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

<sup>6</sup> Amounts include \$15,874,791 in Questioned Costs and \$12,995,604 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

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*Semiannual Report to the Congress*


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**Reports Issued With Questioned  
And Unsupported Costs  
African Development Foundation  
April 1, 2005 through September 30, 2005**

REPORTS	NUMBER OF AUDIT REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS <sup>1</sup>
A. For which no management decision had been made as of April 1, 2005	0	\$0	\$0
B. Add: Reports issued April 1, 2005 through September 30, 2005	1	\$146,452	\$450
Subtotal	1	\$146,452	\$450
C. Less: Reports with a management decision made April 1, 2005 through September 30, 2005	1	\$146,452	\$450
i. Value of Recommendations Disallowed by Agency Officials		\$146,452	\$450
ii. Value of Recommendations Allowed by Agency Officials		\$0	\$0
D. For which no management decision had been made as of September 30, 2005	0	\$0	\$0

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

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

### USAID

**April 1, 2005 through September 30, 2005**

REPORTS	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
A. For which no management decision had been made as of April 1, 2005	1	\$372,338
B. Add: Reports issued April 1, 2005 through September 30, 2005	2	\$698,775
Subtotal	3	\$1,071,113
C. Less: Reports with a management decision made April 1, 2005 through September 30, 2005	2 <sup>1</sup>	\$807,338
i. Value of Recommendations Agreed to by Agency Officials		\$807,338
ii. Value of Recommendations Not Agreed by Agency Officials		\$0
D. For which no management decision had been made as of September 30, 2005	1	\$263,775

<sup>1</sup> This figure is not subtracted from the subtotal.

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*Semiannual Report to the Congress*


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

### African Development Foundation

**April 1, 2005 through September 30, 2005**

REPORTS	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
A. For which no management decision had been made as of April 1, 2005	0	\$0
B. Add: Reports issued April 1, 2005 through September 30, 2005	1	\$236,000
Subtotal	1	\$236,000
C. Less: Reports with a management decision made April 1, 2005 through September 30, 2005	1	\$236,000
i. Value of Recommendations Agreed to by ADF Officials		\$236,000
ii. Value of Recommendations Not Agreed by ADF Officials		\$0
D. For which no management decision had been made as of September 30, 2005	0	\$0

## Reporting Requirements

### USAID

#### **Summary of Instances in Which Information or Assistance Was Refused**

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

#### **Decisions and Reasons for Significant Revised Management Decisions**

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

#### **Significant Management Decisions with Which the Inspector General Disagrees**

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

#### **Remediation Plan**

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

The Office of the Inspector General's fiscal year 2005 audit of USAID's compliance with FFMIA concluded that the Agency had made significant strides to overcome its longstanding FFMIA noncompliance conditions and modernize its financial management systems. However, USAID still needs to:

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

USAID officials expect to be substantially compliant with FFMIA once the Phoenix Financial System is fully deployed to the Agency's overseas missions in April 2006.



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*Semiannual Report to the Congress*


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## OIG STATISTICAL SUMMARY

### USAID

As of September 30, 2005

#### INVESTIGATIVE ACTIONS

WORK LOAD			CIVIL	
CASES PENDING (03/31/05)	122		CIVIL REFERRALS	1
CASES OPENED	40		COMPLAINTS	1
CASES CLOSED	61		JUDGEMENTS/RECOVERIES	0
CASES PENDING (09/30/05)	101		SETTLEMENTS	3
HOTLINE CONTACTS	2,866			
CRIMINAL			ADMINISTRATIVE	
PROSECUTIVE REFERRALS	5		REPRIMANDS/DEMOTIONS	1
PROSECUTIVE DECLINATIONS	8		PERSONNEL SUSPENSIONS	23
INDICTMENTS	1		RESIGNATIONS/TERMINATIONS	5
CONVICTIONS	0		OTHER ADMINISTRATIVE ACTIONS	5
FINES	0		RECOVERIES	6
RESTITUTIONS	0		SUSPENSIONS/DEBARMENTS	0
			SAVINGS	3
			SYSTEMIC CHANGES	2

#### INVESTIGATIVE RECOVERIES

JUDICIAL RECOVERIES	\$38,160,000
ADMINISTRATIVE RECOVERIES	\$1,079,825
SAVINGS	\$4,540,156
<b>TOTAL INVESTIGATIVE SAVINGS/ RECOVERIES</b>	<b>\$43,779,981</b>



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The Semiannual Report to the Congress  
is available on the Internet at  
[www.usaid.gov/oig/public/semiann/semiannual1.htm](http://www.usaid.gov/oig/public/semiann/semiannual1.htm)