



**USAID**  
FROM THE AMERICAN PEOPLE

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



**April 1, 2006 - September 30, 2006**



# USAID

FROM THE AMERICAN PEOPLE

## **Mission**

The mission of the Office of Inspector General (OIG) is to contribute to and support integrity, efficiency, and effectiveness in all activities of the organizations for which it has oversight responsibilities.

## **Values**

In accomplishing our mission, OIG is committed to the following:

- Integrity
- Excellence
- Teamwork

## **Strategic Goals**

- Keep the U.S. Agency for International Development, the African Development Foundation, the Inter-American Foundation, and the Congress fully informed on those agencies' programs and operations and the need for, and progress of, corrective actions
- Promote improvements in the way that USAID advances sustainable development and global interests
- Help USAID achieve management and organizational excellence
- Promote better management of significant and unplanned matters
- Preserve and protect USAID program and employee integrity

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# MESSAGE FROM THE INSPECTOR GENERAL

**T**his Semiannual Report to Congress presents information regarding the United States Agency for International Development (USAID) Office of Inspector General's work and results achieved during the six-month period ending September 30, 2006. It is issued in accordance with the requirements of the Inspector General Act of 1978, as amended, and specifically addresses our oversight responsibilities for USAID, the African Development Foundation (ADF), and the Inter-American Foundation (IAF).

The work reported was planned and executed in support of OIG's five strategic goals:

- Keep the U.S. Agency for International Development, the African Development Foundation, the Inter-American Foundation, and the Congress fully informed on those agencies' programs and operations and the need for, and progress of, corrective actions
- Promote improvements in the way that USAID advances sustainable development and global interests
- Help USAID achieve management and organizational excellence
- Promote better management of significant and unplanned matters
- Preserve and protect USAID program and employee integrity

Significant OIG activity and achievements in support of these goals are described in this report, and comprehensive statistics and data regarding our efforts are also included.

OIG continues to use a collaborative, proactive, and results-oriented approach in support of the integrity, efficiency, and effectiveness of USAID, ADF, and IAF programs and operations.

Donald A. Gambatesa  
Inspector General



# EXECUTIVE SUMMARY

**D**uring this reporting period, OIG continued its audit and investigative work in support of USAID, ADF, and IAF. These efforts were planned in furtherance of OIG's five strategic goals, and positive results were realized overall as well as under each goal as follows.

## **Strategic Goal #1: Keep the U.S. Agency for International Development, the African Development Foundation, the Inter-American Foundation, and the Congress fully informed on those agencies' programs and operations and the need for, and progress of, corrective actions**

OIG briefed congressional staff and issued a follow-up audit report on the Cargo Preference audit that was published in 2001.

## **Strategic Goal #2: Promote improvements in the way that USAID advances sustainable development and global interests**

OIG conducted four audits of the President's Emergency Plan for

AIDS Relief as well as audits of Haiti's Management of its Public Law (P.L.) 480 Non-Emergency Monetization Program, Egypt's family planning activities, Guatemala's family planning projects and the Ukraine's Local Governance Program. In addition, OIG prepared a summary audit report of the Development Credit Authority.

## **Strategic Goal #3: Help USAID achieve management and organizational excellence**

OIG conducted audits of USAID's activities in limited-presence countries in Eastern Africa; a follow-up audit of the Regional Center for Southern Africa's Contractor Performance Evaluation Process; audits of Work Plans and Progress Reports in Mexico Scopes of Work for Field Support Task Orders; audits of the Procurement Evaluation Program; and worked with Supreme Audit Institutions (SAIs).<sup>1</sup> OIG also conducted audits of foreign recipients' compliance with financial audit requirements and provided oversight of financial audits conducted on OIG's behalf. In addition, OIG conducted information technology audits of the privacy program and of application controls for the Annual Reporting System.

## **Strategic Goal #4: Promote better management of significant and unplanned matters**

OIG conducted audits on programs in Iraq and Afghanistan, on tsunami reconstruction efforts in Indonesia, and on hurricane reconstruction in Jamaica and Grenada. It has also reported on audit work in the West Bank and Gaza.

## **Strategic Goal #5: Preserve and protect USAID program and employee integrity**

Personnel integrity investigations resulted in actions across government and contractor organizations as well as senior USAID management officials.

Specific activities are detailed by goal in the body of this report as well as in the statistics and data provided in the Reporting Requirements section. The following charts provide an overall summary of OIG results for this reporting period.

1. Supreme Audit Institutions 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.

This chart is a summary of the audits conducted and the results:

| Type of Report                       | Number of Reports | Monetary Recommendations (\$)* |
|--------------------------------------|-------------------|--------------------------------|
| <b>Financial Audits</b>              |                   |                                |
| USAID Programs and Operations        | 0                 | 0                              |
| Foundations' Programs and Operations | 0                 | 0                              |
| U.S.-Based Contractors               | 56                | 96,221,277                     |
| U.S.-Based Grantees                  | 21                | 1,456,444                      |
| Quality Control Reviews              | 3                 | 0                              |
| Foreign-Based Organizations          | 100               | 11,890,255                     |
| Quality Control Reviews              | 15                | 0                              |
| Enterprise Funds                     | 0                 | 0                              |
| <b>Performance Audits</b>            |                   |                                |
| USAID Economy and Efficiency         | 36                | 271,349                        |
| Foundations' Economy and Efficiency  | 2                 | 0                              |
| <b>Other</b>                         | 4                 | 0                              |
| <b>TOTAL</b>                         | <b>237</b>        | <b>109,839,325</b>             |

\* Monetary Recommendations include questioned costs and funds put to better use.



This chart summarizes investigative activity and results.

**OIG STATISTICAL SUMMARY**  
**USAID**  
**As of September 30, 2006**  
**INVESTIGATIVE ACTIONS**

| <b>WORKLOAD</b>          |    | <b>CIVIL</b>                 |    |
|--------------------------|----|------------------------------|----|
| CASES OPENED             | 75 | CIVIL REFERRALS              | 0  |
| CASES CLOSED             | 52 | COMPLAINTS                   | 0  |
|                          |    | JUDGEMENTS/RECOVERIES        | 0  |
|                          |    | SETTLEMENTS                  | 0  |
| <b>CRIMINAL</b>          |    | <b>ADMINISTRATIVE</b>        |    |
| PROSECUTIVE REFERRALS    | 6  | REPRIMANDS/DEMOTIONS         | 13 |
| PROSECUTIVE DECLINATIONS | 4  | PERSONNEL SUSPENSIONS        | 5  |
| INDICTMENTS              | 2  | RESIGNATIONS/TERMINATIONS    | 6  |
| CONVICTIONS              | 1  | OTHER ADMINISTRATIVE ACTIONS | 2  |
| FINES                    | 1  | RECOVERIES                   | 3  |
| RESTITUTIONS             | 1  | SUSPENSIONS/DEBARMENTS       | 1  |
|                          |    | SAVINGS                      | 1  |
|                          |    | SYSTEMIC CHANGES             | 1  |

**INVESTIGATIVE RECOVERIES**

|  |                  |
|--|------------------|
| JUDICIAL RECOVERIES                            | \$231,800        |
| ADMINISTRATIVE RECOVERIES                      | \$53,894         |
| SAVINGS  | \$238,953        |
| <b>TOTAL INVESTIGATIVE SAVINGS/ RECOVERIES</b> | <b>\$524,647</b> |

# SUMMARY OF RESULTS

**Strategic Goal #1:  
Keep the U.S. Agency for International Development, the African Development Foundation, the Inter-American Foundation, and the Congress fully informed on those agencies' programs and operations and the need for, and progress of, corrective actions.**

In accordance with the Inspector General Act of 1978, OIG keeps the leaders of USAID, ADF, IAF, and Congress informed on the status of significant OIG audit and investigative activities, problems, and issues. OIG issues reports on completed audits and investigations and meets periodically with the key officials and congressional staff to discuss matters of interest to them.

## OIG Participates in Briefings for Congressional Staff

During this period, OIG briefed staff from the Senate Armed Services Committee on the audit and investigative work OIG is conducting in Iraq. OIG informed the Committee staff that USAID OIG has had a presence in Iraq since early in 2003 and that OIG's regional office based in Baghdad is currently staffed with seven auditors and one investigator.

In addition, OIG met with representatives from the Senate Appropriations Committee and the House Government Reform Committee to discuss Tiahrt Amendment violations OIG identified in Guatemala. The Tiahrt Amendment contains requirements for international family planning projects supported by USAID. OIG subsequently issued its final audit report on this matter (see page 7).

## EXAMPLE OF AUDIT WORK

### OIG Conducts Follow-Up Audit on Cargo Preference

The United States implements its international food assistance initiatives through five food assistance programs, each of which is required by law to ship a certain percentage of tonnage on privately owned U.S.-flag commercial vessels. This requirement, known

as "cargo preference," is found in the Merchant Marine Act of 1936. OIG conducted a follow-up audit of USAID's Cargo Preference Reimbursement Under Section 901d of the Merchant Marine Act of 1936<sup>2</sup> to determine if the Director of USAID's Office of Food for Peace (FFP) took corrective action on an OIG recommendation. The recommendation was that FFP obtain from the U.S. Department of Agriculture's Commodity Credit Corporation (CCC) invoices to cover all outstanding cargo preference reimbursements for excess ocean freight and determine that all outstanding reimbursements had been recovered.<sup>3</sup>

As a result of OIG's 2001 audit work, USAID's FFP asked CCC to prepare and submit invoices to the Department of Transportation's Maritime Administration for the outstanding reimbursements for excess ocean freight. According to the follow-up audit, as of September 2004, USAID recovered approximately \$193 million in outstanding reimbursements and FFP officials have begun increasing management controls over the cargo preference reimbursement process.

2. "Follow-up Audit of USAID's Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936," April 27, 2006 (Audit Report No. 9-000-06-005-P).

3. In March 2001, OIG found that USAID was due an estimated \$175 million in outstanding reimbursements for excess ocean freight, "Audit of USAID's Cargo Preference Reimbursements under Section 901d of the Merchant Marine Act of 1936" (Audit Report No. 9-000-01-003-P).

## Strategic Goal #2: Promote improvements in the way that USAID advances sustainable development and global interests.

OIG conducts audits of USAID programs that improve health, education, and the environment; advance the growth of democracy and good governance; strengthen economic growth, development, and stability; and minimize the human costs of displacement, conflicts, and natural disasters. These audits help ensure that USAID has developed and implemented an effective system for managing and monitoring these programs so that they achieve their intended results.

### EXAMPLES OF AUDIT WORK

#### Improvements Are Needed in the President's Emergency Plan for 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 accelerate the delivery of HIV/AIDS-related 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 to Fight AIDS, Tuberculosis, and Malaria by \$1 billion over 5 years. The Emergency Plan's 5-year goal is to prevent 7 million HIV infections, provide palliative care to 10 million people affected by HIV/AIDS, and treat 2 million HIV-infected people.

OIG continues to audit the HIV/AIDS program. A series of audits was conducted in Tanzania,<sup>4</sup> Guyana,<sup>5</sup> South Africa,<sup>6</sup> and Nigeria<sup>7</sup> to determine if the missions' Emergency Plans for prevention and care activities met the planned outputs in grants, cooperative agreements, and contracts. These activities included, among others, preventing mother-to-child transmission, and increasing the number of (1) new counseling and testing outlets, (2) individuals who received counseling and testing, and (3) individuals trained in providing counseling and testing services.

OIG found that in Tanzania, Guyana, and Nigeria, the HIV/AIDS programs were not progressing as expected. Numerous issues were responsible for the lack of progress, including delays in funding the program, insufficient monitoring activities, and errors in reported data. Moreover, OIG could not determine if the HIV/AIDS program in South Africa was progressing because OIG could not verify reported outputs.



Photograph of a USAID-funded counselor testing blood samples for HIV in Soweto, South Africa.

Photograph of a recipient's staff member standing next to a USAID-funded van which is used for voluntary testing and counseling activities in Johannesburg, South Africa.

4. "Audit of USAID/Tanzania's Progress in Implementing the President's Emergency Plan for AIDS Relief," May 4, 2006 (Audit Report No. 9-621-06-006-P).
5. "Audit of USAID/Guyana's Progress in Implementing the President's Emergency Plan for AIDS Relief," May 25, 2006 (Audit Report No. 1-504-06-005-P).
6. "Audit of USAID/South Africa's Progress in Implementing the President's Emergency Plan for AIDS Relief," August 11, 2006 (Audit Report No. 4-674-06-013-P).
7. "Audit of USAID/Nigeria's Progress in Implementing the President's Emergency Plan for AIDS Relief," August 31, 2006 (Audit Report No. 7-620-06-004-P).

OIG made 14 recommendations to improve the missions' controls in these areas.

These recommendations included ensuring that USAID partners receive adequate funds in a timely manner, requiring that partners implement monitoring plans, and developing specific procedures to verify data.

Final action has been taken on four recommendations, and management decisions have been reached on ten.

## **USAID/Haiti Achieved Its Planned Outputs in Its P.L. 480 Activities But Improvements Are Needed**

USAID's P.L. 480 Title II monetization activities involve the selling of agricultural commodities to obtain foreign currency for use in U.S. assistance programs. USAID missions use monetized funds to finance operational costs to distribute food aid or to finance other development projects within their programs such as health, infrastructure, and governance.

OIG conducted an audit of USAID/Haiti's Management of its P.L. 480 Non-Emergency Monetization Program<sup>8</sup> to determine if

USAID/Haiti's P.L. 480 non-emergency monetization activities were achieving selected planned outputs. This was the first in a series of audits planned for fiscal year 2007.

OIG found that USAID/Haiti's P.L. 480 Title II non-emergency monetization activities were achieving selected planned outputs. However, OIG found that USAID/Haiti had not developed a current Strategic Plan or Performance Management Plan.

OIG recommended that USAID/Haiti complete the development of its 2007/2009 Strategic Plan and associated Performance Management Plan, and obtain the approval of the Latin American and Caribbean Bureau for the 2007/2009 Strategic Plan.

A management decision was reached on the first recommendation, and final action was taken on the second.

## **Family Planning Program Activities Can Be Improved**

Since 1977, USAID/Egypt has assisted the Government of Egypt in the area of population and health. As of September 2005, USAID/Egypt obligated about \$374 million specifically for family planning activities.

OIG performed an audit of USAID/Egypt's Family Planning Activities<sup>9</sup> to determine if selected



Photograph of members of a local community association responsible for maintaining an agricultural irrigation project financed through USAID/Haiti's monetization program in Les Cayes, Haiti.

8. "Audit of USAID/Haiti's Management of P.L. 480 Non-Emergency Monetization Program," September 28, 2006 (Audit Report No. 9-521-06-010-P).

9. "Audit of USAID/Egypt's Family Planning Activities," September 28, 2006 (Audit Report No. 6-263-06-001-P).

activities had progressed towards their intended outputs. Family planning activities did not progress as intended for 30 of the 59 activities reviewed. These included activities such as establishing youth-friendly clinics at Egyptian universities, training providers, conducting 15 training courses for outreach workers in three governorates and urban poor areas, and developing a mechanism so that family planning and reproductive health products are available in all pharmacies. The activities did not meet their planned outputs primarily because of insufficient monitoring of the project's progress and funding cuts.

OIG recommended that USAID/Egypt increase oversight of the measurement, evaluation, and achievement of the approved objectives of the family planning program.

A management decision has been reached on this recommendation.

## **Local Non-Governmental Organization Did Not Comply with Requirements of the Tiahrt Amendment**

The Tiahrt Amendment contains specific requirements for international family planning projects supported by USAID. The Tiahrt Amendment's provisions that are relevant to USAID/Guatemala and a local non-governmental organization that collaborates with USAID/Guatemala through a cooperative agreement require that:

- Service providers or referral agents shall not implement or be subject to quotas relating to the number of births, the number of family planning acceptors, or the number of acceptors of a particular family planning method.
- The project shall not include payment of incentives to an individual in exchange for becoming a family planning acceptor or to program personnel for achieving a quota.
- The project shall not deny any right of access to participate in any program of general welfare or access to health care as a consequence of an individual's decision not to accept family planning services.
- The project shall provide family planning acceptors information on the health benefits and risks of the method chosen.

OIG conducted an audit of Compliance with the Tiahrt Amendment under USAID/Guatemala's Cooperative Agreements<sup>10</sup> with the organization to determine whether activities under this program complied with the Tiahrt Amendment.

The organization did not comply with the first two requirements of the Tiahrt Amendment. From September 2002 through June 2005, the organization violated the Tiahrt Amendment by establishing quotas and paying promoters in its marketing department bonuses based on the number of sterilizations performed. As a result, over \$66,000 in USAID funds were used for an ineligible purpose, to pay bonuses based on the number of sterilizations performed. OIG also identified opportunities to better ensure that sterilization clients receive sufficient information to make an informed decision.

OIG made six recommendations to USAID/Guatemala, including arranging training for appropriate personnel, establishing a plan for monitoring Tiahrt compliance, and requiring the organization to report its employee compensation plans. In addition, OIG recommended establishing a process within USAID/Guatemala for reporting future non-compliance with the Tiahrt requirements, resolving ineligible questioned costs of over \$66,000, and obtaining evidence that the organization provides information to potential sterilization clients.

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10. "Audit of Compliance with the Tiahrt Amendment Under USAID/Guatemala's Cooperative Agreements," August 21, 2006 (Audit Report No. I-520-06-007-P).

Management decisions have been reached on all six recommendations, and final action has been taken on three.

When USAID became aware of the Tiahrt Amendment violation, USAID missions with family planning projects were directed to review their programs for compliance with the Tiahrt Amendment.

## Data Quality Could Be Improved for Local Governance Program

USAID/Ukraine's Local Governance Program seeks to enhance the capacity of local governments to deliver municipal services, develop transparent financial planning and management strategies, and provide forums for an informed citizenry to actively participate in local decision-making. OIG conducted an audit of USAID/Ukraine's Local Governance Program<sup>11</sup> to determine if USAID/Ukraine was monitoring the program in accordance with USAID guidance to ensure that program activities were progressing as intended.

While OIG found that most of the performance data was accurate, some data was incomplete, erroneous, or not adequately supported. For example, one USAID/Ukraine partner did not maintain documentation to support its results, and the mission staff had not validated reported improvements for that partner. In addition,

USAID/Ukraine changed its basis for measuring programs under one of its performance indicators by reducing the previous performance target without documenting its justification for the change.

OIG recommended that USAID/Ukraine develop procedures to ensure that performance data is verified and reviewed, and that changes are documented.

Final action has been taken on both recommendations.

## USAID Should Strengthen Procedures for Its Development Credit Authority

The Development Credit Authority (DCA) allows USAID to use credit as a flexible development tool for a wide range of development purposes under the Foreign Assistance Act. Access to credit is a chronic problem in less-developed countries. Private lenders and investors are often unwilling to lend funds to a particular sector or borrower, or impose heavy collateral requirements and short repayment periods. To help overcome these obstacles, USAID has used DCA guarantees to encourage private sector financial institutions to lend to development projects that would most likely not



Photograph of a tarpaulin factory in Binh Duong Province, Vietnam. A small and medium enterprises loan guarantee helped the borrower build this factory and expand his business.

11. "Audit of USAID/Ukraine's Local Governance Program," July 10, 2006 (Audit Report No. 8-121-06-004-P).

be funded and stimulate the development of effective credit markets.

OIG summarized the audit work conducted at five USAID missions in an audit of USAID's Development Credit Authority.<sup>12</sup> These audits were designed to determine if USAID managed its DCA to ensure that selected intended results were achieved.

OIG found that in most cases USAID managed its DCA guarantees to ensure that many selected intended results were achieved. However, USAID needs to strengthen procedures related to (1) verifying borrower and loan eligibility and (2) establishing and monitoring utilization targets, and reviewing unused subsidies.

In its summary report, OIG recommended that USAID develop and issue policies and procedures to verify eligibility; clarify requirements for loans issued under portfolio guarantees; clarify roles and responsibilities for monitoring guarantee utilization targets; and issue guidance for reviewing unused subsidies.

Management decisions have been reached on all recommendations.

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12. "Audit of USAID's Development Credit Authority," September 25, 2006 (Audit Report No. 9-000-06-009-P).

## Strategic Goal #3: Help USAID achieve management and organizational excellence.

OIG conducts audits to ensure that USAID manages its human capital effectively and conforms to Office of Management and Budget (OMB) and Office of Personnel Management (OPM) initiatives and goals. OIG also audits USAID's strategic plan, congressional budget justification, annual reporting processes, and of its processes for awarding and administering acquisition and assistance instruments. In addition, OIG audits USAID's financial systems, oversees financial audits of USAID contractors and grantees, and promotes improvements in information technology infrastructure and security awareness.

### EXAMPLES OF AUDIT WORK

#### Programs in Limited-Presence Countries Can Be Improved

USAID usually manages its programs with an in-country mission with resident U.S. direct-hire and foreign national employees, and personal service contractors. USAID also funds new and continuing activities where it does

not maintain a resident mission. These countries are referred to as "limited-presence" countries.

OIG conducted an audit of USAID Activities in Limited-Presence Countries in Eastern Africa<sup>13</sup> to determine whether the Regional Economic Development Services Office/Eastern and Southern Africa (USAID/East Africa) monitored and reported activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures. OIG found that USAID/East Africa did not always prepare data quality assessments, approve performance management plans, report results accurately or properly, and establish performance indicators that measure only one aspect of the program as required. According to USAID guidance, performance indicators should be uni-dimensional. USAID/East Africa used one indicator to measure two aspects of an education program—enrollment and attendance. In order to report on both enrollment and attendance, two indicators would have been needed. As a result, they reported on enrollment only and did not measure attendance. Therefore, management did not have complete information in order to make decisions.

OIG made five recommendations to address conducting data quality assessments, approving performance management plans, establishing procedures so performance results are supported and reported accurately, and revising performance indicators to measure one aspect of the program.

Management decisions have been reached on four recommendations, and final action has been taken on one.

#### Contractor Performance Evaluation Process Needs To Be Strengthened

OIG conducted a follow-up audit of USAID/Regional Center for Southern Africa's (RCSA) Contractor Performance Evaluation Program<sup>14</sup> to determine if USAID/RCSA implemented two recommendations from a prior OIG audit. The prior audit determined that USAID/RCSA had not completed all the required interim and final evaluations of contracts and task orders in excess of \$100,000. Although USAID/RCSA had made progress in clearing its backlog of contractor performance evaluations, many were still in various stages of being completed. Failure to complete the evaluations in a timely manner resulted in important information on contractor performance not being recorded and, therefore, not being available for use in the future during source selection for new awards.

13. "Audit of USAID Activities in Limited-Presence Countries in Eastern Africa," September 21, 2006 (Audit Report No. 4-623-06-014-P).

14. "Follow-up Audit of USAID/Regional Center for Southern Africa's Contractor Performance Evaluation Program," May 18, 2006 (Audit Report No.4-690-06-007-P).



OIG made two additional recommendations: that USAID/RCSA prepare and issue written procedures to help its procurement staff initiate and complete all final and interim contractor performance evaluations as required, and modify its tracking system so that it can be used as intended.

A management decision has been made on the first recommendation, and final action has been taken on the second.

## USAID/Mexico Could Improve Its Use of Work Plans and Progress Reports

For fiscal year 2005, USAID/Mexico had contracts and cooperative agreements with 13 implementers. USAID/Mexico obligated over \$32 million and spent over \$14 million to fund activities in justice reform, government transparency and accountability, environmental protection, energy, microfinance and remittances, infectious diseases, and competitiveness.

OIG conducted an audit of the Completeness of USAID/Mexico's Work Plan Deliverables<sup>15</sup> to determine if USAID/Mexico ensured that its implementers completed deliverables as outlined in their annual work plans. For 10 of 13 contracts and cooperative agreements reviewed, USAID/Mexico ensured that its implement-

ing partners completed deliverables as outlined in their annual work plans. For the three remaining agreements, one implementer did not submit a work plan, one implementer's work plan did not describe deliverables in specific terms, and the third implementer did not clearly link its progress reports to its work plan.

In addition, USAID/Mexico did not follow policy requirements that encourage agencies to monitor the efficiency of its programs.<sup>16</sup> It did not obtain progress reports that related quantified outputs to cost data for any of the 13 agreements reviewed. This makes it difficult for USAID/Mexico to ensure that outputs and outcomes are achieved at the lowest cost.

OIG recommended that USAID/Mexico correct the deficiencies in three implementers' work plans and progress reporting formats and obtain progress reports from recipients and contractors that will permit USAID/Mexico staff to ensure that efficient methods and effective cost controls are used.

A management decision has been reached for the first recommendation but not for the second.

## Policies and Procedures Should Be Developed for the Use of Field Support Task Orders

The statutory and regulatory framework within which USAID operates helps to guide and standardize its stewardship of public funds as it carries out its foreign assistance program. USAID's contracting process is governed by the Federal Acquisition Regulation, supplemented by USAID's Acquisition Regulation. In fiscal year 2005, USAID's Office of Acquisition and Assistance reported that it had completed nearly 1,500 procurement actions, totaling over \$4.5 billion.

OIG conducted an audit of Scopes of Work for Field Support Task Orders Issued Under USAID/Washington Indefinite Quantity Contracts<sup>17</sup> to determine if the scopes of work clearly define the specific goods or services being procured.<sup>18</sup> OIG found that the scopes of work for the sampled field support task orders did not clearly define the specific goods and services being procured.

15. "Audit of the Completeness of USAID/Mexico's Work Plan Deliverables," June 2, 2006 (Audit Report No. I-523-06-006-P).

16. Efficiency measures are described in OMB Circular A-11, Part 26, Section 26.1 and OMB's "Guidance for Completing the Program Assessment Rating Tool," dated March 2005.

17. "Audit of Scopes of Work for Field Support Task Orders Issued Under USAID/Washington Indefinite Quantity Contracts," May 17, 2006 (Audit Report No. 9-000-06-008-P).

18. The term "field support task order" refers to a centrally managed task order written to support both USAID/Washington bureaus' technical leadership activities and related mission activities.

OIG recommended that USAID develop and issue policies and procedures to govern the purpose, content, and use of field support task orders issued under USAID/Washington indefinite quantity contracts.

Final action has been taken on this recommendation.

## **Procurement Evaluation Program Needs To Be Strengthened**

On October 13, 1994, the President signed Executive Order 12931 to ensure effective and efficient spending of public funds through fundamental reforms in government procurement by addressing three areas. One of these areas was to make procurement more effective by, for example, ensuring that Agency programs meet mission needs by: focusing on measurable results; understanding and meeting customer needs; and establishing clear lines of contracting authority and accountability.

OIG conducted an audit of USAID's Procurement Evaluation Program<sup>19</sup> to determine if USAID's evaluation of its procurement operations verifies and ensures that USAID has effectively implemented Executive Order 12931. USAID's Office of Acquisition and Assistance had a goal of evaluating procurement operations at all USAID missions every three years. This evaluation program was not a requirement of

Executive Order 12931; rather, it was a management tool developed by USAID to assess and evaluate USAID's compliance with the requirements of the Executive Order 12931.

OIG found that during the last three years, the Office of Acquisition and Assistance did not meet this goal and did not require missions to comply with recommendations.

OIG recommended that the Office of Acquisition and Assistance develop a plan to verify and ensure that USAID will effectively implement Executive Order 12931; and require missions to implement recommendations made by evaluation teams.

Final action has been taken on the first recommendation, and a management decision has been reached on the second.

## **OIG Works with Supreme Audit Institutions to Improve Their Capabilities**

OIG continued to work closely with selected SAIs. OIG establishes standards and procedures for SAI audits of USAID funds and oversees the SAIs' work. During this period, OIG reviewed and transmitted nine audit reports on host government agencies that were performed by SAIs on behalf of OIG. These reports audited about \$11.9 million in USAID funds, and identified

questioned costs of \$172,000, 18 internal control weaknesses, and 20 material instances of non-compliance with agreements.

OIG recommended that USAID review the questioned costs and recover any amounts determined to be unallowable and obtain evidence that the internal control and compliance conditions were corrected.

## **Compliance with Financial Audit Requirements Regarding Foreign Recipients Should Be Improved**

USAID administers most of its foreign assistance programs by awarding contracts, grants, and cooperative agreements, of which many are awarded to foreign organizations. In order to help ensure accountability over such funds, financial audits are conducted of foreign for-profit and non-profit organizations, host government entities, and local currency special accounts.

Foreign non-profit organizations spending more than \$300,000 of USAID funds during their fiscal years are required to have an annual financial audit performed. Closeout audits are required of recipients spending more than \$500,000 throughout the life of an award.

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19. "Audit of USAID's Procurement Evaluation Program," May 11, 2006 (Audit Report No. 9-000-06-007-P).

During this period, OIG conducted six audits<sup>20</sup> to determine if the selected USAID missions ensured that planned financial audits of foreign recipients were performed and submitted in accordance with USAID rules and regulations, and if the missions ensured that annual audit plans included all recipients from their award inventory that required a financial audit.

In fiscal year 2005, these missions had 212 non-U.S.-based recipients. During fiscal years 2003-2005, they reported budget authorizations of about \$1.3 billion for programs such as food security, HIV/AIDS and other essential health services, basic education, and democracy and governance.

Although the selected missions had made progress towards improving their recipient financial audit programs, there were several areas that needed improvement. For example, only 33 of 112 planned audits for fiscal years 2003-2005 were audited on a timely basis,<sup>21</sup> and many reports had to be corrected and resubmitted because they were not in compliance with applicable standards and guidelines. In addition, the audits identified 53 expired awards for \$159 million that were not audited even though audits were required.

OIG made 31 recommendations to the missions, including that the missions develop and implement an effective audit tracking system, obtain and submit all delinquent audit reports to OIG, review, approve, and maintain the audit agreements and standard statements of work, and amend local guidance.

Management decisions have been reached on 17 recommendations, and final action has taken place on 10. Management decisions have not been reached on 4 recommendations.

### **OIG Identified \$120 Million in Questioned Costs**

OIG maintains oversight of audit work conducted by federal and non-federal auditors. OIG then reviews DCAA's reports and transmits them to USAID management. In addition, OIG provides oversight of non-federal auditors who perform audits of U.S.-based non-profit 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 period, OIG issued 174 audit reports which identified about \$120 million in questioned costs, covering about \$2.9 billion audited. OIG also issued 18 quality control review reports covering \$188.3 million.

A significant example of OIG oversight occurred in the Latin America and the Caribbean region at USAID/Peru. As part of the program, OIG reviewed a recipient-contracted audit report for an organization that managed several USAID-funded activities. The audit covered over \$700,000 in USAID funds, about 4,300 metric tons of P.L. 480 Title II commodities and \$3.4 million in P.L. 480 monetization proceeds.<sup>22</sup> OIG identified about \$1.3 million in ineligible questioned costs. In reviewing the audit report and a separate financial review that was performed in conjunction with the audit, OIG and USAID/Peru identified an additional \$697,000 in questioned costs.

OIG recommended that USAID/Peru determine the allowability of about \$2 million in ineligible questioned costs and ensure that amounts determined to be unallowable are returned to the program or to the U.S. Government.

Management decisions will be reached when amounts to be returned or recovered are determined by the mission.

20. Six audits were conducted by OIG: "Audit of USAID/REDSO/ESA's Compliance with Financial Audit Requirements Regarding Foreign Recipients," May 22, 2006 (Audit Report No. 4-623-06-008-P); "Audit of USAID/Ethiopia's Compliance with Financial Audit Requirements Regarding Foreign Recipients," May 31, 2006 (Audit Report No. 4-663-06-009-P); "Audit of USAID/Tanzania's Compliance with Financial Audit Requirements Regarding Foreign Recipients," July 31, 2006 (Audit Report No. 4-621-06-010-P); "Audit of USAID/Kenya's Compliance with Financial Audit Requirements Regarding Foreign Recipients," July 31, 2006 (Audit Report No. 4-615-06-011-P); "Audit of USAID/Malawi's Compliance with Financial Audit Requirements Regarding Foreign Recipients," July 31, 2006 (Audit Report No. 4-612-06-012-P); and "Audit of USAID/Mozambique's Compliance with Financial Audit Requirements Regarding Foreign Recipients," September 22, 2006 (Audit Report No. 4-656-06-015-P).

21. This resulted in over \$62 million that was not audited in a timely manner.

22. Under P.L. 480 monetization programs, USAID typically permits a cooperating sponsor to auction P.L. 480 food commodities and use the proceeds to fund development programs and/or offset administration expenses in the host country.

## USAID Did Not Implement Key Components of a Privacy Program

The Privacy Act of 1974 (the Privacy Act) was created in response to concerns about the collection and use of personal information, which might impact an individual's privacy rights. The Privacy Act states that each agency that maintains a system of records shall retain only such information about an individual as is relevant and necessary.

In addition, the E-Government Act of 2002 was created to complement the national strategy to secure cyberspace. In accordance with the Privacy Act, OMB issued guidance that required federal agencies to, among other actions, conduct privacy impact assessments for electronic information systems and collections, make them publicly available, and post privacy policies on agency websites used by the public.

OIG conducted an audit of USAID's Implementation of Key Components of a Privacy Program for its Information Technology Systems<sup>23</sup> to determine if USAID implemented key components of a privacy program to mitigate the risk of violations of key information technology privacy requirements. Key components include a privacy management structure, policies and procedures, awareness and training, and monitoring compliance.

OIG determined that USAID did not implement the key components of a privacy program for its information technology systems to mitigate the risk of violation against key information technology privacy requirements.

OIG made nine recommendations. For example, OIG recommended that senior managers request that the Administrator appoint a senior-level Agency privacy official to develop and implement a privacy program and that the privacy official assign privacy roles and responsibilities, and develop and implement Agency-wide procedures for performing privacy impact assessments and responding to privacy violations.

Final action has been taken on the recommendation to request that the Administrator appoint a Chief Privacy Officer, and management decisions have been reached on the other eight recommendations.

## USAID Should Implement Effective Application Controls for Its Annual Report Application System

USAID developed, maintains, and operates the Annual Report Application system (AR system). The AR system supports USAID reporting needs by collecting program and resource information from worldwide operating units. The AR system is USAID's principal tool

to prepare USAID's congressional budget justification submission and Performance and Accountability Report.

OIG conducted an audit of Selected Application Controls over the Annual Report Application System<sup>24</sup> to determine whether USAID implemented effective application controls over the AR system.

OIG found that USAID did not implement effective application controls for the AR system. Consequently, USAID has limited assurance that the system's controls are effectively mitigating risks of unauthorized disclosure, modification, destruction, or loss.

OIG made seven recommendations to improve controls over the AR system, including that USAID ensure that the AR system is covered by a security plan, that a risk assessment is performed, and that improved password controls are implemented.

Management decisions were reached on all the recommendations.

23. "Audit of USAID's Implementation of Key Components of a Privacy Program for its Information Technology Systems," June 8, 2006 (Audit Report No. A-000-06-003-P).

24. "Audit of Selected Application Controls over the Annual Report Application System," September 27, 2006 (Audit Report No. A-000-06-005-P).

## Strategic Goal #4: Promote better management of significant and unplanned matters.

OIG partners with USAID to ensure adequate audit oversight of activities of intense USAID and congressional interest.

### EXAMPLES OF AUDIT WORK

#### OIG Could Not Determine If USAID/Iraq's Local Governance Activities Achieved Intended Outputs

When USAID/Iraq's local governance program began, Iraqi institutions were virtually unable to provide basic services such as water, sewer, electricity, and solid waste collection and disposal. During the initial year, the local governance program focused on: restoring basic services through the use of rapid response grants; developing transparent and accountable local and provincial governments by providing technical assistance; and strengthening civil society organizations by providing training. The second year of the program focused on facilitating Iraq's transition to a sovereign state, with an emphasis on institutional capacity building to enable local governments to take

responsibility for providing services to its citizens.

OIG conducted an audit of USAID/Iraq's Local Governance Activities<sup>25</sup> to determine if those activities achieved their intended outputs. OIG could not determine if USAID/Iraq's local governance activities achieved intended outputs because USAID/Iraq did not require its contractor to submit all reports and monitoring documents specified in the contract. Furthermore, USAID/Iraq did not properly approve all rapid response grants, prepare contractor performance evaluations, or review payment vouchers.

OIG made five recommendations to USAID/Iraq, including requiring its contractor to submit quarterly work plans and reports (including intended outputs and milestones). OIG also recommended that grants under contracts be approved by authorized mission personnel in accordance with the contract and USAID guidance. In addition, OIG recommended that contractor performance evaluations be prepared as required and that vouchers submitted by contractors and grantees be reviewed against the work performed.

Management decisions have been reached on two recommendations, and final action has been taken on one. Management decisions have not been reached on the recommendations to establish procedures to ensure that grants under contracts are approved by authorized mission personnel and to ensure that contractor performance evaluations are prepared.

#### OIG Could Not Determine If USAID/Iraq's Office of Transition Initiatives Achieved Intended Outputs

The Office of Transition Initiatives (OTI) was an active participant in reconstruction and governance activities in Iraq. OTI was established to support critical initiatives to build Iraqi confidence in the transition to a participatory, stable, and democratic Iraq through developing and awarding grants for investigations of crimes against humanity, democracy building, human rights, and civic programs. As of December 2005, about 4,800 grants valued at approximately \$323 million had been awarded.

OIG conducted an audit of USAID Transition Initiatives in Iraq<sup>26</sup> to determine if OTI achieved its intended outputs. OIG was not able to determine if OTI achieved its intended outputs because documentation to support outputs achieved or monitoring performed was not sufficient. OIG also planned to

25. "Audit of USAID/Iraq's Local Governance Activities," July 10, 2006 (Audit Report No. E-267-06-003-P).

26. "Audit of USAID Transition Initiatives in Iraq," August 16, 2006 (Audit Report No. E-267-06-004-P).

conduct site visits. However, site visits were possible for only 8 of the 81 activities. Therefore, OIG selected an additional 32 activities and successfully conducted site visits. Of the 32 activities visited, 31 met the intended outputs.

Overall, OIG found that controls relating to monitoring and documentation of grants could be improved and that OTI activities in Iraq needed to be better coordinated with other USAID/Iraq units to avoid duplication of efforts.

OIG made no recommendations as OTI/Iraq activities ended in June 2006, and no additional activities are planned.

## Some Highway Reconstruction Activities Suspended in Afghanistan

The Rehabilitation of Economic Facilities and Services (REFS) program continues to be the largest and most visible program being implemented by USAID/Afghanistan. Its purpose is to promote economic recovery and political stability by repairing infrastructure in Afghanistan. The original contract to implement the program, including road reconstruction and other infrastructure activities, had an estimated completion date of December 2005 and an estimated cost of \$155 million.

The completion date was later changed to December 2006, with an estimated cost of \$665 million. USAID/Afghanistan submitted another request to extend the contract to July 2007 and to increase the cost to \$730 million.

The major infrastructure project under the REFS program is the reconstruction of Afghanistan's major east-west highway, which runs from Kabul to Kandahar to Herat. The Kabul to Kandahar section has been completed, and the Kandahar to Herat section is now being constructed. The United States is funding the reconstruction of about 326 of the 557 kilometers of the Kandahar to Herat highway.<sup>27</sup>

OIG conducted an audit of USAID/Afghanistan's Reconstruction of the Kandahar-Herat Highway Under the the Rehabilitation of Economic Facilities and Services Program<sup>28</sup> to determine if the highway reconstruction activities were on schedule to achieve planned outputs. OIG found that, except for 24 kilometers of road work, USAID/Afghanistan's Kandahar-Herat highway reconstruction activities were on schedule. A delay in the request for additional funding by USAID/Afghanistan resulted in suspension of work on the 24 kilometers of highway and the extension of the completion date.



Photograph of a segment of the Kandahar-Herat highway in Herat, Afghanistan.

OIG recommended that USAID/Afghanistan develop and implement procedures with milestones to document, track and promptly resolve significant issues uncovered in its own monitoring efforts that could affect the progress of its reconstruction activities.

Final action has been taken on this recommendation.

27. Japan and Saudi Arabia are funding the remaining sections.

28. "Audit of USAID/Afghanistan's Reconstruction of the Kandahar-Herat Highway Under the Rehabilitation of Economic Facilities and Services Program," May 18, 2006 (Audit Report No. 5-306-06-005-P).

## Rural Expansion of Afghanistan's Community-Based Healthcare (REACH) Program Was Successful

The health of Afghans is among the worst in the world. Development indicators published by the World Bank and the United Nations rank Afghanistan at the bottom of virtually every category, including nutrition, infant, child, and maternal mortality, and life expectancy.

In 2003, USAID/Afghanistan awarded a 3-year, \$100 million contract to implement the REACH program. The contract was subsequently increased to about \$139 million. The goal of the program was to strengthen Afghanistan's health systems focusing on the health of women of reproductive age and children under age five in rural communities.

OIG conducted an audit of USAID/Afghanistan's Rural Expansion of Afghanistan's Community-based Healthcare (REACH) Program<sup>29</sup> to determine whether selected program activities achieved their planned outputs.

OIG found that selected activities under USAID/Afghanistan's REACH program achieved their planned outputs. Specifically, 19 of 20 selected activities achieved their planned outputs and one partly achieved its planned output. Outputs included, among other things, provision of various types of training, technical assistance to community health worker trainers, essential drugs to non-governmental organizations, and grants management.

OIG did not make any recommendations.

## Issues Affecting Some Afghanistan School and Clinic Reconstruction Need Resolution

USAID/Afghanistan is reconstructing schools and health clinics under its Rehabilitation of Economic Facilities and Services Program. OIG conducted an audit of USAID/Afghanistan's School and Health Clinic Reconstruction Activities<sup>30</sup> to determine if reconstruction activities were on schedule to achieve planned outputs.

USAID/Afghanistan's school and health clinic reconstruction activities, which had a total estimated cost of about \$92 million, were on schedule to achieve planned outputs. Specifically, in April 2006, USAID/Afghanistan and its implementing partners were on schedule to complete 705 of the 776 school and health clinic buildings planned to be constructed or refurbished.

Although it was on schedule to achieve its planned outputs, it has taken USAID/Afghanistan much longer than anticipated to reach this point. Factors such as deteriorating security and weather conditions, which were beyond the mission's control, were often responsible for the rollback of completion dates and changes to the number of buildings to be constructed.

However, USAID/Afghanistan also contributed to delays in completing the remaining 71 buildings. For example, one contractor requested that USAID/Afghanistan allow it to terminate the reconstruction of



Photograph of an Afghan child with her mother receiving medical care in a REACH-supported health clinic in Kabul, Afghanistan.

Photograph of a nurse teaching new Afghan mothers about hygiene and child care in Kabul, Afghanistan.

29. "Audit of USAID/Afghanistan's Rural Expansion of Afghanistan's Community-based Healthcare (REACH) Program," August 16, 2006 (Audit Report No. 5-306-06-007).

30. "Audit of USAID/Afghanistan's School and Health Clinic Reconstruction Activities," August 18, 2006 (Audit Report No. 5-306-06-008-P).

13 buildings because of dangerous security issues at the project sites. However, USAID/Afghanistan did not make a timely decision on how or if to finish the partially completed buildings.



Photograph of a clinic that provides basic health care services to 35-40 patients per day in Paktya, Afghanistan.

Also, USAID/Afghanistan did not extend an agreement with a partner to construct 51 additional buildings because of unacceptable performance, but did not ensure the timely transfer of the work to another partner for completion.

OIG recommended that USAID/Afghanistan make a decision regarding the 13 buildings and take the necessary action, and modify the scope of work to include the 51 buildings on another agreement.

A management decision was reached on the first recommendation and final action was taken on the second.

## Recording Expenditures for Tsunami Recovery and Reconstruction Activities Could Be Improved

Following the tsunami in December 2004 President Bush signed the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005. Of the \$656 million appropriated to USAID, about \$400 million was provided to USAID/Indonesia.

OIG conducted an audit of USAID/Indonesia's Tsunami Recovery and Reconstruction Program Activities<sup>31</sup> implemented by a USAID implementing partner to determine whether the selected activities were completed or progressing as planned.

As part of its tsunami recovery and reconstruction activities, USAID/Indonesia provided additional funding to support peaceful democratization and the environmental services program. OIG reviewed 9 of 50 activities and found that 5 democratization activities were completed as planned and 4 environmental services program activities were progressing. Although the environmental services program activities were progressing, OIG could not assess whether they were progressing as planned because the implementing partner had not set interim targets against which progress could be measured.

In addition, OIG found that USAID/Indonesia's accounting records did not separately capture all tsunami expenditures incurred by the implementing partner as required. As a result, the data reported to USAID/Washington for inclusion in a report to Congress differed significantly from both USAID/Indonesia's financial records and the implementing partner's reports.

OIG made two recommendations to assist USAID/Indonesia in improving its recording of tsunami expenditures.

Management decisions were reached on both recommendations.

## OIG Follow-up Audit Identified Continuing Weaknesses in Hurricane Recovery Activities

In October 2004, following the devastation caused by Hurricane Ivan and several other hurricanes, Congress approved \$100 million of supplemental funding for reconstruction efforts in the Caribbean for a one-year period ending on December 31, 2005. Subsequently, this period was extended through June 30, 2006. USAID/Jamaica received \$60 million from the supplemental appropriation.<sup>32</sup> The program in Grenada and Jamaica included community rehabilitation, business and agriculture rehabilitation, schools rehabilitation and re-supply,

31. "Audit of USAID/Indonesia's Tsunami Recovery and Reconstruction Program Activities," September 15, 2006 (Audit Report No. 5-497-06-009-P).

32. USAID/Jamaica received \$60 million and allocated \$40 million to Grenada, \$18 million to Jamaica, and \$2 million to the Bahamas and Trinidad and Tobago.



and support for government operations.

OIG conducted an audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Activities<sup>33</sup> to determine if the actions taken by USAID/Jamaica to address recommendations made in a prior OIG audit<sup>34</sup> were effective.

OIG determined that of the five recommendations made in the prior report, mission actions on three were effective in addressing the problems. These three recommendations related to obtaining qualified engineering services, conducting detailed voucher reviews, and conducting environmental reviews. However, the mission's actions in response to two other recommendations—related to establishing clearly defined roles for mission staff and the mission's oversight contractor, and achieving performance targets on time—were not effective.

Specifically, OIG reported that:

- New housing construction in Grenada and Jamaica was not completed on schedule.
- The cost of the new houses financed by USAID in Grenada was approximately one-third to one-half higher than the cost of comparable houses financed by the Government of Grenada, and the cost of new houses financed by USAID in Jamaica was more than double the cost of comparable houses financed by the Government of Jamaica.

- Ineligible costs of over \$63,000 were charged to the program, and costs of over \$21,000 were incorrectly classified.
- The mission's management oversight model was not as effective as intended.<sup>35</sup>
- Work valued at over \$341,000 was not completed as planned.

OIG made nine recommendations related to formalizing revised targets for the program, developing a plan to complete construction of new houses and turn them over to beneficiaries, controlling the costs associated with any additional subcontracts, recovering ineligible costs that were charged to USAID, and ensuring that reconstruction work financed by USAID is completed.

Final action has been taken on six recommendations, and management decisions have been reached on three.

## OIG's Oversight Activities Continue in the West Bank and Gaza

OIG's oversight activities in West Bank and Gaza included audits of USAID's cash-transfer program to the Palestinian Authority and continuing audits of USAID's contractors and grantees.

USAID contracted with independent public accounting firms to conduct concurrent audits of cash transfers to the Palestinian Authority, as well as financial audits and agreed-upon procedures of contractors, grantees, subcontractors, 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 period, OIG issued 9 final reports, identified 10 reportable conditions in internal controls, 15 material instances of non-compliance, and identified questioned costs of approximately \$1.4 million of the \$42.4 million audited.

OIG oversight activities during this period did not identify any instances where terrorist organizations received USAID funds.

33. Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Activities," April 28, 2006 (Audit Report No. I-532-06-004-P).

34. "Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Program," April 12, 2005 (Audit Report No. I-532-05-008-P).

35. USAID/Jamaica hired a contractor to assist with oversight of the other contractors.

## **OIG Provided Status of First 60 Financial Audits of West Bank and Gaza Activities**

To help USAID meet its expanded audit requirements under the Appropriation Acts of 2003, 2004, 2005, and 2006, OIG implemented a program to annually audit USAID's contractors and grantees, and significant subcontractors and subgrantees that receive USAID funding for the West Bank and Gaza Program.

As of June 5, 2006, OIG issued 60 final audit reports. These reports identified \$2.9 million in questioned costs of the \$134.9 million audited, 33 reportable conditions, and 68 material instances of non-compliance with agreement terms and applicable laws and regulations.

OIG plans to periodically issue status reports of work accomplished.

## Strategic Goal #5: Preserve and Protect USAID Program and Employee Integrity.

OIG conducts investigations and audits to prevent and detect fraud, waste, and abuse in programs and operations, and to preserve and protect program and employee integrity. To this end, OIG: conducts worldwide investigations into allegations of criminal, civil, and administrative violations relative to the programs and operations; conducts financial and performance audits; maintains a Hotline to make it easy to report allegations of fraud, waste, abuse, mismanagement or misconduct in programs or operations; provides fraud awareness training; and provides financial management training to USAID staff, partners, local audit firms and SAIs.

### EXAMPLE OF AUDIT WORK

#### Imprest Fund Not Managed Economically or Efficiently

Mission cashiering operations are governed by policies and procedures issued by the U.S. Department of the Treasury, the U.S. Department

of State, and USAID. A mission cashier, among other duties, maintains an imprest fund, makes cash payments from the imprest fund, and accepts payments on behalf of the U.S. government.<sup>36</sup> USAID/Nigeria is authorized to maintain a revolving imprest fund of \$100,000.

OIG conducted an audit of USAID/Nigeria's Cashiering Operations<sup>37</sup> to determine if USAID/Nigeria managed its cashiering operations efficiently, economically, and in accordance with USAID policies and procedures.

OIG determined that USAID/Nigeria generally managed its cashiering operations in accordance with applicable requirements. However, the mission did not manage the operations as economically or as efficiently as it could. OIG found that the cashier did not perform daily cash reconciliations and failed to follow up on outstanding advances. USAID/Nigeria's cashier is officially open every day from 9:00 a.m. to 12:00 p.m., allowing for uninterrupted time in the afternoon to perform other management activities.

However, there is no effective policy limiting the number of transactions performed outside of normal operating hours. As such, the cashier never closes because customers request service throughout the day.

OIG recommended that USAID/Nigeria develop policies to restrict transactions occurring outside the cashier's normal operating hours.

A management decision has been reached on this recommendation.

### EXAMPLES OF PROACTIVE EFFORTS

#### OIG Conducts 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.

36. The purpose of an imprest fund is to make small payments when the ordering of checks is not practical and where the best interests of the U.S. government are served by making payments in cash.

37. "Audit of USAID/Nigeria's Cashiering Operations," July 31, 2006 (Audit Report No. 7-620-06-003-P).

During this period, OIG provided financial management training in seven countries to over 400 individuals representing SAIs, local audit firms, mission staff, and USAID partners.

## Investigations: Prevention and Fraud Awareness

OIG employs a number of proactive strategies in order to prevent fraud. For example, fraud awareness training given to

employees, contractors, grantees and others alerts them to fraudulent practices and schemes and advises them on how to report fraud if it is encountered. When requested, the training is tailored to specific groups, such as contracting officers or cognizant technical officers

This chart illustrates the fraud awareness briefings conducted worldwide:

| Month            | Location              | Sessions | Attendees                | Type of Attendee                    |
|------------------|-----------------------|----------|--------------------------|-------------------------------------|
| <b>APR</b>       | Cairo, Egypt          | 1        | 62                       | ACDI/VOCA Egypt Employees           |
| <b>MAY</b>       | Ain Sukna, Egypt      | 1        | 30                       | USAID Personnel                     |
|                  | Cairo, Egypt          | 1        | 7                        | USAID/Egypt & USAID/Yemen Personnel |
|                  | Port au Prince, Haiti | 1        | 13                       | World Vision                        |
|                  | Port au Prince, Haiti | 1        | 8                        | CARE                                |
|                  | Port au Prince, Haiti | 1        | 15                       | USAID Contractor                    |
|                  | Port au Prince, Haiti | 1        | 5                        | USAID Contractor                    |
|                  | Columbia, MD          | 1        | 33                       | USAID New Entry Professionals       |
|                  | Washington, DC        | 1        | 30                       | USAID Contractor                    |
|                  | Port au Prince, Haiti | 1        | 34                       | USAID Contractor                    |
|                  | Port au Prince, Haiti | 1        | 16                       | USAID Contractor                    |
|                  | Port au Prince, Haiti | 2        | 53                       | USAID/Haiti Personnel               |
|                  | Washington, DC        | 2        | 39                       | USAID New Entry Professionals       |
| Pristina, Kosovo | 2                     | 92       | USAID/Pristina Personnel |                                     |
| <b>JUN</b>       | Cairo, Egypt          | 1        | 21                       | CARE/Egypt                          |
|                  | Washington, DC        | 1        | 26                       | CTO Assistance Management           |
|                  | Barbados              | 1        | 10                       | USAID/Barbados Personnel            |
|                  | Kingston, Jamaica     | 1        | 44                       | USAID/Jamaica Personnel             |
| <b>JUL</b>       | Paraguay              | 1        | 4                        | VENDE/Chemonics                     |
|                  | Paraguay              | 1        | 15                       | ALTER VIDA                          |
|                  | Paraguay              | 1        | 10                       | USAID Casals                        |
|                  | Paraguay              | 1        | 17                       | USAID/Paragnet                      |
| <b>AUG</b>       | Nothing to Report     |          |                          |                                     |
| <b>SEP</b>       | Cairo, Egypt          | 1        | 23                       | USAID/Egypt Personnel               |
|                  | Washington, DC        | 1        | 7                        | USAID Personnel                     |
| <b>TOTAL</b>     |                       | 27       | 614                      |                                     |

(CTO). Furthermore, investigations resulting in criminal and/or civil prosecution are publicized on USAID’s website and in other publications, calling attention to prosecutorial action taken against individuals or organizations whose illegal activities have targeted USAID programs.

In addition, OIG has developed several publications and promotional materials. “What an Investigation Means to You” outlines the types of activities that 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 while OIG’s “Fraud Indicators” publication encourages its reader to explore various techniques to identify indicators of fraud. Furthermore, OIG Hotline posters, flyers, and cards have been distributed worldwide. In an effort to expand OIG’s outreach efforts, these materials are produced in English, Spanish, French and Arabic.

During the reporting period, OIG received 2,210 hotline contacts. Of these, 28 were referred for possible case openings, 193 were referred to USAID, 9 were referred to other federal agencies, 13 were referred to other law enforcement agencies, and 6 were found to be unsubstantiated. The remaining contacts were solicitations for money, advertisements, or requests for general information that were non-OIG-related matters.

## **EXAMPLES OF INVESTIGATIVE WORK**

### **Investigation Leads to Sentencing of Foreign Service National**

An OIG investigation resulted in the indictment and arrest of a former Foreign Service National (FSN) employee on charges of theft and embezzlement in a joint investigation conducted with the Department of State. The FSN, who resigned from the USAID Mission Cashier’s Office to work for the U.S. Embassy Cashier’s Office, embezzled over \$200,000.

The FSN was sentenced to 30 months’ incarceration and ordered to pay \$214,000 in restitution after being arrested in Charleston, South Carolina by agents from USAID and the State Department.

### **Foreign Service National Embassy Employees Fired for Cause**

An OIG investigation of an Embassy General Services Office (GSO) revealed that three GSO employees used USAID procurements for personal financial gain. As a result of the investigation, the three GSO employees were terminated.

## **Foreign National Contractor Employee Indicted**

An investigation conducted by OIG regarding Non-Governmental Organization (NGO) embezzlement allegations resulted in a six-count, felony Grand Jury indictment against an NGO employee for 18 USC 1341 - Mail Fraud violations. The employee inflated expenses for the transport of emergency food aid which was submitted to the NGO for payment and later forwarded to USAID for reimbursement. The billing differential, an estimated \$250,000, was pocketed by the employee.

## **Further Funding Suspended Under USAID Grant**

A joint investigation conducted with Regional Inspector General /Frankfurt Audit and coordinated with USAID/Russia identified potential irregularities associated with a series of invoices that had been paid under a \$1.1 million USAID grant award. OIG was unable to verify the existence of the vendors involved. Based on the investigative results, USAID/Russia suspended further funding under the award pending a complete review.

## **Local Firm's USAID Grant Terminated**

An OIG investigation led to the termination of a local USAID grant. The firm, which submitted false information during the USAID funding application process, also submitted false billing statements at the inception of the grant. After several allegations were confirmed, the USAID mission quickly terminated the grant, resulting in a savings to the government of \$235,000.

## **Foreign Service National Employee Resigns in Lieu of Termination**

As a result of an OIG investigation, a USAID FSN employee resigned in lieu of termination. The employee had solicited kickbacks from a local real estate firm related to a proposed purchase of land by the USAID mission. Prior to the termination action, the employee resigned.

## **15 Foreign Service National Employees Reprimanded and/or Suspended**

An OIG investigation resulted in 10 USAID FSN employees being reprimanded and 5 being suspended. The investigation revealed that several USAID mission employees were abusing their government computer privileges by viewing, storing, and sending sexually explicit material on their government computers and through the government computer network system. Varying degrees of disciplinary action, ranging from

letters of reprimand to suspensions of duty, were administered by the mission.

## **Senior Foreign Service Officer Retires in Lieu of Suspension**

As a result of an OIG investigation, a member of the Senior Foreign Service (SFS) retired in lieu of a proposed 45-day unpaid suspension. The SFS Officer routinely abused his privilege to use a government-issued vehicle, which included the transport of visiting relatives to an unofficial recreational activity in a neighboring country. The investigation further revealed that the SFS Officer pre-selected the replacement for a departing mission officer and accepted gifts in his official capacity from prohibited sources valued over the \$20 threshold.

## **Investigation of Foreign Service National Employee Results in Termination**

As a result of an OIG investigation, a USAID FSN was terminated. The FSN used a government charge account to purchase automotive parts for a personal vehicle. After the OIG referred the matter to the USAID mission, the employee was terminated.

## **Investigation of Foreign Service National Employee Results in Letter of Reprimand and Systemic Change**

The OIG initiated an investigation after an anonymous source reported a conflict of interest violation by a FSN employee, who released sensitive and proprietary information to a competing USAID sub-contractor. The FSN violated the Standards of Ethical Conduct by requesting that a USAID sub-contractor, a company for which the employee was the CTO, consider hiring a close and personal friend. The employee received a letter of reprimand and was required to attend ethics training. As a result of the investigation, the mission implemented a new Ethics Accountability System that requires all FSNs to read and sign (in English or Spanish) the new ethics requirements form.

## **Foreign Service National Terminated for Falsifying Information Technology Invoices**

An OIG investigation has led to the termination of a USAID FSN. The employee created a fraudulent purchase order by cutting and pasting pieces of approved purchase orders into a document. When confronted with the evidence, the employee admitted creating the document and was terminated by the USAID mission.

# GENERAL STRATEGY FOR THE AFRICAN DEVELOPMENT FOUNDATION AND THE INTER-AMERICAN FOUNDATION

In 1999, the OIG assumed audit and investigative oversight of African Development Foundation (ADF) and Inter-American Foundation (IAF).

ADF, which began field operations in 1984, provides grants directly to community groups in Africa. Congress appropriated \$23 million to ADF in fiscal year 2006. Currently, ADF supports approximately 218 projects in 15 African countries. IAF was established in 1969 and provides development grants directly to local organizations in Latin America and the Caribbean.

Congress appropriated \$19.3 million to IAF in fiscal year 2006. Currently, IAF supports 240 projects in 25 countries. Both foundations are U.S. government corporations.

OIG's strategy includes conducting financial and performance audits of ADF and IAF. OIG contracts with non-federal auditors to perform financial audits and provides on-going technical audit advice and oversight. OIG issues annual financial statement audits of ADF and IAF.

Performance audits also play a role in maintaining effective controls within ADF and IAF. For that reason, OIG conducts performance audits of ADF and IAF periodically.





# **REPORTING REQUIREMENTS**

## USAID FINANCIAL AUDIT REPORTS ISSUED April 1, 2006 through September 30, 2006

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
|                |                | <b>--FOREIGN-BASED ORGANIZATIONS--</b>   |                             |                  |
| I-519-06-005-N | 08/11/06       | Financial Audits of the Earthquake Recovery Program (EREP), Small and Micro Business Activity, Technical Assistance Fund Sub-Activity, Grant Agreement 519-0458, Managed by the National Commission for the Micro and Small Enterprise (CONAMYPE), for the Years Ended December 31, 2004 and December 31, 2005   | 6<br>5                      | QC<br>UN         |
| I-527-06-067-R | 04/06/06       | Close-Out Financial Statement Audit for the Project "Reconstruction of the Nieva Bridge and Access," Administered by the Special Project for National Transport Infrastructure - PROVIAS Departmental, Under Strategic Objective Grant Agreement No. 598-0858, for the Period from May 1, 2004 to June 15, 2005  |                             |                  |
| I-527-06-068-R | 04/10/06       | Financial Statement Audit and Commodity Status Report of (1) Food Monetization Program PL-480, Title II, Monetization DAP, Agreement No. FFP-A-00-02-00019-00-02 and (2) Program to Support the Implementation of a Logistics System to Provide Overall Health Services by the Health Ministry, 2002-2006 General Working Plan, Agreement No. 527-A-00-96-00470-07, Managed by Asociacion Benefica Prisma for the Period from January 1, 2004 to December 31, 2004 and Report on the Financial Review of the Mico-Credit Program as of December 31, 2004 | 243                         | QC               |
| I-521-06-069-R | 04/18/06       | 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 Six Months Period Ended June 30, 2005  | 37<br>37                    | QC<br>UN         |
| I-522-06-070-R | 04/28/06       | Close-Out Fund Accountability Statement Audit of USAID/Honduras Resources Executed by the Secretariat of Natural Resources, Managed by the State Forestry Administration-Honduran Forestry Development Corporation, Under Project No. 522-0415, Effective and Sustainable Water Management, for the Period from July 11, 2003 to July 31, 2005   | 2                           | QC               |
| I-522-06-071-R | 05/08/06       | Close-Out Fund Accountability Statement Audit of USAID/Honduras Resources Managed by the State Forestry Administration-Honduran Forestry Development Corporation, Under Project No. 522-0415, Effective and Sustainable Water Management, Forest and Water Project, for the Period from July 11, 2003 to July 31, 2005   | 68<br>29                    | QC<br>UN         |
| I-521-06-072-R | 05/12/06       | Financial Statement Audit of USAID Program for the Recovery of the Economy in Transition, Project No. 521-A-00-99-00073-00, Managed by Societe Financiere Haitienne de Developpement S.A., for the Period October 1, 2003 to September 30, 2004  | 1<br>1                      | QC<br>UN         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| I-538-06-073-R | 05/19/06       | Close-out Audit of the Fund Accountability Statement of the Administration of Justice Program No. 538-004-01, Managed by the Organization of Eastern Caribbean States, for the Period from July 1, 2004 to September 30, 2005  |                             |                  |
| I-519-06-074-R | 05/19/06       | Close-out Fund Accountability Statement Audit of USAID Resources, Managed by the National Commission for Micro and Small Enterprise, Under the Strategic Objective Grant Agreement No. 519-001, "Expanded Access and Economic Opportunities for Rural Families in Poverty," Activity No. 519-0460 "Growth of Enterprises Exports and Artisans," for the Period from January 1, 2004 to February 28, 2006 |                             |                  |
| I-527-06-075-R | 06/06/06       | 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, 2005   |                             |                  |
| I-520-06-076-R | 06/30/06       | Close-out Audit of the Fund Accountability Statement of the "Mejoras a la Calidad y Mercadeo del Cafe Project," Agreement No. CA-520-A-00-03-00045-00, Managed by the Asociacion National del Cafe, for the Period from January 22, 2003 to September 30, 2004   |                             |                  |
| I-522-06-077-R | 06/30/06       | Audit of the Fund Accountability Statement of the USAID/Trade Investment and Competitiveness Program, Cooperative Agreement No. 522-A-00-05-00303-00, Managed by Foundation for Investment and Development of Exports, for the Period from April 6, 2005 to December 31, 2005  |                             |                  |
| I-532-06-078-R | 06/30/06       | Close-out Audit of USAID Resources Managed by the Caribbean Community Secretariat Under Regional Strategic Objectives Grant Agreement Nos. 538-004-01, 538-005-01, 538-006-01, and 538-008-01, for the Period from January 1, 2005 to September 30, 2005   |                             |                  |
| I-512-06-079-R | 07/07/06       | Fund Accountability Statement Audit of the Grant No. 512-A-00-0003-00026-00, Managed by Instituto Internacional de Educacao do Brasil, for the Period from October 1, 2003 to September 30, 2004   | 88<br>88                    | QC<br>UN         |
| I-521-06-080-R | 07/06/06       | Fund Accountability Statement of USAID Resources Managed by La Fondation Heritage Pour Haiti Under Cooperative Agreement No. 521-A-00-02-00023-00 for the Period from October 1, 2004 to September 30, 2005  |                             |                  |
| I-532-06-081-R | 07/11/06       | Financial Audit of the Caribbean Centre of Excellence for Teacher Training Project Under Cooperative Agreement Number EDG-A-00-02-00038-00, Managed by the University of the West Indies/Joint Board of Teacher Education for the Period from August 1, 2004 to July 31, 2005  | 1                           | QC               |
| I-521-06-082-R | 07/12/06       | Financial Statement Audit for USAID/Haiti's Resources Under Cooperative Agreement No. 521-A-00-05-00010-00, for the Period from November 29, 2004 to September 30, 2005, Managed by Fondation Haitienne de L'Environnement   | 80<br>80                    | QC<br>UN         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| I-532-06-083-R | 07/17/06       | Financial Audit of the Uplifting Adolescents Project II Under Cooperative Agreement No. 532-A-00-01-00002-00, Managed by People's Action for Community Transformation for the Period from July 1, 2003 to June 30, 2004  | 20<br>17                    | QC<br>UN         |
| I-520-06-084-R | 07/14/06       | Audit of the Fund Accountability Statement of the Project Industrias para la Paz, Cooperative Agreement No. 520-A-00-99-00069-00, Administered by Asociacion Gremial de Exportadores de Productos no Tradicionales de Guatemala, for the Year Ended June 30, 2004  |                             |                  |
| I-520-06-085-R | 07/14/06       | Audit of the Fund Accountability Statement of the Project Industrias para la Paz, Cooperative Agreement No. 520-A-00-99-00069-00, Administered by Asociacion Gremial de Exportadores de Productos no Tradicionales de Guatemala, for the Year Ended June 30, 2005  |                             |                  |
| I-527-06-086-R | 07/18/06       | Fund Accountability Statement and Commodity Status Report of the Food Monetization Program PL-480, Title II, "Program for Opportunities for Regional Economic Development to Reduce Social Exclusion," Cooperative Agreement No. FFP-A-00-02-00023-01, Managed by CARITAS del Peru, for the Period from January 1, 2004 to December 31, 2004 and Report on the Financial Review of the Micro-Finance Program as of December 31, 2004 |                             |                  |
| I-532-06-087-R | 07/25/06       | Fund Accountability Statement Audit of the HIV/AIDS Prevention and Control Activity, Agreement No. 532-011, Managed by the Ministry of Health, for the Period from January 1, 2005 to September 30, 2005   | 1<br>1                      | QC<br>UN         |
| I-532-06-088-R | 10/27/06       | Close-out Financial Audit of the Micro-Finance Loan Project No. 532-A-00-01-00069-00, Managed by the Jamaica National Building Society, for the Period from April 1, 2004 to June 30, 2005   |                             |                  |
| I-527-06-089-R | 08/02/06       | Audit of the Fund Accountability Statement for the Activity, "Strengthened Environmental Management to Attend Priority Problems," Agreement No. 527-0407, Managed by the Instituto Nacional de Recursos Naturales, for the Period from March 1, 2005 to December 31, 2005  | 9<br>1                      | QC<br>UN         |
| I-527-06-090-R | 08/10/06       | Close-Out Financial Statement Audit of the Program "Participacion y Vigilancia de la Sociedad Civil en la Reforma Y Desempeno del Sistema de Administracion de Justicia," Agreement Number 527-A-00-02-00221, Managed by Instituto de Defensa Legal for the Period from January 1, 2005 to March 31, 2006  |                             |                  |
| I-527-06-091-R | 08/10/06       | 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 January 1, 2004 to December 31, 2005   |                             |                  |

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

| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>   | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| I-596-06-092-R       | 08/11/06              | Audit of the Fund Accountability Statement of the Project Small Grants for the Environmental Management Program Cooperative Agreement No. 596-A-00-03-00058-00, Managed by the Centro Agronomico Tropical de Investigacion y Ensenanza for the Period from March 12, 2003 to December 31, 2004              |                                    |                         |
| I-527-06-093-R       | 08/14/06              | Financial 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 la Desarrollo de al Micro y Pequena Empresa, for the Year Ended December 31, 2005 |                                    |                         |
| I-527-06-094-R       | 08/23/06              | Financial Audit of USAID Grant Agreement No. 527-0375, "Coverage with Quality Project," Managed by the Ministry of Health - Program for Administration of Management Agreements, for the Period from January 1, 2004 to December 31, 2005   | 3                                  | QC                      |
| I-522-06-095-R       | 08/29/06              | Financial Statement Audit of USAID Resources Managed by the Federacion de Organizaciones Privadas de Desarrollo de Honduras, Strengthening the Democratic Process in Honduras Project, Agreement No. 522-A-00-02-00350-00, for the Period from October 1, 2004 to September 30, 2005                        |                                    |                         |
| I-511-06-096-R       | 09/05/06              | Close-Out Fund Accountability Statement of the Population Council for Sustainable Development, Grant Agreement No. 511-0644.02, Managed by the Ministry of Sustainable Development and Planning, for the Period January 1 to March 31, 2005   |                                    |                         |
| I-527-06-097-R       | 09/08/06              | Financial Audit Report of USAID Agreement No. 527-0368, "Close Out Audit of SENREM Project," and Agreement No. 527-0407, "STEM Project," Managed by the National Environmental Council, for the Period from January 1, 2004 through December 31, 2004   | 90<br>90                           | QC<br>UN                |
| I-511-06-098-R       | 09/07/06              | Fund Accountability Statement Audit of the Integral Health Project Chapare, Grant Agreement No. 511-0643, Managed by Ministry of Health and Sport, for the Year Ended December 31, 2005   |                                    |                         |
| I-522-06-099-R       | 09/08/06              | Close-out Fund Accountability Statement Audit of the Honduras Municipal Development Project No. 522-0340.00 (Child Survival Program), Managed by the Honduran Social Investment Fund/ Directorate of Major Infrastructure, for the Year Ended December 31, 2005   |                                    |                         |
| I-522-06-100-R       | 09/06/06              | Audit of the Fund Accountability Statement for the EDUCATODOS Program, Under Grant Agreement No. 522-0436, Managed by the Secretariat of Education, for the Year Ended December 31, 2005  | 1                                  | QC                      |
| I-532-06-101-R       | 09/14/06              | Close-out Financial Audit of Market Oriented Recovery of Exports Program No. 532-A-00-03-00011-00, Managed by the Jamaica Exporters' Association, for the Period from January 1, 2005 to June 30, 2005  |                                    |                         |

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

| Report Number  | Date of Report | Report Title  | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|---|-----------------------------|------------------|
| I-520-06-102-R | 09/14/06       | Audit of the Fund Accountability Statements of the Better Health for Rural Women and Children Projects, Cooperative Agreement Nos. 520-98-A-00-00037-00 and 520-A-00-05-00084-00, Managed by Asociacion Pro-Bienestar de la Familia de Guatemala, for the Periods Ended March 31, 2005 and December 31, 2005  |                             |                  |
| I-527-06-103-R | 09/18/06       | Financial Statement Audit of Strategic Objective Agreement No. 527-0404, Managed by the National Commission for Development and Life Without Drugs, for the Period from January 1, 2004 to December 31, 2005  | 7<br>4                      | QC<br>UN         |
| I-527-06-104-R | 09/29/06       | Fund Accountability Statement and Commodity Status Report of the Food Monetization Program PL-480, Title II, "Program for Opportunities for Regional Economic Development to Reduce Social Exclusion" - PODERES, Managed by CARITAS del Peru, for the Period from January 1, 2005 to December 31, 2005 and Report on the Financial Review of the Microfinance Program as of December 31, 2005 |                             |                  |
| I-526-06-105-R | 09/29/06       | Financial Statement Audit of Programs No. 526-A-00-01-00074-00, Civil Society and No. 526-A-00-01-00100-00, Health Decentralization and Community Participation, Managed by the Fundacion Comunitaria Centro de Informacion y Recursos Para el Desarrollo, for the Year Ended December 31, 2005   | 50                          | QC               |
| I-526-06-106-R | 09/29/06       | Financial Statement Audit of Programs No. 526-A-00-04-00027-00, Paraguay Good Governance and Anti-Corruption Program, Managed by the Alter Vida Association, for the Period from October 1, 2004 to December 31, 2005   |                             |                  |
| 4-674-06-007-N | 04/28/06       | Closeout Agreed-Upon-Procedures Review of USAID/South Africa's Resources Managed by the Desmond Tutu Educational Trust Under Grant No. 674-G-00-92-00038-00 and Sub-Award Under Contract No. 674-C-00-98-00030-00 for the Period January 1, 2001 to May 31, 2003  | 1,673<br>479                | QC<br>UN         |
| 4-690-06-008-N | 05/04/06       | Closeout Audit of USAID/RCSA's Resources Managed by the Southern African Development Community - Parliamentary Forum Under Limited Scope Grant Agreement No. 690-0304 for the Period September 17, 2002 to September 30, 2005   | 231<br>165                  | QC<br>UN         |
| 4-674-06-017-R | 04/19/06       | Closeout Audit of Hope Worldwide South Africa Under USAID Cooperative Agreement No. 674-A-00-01-00042-00 for the Period January 1 to June 30, 2004  | 50<br>37                    | QC<br>UN         |
| 4-696-06-018-R | 04/20/06       | Closeout Audit of the Ministry of Gender and Women in Development's Women in Transition Initiatives Project Under USAID Award No. 968-5004.96 for the Period February 1, 2001 to September 30, 2002   | 13                          | BU               |
| 4-612-06-019-R | 06/27/06       | Closeout Audit of the Creative Centre for Community Mobilization under USAID Agreement No. 690-A-00-00-00012-00 for the Period April 1, 2003 to June 30, 2004.  | 832<br>716                  | QC<br>UN         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| 4-623-06-020-R | 07/28/06       | Audit of the Centre for African Family Studies Under USAID Cooperative Agreement No. 623-A-00-02-00107-00 for the Period January 1 to December 31, 2004  | 2                           | QC               |
| 4-663-06-021-R | 08/03/06       | Closeout Audit of the Federal Supreme Court Judicial Training Program and Backlog Reduction Program under USAID Award No. 663-0007, Project Implementation Letters 19 and 23, and Award No. 663-000-04 for the Period July 8, 2002 to May 31, 2004   |                             |                  |
| 4-617-06-022-R | 08/25/06       | Audit of USAID Resources Managed by the Joint Clinical Research Center (JCRC) under Cooperative Agreement No. 617-A-00-04-00003-00 for the Period December 4, 2003 to June 30, 2004  | 563<br>155                  | QC<br>UN         |
| 5-493-06-019-R | 05/05/06       | Financial Audit of the Accelerated Economic Recovery in Asia Program, USAID Cooperative Agreement No. 442-A-00-99-00072-00, Managed by the Kenan Foundation Asia, for the Period from October 1, 2003, to September 30, 2004   | 53                          | QC               |
| 5-391-06-020-R | 05/11/06       | Financial Audit of the Program Titled "Improved Pakistani Family Planning and Reproductive Health Services," USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01016-00, Managed by the Greenstar Social Marketing Pakistan (Guarantee) Limited (Greenstar), for the Period from November 7, 2003, to June 30, 2004 |                             |                  |
| 5-386-06-021-R | 05/12/06       | Financial Audits of USAID Resources Managed by Voluntary Health Services for the Year Ended March 31, 2005   | 123<br>1                    | QC<br>UN         |
| 5-367-06-022-R | 05/15/06       | Financial Audit of the Project Titled "Certification and Sustainable Marketing of Non-Timber Forest Product," USAID/Nepal Cooperative Agreement No. 367-A-00-02-00209-00, Managed by the Asia Network for Sustainable Agriculture and Bioresources, for the Period from January 1, 2004 to December 31, 2004           | 7<br>1                      | QC<br>UN         |
| 5-386-06-023-R | 05/19/06       | Financial Audits of USAID Funds Managed by the ICICI Bank Limited, for the Period from April 1, 2004 to March 31, 2005   |                             |                  |
| 5-497-06-024-R | 05/22/06       | Financial Audit of the Program Titled "Promoting Forest Certification and Combating Illegal Logging in Indonesia," USAID/Indonesia Cooperative Agreement No. 497-A-00-02-00060-00, Managed by Yayasan WWF Indonesia, for the Period from July 1, 2004 to June 30, 2005   | 7                           | QC               |
| 5-386-06-025-R | 05/23/06       | Financial Audit of the Financial Institution's Reform and Expansion Project, USAID/India Grant Agreement No. 386-A-00-03-00175-00, Managed by the National Institute of Urban Affairs, for the Period from April 1, 2004 to March 31, 2005   | 1                           | QC               |
| 5-386-06-026-R | 06/07/06       | Financial Audit of the AVERT Project, USAID/India Project No. 386-0544, Managed by the AVERT Society, for the Period from April 1, 2004, to March 31, 2005.  | 60<br>5                     | QC<br>UN         |
| 5-388-06-027-R | 06/09/06       | Financial Audits of the National Integrated Population and Health (NIPH) Program, USAID/Bangladesh Cooperative Agreement No. 388-A-00-97-00033-00, Managed by the Social Marketing Company for the 24-month period ended September 30, 2003.   | 1,724<br>1,614              | QC<br>UN         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| 5-497-06-028-R | 07/28/06       | Closeout Audit of the Program Titled "Public Empowerment and Media Monitoring for Peaceful Election in 2004," USAID/Indonesia Cooperative Agreement No. AID 497-A-00-03-00029-00 for the Period from January 1, 2005 to September 30, 2005; Managed by the Yayasan Sains Estetika dan Teknologi      | 3<br>2                      | QC<br>UN         |
| 5-493-06-029-R | 08/18/06       | Financial Audit of the Accelerating Economic Recovery in Asia (AERA) Program, USAID Cooperative Agreement No. 442-A-00-99-00072-00. Managed by the Kenan Foundation Asia (Kenan), for the Period from October 1, 2004, to September 30, 2005   | 20                          | QC               |
| 5-386-06-030-R | 09/08/06       | Financial Audit of the Innovations in Family Planning Services Project, USAID/India Project No. 386-0527, Managed by the State Innovations in Family Planning Services Project Agency, for the Period from April 1, 2004 to March 31, 2005   | 2,375                       | QC               |
| 5-391-06-031-R | 09/13/06       | Financial Audit of the Rural Support Programmes Network -- USAID Grant Rewarding Innovations at the District Level, Agreement No. 391-A-00-03-01015-00, for the Nine Month Period Ended June 30, 2004  |                             |                  |
| 5-391-06-032-R | 09/26/06       | Financial Audit of the Rural Support Programmes Network - USAID Grant Rewarding Innovations at the District Level, Agreement No. 391-A-00-03-01015-00, for the Period Ended June 30, 2005  |                             |                  |
| 5-391-06-033-R | 09/27/06       | Financial Audit of the Developing Non-Bankable Territories for Financial Services Project, USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period from October 1, 2003, to December 31, 2004   |                             |                  |
| 6-263-06-010-R | 04/09/06       | Financial Audit of USAID Resources Managed by the Egyptian Foundation for Enterprise Development, Project No. 263-A-00-03-00049-00, Fund Accountability Statement, for the Period from August 5, 2003 through December 31, 2004  | 1                           | QC               |
| 6-294-06-011-N | 06/05/06       | 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 Number 294-W-008," for the Period From July 1, 2005, to September 30, 2005 (Seventh Reporting Period) |                             |                  |
| 6-263-06-011-R | 04/17/06       | Financial Audit of USAID Resources Managed by the Ministry of Health and Population Under Implementation Letter No. 2, USAID/Egypt's Improving and Sustaining Population Program, Grant Agreement No. 263-0287, Element No. 5, for the Period from April 1, 2003 to June 30, 2004                    | 1                           | QC               |
| 6-278-06-012-R | 04/19/06       | Financial Audit of USAID Resources Managed by the Royal Society for the Conservation of Nature, Socio-Economic Development for Nature Conservation, Under Cooperative Agreement Number 278-A-00-00-00212-00, for the Year Ended May 31, 2004   | 51                          | QC               |

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



| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>   | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 6-263-06-013-R       | 07/30/06              | Financial Audit of USAID Resources Managed and Expenditures Incurred by Ministry of Health and Population/Epidemiology Surveillance Unit/Infectious Disease Surveillance and Response, USAID/Egypt Grant Agreement No. 263-0287.03, Implementation Letter No. 1 for the Period From October 1, 2003, to December 31, 2005   |                                    |                         |
| 6-263-06-014-R       | 08/17/06              | Financial Audit of USAID Resources Managed and Expenditures Incurred by Customs Reform Unit (CRU), USAID/Egypt Grant Agreement No. 263-0284, Implementation Letter No. 3, for the Period From April 1, 2003, to December 31, 2005   |                                    |                         |
| 6-294-06-015-N       | 07/20/06              | Audit of USAID Resources Managed by Palestine for Credit and Development, Sub-Grant Agreement Number SC/FA001, Under Save the Children's Emergency Financial Services Program in the West Bank and Gaza, Cooperative Agreement with USAID No. 294-A-00-01-00129-00 for the Period from January 1, 2002 to May 31, 2005      |                                    |                         |
| 6-263-06-015-R       | 08/27/06              | Financial Audit of USAID Resources Managed and Expenditures Incurred by Ministry of Higher Education/Supreme Council of Universities/Health Workforce Development Project, USAID/Egypt Grant Agreement No. 263-0287.06 Local Support, Implementation Letter No. 2 for the Period From January 1, 2004, to December 31, 2005 |                                    |                         |
| 6-263-06-016-R       | 08/28/06              | Close-out Financial Audit of USAID Resources Managed and Expenditures Incurred by Horticultural Exporters Improvement Association Under USAID/Egypt Grant Agreement No. 263-G-00-99-00010-00 for the Period From January 1, 2004, to December 31, 2004  | 982                                | QC                      |
| 6-263-06-016-N       | 08/07/06              | Close-Out Financial Audit of USAID Resources Managed and Expenditures Incurred by National Council for Women/Women Business Development Center, USAID/Egypt Cooperative Agreement No. 263-A-00-02-00016-00, for the Period from January 1, 2004 to September 30, 2005   | 409<br>3                           | QC<br>UN                |
| 6-294-06-017-N       | 09/13/06              | Agreed-Upon Procedures on Selected Construction Contractors to Evaluate USAID Resources Provided Under West Bank and Gaza's Emergency Roads Rehabilitation Project Phase I  |                                    |                         |
| 6-263-06-017-R       | 09/28/06              | Financial Audit of USAID Resources Managed and Expenditures Incurred by Financial Sector Modernization Program/Competitive Environment for Investment/ Advisory and Monitoring Unit (AMU), USAID/Egypt Grant Agreement No. 263-0289.02, Implementation Letter No. 2 for the Period From April 1, 2005, to December 31, 2005 |                                    |                         |
| 6-263-06-018-R       | 09/28/06              | Financial Close-Out Audit of USAID Resources Managed and Expenditures Incurred by The Ministry of Health and Population Healthy Mother/Healthy Child Project (HM/HC), USAID/Egypt Grant Agreement No. 263-0287, Implementation Letter No. 4 for the Period From July 1, 2004, to December 31, 2005                          |                                    |                         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| 6-294-06-019-N | 09/28/06       | Audit of Community Development Group Subcontract Costs Under CH2MHILL's Integrated Water Resources (Phase III) Contract With USAID, Contract No. 294-C-00-00-00063-00, for the Period From September 25, 2001, to September 30, 2004 | 26                          | QC               |
| 7-685-06-001-N | 08/31/06       | Audit of USAID Resources Managed by the Agency for the Development of Social Marketing Under the Decentralized Quality Health Services Program in Senegal (No. 685-0309-00) for the Period September 3, 2003 to December 31, 2004    |                             |                  |
| 7-624-06-002-N | 09/29/06       | Consolidated Audit of USAID and Other Donor Resources Granted to the Permanent Interstate Committee for Drought Control in the Sahel for the Period January 1, 2004 to December 31, 2004   | 9<br>9                      | QC<br>UN         |
| 8-121-06-018-R | 04/26/06       | Recipient-Contracted Audit of International Charitable Organization "Center for Ukrainian Reform Education", Grant Agreement #121-A-00-02-00002-00, for the Year Ending December 31, 2004.   | 1                           | QC               |
| 8-118-06-019-R | 04/10/06       | Audit of IPO Junior Achievement Russia for USAID Grant No. 118-G-00-98-00151-00 for the Year Ending December 31, 2004  |                             |                  |
| 8-000-06-020-R | 04/25/06       | Audit of Tearfund for Various Grants for Programs in Burundi, Sierra Leone, and Sudan, for the Years Ended March 31, 2004 and March 31, 2005.  | 34                          | QC               |
| 8-000-06-021-R | 04/24/06       | Audit of the Veterinaries San Frontieres for USAID Grant Nos. AOT-G-00-178-00 and DFD-G-00-04-00071-00 for the Year Ending December 31, 2004   |                             |                  |
| 8-119-06-022-R | 04/25/06       | Audit of Tajik Branch of Open Society Institute Assistance Foundation Under Three USAID Grants and One Cooperative Agreement, for the Year Ended December 31, 2004   |                             |                  |
| 8-115-06-023-R | 04/28/06       | Audit of Soros Foundation Kazakhstan for USAID Award Nos. 115-G-00-00-00001, 115-A-00-02-00002, and 122-A-00-02-00042, for the Year Ending December 31, 2004   |                             |                  |
| 8-194-06-024-R | 04/28/06       | Audit of Foundation Open Society Institute Budapest for USAID Cooperative Agreement No. 194-A-00-03-00106-00, for the Year Ending December 31, 2004  |                             |                  |
| 8-000-06-025-R | 05/22/06       | Audit of Action Contre La Faim, Paris, France, Under Multiple USAID Agreements, for the Year Ended December 31, 2004   | 20<br>20                    | QC<br>UN         |
| 8-000-06-026-R | 05/22/06       | Audit of Premiere Urgence, La Garenne-Colombes, France, Under Multiple USAID Agreements, for the Years Ended June 30, 2003 and June 30, 2004   | 106<br>1                    | QC<br>UN         |
| 8-000-06-027-R | 05/22/06       | Audit of the Tuberculosis Coalition for Technical Assistance, Under USAID Award No. HRN-A-00-00-00018-00, for the Year Ended September 30, 2003  | 1,756<br>1,738              | QC<br>UN         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| 8-118-06-028-R | 05/22/06       | Audit of the Institute for the Economy in Transition for USAID Cooperative Agreement No. 118-A-00-00-00130-00, for the Year Ending December 31, 2002                                     | 26                          | QC               |
| 8-000-06-029-R | 05/24/06       | Audit of Association Handicap International for USAID Award Nos. 492-G-00-04-0008-00, 685-A-00-04-00022-00 and Sub-award No. 03-OMEGA-1003, for the Year Ended December 31, 2004         |                             |                  |
| 8-000-06-030-R | 05/26/06       | Merlin for Eight USAID Awards, for the Year Ended December 31, 2004  |                             |                  |
| 8-111-06-031-R | 06/08/06       | Audit of "Mission Armenia" NGO Support for Soup Kitchens Project for USAID Cooperative Agreement No. 111-A-00-04-00010-00, for the Period February 1, 2004 through December 31, 2004     |                             |                  |
| 8-000-06-032-R | 06/21/06       | Audit of Medair, Under Multiple USAID Agreements Covering Various Periods Ending in 2004   | 5                           | QC               |
| 8-000-06-033-R | 08/04/06       | Audit of Premiere Urgence, La Garenne-Colombes, France, Under Multiple USAID Agreements for the Year Ended June 30, 2005   | 18                          | QC               |
| 8-000-06-034-R | 08/09/06       | Audit of Save the Children Fund UK, Under 63 USAID Agreements, for the Year Ended March 31, 2005   |                             |                  |
| 8-000-06-035-R | 08/15/06       | Audit of Foundation Hirondelle, Under Two USAID Awards, for the Period January 1, 2005 through December 31, 2005   |                             |                  |
| 8-118-06-036-R | 09/01/06       | Audit of the Inter-Regional Public Foundation, "Siberian Civic Initiatives Support Center" for USAID Cooperative Agreement No. 118-A-00-03-00127, for the Period Ended December 31, 2005 |                             |                  |
| 8-183-06-037-R | 09/26/06       | Audit of Partners Bulgaria Foundation Under USAID Grant Award No. 183-A-00-00-00117-00, for the Year Ended December 31, 2004   |                             |                  |
|                |                | <b>--LOCAL CURRENCY TRUST FUND--</b>   |                             |                  |
| 5-497-06-006-N | 08/10/06       | Financial Audits of USAID/Indonesia's Rupiah Trust Fund for Fiscal Years Ended September 30, 2004 and 2005   |                             |                  |
|                |                | <b>--U.S.-BASED CONTRACTORS--</b>  |                             |                  |
| 0-000-06-027-D | 04/04/06       | Fintrac, Inc., Report on Audit of Fiscal Year 2003 Incurred Costs  |                             |                  |
| 0-000-06-028-D | 05/01/06       | Inter-American Institute of Human Rights, Report on Audit of Post Award Accounting System  |                             |                  |
| 0-000-06-029-D | 04/04/06       | Louis Berger Group Inc. - International, Report on Audit of Billing System   |                             |                  |
| 0-000-06-030-D | 05/01/06       | Louis Berger Group, Inc., Report on Accounting System Review   |                             |                  |
| 0-000-06-031-D | 04/04/06       | Chemonics International, Inc., Report on Audit of Fiscal Year 2000 Incurred Costs  |                             |                  |

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

| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>   | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 0-000-06-032-D       | 04/04/06              | Chemonics International, Inc., Report on Audit of Fiscal Year 2001 Incurred Costs   |                                    |                         |
| 0-000-06-033-D       | 04/04/06              | Chemonics International, Inc., Report on Audit of FY 2002 Incurred Costs  |                                    |                         |
| 0-000-06-034-D       | 04/04/06              | Checchi and Company Consulting, Inc., Report on Audit of FY 2004 Incurred Costs   |                                    |                         |
| 0-000-06-035-D       | 04/04/06              | Casals & Associates, Report on Audit of Fiscal Years 2002 and 2003  |                                    |                         |
| 0-000-06-036-D       | 04/04/06              | Metcalf and Eddy, Inc., Report on Audit of Compliance with CAS 404  |                                    |                         |
| 0-000-06-037-D       | 05/01/06              | Chemonics International, Inc., Report on Adequacy of Initial Disclosure Statement   |                                    |                         |
| 0-000-06-038-D       | 05/01/06              | Aguirre International, Report on Evaluation of Calendar Years 2000, 2001, 2002, and 2003 Incurred Costs   |                                    |                         |
| 0-000-06-039-D       | 05/01/06              | Sigma One Corporation, Report on Audit of FY 2005 Labor Floor Check Evaluation  |                                    |                         |
| 0-000-06-040-D       | 05/09/06              | SSA Marine, Inc., Report on Agreed-Upon Procedures to Support Civil Action No. 05-490C  |                                    |                         |
| 0-000-06-041-D       | 05/01/06              | Metcalf & Eddy, Report on Floor Checks and Timekeeping Evaluation for CY 2006   |                                    |                         |
| 0-000-06-042-D       | 05/15/06              | Burns and Roe Enterprises Incorporated, Report on Agreed-Upon Procedures USAID 1997 Reconciliation Booked to Billed Cost Contract No. CCN-0002-C-00-3153-00 CPFF Contract No. CCN-0002-Q-00-3154-00 T&M | 32                                 | QC                      |
| 0-000-06-043-D       | 05/22/06              | BHM International, Inc., Report on Incurred Costs for Fiscal Year Ended September 30, 2001  | 55                                 | QC                      |
| 0-000-06-044-D       | 05/22/06              | Nexant, Inc., Report on Noncompliance with FAR 52.230-2, Cost Accounting Standards Clause and CAS 3.202-3, Disclosure Requirements - Amendments and Revisions   |                                    |                         |
| 0-000-06-045-D       | 07/17/06              | BHM International, Inc., Supplemental Report on Incurred Cost for Fiscal Year Ended September 30, 1999  | 445                                | QC                      |
| 0-000-06-046-D       | 06/05/06              | BearingPoint, Inc., Audit Report of Control Environment and Overall Accounting Controls   |                                    |                         |
| 0-000-06-047-D       | 06/05/06              | PA Government Services, Inc., Report on Adequacy and Compliance of Revised Disclosure Statement dated January 1, 2001   |                                    |                         |
| 0-000-06-048-D       | 06/05/06              | Metcalf & Eddy, Inc., Report on Audit of CAS 408 Compliance Audit   |                                    |                         |
| 0-000-06-049-D       | 06/05/06              | Metcalf & Eddy, Inc., Report on Audit of Compliance with CAS 409, Depreciation of Tangible Capital Assets   |                                    |                         |
| 0-000-06-051-D       | 07/17/06              | IBM Global Services, Business Consulting Services - Federal Report on Audit of Calendar Year 2003 Incurred Cost Audit   | 5,841                              | QC                      |

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>  | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 0-000-06-052-D       | 07/17/06              | The Mitchell Group, Incorporated, Report on Incurred Cost Proposal for Fiscal Year Ended December 31, 2002   |                                    |                         |
| 0-000-06-053-D       | 07/17/06              | Sigma One Corporation, Report on Audit of Fiscal Year 2002 Incurred Costs  |                                    |                         |
| 0-000-06-054-D       | 07/17/06              | LTG Associates, Inc., Report on Office Lease Costs Associated with Fiscal Years 2001 and 2002  |                                    |                         |
| 0-000-06-055-D       | 09/08/06              | Bechtel Group, Inc., Bechtel Systems and Infrastructure, Inc. (Functions & Services), Report on Audit of Incurred Costs for Calendar Year 2003   |                                    |                         |
| 0-000-06-056-D       | 09/08/06              | Report on Audit of Fiscal Year 2003 Final Incurred Cost, Parsons Infrastructure & Technology Group, Inc., Parsons Project Services, Inc. and Parsons Federal Services, Inc.            |                                    |                         |
| 0-000-06-057-D       | 09/08/06              | International Resources Group Ltd., Report on Audit of Incurred Costs for Fiscal Years Ended December 31, 2001 through December 31, 2002   |                                    |                         |
| 0-000-06-058-D       | 09/08/06              | Shorebank Advisory Services, Report on Audit of Fiscal Year 2001 Incurred Costs  |                                    |                         |
| 0-000-06-059-D       | 09/08/06              | Sigma One Corporation, Report on Audit of Fiscal Year 2003 Incurred Cost   |                                    |                         |
| 0-000-06-060-D       | 09/08/06              | The Mitchell Group, Incorporated, Report on Incurred Cost Proposal for Fiscal Year Ended December 31, 2001   | 32                                 | QC                      |
| 0-000-06-061-D       | 09/26/06              | Louis Berger Group, Inc., Report on Adequacy of Initial Disclosure Statement Dated July 1, 2006, Revision 1 Dated August 17, 2006 and Revision 2 Dated August 24, 2006                 |                                    |                         |
| 0-000-06-062-D       | 09/26/06              | Louis Berger Group, Inc., Report on Adequacy of Nation Building Initial Disclosure Statement Dated July 1, 2006, Revision 1 Dated August 17, 2006 and Revision 2 Dated August 24, 2006 |                                    |                         |
| 0-000-06-063-D       | 09/26/06              | Boston Institute for Developing Economies, Report on Audit of Incurred Costs for Fiscal Years Ended November 30, 2001 through November 30, 2003  |                                    |                         |
| 0-000-06-064-D       | 09/26/06              | Planning & Development Collaborative, Inc., Report on Audit of Incurred Costs for Fiscal Years January 1, 2002 through December 31, 2003   |                                    |                         |
| 0-000-06-065-D       | 09/26/06              | Price Waterhouse, LLP, Report on Audit of Direct Costs of Price Waterhouse, LLP, Fiscal Years Ended June 30, 1995 and 1996   | 68,488                             | QC                      |
| 0-000-06-066-D       | 09/26/06              | Development Alternatives, Inc., Audit Report on Costs Incurred and Billed Under USAID Contract No. 51 I-C-00-99-001 I4-00 for the Period of June 1, 1999 to July 15, 2005              | 3                                  | QC                      |
| 0-000-06-068-D       | 09/29/06              | Nexant, Inc., Report on Audit of Nexant, Inc.'s Calendar Year (CY) 2002 and CY 2003 Incurred Costs   | 277                                | QC                      |
| 0-000-06-069-D       | 09/29/06              | Shorebank Advisory Services, Report on Examination of Fiscal Year 2002 Incurred Costs  |                                    |                         |

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

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
| 0-000-06-070-D | 09/29/06       | Associates in Rural Development, Inc., Revised Report on Audit of Associates in Rural Development Fiscal Year 2003 Incurred Costs  |                             |                  |
| 5-306-06-003-D | 08/02/06       | 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 April 1, 2005 to December 31, 2005  | 528<br>421                  | QC<br>UN         |
| 5-306-06-004-D | 08/10/06       | Audit of Treatment of Specified Costs Incurred by Camp, Dresser & McKee Constructors, Inc. Under the Afghanistan Water and Sanitation Program, USAID/Afghanistan Contract No. 306-C-00-04-00568-00, for the Period from September 30, 2004 to February 25, 2006  | 222                         | QC               |
| 5-306-06-005-N | 06/28/06       | 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, 2006, to March 31, 2006.  |                             |                  |
| 6-294-06-013-N | 06/07/06       | Audit of the Fund Accountability Statement of USAID Resources Managed by Nathan-MSI Group and Implemented by Development Alternatives, Inc. Under Contract Award No. PCE-I-00-98-00016-00 Palestinian Information and Communications Technology Incubator for the Period from September 30, 2003, to September 29, 2004. | 36                          | QC               |
| 6-294-06-014-N | 07/12/06       | Audit of the Fund Accountability Statement of USAID Resources Managed by CH2M HILL Under Award No. 294-C-00-00-00063-00 "Water Resources Phase III" for the Period from June 21, 2000 to September 30, 2004  | 1,327                       | QC               |
| E-267-06-007-D | 04/23/06       | Audit of Costs Incurred by Development Alternatives, Inc. Under Contract No. RAN-C-00-04-00002-00 from October 15, 2004 through June 30, 2005  | 7                           | QC               |
| E-267-06-010-D | 06/15/06       | 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   | 8,716<br>8,716              | QC<br>UN         |
| E-267-06-011-D | 06/23/06       | Audit of Direct Costs Billed by Research Triangle Institute Under Contract No. EDG-C-00-03-00010-00 from October 1, 2004 to July 31, 2005  | 8,141<br>7,972              | QC<br>UN         |
| E-267-06-012-D | 07/02/06       | Audit of Invoices Submitted on Kroll Government Services Inc. Under Subcontract No. AID-2004-T-00043-000-0021 from February 2004 to September 2004   |                             |                  |
| E-267-06-013-D | 07/03/06       | Audit of Costs Incurred by Creative Associates International, Inc. under Contract No. EPP-C-00-04-00004-00 from July 1, 2004 through June 30, 2005   | 1<br>1                      | QC<br>UN         |
| E-267-06-014-D | 07/06/06       | Audit of Costs Incurred by BearingPoint, Inc. under Contract No. 267-C-00-04-00405 from September 4, 2004 to July 31, 2005   | 1,695<br>1,068              | QC<br>UN         |

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

| <b>Report Number</b>           | <b>Date of Report</b> | <b>Report Title</b>  | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|--------------------------------|-----------------------|--|------------------------------------|-------------------------|
| E-267-06-015-D                 | 07/27/06              | Audit of Costs Incurred by International Business & Technical Consultants, Inc. Under Contract No. 267-C-0500508-00 for the Period of May 31, 2005 through December 31, 2005   | 4                                  | QC                      |
| E-267-06-016-D                 | 08/14/06              | Audit of Costs Incurred by Crown Agents Consultancy, Inc. under Subcontract No. I100-003 with International Resources Group, Inc. under Contract No. EMT-C-00-03-00007-00 and Contract No. 517-C-00-04-00106-00 for the Period of November 1, 2004 through December 31, 2004 | 48                                 | QC                      |
| E-267-06-017-D                 | 09/18/06              | Audit of Direct Costs Incurred by Bechtel National, Inc. Under Iraq Infrastructure Reconstruction Phase I and II Contracts No. EEE-C-00-03-00018-00 and No. SPU-C-00-04-00001-00 for the Period of October 1, 2004 Through September 30, 2005                                | 322<br>115                         | QC<br>UN                |
| <b>--U.S.-BASED GRANTEES--</b> |                       |  |                                    |                         |
| 0-000-06-008-T                 | 05/01/06              | Audit Report for Adventist Development and Relief Agency International (ADRA), Fiscal Year Ended December 31, 2003   |                                    |                         |
| 0-000-06-009-T                 | 05/01/06              | Audit Report for Adventist Development and Relief Agency International, Fiscal Year Ended December 31, 2004  |                                    |                         |
| 0-000-06-010-T                 | 05/09/06              | Catholic Relief Services, A-133 Audit Report for Fiscal Year Ending September 30, 2004   |                                    |                         |
| 0-000-06-011-T                 | 05/01/06              | Review of Audit Report of American Near-East Refugee Aid, Fiscal Year Ended May 31, 2003   |                                    |                         |
| 0-000-06-012-T                 | 05/01/06              | Review of Audit Report of America's Development Foundation for Fiscal Year Ending December 31, 2003  |                                    |                         |
| 0-000-06-013-T                 | 05/05/06              | Initial Review of Audit of International Center for Not-for Profit Law, Inc., for the Fiscal Year Ended December 31, 2001  |                                    |                         |
| 0-000-06-014-T                 | 05/08/06              | Review of Audit of American Bar Association Fund for Justice and Education, for Fiscal Year Ending August 31, 2003   |                                    |                         |
| 0-000-06-015-T                 | 05/09/06              | Initial Review of Audit of Public Health Institute, for the Fiscal Year Ended December 31, 2003  |                                    |                         |
| 0-000-06-016-T                 | 05/08/06              | Initial Review of Audit Report for Project HOPE--The People-to-People Foundation, Inc., for the Fiscal Year Ended June 30, 2003  |                                    |                         |
| 0-000-06-017-T                 | 05/15/06              | Initial Review of Audit of Academy for Educational Development, for the Fiscal Year Ended December 31, 2003  |                                    |                         |
| 0-000-06-018-T                 | 05/15/06              | Initial Review of Audit of Accion International, for the Fiscal Year Ended December 31, 2003   |                                    |                         |
| 0-000-06-019-T                 | 05/15/06              | Initial Review of Audit of FINCA International, Inc., for Fiscal Year Ending August 31, 2003   |                                    |                         |

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

| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>   | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 0-000-06-020-T       | 05/17/06              | Initial Review of the Audit of American Ort, Inc., for the Fiscal Year Ended December 31, 2003  |                                    |                         |
| 0-000-06-050-D       | 07/17/06              | Michigan State University, Report on Special Incurred Costs for Cooperative Agreement GDG-A-00-01-00001-00 and Related Associate Awards   | 13                                 | QC                      |
| 0-000-06-067-D       | 09/30/06              | Population Services International, Review of Incurred and Billed Costs from April 21, 2004 to September 30, 2005 Under Cooperative Agreement 306-A-00-04-00508-00   | 6                                  | QC                      |
| 4-612-06-009-N       | 06/29/06              | Agreed-Upon Procedures Review of USAID/Malawi's Resources Managed by the International Fertilizer Development Centre Under Grant No. 690-G-00-02-00178-00 for the Period June 18, 2002 to June 30, 2005   | 309<br>96                          | QC<br>UN                |
| 6-294-06-010-N       | 04/03/06              | Audit of the Fund Accountability Statement of USAID Resources Managed by Mercy Corps International Under Cooperative Agreement No. 294-A-00-02-00225-00 "Job Opportunities through Basic Services (JOBS) Project" for the Period from July 31, 2002 to January 31, 2005 |                                    |                         |
| 6-294-06-012-N       | 06/05/06              | Audit of the Fund Accountability Statement of USAID Resources Managed by World Vision, Inc. Under Cooperative Agreement No. 294-A-00-02-00226-00 "Job Opportunities Through Basic Services (JOBS) Project" for the Period From October 1, 2004, to September 30, 2005.  |                                    |                         |
| 6-294-06-018-N       | 09/21/06              | Audit of the Fund Accountability Statement of USAID Resources Managed by Catholic Relief Services Jerusalem, West Bank, and Gaza, Under USAID Award Nos. 294-A-00-02-00221-00 and 294-A-00-04-00217-00, for the Period from October 1, 2004 to September 30, 2005       | 51                                 | QC                      |
| E-267-06-008-D       | 05/18/06              | Audit of Costs Incurred by International Relief and Development, Inc. Under Cooperative Agreement No. AFP-A-00-03-00002-00 from May 16, 2003 to July 31, 2004   | 1,018<br>1,018                     | QC<br>UN                |
| E-267-06-009-D       | 06/06/06              | Audit of Costs Incurred by Cooperative Housing Federation International Under Cooperative Agreement No. AFP-A-00-03-00004-00 from August 1, 2004 to July 31, 2005   | 59<br>15                           | QC<br>UN                |

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



## USAID MISCELLANEOUS REPORTS ISSUED April 1, 2006 through September 30, 2006

| Report Number  | Date of Report | Report Title   | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|--|-----------------------------|------------------|
|                |                | <b>--QUALITY CONTROL REVIEWS--</b>   |                             |                  |
| 0-000-06-004-Q | 07/17/06       | Quality Control Review of the Audit Report and Audit Documentation for the OMB Circular A-133 Audit Conducted by Ernst & Young of the American Bar Association Fund for Justice and Education for the Fiscal Year Ended August 31, 2003  |                             |                  |
| 0-000-06-005-Q | 08/24/06       | Quality Control Review of the Audit Report and Audit Documentation for the OMB Circular A-133 Audit Conducted by McGladrey & Pullen, LLP, of Catholic Relief Services for the Fiscal Year Ended September 30, 2002   |                             |                  |
| 0-000-06-006-Q | 09/26/06       | Quality Control Review of the Audit Report and Audit Documentation for the OMB Circular A-133 Audit Conducted by Watkins, Meegan, Drury & Company, LLC, of America's Development Foundation for the Fiscal Year Ended December 31, 2003  |                             |                  |
| I-521-06-004-Q | 06/06/06       | Quality Control Review of Audit Report and Work Papers Related to 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 from October 1, 2002 to September 30, 2003   |                             |                  |
| I-517-06-005-Q | 07/25/06       | Quality Control Review of Audit Report and Work Papers Related to the Programs Improving Living Conditions in the Haitian - Dominican Border Agreement No. 517-A-00-03-00118-00 for the Period from July 1, 2004 to July 31, 2005, and for Mitigation of the Forest Fires in the High and Medium Areas Located in the Dominican Republic's Central Southwest Region Agreement No. 517-G-00-05-00104-00 for the Period from April 6, 2005 to July 31, 2005, Managed by Fundacion Para El Desarrollo Comunitario, Inc. |                             |                  |
| I-517-06-006-Q | 08/31/06       | Quality Control Review of Audit Report and Work Papers Related to the Audit of Reproductive Health Service Program, Agreement No. 517-G-00-01-00114-00, Managed by Asociacion Dominicana Pro-Bienestar de la Familia, Inc., for the Year Ended December 31, 2004   |                             |                  |
| I-517-06-007-Q | 08/31/06       | Quality Control Review of Audit Report and Work Papers Related to 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 the Period from September 1, 2003 to August 31, 2004   |                             |                  |

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

| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>   | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|---|------------------------------------|-------------------------|
| 4-674-06-006-Q       | 04/25/06              | Quality Control Review of the Recipient-Contracted Audit of the Nelson Mandela Children's Fund Under Grant Agreement No. 674-G-00-00-00071-00 for the Period April 1, 2003 to November 30, 2004 Performed by Henk Prinsloo & Partners (Pretoria, South Africa)  |                                    |                         |
| 4-663-06-007-Q       | 08/03/06              | Quality Control Review of the Closeout Audit of the Federal Supreme Court Judicial Training Program and Backlog Reduction Program Under USAID Award No. 663-0007, Project Implementation Letters 19 and 23, and Award No. 663-000-04 for the Period July 8, 2002 to May 31, 2004  |                                    |                         |
| 5-386-06-001-Q       | 09/22/06              | Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by S.R. Batliboi & Associates, India, of the AIDS Prevention and Control Project, USAID/India Project No. 386-0525, managed by the Voluntary Health Services (VHS), for the year ended March 31, 2005  |                                    |                         |
| 5-386-06-002-Q       | 09/22/06              | Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Thakur,Vaidyanath Aiyar & Co., of the Energy Conservation and Commercialization (ECO) Programme, USAID/India Project No. 386-0542, Managed by the ICICI Bank Limited, for the Year Ended March 31, 2005   |                                    |                         |
| 5-391-06-003-Q       | 09/26/06              | Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Ford Rhodes Sidat Hyder & Co., Pakistan, of the Program titled "Improved Pakistani Family Planning and Reproductive Health Services", USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01016-00, Managed by the Greenstar Social Marketing Pakistan (Guarantee) Limited (Greenstar), for the Period from November 7, 2003, to June 30, 2004 |                                    |                         |
| 6-294-06-001-Q       | 07/20/06              | Quality Control Review of Audit Covering USAID Resources Managed by Financial Markets International, Inc. 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  |                                    |                         |
| 6-294-06-002-Q       | 08/17/06              | Quality Control Review of Audit of USAID Resources Managed by International Youth Foundation Under Award No. 294-A-00-00-00070-00 "International Technology for Youth in Rural Communities in the West Bank and Gaza" in Conjunction With Welfare Association For The Period From October 1, 2001, Through September 30, 2002   |                                    |                         |
| 6-294-06-003-Q       | 08/28/06              | Quality Control Review on the Audit of USAID Resources Managed by MA'AN Development Center Subgrant Under World Vision Cooperative Agreement No. 294-A-00-02-00226-00, "Job Opportunities Through Basic Services Project" for the Period from September 1, 2002 to August 31, 2005  |                                    |                         |
| 6-294-06-004-Q       | 08/29/06              | Quality Control Review of the Audit of USAID Resources Managed by Associates in Rural Development Under Contract Number 294-C-00-99-00156-00, for the Period from October 1, 2001 to September 30, 2002   |                                    |                         |

BU--Better Use of Funds

QC--Questioned Costs

UN--Unsupported Costs

Note: UN is part of QC

| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>  | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 7-688-06-001-Q       | 07/07/06              | Quality Control Review of GMI-Audit Regarding the Audit of Local Currency Expenses Incurred by the Administrative and Financial Directorate of the Malian Ministry of Health under the Youth Strategic Objective for the Period January 1, 2001 to September 30, 2003-- Project No. 688-0272 |                                    |                         |
| 8-118-06-001-Q       | 06/22/06              | Quality Control Review of GMI-Audit Regarding the Audit of General Financial Statements of ANO Moscow School of Political Studies for 2003-2004 Relating to USAID Agreement No. 118-A-00-03-00090 for the Period August 1, 2003 through December 31, 2004                                    |                                    |                         |
|                      |                       | <b>--OTHER--</b>   |                                    |                         |
| 4-650-06-002-S       | 09/22/06              | Memorandum on Fieldwork Conducted at the USAID/Sudan Field Office in Support of the Fiscal Year 2006 USAID Financial Statement Audit   |                                    |                         |
| 6-294-06-001-S       | 06/19/06              | Quick Response Review of Vetting Procedures at USAID/West Bank and Gaza.   |                                    |                         |
| 6-294-06-002-S       | 08/15/06              | Information on Status and Results of the First 60 Financial Audits of USAID/West Bank and Gaza Activities in Accordance with the Statutory Requirements of the Appropriations Acts of 2003, 2004, 2005, and 2006   |                                    |                         |

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

## USAID PERFORMANCE AUDIT REPORTS ISSUED April 1, 2006 through September 30, 2006

| Report Number  | Date of Report | Report Title  | Amount of Findings (\$000s) | Type of Findings |
|----------------|----------------|---|-----------------------------|------------------|
|                |                | <b>--ECONOMY AND EFFICIENCY--</b>   |                             |                  |
| I-532-06-004-P | 04/28/06       | Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Activities   | 64<br>142                   | QC<br>BU         |
| I-504-06-005-P | 05/25/06       | Audit of USAID/Guyana's Progress in Implementing the President's Emergency Plan for AIDS Relief   |                             |                  |
| I-523-06-006-P | 06/02/06       | Audit of the Completeness of USAID/Mexico's Work Plan Deliverables  |                             |                  |
| I-520-06-007-P | 08/21/06       | Audit of Compliance with the Tiahrt Amendment Under USAID/Guatemala's Cooperative Agreements with the Family Welfare Association of Guatemala | 66                          | QC               |
| 4-690-06-007-P | 05/18/06       | Follow-up Audit of USAID/Regional Center for Southern Africa's Contractor Performance Evaluation Program                                      |                             |                  |
| 4-623-06-008-P | 05/22/06       | Audit of USAID/REDSO/ESA's Compliance with Financial Audit Requirements Regarding Foreign Recipients  |                             |                  |
| 4-663-06-009-P | 05/31/06       | Audit of USAID/Ethiopia's Compliance with Financial Audit Requirements Regarding Foreign Recipients   |                             |                  |
| 4-621-06-010-P | 07/31/06       | Audit of USAID/Tanzania's Compliance with Financial Audit Requirements Regarding Foreign Recipients   |                             |                  |
| 4-615-06-011-P | 07/31/06       | Audit of USAID/Kenya's Compliance with Financial Audit Requirements Regarding Foreign Recipients  |                             |                  |
| 4-612-06-012-P | 07/31/06       | Audit of USAID/Malawi's Compliance with Financial Audit Requirements Regarding Foreign Recipients   |                             |                  |
| 4-674-06-013-P | 08/11/06       | Audit of USAID/South Africa's Progress in Implementing the President's Emergency Plan for AIDS Relief   |                             |                  |
| 4-623-06-014-P | 09/21/06       | Audit of USAID Activities in Limited-Presence Countries in Eastern Africa   |                             |                  |
| 4-656-06-015-P | 09/22/06       | Audit of USAID/Mozambique's Compliance with Financial Audit Requirements Regarding Foreign Recipients   |                             |                  |
| 5-440-06-004-P | 05/11/06       | Audit of USAID Regional Development Mission/Asia's Development Credit Authority   |                             |                  |

BU--Better Use of Funds  
 QC--Questioned Costs  
 UN--Unsupported Costs  
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| <b>Report Number</b> | <b>Date of Report</b> | <b>Report Title</b>  | <b>Amount of Findings (\$000s)</b> | <b>Type of Findings</b> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| 5-306-06-005-P       | 05/18/06              | Audit of USAID/Afghanistan's Reconstruction of the Kandahar-Herat Highway Under the Rehabilitation of Economic Facilities and Services Program |                                    |                         |
| 5-386-06-006-P       | 05/24/06              | Audit of USAID/India's Security Controls Over Its Financial Management and General Support Systems   |                                    |                         |
| 5-306-06-007-P       | 08/16/06              | Audit of USAID/Afghanistan's Rural Expansion of Afghanistan's Community-based Healthcare (REACH) Program                                       |                                    |                         |
| 5-306-06-008-P       | 08/18/06              | Audit of USAID/Afghanistan's School and Health Clinic Reconstruction Activities  |                                    |                         |
| 5-497-06-009-P       | 09/15/06              | Audit of USAID/Indonesia's Tsunami Recovery and Reconstruction Program Activities Implemented by Development Alternatives, Inc.                |                                    |                         |
| 6-263-06-001-P       | 09/28/06              | Audit of USAID/Egypt's Family Planning Activities  |                                    |                         |
| 7-620-06-003-P       | 07/31/06              | Audit of USAID/Nigeria's Cashiering Operations   |                                    |                         |
| 7-620-06-004-P       | 08/31/06              | Audit of USAID/Nigeria's Progress in Implementing the President's Emergency Plan for AIDS Relief   |                                    |                         |
| 8-118-06-002-P       | 05/22/06              | Audit of USAID/Russia's Development Credit Authority   |                                    |                         |
| 8-121-06-003-P       | 07/10/06              | Follow-up Audit of USAID Mission for Ukraine, Belarus and Moldova's Management of U.S. Personal Services Contractors                           |                                    |                         |
| 8-121-06-004-P       | 07/10/06              | Audit of USAID/Ukraine's Local Governance Program  |                                    |                         |
| 9-000-06-005-P       | 04/27/06              | Follow-up Audit of USAID's Cargo Preference Reimbursements Under Section 901d of the Merchant Marine Act of 1936                               |                                    |                         |
| 9-621-06-006-P       | 05/04/06              | Audit of USAID/Tanzania's Progress in Implementing the President's Emergency Plan for AIDS Relief  |                                    |                         |
| 9-000-06-007-P       | 05/11/06              | Audit of USAID's Procurement Evaluation Program  |                                    |                         |
| 9-000-06-008-P       | 05/17/06              | Audit of Scopes of Work for Field Support Task Orders Issued Under USAID/Washington Indefinite Quantity Contracts                              |                                    |                         |
| 9-000-06-009-P       | 09/25/06              | Audit of USAID's Development Credit Authority  |                                    |                         |
| 9-521-06-010-P       | 09/28/06              | Audit of USAID/Haiti's Management of P.L. 480 Non-Emergency Monetization Program   |                                    |                         |
| A-000-06-003-P       | 06/08/06              | Audit of USAID's Implementation of Key Components of a Privacy Program for its Information Technology Systems                                  |                                    |                         |
| A-000-06-004-P       | 09/28/06              | Audit of USAID's Compliance with Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2006                    |                                    |                         |

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

| <i>Report Number</i> | <i>Date of Report</i> | <i>Report Title</i>  | <i>Amount of Findings (\$000s)</i> | <i>Type of Findings</i> |
|----------------------|-----------------------|--|------------------------------------|-------------------------|
| A-000-06-005-P       | 09/27/06              | Audit of Selected Application Controls over the Annual Report Application System |                                    |                         |
| E-267-06-003-P       | 07/10/06              | Audit of USAID/Iraq's Local Governance Activities                                |                                    |                         |
| E-267-06-004-P       | 08/16/06              | Audit of USAID Transition Initiatives in Iraq                                    |                                    |                         |

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

**PERFORMANCE AUDIT REPORTS ISSUED  
April 1, 2006 through September 30, 2006**

**AFRICAN DEVELOPMENT FOUNDATION**

| <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>  |                                    |                         |
| A-ADF-06-001-P       | 09/28/06              | Audit of the African Development Foundation's Compliance with the Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2006 |                                    |                         |

**INTER-AMERICAN FOUNDATION**

| <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>   |                                    |                         |
| A-IAF-06-001-P       | 09/27/06              | Audit of Inter-American Foundation's Compliance with Provisions of the Federal Information Security Management Act of 2002 for Fiscal Year 2006 |                                    |                         |

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, 2006**

| <i>Report<br/>Number</i> | <i>Auditee</i> | <i>Issue<br/>Date</i> | <i>Current<br/>Recommendation Status</i> | <i>Desired<br/>Decision<br/>Target<br/>Date</i> |
|--------------------------|----------------|-----------------------|--|---|
|--------------------------|----------------|-----------------------|--|---|

NOTHING TO REPORT

\*Applies to USAID, ADF, and IAF.



**SIGNIFICANT AUDIT RECOMMENDATIONS  
DESCRIBED IN PREVIOUS SEMIANNUAL  
REPORTS WITHOUT FINAL ACTION  
As of September 30, 2006**

**USAID**

| <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> |
|----------------------|---|-------------------|-----------------|---------------------------------|---------------------------------|
| 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                        | 09/07                           |
| 9-000-05-001-P       | Field Support Mechanisms in the Global Health Bureau  | 12/07/04          | 3               | 12/07/04                        | 11/06                           |
| 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          | 4               | 01/06/05                        | 10/06                           |
| 9-615-05-007-P       | USAID/Kenya's Implementation of the President's Emergency Plan for AIDS Relief  | 07/21/05          | 4               | 07/21/05                        | 12/06                           |
| 7-624-06-002-P       | USAID/WARP's Management of Environmental and Food Security Programs   | 01/31/06          | 1               | 01/31/06                        | 11/06                           |
|                      |   |                   | 2               | 01/31/06                        | 11/06                           |
|                      |   |                   | 3               | 01/31/06                        | 11/06                           |
|                      |   |                   | 4               | 01/31/06                        | 11/06                           |
| 9-000-06-003-P       | USAID's Reasonable Accommodation Policies and Procedures  | 12/13/05          | 3               | 12/13/05                        | 12/06                           |
| A-000-06-001-P       | USAID's Information Technology Governance Over Its Phoenix Overseas Deployment and Procurement System Improvement Program Projects                  | 02/21/06          | 1               | 02/21/06                        | 10/06                           |
|                      |   |                   | 2               | 02/21/06                        | 03/07                           |
|                      |   |                   | 3               | 02/21/06                        | 03/07                           |
|                      |   |                   | 4               | 02/21/06                        | 03/07                           |
|                      |   |                   | 5               | 02/21/06                        | 03/07                           |
|                      |   |                   | 6               | 02/21/06                        | 03/07                           |

| <b>Report Number</b> | <b>Subject of Report</b>  | <b>Issue Date</b> | <b>Rec. No.</b> | <b>Management Decision Date</b> | <b>Final Action Target Date</b> |
|----------------------|---|-------------------|-----------------|---------------------------------|---------------------------------|
| I-526-06-003-P       | USAID/Paraguay's Reproductive Health and Family Planning Activities | 01/13/06          | 1               | 01/13/06                        | 12/06                           |
|                      |   |                   | 2               | 01/13/06                        | 12/06                           |
|                      |   |                   | 3               | 01/13/06                        | 12/06                           |
|                      |   |                   | 4               | 01/13/06                        | 12/06                           |
|                      |   |                   | 5               | 01/13/06                        | 12/06                           |
|                      |   |                   | 6               | 01/13/06                        | 12/06                           |
|                      |   |                   | 7               | 01/13/06                        | 12/06                           |
|                      |   |                   | 8               | 01/13/06                        | 12/06                           |
|                      |   |                   | 9               | 01/13/06                        | 12/06                           |
|                      |   |                   | 10              | 01/13/06                        | 12/06                           |
|                      |   |                   | 11              | 01/13/06                        | 12/06                           |
| 4-617-06-004-P       | USAID/Uganda's Development Credit Authority                         | 02/13/06          | 5               | 02/13/06                        | 10/06                           |

## 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          | 2               | 02/28/03                        | 02/07                           |
| 9-ADF-05-008-P       | African Development Foundation's Monitoring, Reporting and Evaluation System     | 08/17/05          | 1               | 08/17/05                        | 11/06                           |
|                      |  |                   | 3               | 08/17/05                        | 12/06                           |
|                      |  |                   | 4               | 08/17/05                        | 11/06                           |
|                      |  |                   | 6               | 08/17/05                        | 11/06                           |
|                      |  |                   | 13              | 08/17/05                        | 11/06                           |
|                      |  |                   | 14              | 08/17/05                        | 10/06                           |

## INTER-AMERICAN 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> |
|----------------------|--------------------------|-------------------|-----------------|---------------------------------|---------------------------------|
|----------------------|--------------------------|-------------------|-----------------|---------------------------------|---------------------------------|

NOTHING TO REPORT

## REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS April 1, 2006 through September 30, 2006

### USAID

| <i>Reports</i>  | <i>Number<br/>of Audit<br/>Reports</i> | <i>Questioned<br/>Costs</i> | <i>Unsupported<br/>Costs<sup>1</sup></i> |
|---|--|-----------------------------|--|
| A. For which no management decision had been made as of April 1, 2006                     | 48                                     | \$7,126,286 <sup>2</sup>    | \$3,465,267 <sup>2</sup>                 |
| B. Add: Reports issued April 1, 2006 through September 30, 2006                           | 77                                     | \$109,684,590 <sup>3</sup>  | \$24,719,081 <sup>3</sup>                |
| Subtotal  | 125                                    | \$116,810,876               | \$28,184,348                             |
| C. Less: Reports with a management decision made April 1, 2006 through September 30, 2006 | 73 <sup>4</sup>                        | \$15,002,430 <sup>5</sup>   | \$8,715,468 <sup>5</sup>                 |
| i. Value of Recommendations Disallowed by Agency Officials                                |  | \$3,093,947                 | \$1,339,695                              |
| ii. Value of Recommendations Allowed by Agency Officials                                  |  | \$11,908,483                | \$7,375,773                              |
| D. For which no management decision had been made as of September 30, 2006                | 61                                     | \$101,808,446 <sup>6</sup>  | \$19,468,880 <sup>6</sup>                |

1. Unsupported Costs are included in Questioned Costs, but are provided as additional information as required by the Inspector General Act Amendments of 1988 (P.L. 100-504).
2. The ending balance at March 31, 2006, for Questioned Costs totaling \$13,607,408 was decreased by \$6,481,122 to reflect adjustments in prior period recommendations due to additional audit work performed; the ending balance at the same period for Unsupported Costs of \$6,032,434 was decreased by \$2,567,167 for the same reason.
3. Amounts include \$95,954,160 in Questioned Costs and \$19,324,799 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.
4. Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal.
5. Amounts include \$4,459,400 in Questioned Costs and \$3,012,737 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.
6. Amounts include \$94,699,605 in Questioned Costs and \$18,305,159 in Unsupported Costs for audits performed for the OIG by other federal audit agencies.

**REPORTS ISSUED WITH RECOMMENDATIONS  
THAT FUNDS BE PUT TO BETTER USE  
April 1, 2006 through September 30, 2006**

**USAID**

| <i>Reports</i>  | <i>Number<br/>of Audit<br/>Reports</i> | <i>Dollar Value</i> |
|---|--|---------------------|
| A. For which no management decision had been made as of April 1, 2006                     | 0                                      | \$0                 |
| B. Add: Reports issued April 1, 2006 through September 30, 2006                           | 2                                      | \$154,735           |
| Subtotal  | 2                                      | \$154,735           |
| C. Less: Reports with a management decision made April 1, 2006 through September 30, 2006 | 2                                      | \$154,735           |
| i. Value of Recommendations Agreed to by Agency Officials                                 |  | \$154,735           |
| ii. Value of Recommendations Not Agreed to by Agency Officials                            |  | \$0                 |
| D. For which no management decision had been made as of September 30, 2006                | 0                                      | \$0                 |





**USAID**  
FROM THE AMERICAN PEOPLE

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[www.usaid.gov/oig/public/semiann/semiannual1.htm](http://www.usaid.gov/oig/public/semiann/semiannual1.htm)