



Office of Inspector General

**SEMIANNUAL REPORT
TO THE CONGRESS**

October 1, 2010–March 31, 2011

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Inspector General HOTLINE

The hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement, or misconduct in the programs and operations of the United States Agency for International Development (USAID), the Inter-American Foundation (IAF), the United States African Development Foundation (USADF), and the Millennium Challenge Corporation (MCC). Employees of USAID, IAF, USADF, and MCC, contractors, program participants, or the general public may report allegations directly to the Office of Inspector General (OIG). Complaints may be submitted electronically by using e-mail or OIG's online complaint form.

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OIG will not disclose the identity of an employee of USAID, IAF, USADF, or MCC who provides information unless that employee consents or unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation.

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MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Semiannual Report to the Congress for the 6-month period ending March 31, 2011. This report features highlights of oversight activities of the Office of Inspector General (OIG) for the United States Agency for International Development (USAID), the United States African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Millennium Challenge Corporation (MCC).

During the reporting period, OIG activities¹ resulted in:

- **292** audits issued
- **\$76,399,899** in questioned costs and **\$1,232,901** in funds put to better use
- **57** investigations opened and **48** investigations closed
- **3** arrests, **4** indictments, and **5** convictions
- **41** administrative actions
- **\$60,763,307** in investigative recoveries and savings
- **94** fraud awareness briefing sessions with **2,303** attendees

Our audits and investigations focus on programs and operations that are at the greatest risk for fraud, abuse, or mismanagement (e.g., those in high-risk environments and those that employ funding mechanisms that may limit oversight). We have centered our operations on foreign assistance programs that are particularly important to the Congress and the administration, including development efforts in Afghanistan and Pakistan and worldwide programs addressing HIV/AIDS, malaria, and tuberculosis. We have provided oversight of relief programs in countries that have been devastated by recent natural disasters, and we have conducted oversight efforts in countries whose governments are now in the midst of transition.

On behalf of the Inspectors General for the Departments of State, Defense, and USAID, we issued the fourth Quarterly Progress and Oversight Report on the Civilian Assistance Program in Pakistan on December 31, 2010. The report highlighted a need for measures to assess the effectiveness of development programs in Pakistan and noted that security threats continue to impede program performance.

USAID has seen several successes in its implementation of HIV/AIDS prevention programs, such as those in Namibia. Overall, the Agency's efforts have improved

¹ MCC statistics are reported separately in the MCC portion of the report.

the capacity of the Namibian health system to address the country's HIV/AIDS epidemic as well as improved access to essential commodities.

Following a year marked by unprecedented natural disasters, OIG has devoted resources to examining USAID's response to these tragedies. We have opened an office in Port-au-Prince to provide further oversight of USAID programs during Haiti's recovery. During this reporting period, OIG audited USAID's response to the flooding in Pakistan and found that the implementers were effectively meeting the immediate needs of victims by delivering food hampers, hygiene kits, and medical supplies.

We have ensured that oversight of assistance programs in current areas of crisis—including Egypt and Yemen—has continued with minimal disruption. In some instances, we have been required to relocate personnel to alternate locations to further their work.

OIG and USAID work closely together to hold corporate entities accountable for their actions. Our investigations of fraudulent activity, corporate misconduct, and poor contractor performance have resulted in conviction, suspension, and debarment of high-profile development implementers. For example, in December 2010, USAID suspended the Academy for Educational Development, one of the Agency's largest contractors operating in Pakistan and Afghanistan, from entering into new U.S. Government contracts. In addition, OIG's oversight efforts led to a settlement with the Louis Berger Group to reimburse the U.S. Government \$69.3 million as a result of employee misconduct and violations of the Federal False Claims Act.

This semiannual report further describes our activities and achievements and includes comprehensive statistics and data regarding our work. We look forward to working with the Congress and our partners and stakeholders to continue to improve the efficiency and effectiveness of U.S. foreign assistance programs.

Donald A. Gambatesa
Inspector General

INTRODUCTION

History and Mandated Authority

USAID's OIG was established on December 16, 1980, by statutory amendment² to the Foreign Assistance Act of 1961.³ On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981,⁴ bringing the USAID Inspector General under the purview of the Inspector General Act of 1978.⁵ OIG assumed audit and investigative oversight of USADF and IAF in 1999⁶ and of MCC in 2004.⁷

The Inspector General Act of 1978, as amended, authorizes the Inspector General to conduct and supervise audits and investigations. Our mission is to protect and enhance the integrity of U.S. foreign assistance programs and operations administered by USAID, USADF, IAF, and MCC. Some of our work is mandated by statute or other requirements, and other work is performed at the discretion of OIG. When identifying and prioritizing appropriate audit and investigative activity, we consider stakeholder interests and needs, alignment with strategic goals, program funding levels, and the risks associated with the agency programs, including potential vulnerabilities in internal controls.

Areas of Responsibility

Audits. OIG audits activities relating to worldwide foreign assistance programs and agency operations of USAID, USADF, IAF, and MCC. Audit activities include performance audits and reviews of programs and management systems, financial statement audits required under the Chief Financial Officers Act,⁸ and audits related to financial accountability of grantees and contractors.

² International Security and Development Cooperation Act of 1980, Public Law 96-533.

³ Public Law 87-195.

⁴ Public Law 97-113.

⁵ Public Law 95-452.

⁶ Consolidated Appropriations Act, 2000, Public Law 106-113, Division B, Section 1000(a)(7), Admiral James W. Nance and Meg Donovan Foreign Relations Authorizations Act, Fiscal Years 2000 and 2001.

⁷ Consolidated Appropriations Act, 2004, Public Law 108-199, Division D, Title VI, Millennium Challenge Act of 2003.

⁸ Public Law 101-576.

Investigations. OIG investigates allegations of fraud, mismanagement, and misconduct relating to the foreign assistance programs and agency operations of our client agencies. Investigations of criminal, civil, and administrative violations cover all facets of these worldwide operations. OIG also works proactively by providing fraud awareness training and literature, audiovisual aids, and advice on fraud prevention strategies for agency personnel and employees of foreign assistance implementers worldwide.

Millennium Challenge Corporation. OIG is responsible for oversight of the Corporation's programs and operations worldwide. OIG's MCC office has its own performance and financial audit divisions, but it coordinates with the Investigations and Audit offices for investigative and supplementary audit support. Budget, information technology, and human resources support is provided by the Office of Management.

Locations of OIG Offices. OIG carries out its audit and investigative work in about 100 countries from offices in:

- Baghdad, Iraq
- Cairo, Egypt
- Dakar, Senegal
- Islamabad, Pakistan
- Kabul, Afghanistan
- Manila, Philippines
- Port-au-Prince, Haiti
- Pretoria, South Africa
- San Salvador, El Salvador
- Tel Aviv, Israel
- Washington, DC

Joint Work and Partners

OIG participates on task forces and cooperates with other interagency groups. In this reporting period, for example, OIG contributed to task forces to provide oversight for accountability and transparency in USAID operations in Afghanistan and Pakistan and to assist the Department of Justice in addressing procurement and grant fraud, especially in Iraq and Afghanistan.

Southwest Asia Joint Planning Group. This group, formed to coordinate oversight activities in Afghanistan and other countries in the region, issued its most recent Comprehensive Audit Plan for Southwest Asia in March 2011. The group comprises representatives of the Offices of Inspector General for USAID

and the Department of State, the Government Accountability Office (GAO), the Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, the U.S. Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, and the Defense Contract Audit Agency.

Afghanistan-Pakistan Subgroup. The U.S. Government's efforts to stop terrorism require support from the major oversight organizations to ensure accountability and transparency in multi-billion-dollar programs implemented in Southwest Asia. To avoid overlapping efforts and reduce the burden that the oversight process places on overseas staff, a subgroup of the Southwest Asia Joint Planning Group coordinates multiagency work to guard against fraud, waste, and abuse in military and civilian programs implemented in Afghanistan and Pakistan. The Afghanistan-Pakistan Subgroup comprises representatives of the Offices of Inspector General for USAID and the Departments of State and Defense, GAO, and the Special Inspector General for Afghanistan Reconstruction. The subgroup acts as the central point for sharing information and coordinating planned and ongoing audits, reviews, and inspections. The subgroup is chaired by a representative from USAID OIG.

Iraq Council of Inspectors General. Oversight organizations operating in Iraq meet quarterly to discuss ongoing and planned activities and to share information, resolve conflicts, and avoid duplication. The Special Inspector General for Iraq Reconstruction chairs the meetings, which are attended by representatives of the Offices of Inspector General for USAID and the Departments of State and Defense; other oversight offices within the Department of Defense, such as the Army Audit Agency and the Defense Contract Audit Agency; and GAO. Representatives located in Washington, DC, and Iraq participate in these meetings, in person or by telephone.

Department of Justice Task Forces. OIG actively participates on two Department of Justice task forces—the National Procurement Fraud Task Force and the International Contract Corruption Task Force. The mission of both task forces is to promote the early detection, prevention, and prosecution of procurement and grant fraud associated with increased contracting activity for national security and other government programs. Additionally, OIG formally partners with the Federal Bureau of Investigation (FBI); an FBI agent is onsite in Afghanistan and actively works USAID cases with OIG special agents.

**SEMIANNUAL REPORT TO THE
CONGRESS**

**United States Agency for International
Development**

United States African Development Foundation

and

Inter-American Foundation

REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended (5 U.S.C. Appendix 3, Section 5), and other public laws set forth congressional reporting requirements for the Offices of Inspector General. There are 15 general categories of reporting requirements.

The summaries of significant findings, starting on page 11, respond to Requirements 1 and 2; responses to the remaining requirements follow the summaries.

1. Significant problems, abuses, and deficiencies uncovered.
2. Recommendations for corrective action identified.
3. Recommendations described previously on which corrective action has not been completed.
4. Investigative activities, including matters referred to prosecutive authorities.
5. Reports of incidents in which OIG was refused assistance or information.
6. Questioned costs, unsupported costs, and the dollar value of recommendations that funds be put to better use.
7. A summary of each particularly significant report.
8. Statistical tables showing:
 - a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of questioned and unsupported costs associated with these reports.
 - b) The total number of reports during the reporting period, including the total dollar value of questioned costs and unsupported costs associated with these reports.
 - c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of disallowed costs and the dollar value of costs allowed.
 - d) The total number of reports for which no management decision has been made by the end of the reporting period.
9. Statistical tables showing:
 - a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of recommendations that funds be put to better use.
 - b) The total number of reports issued during the reporting period, including the total dollar value of funds put to better use.

- c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of recommendations that were agreed to by management, and the dollar value of recommendations that were not agreed to by management.
 - d) The total number of reports for which no management decision has been made by the end of the reporting period.
- 10. Reports previously issued for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.
- 11. Revisions of management decisions—a description and explanation of the reasons.
- 12. Management decisions with which the Inspector General is in disagreement.
- 13. Noncompliance with the Federal Financial Management Improvement Act of 1996.
- 14. Significant audit findings from contract audit reports.
- 15. Peer review results, including the following:
 - a) Reviews conducted on OIG during the reporting period, or the date of its last peer review and any unimplemented recommendations.
 - b) A list of reviews conducted by OIG during the reporting period.
 - c) A list of outstanding recommendations made by OIG during the reporting period.

Summary Table of Audits Conducted

USAID, USADF, and IAF

October 1, 2010–March 31, 2011

<i>Type of Report</i>	<i>Number of Reports</i>	<i>Amount of Recommendations (\$)</i>
Financial Audits		
USAID programs and operations	1	0
Foundations' programs and operations	2	0
U.S.-based contractors	5	2,298,138
Quality-control reviews	0	0
U.S.-based grantees	90	62,530,441
Quality-control reviews	0	0
Foreign-based organizations	129	10,428,595
Quality-control reviews	13	0
Enterprise funds	5	0
Performance Audits		
USAID economy and efficiency	34	2,326,911
Foundations' economy and efficiency	2	0
Other	11	48,715
Total	292	77,632,800

SIGNIFICANT FINDINGS

USAID

Peace and Security

Afghanistan

Review of USAID/Afghanistan’s Cash Disbursement Practices of Selected Implementing Partners (Report No. F-306-11-002-S). In late 2001, following decades of conflict, the financial and banking systems of Afghanistan were devastated. Afghanistan had six licensed, state-owned commercial banks that were almost entirely based in Kabul and, to a large extent, inactive. Besides lacking connectivity and reliable information on assets and liabilities, the banks did not follow generally accepted accounting standards. Vital functions of the central bank were not defined or carried out, and Afghanistan lacked a credible, formal payment system. The lack of confidence in the banking system and uncertainties and difficulties faced by the population and the business sector led them to rely almost exclusively on the *hawala* money transfer system, an informal network of cash brokers who operate based on trust and reputation.

When USAID reopened its Afghanistan mission in early 2002, the absence of a functional banking sector in Afghanistan caused serious challenges for USAID’s implementing partners, which received billions of dollars over the course of several years to implement reconstruction and development projects. At that time, cash and *hawala* were often the only options available to move funds into and around the country, especially for cash-for-work activities in remote areas where banks did not exist. Many Afghan vendors and suppliers did not have bank accounts and accepted only cash payments. As a consequence, USAID’s implementing partners faced increased risk of fraud, loss, and personal harm when handling and transporting large sums of cash.

OIG’s review of the mission’s cash disbursement practices found that during fiscal year (FY) 2010, the ten implementing partners disbursed \$13.1 million in cash out of \$181 million, or 7 percent of the total costs they incurred. The review found that their disbursement practices reasonably ensured that their cash expenditures were reasonable, allocable, and allowable. Two of the ten implementing partners’ internal controls over cash disbursements were found to be “fair,” indicating that they provided minimal assurance of effective oversight.

Eight of the ten were found to have “good” or “excellent” controls. Several best practices for internal controls over cash disbursements were also identified during the review.

OIG made one recommendation, and final action has been taken.

Review of USAID/Afghanistan’s Ministerial Assessment Process (Report No. F-306-11-001-S). By the end of 2011, the U.S. Government expects to deliver 50 percent of its development aid to Afghanistan through the Government’s core budget. With this expectation, USAID/Afghanistan is conducting a series of preaward assessments of host-government ministries. A preaward assessment (sometimes called a preaward survey or preaward audit) involves inquiries, observations, and tests to see whether the assessed entity has the requisite procedures, internal controls, experienced personnel, and other resources needed to responsibly manage U.S. Government funds.

OIG’s review—which focused on assessments already performed by USAID/Afghanistan, as well as draft scopes of work for future assessments—found that those conducted did not provide reasonable assurance of detecting significant vulnerabilities. The scope of the assessments varied from one ministry to another, but some significant limitations existed. For example, reviewers did not know what programs the ministries would be asked to manage and could not therefore address the ministries’ capacity in these areas. In addition, none of the assessments explicitly considered the control environment in Afghanistan or in individual ministries (e.g., the existence of widespread impunity or the ability of high-level officials to interfere with law enforcement institutions and processes).

OIG found a need for more testing to see whether internal control procedures were followed. In addition, more coverage of controls over fixed assets and payroll and attendance was required. Reviewers needed more guidance on how to assess compliance with applicable laws and regulations, and more extensive USAID supervisory review of assessment reports was also required.

Management decisions have been reached on all three report recommendations.

Audit of USAID/Afghanistan’s Agriculture, Water, and Technology Transfer Program (Report No. F-306-11-001-P). As nearly 80 percent of Afghans earn their living from agriculture, USAID/Afghanistan supports programs to create jobs and increase incomes in the agricultural sector and to increase Afghans’ confidence in their government, particularly in the Ministry of Agriculture, Irrigation and Livestock (MAIL). One such program, the Afghanistan Agriculture, Water, and Technology Transfer Program, is implemented through a 3-year, \$20 million cooperative agreement with New Mexico State University (NMSU) awarded in March 2008. The program has three components: integrated

water management, new agricultural technology, and technical assistance to MAIL.

Just over two-thirds of the way through the 3-year program, NMSU had achieved a number of successes in introducing new irrigation and agricultural technologies. However, auditors found no evidence of adoption of these technologies apart from the demonstrations specifically supported by NMSU, and the program has placed relatively little emphasis on improving governance of irrigation water resources.

NMSU was responsive to MAIL requests for technical assistance and training and provided technical assistance to strengthen information technology infrastructure. It also hired a water engineer to train and mentor irrigation staff. NMSU reportedly trained 516 people, including MAIL employees and faculty and students at educational institutions whose graduates often go on to work for MAIL. Still, the program did not follow up to see whether individual or institutional performance improved as a result.

Similarly, monitoring and evaluation shortcomings reduced the value of available performance information. NMSU did not submit the first of two performance management plans on time and was unable to provide auditors a complete list of program sites from which to select a representative sample to visit. Auditors could not verify the program results reported because NMSU did not keep records showing how the results were compiled. In addition, program goals and performance indicators evolved during implementation, making it difficult to decide which ones to use to measure progress.

During the audit, mission officials connected with the program expressed concerns about the financial management of the program. Records showed that about 61 percent of spending was in Afghanistan, while the other 39 percent was in the United States. Officials noted the high proportion of program expenditures in the United States left fewer resources available for activities in Afghanistan, and it raised other questions about the financial management of the program. To address these concerns, OIG contracted with an audit firm to conduct financial audits of NMSU and its partner universities in the United States.

The audit made six recommendations to the mission. Management decisions were reached on five and final action taken on one; a management decision has not been reached on one recommendation.

USAID Contractor Debarred in Connection with Principal's Misconduct and Lack of Adherence to Federal Regulations. As the result of an OIG investigation, SERVCOR, a provider of security services, has been debarred for 3 years from contracting with the U.S. Government. The debarment is based on the company's affiliation with United States Protection

and Investigations, LLC (USPI), whose principals were prohibited in 2008 from working with U.S. Government agencies for 3 years as well. The former executives of USPI were convicted of conspiracy, major fraud, and wire fraud in connection with USPI's subcontract with the Louis Berger Group, Inc. (LBG), in the performance of USAID-funded rebuilding efforts in Afghanistan.

In 2009, SERVCOR signed a \$2.3 million contract with a company doing business with the U.S. Army Corps of Engineers. The principals, through their management and control of the company, continued to subcontract with organizations that had been barred from doing business with the U.S. Government.

During the period of debarment—in the absence of compelling reasons otherwise—federal agencies may not award or renew contracts with SERVCOR, nor may other Government contractors award subcontracts to the company that exceed \$30,000. SERVCOR is also excluded from certain federal assistance and benefits programs during the period of debarment.

Australian Arrested for Accepting Bribe Related to Construction Program in Afghanistan. A senior construction manager working for an intergovernmental organization implementing a \$260 million project to build health and education facilities in Afghanistan was arrested by Indian authorities and ultimately extradited to the United States to stand trial on bribery charges. The contractor allegedly solicited a \$190,000 bribe to allow an Afghan company to continue working on USAID-funded subcontracts. The arrest was the culmination of an investigation and undercover operation conducted by OIG and members of the International Contract Corruption Task Force.

Two Louis Berger Group Employees Plead Guilty to Fraud. LBG is a corporation that focuses on infrastructure engineering, environmental science and economic development. USAID awarded large, multiyear, multi-million-dollar contracts to LBG, most of which involved reconstruction efforts in Afghanistan.

An investigation spanning several years substantiated that, during the life of these contracts, high-ranking employees of LBG manipulated overhead rates, submission of incurred costs, and corporate salaries to overcharge the U.S. Government.

On November 5, 2010, two high-ranking LBG employees pleaded guilty to conspiracy to defraud the U.S. Government. As part of the plea agreement, LBG agreed to a settlement, which resulted in a reimbursement to the U.S. Government of \$69 million. Sentencing for the two LBG employees is pending.

Afghan Sentenced to Prison and Debarred for Fraud Against USAID. A former finance coordinator for Associates for Rural Development (ARD) who was sentenced to 7½ years in an Afghan prison and fined \$160,000 is now

prohibited from participating in procurement transactions with any U.S. Government agency. The individual's 3-year debarment took effect January 2011 as a result of his being found guilty of embezzlement and falsification of tax records in connection with the theft of approximately \$200,000 from ARD. The company is the implementer of an \$80 million contract under USAID's Local Governance and Community Development Program in Afghanistan.

Ongoing Investigation Results in Multiple Debarments, Terminations, Savings, and Recoveries. As a follow-up to OIG's previous semiannual report, Development Alternatives, Inc. (DAI), a USAID contractor managing a \$349 million governance and community development project in Afghanistan, terminated 12 additional employees because of information revealed by ongoing internal investigations being conducted in conjunction with OIG. USAID also debarred 22 former DAI employees who were implicated in misconduct, including the solicitation of kickbacks and conflicts of interest. To date, the investigations have resulted in the recovery of more than \$119,000 and \$81,000 in savings.

Audit of USAID/Afghanistan's Partnership for Advancing Community-Based Education in Afghanistan Program (Report No. 5-306-11-001-P). The Partnership for Advancing Community-Based Education in Afghanistan (PACE-A) was a 5-year program begun in April 2006 to expand access to quality primary education for marginalized communities in Afghanistan, particularly for girls and women. The program focused on community-based schools that are generally located in remote rural areas not served by the Government of Afghanistan's Ministry of Education (MoE).

OIG found that the program was partially achieving its goal and providing educational opportunities to children living in a number of rural villages located in different regions of Afghanistan, including young girls who probably would not be in school otherwise. The implementer reported that 3,695 classes had been established serving nearly 100,000 students—67 percent of whom were girls.

However, OIG found that PACE-A had not been fully achieving all of its core objectives. One area in which program efforts had fallen short was teacher training, which was the primary means of ensuring that PACE-A supported students received a quality education. Only 3 percent of newly hired teachers had received the full range of basic core training—consisting of five workshops—that all were expected to receive. Meanwhile, 21 percent had received none of the requisite core training.



This remote rural village located in the Bamyan Province in Afghanistan was offering primary education classes to the local children as a result of support provided under PACE-A (photo by OIG).

In addition, efforts to integrate primary school classes into the MoE's educational system were not always being carried out effectively. In particular, the integration process—which often involved the relocation of classes outside the communities where they originated to the nearest hub school—was forcing children as young as 7 years old to walk an average distance of more than 3 miles each way to attend classes. Studies have shown that enrollment rates drop dramatically as the distance traveled increases. Within a mile, enrollment rates were above 70 percent, but at approximately 2 miles, they dropped to less than 30 percent. Moreover, because of social constraints limiting girls' mobility outside of the villages, classes relocated away from the village were not feasible, effectively denying girls a chance to continue their education.

The audit also disclosed that results data reported under several key performance indicators for four provinces found that several sampled indicators were not adequately supported. Some of these recordkeeping deficiencies were attributed to the fact that PACE-A partner staff did not always ensure that data collection forms were completed as prescribed. In some cases, the teachers and other users (e.g., teacher trainers) had difficulties in completing the forms because of their limited levels of literacy. Additionally, the mission was unaware of the record deficiencies since it had not performed a data quality assessment on the reported results data.

To address these issues, OIG made four recommendations to have the implementer develop clear standards for teacher training, develop a plan to ensure that all PACE-A supported teachers receive this training, develop and

implement a class integration strategy that allows for the effective integration of primary school classes into the MoE's system, and improve data quality assurance procedures. OIG also recommended that the mission conduct a data quality assessment. Management decisions were reached on three of the four recommendations, with final action taken on one of them.

Audit of USAID/Afghanistan's Support to the American University of Afghanistan (Report No. 5-306-11-002-P). The Afghan Constitution and Civil Code, which took effect in July 2004, chartered the American University of Afghanistan (AUAf) to provide a high-quality education that meets international standards and emphasizes a liberal arts curriculum and higher education for the professions (e.g., offering courses in business English, information technology, leadership, and business management). The university began offering undergraduate courses and professional programs in September 2006.

To assist in the university's development, USAID/Afghanistan entered into a \$42 million cooperative agreement with the university in August 2008, effective through July 2013.

OIG's audit found that the university, with USAID/Afghanistan's support, had increased student enrollment and improved school infrastructure, although the development of a new campus was behind schedule. The university had increased the number of qualified staff, one of the program goals. However, the university had not made progress in becoming self-sustaining. Despite increasing revenue from student tuition, it was struggling with fund-raising, which is essential for sustainability. As of May 2010, AUAf had raised only \$4.5 million of the \$14 million required and only \$2.2 million had been collected, the remainder consisting only of pledges. Additionally, although the university planned to raise \$23 million in capital for the construction of the new campus, as of May 2010 AUAf had identified only two donors; therefore, OIG questioned whether AUAf will become self-sustaining after U.S. Government funding ceases.

The audit found that the university was also behind schedule in reforming its undergraduate program, which is making it less competitive with other private universities in Afghanistan. Furthermore, the University's Professional Development Institute had poor attendance because students lacked interest, and most of the reviewed course syllabi contained no written completion requirements. Because the university had not submitted required planning documents, including its second-year budget, the mission was withholding additional funding. Further, the university was unlikely to meet its goal of increasing enrollment of women to 30 percent; Afghan cultural norms make families unwilling to send girls to an American higher education facility because of the stigma against associating with people from other countries. In addition to documenting funding and curriculum problems, OIG found that the university did not follow environmental procedures in construction of the new campus or in renovations of existing facilities.



Renovation of Buildings at American University in Kabul. Top photo shows Building C, which includes computer and science labs, general-purpose classrooms, the video-conferencing classroom, and the library. Bottom photo shows the University's administration building, which includes general-purpose classrooms and administrative offices (photos by OIG).

Despite benefits in several areas that were derived from this activity, OIG made 18 recommendations to increase the effectiveness of the mission's support to the university. Management decisions have been reached on all recommendations and final action taken on three.

Audit of USAID/Afghanistan's Construction of Health and Education Facilities Program (Report No. F-306-11-002-P). To help respond to unmet health and education needs in Afghanistan, USAID entered into a \$57 million cooperative agreement in January 2008 with the International Organization for Migration (IOM). IOM is implementing the Construction of Health and Education Facilities Program, which is expected to be completed in June 2012. The program intends to (1) strengthen the Government of Afghanistan's ability to provide health services to its citizens and (2) train competent teachers by constructing provincial hospitals, midwife training centers, and provincial teacher training colleges.

OIG found that, although the mission has realized some successes, the program was not on track to achieve its main objectives. Construction was 18 months behind schedule, and none of the building projects were completed by the original delivery dates. Many of the delays were due to security issues, but the projects also suffered from a lack of skilled workers, unavailability of quality materials, and design delays.

The mission also approved construction of male prayer buildings and female prayer rooms at four building sites, violating a prohibition contained in 22 CFR 205(d). The estimated cost of these structures was \$258,982, resources that could have been used for other, allowable purposes under the program.

The report includes 15 recommendations. Management decisions have been reached on all of them, and final action has been taken on six. The mission agreed with \$258,982 being an unallowable cost for the construction of religious structures and intends to collect this amount from the implementer. Furthermore, the mission agreed that it should release completed designs to the Afghan Government for the hospitals and teacher training centers it was no longer constructing. Because the designs meet international building codes for the specific seismic zones, releasing them will help avoid wasting the \$544,000 invested in the design process for these structures and will allow the ministries to solicit other donors for the projects who can use the same plans.

Pakistan

Audit of USAID/Pakistan's Flood Relief Efforts as Administered by Local Nongovernmental Organizations (Report No. G-391-11-003-P).

Heavy rainfall in multiple regions of Pakistan in July 2010 led to the worst flooding experienced there in over 80 years. The floods affected most of Pakistan's districts and affected between 12 and 16 million people. With the resulting shortages of food, drinking water, sanitation facilities, and medical aid, the catastrophe not only deprived the people of their livelihoods, but also exposed them and their livestock to waterborne diseases.

USAID/Pakistan committed \$10 million for emergency flood relief efforts. In August, the mission awarded a \$5 million grant to the International Organization for Migration, and two cooperative agreements totaling \$5 million to Pakistani nongovernmental organizations (NGOs). The audit focused on the two Pakistani organizations: Pakistan Poverty Alleviation Fund (PPAF), which received \$2.7 million, and Rural Support Programmes Network (RSPN), which received \$2.3 million. The two agreements were to provide relief in the provinces of Balochistan, Punjab, Sindh, and Khyber Pakhtunkhwa—in the form of food hampers, hygiene kits, and medical supplies to the affected population.



Medical camp for flood victims in Punjab, Pakistan (photo by OIG).

Auditors found that PPAF and RSPN delivered food hampers, hygiene kits, and medical supplies to meet the immediate needs of the flood victims. The two implementers reported meeting their target for distributing food and hygiene kits to 80,098 households and exceeding the target for administering medical supplies and treatment to an affected population of 159,620 people and 307,116 livestock. Auditors substantiated the results for a sample of each group of recipients.

OIG made no recommendations.

Audits of USAID/Pakistan’s Livelihood Development Program for the Federally Administered Tribal Areas (Report No. G-391-11-002-P and Report No. G-391-11-001-P). Located along Pakistan’s border with Afghanistan is a segment of rugged terrain stretching some 450 kilometers and known as the Federally Administered Tribal Areas (FATA). Functioning as a semiautonomous area within Pakistan, FATA is administered by the Government

of Pakistan using political agents that interact with influential members of FATA tribes. It is one of the most underdeveloped regions in Pakistan, where only 17 percent of the overall population is literate and among women, literacy is as low as 3 percent. Nearly all of the population resides in rural areas, and approximately 60 percent of houses are built of unbaked brick, earth, wood, or bamboo.⁹ While some people are involved in small-scale commercial and industrial sectors, few livelihood opportunities exist, with most households engaged in subsistence agriculture and livestock rearing.

Development in the impoverished FATA has become vital to Pakistan's progress in fighting insurgents. In 2008—in support of a jointly developed plan by the U.S. and Pakistani Governments—USAID initiated the 5-year, \$300 million Livelihood Development Program (LDP) to address the problems in FATA and neighboring Khyber Pakhtunkhwa (formerly known as the North-West Frontier Province).

LDP is a community-based program intended to improve living conditions and opportunities for residents of selected communities by increasing incomes and generating employment as well as by providing social and economic stabilization to counter the influence of extremist and terrorist groups. To implement the program, USAID signed two separate cooperative agreements to cover upper and lower FATA.

OIG found that neither implementer was achieving the main program goal, primarily because of the hostile security environment, including kidnapping, threats, and the assassination of the lower region implementer's chief of party. In November 2008, after the assassination, all senior staff for U.S.-based organizations relocated from Peshawar to Islamabad at the request of the U.S. Embassy. Implementers found that operating the program from a distance under tight security constraints created problems, including increased security and operational costs.

Upper Region

In April 2008, USAID/Pakistan signed a 5-year, \$150 million cooperative agreement with a U.S.-based NGO for work in upper FATA.

OIG's audit found that the mission had no baseline data to determine progress toward countering the influence of extremist and terrorist groups. In addition, the program had executed only 53 percent of planned activities, and program outcomes were weak.

The implementer changed management and dismissed some of its contractors, but USAID proceeded to terminate the cooperative agreement for upper FATA.

⁹ FATA Sustainable Development Plan 2006-2015

USAID later assigned a portion of the work to the lower FATA implementer and continued to search for other implementing partners.

Further, mission staff—responding to the shift toward involving more Pakistani organizations in implementation—erroneously directed the implementer to reduce or eliminate many program activities that FATA community leaders and the Government of Pakistan had prioritized.

OIG also noted problems with program management, including mission staff's overriding management controls and overreliance on contractors to perform services closely related to inherently governmental functions. Moreover, a personal services contractor with important contract management functions was terminated for ethical violations.

OIG made five recommendations for improvements in program oversight and management of contractors. Management decisions were reached on all five with final action taken on two recommendations.

Lower Region

In March 2008, USAID/Pakistan signed a 5-year, \$150 million cooperative agreement with a U.S.-based NGO for work in lower FATA.

As in upper FATA, OIG found that the implementer in lower FATA had made little progress, achieving no more than 19 percent of its targets for key training, scholarship, infrastructure, and job creation activities.

Humanitarian assistance activities were one factor that slowed program implementation. Specifically, the mission directed the implementer to (1) procure 10,000 non-food-item kits for emergency humanitarian relief to distribute to internally displaced families affected by military operations in FATA, (2) implement an early warning assessment program for internally displaced persons in Khyber Pakhtunkhwa, and (3) purchase four fire trucks to be used at camps for internally displaced persons. These directions caused the implementer to use resources that otherwise would have been used for planned activities.

Moreover, program funds were not used efficiently. For example, according to the implementing partner, it spent \$29.2 million in the first 2 years of the program; however, only \$7.6 million was spent on direct program activities, and \$2.7 million was directed to humanitarian assistance activities. The remaining 74 percent was spent on program support including labor, fringe benefits, consultants, travel, security, and other operating and indirect costs. In addition, a financial review of the accounting and management system identified nearly \$800,000 in questionable costs, including potential misuse of funds for a cash-for-work project.

OIG made seven recommendations, and management decisions have been reached on six.

OIG Cofosts Fraud Awareness Conference in Pakistan. On February 17, 2011, OIG—along with USAID Pakistan, Transparency International Pakistan, the Auditor General of Pakistan, the Pakistan Public Procurement Regulatory Authority, and the National Accountability Bureau—cosponsored a fraud awareness conference for USAID implementing partners in Islamabad, Pakistan. The event was attended by 118 participants, including representatives of American and Pakistani NGOs, international public organizations, and representatives of both USAID and Pakistani Government ministries. The OIG Pakistan antifraud hotline was formally launched during the conference.

OIG Pakistan Antifraud Hotline Fully Operational. The OIG Pakistan hotline became fully operational in February 2011. This 5-year project is funded by a cooperative agreement between USAID Pakistan and Transparency International Pakistan; however, OIG is solely responsible for addressing referrals and complaints, which can be submitted through telephone operators who speak English, Sindhi, Urdu, and Pashto. Complaints can also be transmitted by e-mail, Internet, facsimile, mail, or in person. The hotline is advertised on television and the radio, in the newspaper, and on billboards located throughout Pakistan. Thus far, the hotline has received more than 500 contacts, of which more than half concern routine service delivery issues related to ongoing flood relief activities. This information will be referred to USAID or the implementing partner responsible for the project in question. To date, OIG has initiated four investigations from approximately 50 related allegations received by the hotline. See www.anti-fraudhotline.com for more information.



In Punjab Province, a billboard announces the hotline to passersby (photo by OIG).

USAID Suspends Contractor for Serious Corporate Misconduct.

USAID suspended the Academy for Educational Development (AED) from receiving new Government awards after initial findings by OIG revealed evidence of serious corporate misconduct, mismanagement, and a lack of internal controls. As reported in our previous semiannual report, OIG found evidence of fraud related to various aspects of a \$150 million cooperative agreement, which was subsequently terminated by USAID/Pakistan. The OIG investigation later uncovered evidence that certain members of AED's senior headquarters staff became aware of potentially millions of dollars of disallowable costs because of collusion and overcharging by vendors on the Pakistan project but repeatedly failed to disclose this information to USAID. AED announced the retirement of its chief executive officer and required the departure of four other senior executives to address the inadequate reporting and management deficiencies uncovered by the investigation. In addition to issues related to collusion and overcharging by vendors, the OIG investigation revealed several infrastructure projects managed by AED in Pakistan that failed to meet required USAID specifications. An OIG investigation of another AED project in Afghanistan revealed significant internal control issues resulting in the use of a purchasing process that violated both AED and USAID competitive procurement standards. Although some of these issues were identified during a 2008 internal audit conducted by AED, they persisted until the end of the project in late 2010.

As a result of the ongoing investigation, USAID/Afghanistan cancelled a planned \$9,900,000 extension of the project in December 2010.

Iraq

USAID Debars Five Individuals Belonging to an Islamic Charitable Entity With Ties to Terrorist Organizations. Following a multiagency investigation, USAID debarred six individuals with links to the Islamic-American Relief Agency, an entity previously designated by the Treasury Department as a global terrorist organization because it provided financial support to Osama bin Laden, Al-Qaida, and the Taliban. One of the individuals was a former U.S. member of Congress. In the course of the investigation by OIG, the FBI, and the Internal Revenue Service, officials uncovered evidence that the suspects conspired to illegally transfer more than \$1 million to Iraq in violation of the International Emergency Economic Powers Act.

Survey of Security Incidents Reported by Private Security Contractors of USAID/Iraq's Contractors and Grantees (Report No. E-267-11-001-S). Section 862 of the National Defense Authorization Act for Fiscal Year 2008 (NDAA FY 2008) contains provisions for the oversight of all private security contractors (PSCs) in areas of combat operations, including Iraq and Afghanistan.

From July 1, 2007, to June 30, 2009, USAID/Iraq maintained a portfolio of contracts and grants with 12 implementing partners, which held 17 subcontracts for private security services in Iraq. According to information provided by USAID/Iraq's implementing partners, these 17 subcontracts for security services incurred cumulative expenditures of \$483 million as of December 31, 2009. USAID/Iraq reported that the implementing partners incurred expenditures of \$2.1 billion in program expenses over the same period; therefore, security services accounted for approximately 23 percent of the implementing partners' total costs.

OIG's survey of security incidents reported by PSCs found that over 2 years, USAID/Iraq's implementing partners and their PSCs had documented and reported 94 serious security incidents. Two of these, Research Triangle Institute and International Relief and Development, accounted for 72 of the serious incident reports.

USAID/Iraq has taken numerous steps to implement recommendations from a prior OIG audit,¹⁰ and to provide oversight, including issuing a formal notice to partners notifying them of reporting requirements, modifying award documents to require incident reporting, and ensuring that all PSCs for USAID implementing partners register with the Ministry of Interior.

Nevertheless, partners did not provide sufficient oversight of their PSCs with respect to incident reporting. This lack of monitoring led to reporting deficiencies and missing security incident reports. Additionally, none of USAID/Iraq's implementing partners had established documented internal procedures to monitor the reporting of security incidents to ensure that such incidents were properly reported. Because jurisdiction over PSCs has been turned over to the Iraqi Government, it is critical that implementing partners and their PSCs adhere to policies, procedures, and requirements.

OIG made five recommendations to address these weaknesses. Management decisions have been made on all of the recommendations, and final action has been taken on two.

Review of USAID/Iraq's Contractors' Compliance With the Trafficking Victims Protection Reauthorization Act of 2008 (Report No. E-267-11-002-S). The William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (the Wilberforce Act), Public Law 110-457, requires OIG to investigate contracts and subcontracts under which there is a high risk that the contractor may engage in acts related to trafficking in persons. These acts include confiscation of an employee's passport, restriction of an employee's

¹⁰ "Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq," Audit Report No. 267-09-002-P, March 4, 2009.

mobility, abrupt or evasive repatriation of an employee, deception of an employee regarding the work destination, and acts otherwise described in Section 106(g) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7104).

This review assessed whether USAID/Iraq and its contractors have established sufficient controls to prevent trafficking in persons and whether USAID/Iraq's contractors and subcontractors engaged in trafficking-in-persons practices. Because the majority of the third-country nationals working to implement the mission's program activities were professional staff at low risk of trafficking, the review focused on USAID/Iraq's two support contracts to Najlaa International Catering Services and GSI Business Services. These companies employed low-skilled, low-wage, third-country nationals to provide food service, housekeeping, and maintenance, and their contracts were valued at a total of \$8 million.

USAID/Iraq has established internal controls to manage the risk of trafficking in persons on its compound, and the review found no indication that contractors and subcontractors on the two USAID/Iraq contracts engaged in trafficking in persons. Third-country nationals employed under the contracts were not restricted beyond normal security procedures, and none of the contract employees complained of threats, abuse, or coercion. Additionally, the employees indicated that their pay under the two contracts equaled or surpassed what they had received from other employers in Iraq. After reviewing the report's observations, the mission identified the most critical issue with potential for trafficking as contractor staff members' ability to return to their home countries.

To address this issue, the mission planned to issue a contract modification reserving the right to withhold final payment if GSI does not account for funds it has collected from paychecks and disburse the funds to employees as appropriate. The mission also planned to verify that GSI was honoring a request by the Embassy of the Republic of the Philippines to provide it with information on Philippine nationals working for the company.

West Bank and Gaza

OIG's Oversight Activities in the West Bank and Gaza. OIG's oversight activities in the West Bank and Gaza included audits of USAID's contractors and grantees.

USAID contracted with independent public accounting firms to conduct audits of cash transfers to the Palestinian Authority; financial audits; and examination procedures of contractors, grantees, subcontractors, and subgrantees. These audits help ensure the validity of costs claimed and compliance with Executive Order 13224, "Blocking Property and Prohibiting Transactions With Persons

Who Commit, Threaten to Commit, or Support Terrorism.” During this period, OIG issued 16 final reports on West Bank and Gaza. The reports identified questioned costs of approximately \$1.5 million of the \$39.7 million audited. In addition, the reports identified areas for improvement in internal controls and instances of noncompliance with agreements.

Audit of USAID/West Bank and Gaza’s Emergency Jobs Program (Report No. 6-294-11-001-P). The West Bank and Gaza region continues to experience high unemployment, which contributes to the marginalization of local citizens. To provide temporary relief for thousands of families in at least 100 communities in the West Bank and Gaza, USAID/West Bank and Gaza developed the Emergency Jobs Program, which creates jobs through small-scale infrastructure projects. These projects have included construction and rehabilitation of retaining walls, roads, and sidewalks; community, women’s, and youth centers; health-care facilities; kindergartens and schools; and playgrounds and parks. They strive to infuse needed capital into local economies and help move the West Bank and Gaza toward improved quality of life and sustained economic growth.



An Emergency Jobs Program plaque stands alongside the Beit Ur Al Tahta sidewalk project in the Ramallah Governorate (photo by OIG).

To implement the program, the mission entered into a \$34 million cooperative agreement with CHF International (CHF) to complete 200 small infrastructure projects throughout the West Bank and Gaza. As of June 30, 2010, USAID/West Bank and Gaza had expended \$21.9 million on the initiative.

The audit found that the program had achieved several qualitative successes: It helped subcontractors improve their technical skills, trained engineers who supervised construction activities, and met economic needs of beneficiary

communities. CHF also implemented an effective branding strategy that raised community awareness of the U.S. Government's funding of the infrastructure projects. In addition, CHF used local materials, helping to support the region's economy.

USAID/West Bank and Gaza's Emergency Jobs Program provided short-term employment opportunities to 4,215 Palestinian citizens, exceeding its FY 2009 goal of 1,100. Although it was behind in meeting its FY 2009 target for numbers of employment days generated, CHF was on track to exceed the cumulative program goal of 290,000 employment days.

The report had no recommendations.

Audit of USAID/West Bank and Gaza's Technical and Vocational Education and Training Program (Report No. 6-294-11-006-P). In 2009, West Bank's overall unemployment rate was reported at 17.8 percent and—among youth aged 15 to 24, it was reported at 38.9 percent. Given the large proportion of young people in the region, with approximately 40 percent being under the age of 15, investment in workforce readiness is critical to offset the frustrations of unemployment for large numbers of young people. To address this need, USAID/West Bank and Gaza has invested in the Technical and Vocational Education and Training (TVET) Program. The program supports the high priority that the Palestinian Authority has put on its National Education Strategy to be more responsive to labor market needs and to better prepare Palestinian youth with relevant skills in areas such as carpentry, auto mechanics, information technology and hotel management and familiarity with heating, ventilation, and air conditioning work.

The program aims to improve the quality and relevance of education at the 12 TVET League institutions in the West Bank and make TVET a viable, sought-after educational option for Palestinian youths. To implement the program, the mission signed a 4-year, \$10 million cooperative agreement with a consortium of Save the Children Federation (the prime implementer), Mercy Corps, and the Young Men's Christian Association (YMCA). The agreement is effective through September 2011.

The program's accomplishments to date include legally registering the TVET League, renovating and upgrading some workshops, establishing a regional academy with trained instructors, and delivering equipment to the institutions. A detailed plan is in place for expending remaining program costs by September 2011; however, in the short time remaining, fundamental activities that require a longer period to fully implement—such as building relationships with the public and private sectors, changing the public perception of vocational and technical education, and providing for the future sustainability of the TVET League—may be undermined.

Although the mission has begun making progress, delays in program implementation have lessened its positive impact. Weak coordination between USAID and its implementing partners led to delays in defining the roles and responsibilities of the consortium members. In addition, Save the Children's first program director was not fully knowledgeable about USAID policies and regulations, which led to several problems in complying with the terms of the cooperative agreement. This lack of knowledge, along with high staff turnover, contributed to implementation challenges. Furthermore, the lack of a gender strategy indicates a missed opportunity for empowering Palestinian women.

It is also difficult for the mission to measure the overall benefit of the program because 26 of the 28 indicators being tracked are not measuring achievement of the program's impact-focused goals. Those measures that do focus on impact have no annual results or baseline data.

OIG made ten recommendations to improve the effectiveness of the TVET Program and future programs. The mission has taken final action on one recommendation and reached management decisions on four of the recommendations. However, a management decision has not been reached on the remaining five recommendations.

Sudan

Audit of USAID/Sudan's Modern Energy Services Program (Report 4-650-11-003-P). Underdevelopment, followed by decades of war and neglect, has left southern Sudan with minimal infrastructure. As a result, the Government of Southern Sudan's Ministry of Energy and Mining has identified the electrification of market towns as a priority.

As part of its continuing effort to help the government develop southern Sudan's electricity sector, USAID signed a 4-year, \$13 million task order in 2007 with the Louis Berger Group (LBG) to implement the Modern Energy Services Program. The goals of this program are to construct and implement sustainable electricity generation and distribution systems in selected rural market towns of southern Sudan. The primary subcontractor under this task order is the National Rural Electric Cooperative Association International, Ltd., which has been implementing activities in multiple locations.

OIG found that the mission's energy program was generally achieving its goals of constructing and implementing sustainable generation and distribution systems in Kapoeta, Maridi, and Yei, although delays had necessitated revising the implementation schedule. Beneficiaries in Yei, where the electricity and distribution systems have been completed, believe electrification has improved their economic welfare and physical security. During fieldwork, the audit found that construction of new electric facilities in Kapoeta and Maridi was progressing

largely within budget and within the agreed-upon work plan and timelines. However, the audit also found that LBG did not provide adequate quality control, allowing its main subcontractor to work with little or no oversight. Without proper oversight, USAID cannot be sure that the quality of work meets USAID's standards or beneficiaries' expectations.

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

Survey of USAID/Sudan's Election Assistance Activities (Report No. 4-650-11-001-S). The signing of the Comprehensive Peace Agreement by the Sudan People's Liberation Movement and the Government of Sudan in 2005 provided an opportunity for peace after a 22-year civil war between Northern and Southern Sudan. The agreement required that national elections be held prior to the referendum on independence. Delayed four times since 2009, these elections were held in April 2010, and the referendum on independence was held in January 2011. These events have significant ramifications for security in Africa; consequently, the United States had an interest in ensuring that these elections were held peacefully and were perceived by the Sudanese people as credible.

OIG conducted a survey to determine what activities USAID undertook to support Sudanese elections. In this survey, OIG attempted to identify the status of election assistance activities, any concerns about or barriers to success of those activities, and actions that USAID has taken to address those issues.

OIG found that the mission conducts a number of election assistance activities through agreements with five principal implementing partners, such as ballot design and voter registration, civic and voter education, strengthening political parties, and support of international observation efforts. Under these agreements, USAID obligated \$95 million during FY 2008 and 2009 for election assistance activities in preparation for the April 2010 national elections, the January 2011 independence referendums, and related follow-up activities.

The elections and the referendum vote faced serious challenges in a country rebuilding from a long period of conflict and instability. In particular, USAID and its partners experienced frustrations when dealing with the National Election Commission and its initial reluctance in seeking outside assistance. High illiteracy in southern Sudan, combined with ongoing violence, banditry, and logistical difficulties, created additional challenges for the electoral process.

Despite delays and obstacles, USAID has taken several actions to overcome barriers. These actions have included maintaining a close relationship with implementing partners and monitoring their activities; promoting communication among implementing partners; and tracking the progress of activities through

performance reports, meetings, and attending project-related events, including those in the South, whenever possible.

The survey contained no recommendations.

Just and Democratic Government

Good Governance

Follow-up Audit of Selected USAID/Lebanon's Democracy and Governance Activities (Report No. 6-268-11-003-P). OIG issued a follow-up audit on the recently discontinued \$28.7 million Assistance to Sustain Local Democratic Practices in Lebanon Program. The program, which was intended to build local government capacity, had been the subject of a November 2008 audit that identified shortcomings in oversight and in the quality of performance indicators for the program. Shortly before this audit began, USAID/Lebanon discontinued the program because officials did not believe that the program was in the best interest of the U.S. Government.

OIG's follow-up audit found that the USAID mission had taken steps to improve program performance indicators since the 2008 audit. Notwithstanding these improvements, OIG found limitations in project sustainability, project oversight, and data quality.

Program implementation weaknesses on the part of a Lebanese Government partner went unaddressed for several years before USAID terminated the program. For example, under the program, local governments were provided customized software applications to help them improve administrative and financial functions. Although a Lebanese Government partner agreed to provide continuous support for the maintenance and operation of these software applications, it did not do so, compromising the long-term benefit of the program.

OIG also identified areas for improvement in the USAID mission's management and oversight of the program. Four different USAID technical representatives were assigned to the program over a 2-year period but did not have full access to one another's project files and information. USAID did not define the terms of use or rights to the software applications provided under the program, and the implementing partner failed to determine their monetary value. In addition, USAID failed to verify whether the software applications and equipment financed under the program were being used as intended by USAID. Furthermore, because USAID staff waited almost a full year to communicate the results of a data quality assessment to the implementing partner, the implementing partner was not able to take prompt action to correct a major overstatement of the number of government workers who received training under the program.

OIG made ten recommendations to address these and other issues identified by the auditors. Management decisions have been reached on nine recommendations, and final action has been taken on one.

Audit of USAID/Morocco’s Civil Society Advocacy Program (Report No. 7-608-10-001-P). Although dominant authority rests with the king, Morocco has proven to be a regional leader in implementing democratic reforms. However, only 37 percent of eligible voters participated in the most recent parliamentary elections in 2007. According to USAID/Morocco officials, this low voter turnout indicated that national and local institutions have weak capacities and suffer from a lack of credibility and legitimacy. Officials also considered the low turnout a step backward for those in favor of a public mandate for continued democratic reforms.

To address this concern and other Moroccan governance issues, USAID developed the 3-year, \$7.5 million Civil Society Advocacy Program (referred to as SANAD¹¹), which began in May 2009. The program has five goals: (1) Strengthen civil society institutional capacity and advocacy, (2) promote better synergy between national and local levels of civil society, (3) improve the capacity of local associations to play a strategic role in the National Initiative for Human Development, (4) increase the capacity of civil society organizations to advocate for marginalized and disaffected youth and collaborate with local and national governments in innovative youth programs, and (5) enhance the capacity of local organizations to use civil society mobilization and advocacy to improve education quality.

The audit found that the program was behind schedule but that realistic plans for a productive fourth quarter likely would allow the program to achieve its FY 2010 goals (e.g., support parent-teacher associations and efforts to mobilize or advocate for marginalized and disaffected youth). However, the audit found that it was too early to determine whether SANAD was on track to have the desired broader effect on Moroccan civil society.

After 11 months of implementation, the total direct costs billed by the implementing partner represented only about half of the amount budgeted for the first year. Reasons cited for the delays included the need to change the program design and performance measurements in order to partner with similar Government of Morocco programs, a lengthy process of establishing a relationship with the Moroccan Ministry of Education, coordination with other programs to avoid duplication of efforts, and a new process of obtaining security clearances before grants could be provided to local organizations.

¹¹ Strengthening Advocacy and Networking to Advance Democracy: *Sanad* means “support” in Arabic.

In addition to delays, the audit disclosed three potential challenges for the remainder of the program. First, USAID had not specifically communicated financial management expectations to grantees, nor had the Agency explained its requirements for progress reports, financial reports, and cost-sharing contributions. Second, USAID/Morocco's Office of Democracy and Governance faced imminent staffing shortages. Third, the implementing partner was not providing the mission with detailed financial reports. The audit report made three recommendations that address these findings. Management decisions have been reached on all recommendations, and final action has been taken on one.

Risk Assessment of USAID/Yemen's Major Activities (Report No. 6-279-11-001-S). USAID/Yemen's Country Strategy: Stabilization through Development 2010–2012, seeks to address instability and conflict in Yemen. In 2010, the Failed States Index¹² ranked Yemen among the top 15 countries in the world whose stability is categorized as "in danger." Stabilization and conflict mitigation are necessary to create opportunities for jobs creation and to improve education, health, and governance. USAID/Yemen is implementing a localized stabilization strategy, which focuses on short- and medium-term results but also includes goals for longer-term sustainability. The U.S. Government—acting through USAID—and the Government of the Republic of Yemen entered into a nearly \$122 million assistance agreement in September 2009.

OIG examined the risk associated with USAID/Yemen's operations by office. The exposure risk was rated as high for USAID/Yemen's program and technical offices, while the exposure risk was rated as moderate for the regional financial management and procurement offices, located at the mission in Egypt. The exposure risk for the regional legal advisor, also located in Egypt, was rated as low. Overall, USAID/Yemen's risk exposure is high because of security issues, staff's inability to monitor programs, high staff turnover, and staff inexperience with USAID programs and operations. Because USAID/Yemen relies on the Egypt mission to provide some services regionally, staff members are not available to monitor day-to-day financial, procurement, and legal activities. Consequently, the lack of ongoing oversight at these two missions may lead to USAID/Yemen's decreased compliance with applicable laws and regulations, ineffective and inefficient operations, and unreliable financial reporting.

To address these vulnerabilities, OIG made three recommendations, and management decisions have been reached on all of them.

¹² The Failed States Index is developed annually as a collaboration between the journal Foreign Policy (documenting global politics, economics, and ideas) and The Fund for Peace (an independent, nonpartisan research and educational organization that works to prevent war and alleviate the conditions that cause conflict).

Audit of USAID/Bangladesh’s Promoting Governance, Accountability, Transparency and Integrity Program (Report No. 5-388-11-005-P).

Widespread corruption has long been one of the greatest constraints to Bangladesh’s continued development. USAID/Bangladesh strives to address the root causes of corruption and improve the lives of Bangladeshis by strengthening selected democratic institutions and making them more responsive to citizen needs. To achieve this goal, USAID/Bangladesh developed the Promoting Governance, Accountability, Transparency and Integrity (PROGATI) Program. Specifically, the PROGATI program is designed to promote the principles of accountability, transparency, and responsiveness by strengthening media, civil society organizations, and public institutions and parliamentary oversight capacity. To implement the program, the mission signed a 4-year, \$18.2 million task order with Development Alternatives, Inc., beginning in October 2007.

OIG’s audit found that the PROGATI program has made progress in achieving its goal of strengthening civil society to decrease corruption but is delayed in achieving its goals of strengthening media and public institutions. Specifically, the program was behind schedule in establishing an independent media center and a parliamentary budget analysis and monitoring unit, both of which are expected to continue to operate and function after the program ends but—as the audit found—may not be sustainable.



Resource facility in the not-yet-functional media center in Dhaka, Bangladesh (photograph by OIG).

The purpose of the independent media center was to increase the media’s capacity to report on transparency and corruption as well as advocate for legal reform and freedom of information laws. Located in the heart of the media hub

in Dhaka, the center was expected to be functional by October 2008, but as of September 2010, was neither fully staffed nor equipped with critical computer equipment. Additionally, the Parliamentary budget analysis and monitoring unit, meant to be a permanent arm of the Parliament Secretariat to provide reliable and useful information on the budget and identify funding priorities, was likewise not equipped with necessary computer equipment nor staffed. Furthermore, the implementing partner had yet to develop a sustainability plan.

Accordingly, OIG made four recommendations and determined that management decisions had been reached on all four recommendations.

Rule of Law and Human Rights

Audit of Assistance to Internally Displaced Persons and Vulnerable Groups Financed by USAID/Colombia (Report No. I-514-11-002-P). A decades-long armed conflict involving left-wing guerrillas, paramilitaries, and government security forces has left Colombia with one of the largest populations of internally displaced persons (IDPs) in the world. As of mid-2009, more than 2.3 million IDPs were included in the government's official registry, and more than 240,000 had filed claims with the justice system as victims of major conflict crimes.

USAID/Colombia's program to assist IDPs and other vulnerable groups—traditionally poor and vulnerable people, including ethnic minorities, female heads of households, youth, and those with disabilities—began in 2001. The program seeks to stabilize IDPs (i.e., improve their quality of life of and reintegrate them into civil society) as well as strengthen institutions that support them.

Under the IDP program, in 2005 USAID/Colombia awarded a 6-year agreement totaling approximately \$73 million to the Pan American Development Foundation. In 2007, the mission awarded a 4-year agreement totaling almost \$43 million to the International Organization of Migration. These two agreements, representing close to 87 percent of the IDP program, were the focus of the audit.

The mission did not establish or use any measures to gauge progress toward IDP stabilization. Although the IDP program provided support for income generation and access to housing, public education, and public health—the mission reported that 276,148 beneficiaries received at least one of these services in FY 2009—USAID/Colombia could not measure progress toward the overall goal because the mission did not have a clear, achievable definition of stabilization or improved quality of life. Therefore, contingent on the availability of funds, these IDPs receiving services could be indefinite beneficiaries of the program.

The audit team found that of the services provided to the IDPs, almost all of the beneficiaries interviewed considered income generation to be the most important component in terms of stabilization. However, income assistance, as defined by the indicators in place, is reaching relatively few beneficiaries: Of the 276,148 beneficiaries reported in FY 2009, only 1,833 received job assistance and 1,884 received vocational training.

Further, the audit determined that the mission included materially incorrect performance data in its performance plan and report. Specifically, data overstated the number of people benefiting from U.S. Government support (by 29 percent), licit jobs created (by 33 percent), and families with adequate housing (by 58 percent).

OIG made five recommendations to improve the effectiveness of USAID/Colombia's assistance. Management decisions were reached on all five recommendations at the time of report issuance.

Audit of USAID/Mexico's Rule of Law and Human Rights Program (Report No. I-523-11-001-P). The Merida Initiative is a \$1.4 billion program intended to provide counterdrug and anticrime assistance for Mexico as well as Central American countries. One of the initiative's primary goals is to improve the capacity of justice systems in Mexico.

As part of the initiative, Mexico introduced several changes calling for reforms in the judicial and law enforcement sectors and in the prison system. To support this reform agenda, USAID focused its rule of law activities on (1) continuing police education and training program, (2) human rights training for police, prosecutors, and other officials, (3) judicial exchanges, (4) support for human rights NGOs and civil society, (5) support for law schools and bar associations, and (6) financial support for the Office of the High Commissioner for Human Rights.

OIG sought to determine whether USAID/Mexico's rule of law and human rights program was achieving its goals to support criminal justice reforms at the federal and state levels and to strengthen civil society organizations' promotion and oversight of human rights. Furthermore, the audit also sought to determine whether the mission's program reporting was providing stakeholders with complete and accurate information on the initiative's progress.

OIG found that USAID/Mexico did not strategically deliver technical advisory services so that they could be most efficient, effective, and sustainable. For example, the primary implementing partner, Management Systems International (MSI), did not execute its activities as proposed. Activities were to effectively identify, evaluate, and propagate best practices; designate pilot sites for developing and testing methodologies and concrete products; and support

adjustments and corrections before expanding to other sites. As a result, USAID/Mexico's rule of law activities have had limited success.

In addition, OIG found that program management required improvement, including the need for training systems to be evaluated and for technical officers to carry out all of their responsibilities (e.g., updating performance plans, requiring compliance with branding procedures, and documenting site visits). The audit also found that the contract mechanism USAID used to award the task order to MSI was not in accordance with procurement regulations.

OIG made eight recommendations, and management decisions have been reached on seven.

Economic Growth and Prosperity

Economic Security

Review of Fondation Sogebank's Activities Financed by USAID/Haiti (Report No. I-521-11-001-S). The Republic of Haiti continues to face economic hardships because of the country's unstable political and social environment and its slow recovery from the devastating earthquake of January 2010. Extremely high unemployment persists because job opportunities are scarce. Haiti depends heavily on foreign assistance and annual remittances of over \$1 billion from Haitians living abroad, a group referred to as the Haitian Diaspora.

The Haitian Diaspora Marketplace Program, implemented by Fondation Sogebank¹³ under a \$2 million cooperative agreement with USAID/Haiti, intended to distribute small grants, between \$50,000 and \$100,000, to investors from the Haitian Diaspora to support business ventures likely to increase Haiti's gross domestic product, create sustainable jobs, and improve the living conditions of the population. The program, which was designed to be implemented over 2 years, began in May 2009.

OIG's review determined that the foundation had not complied with all the provisions included in the cooperative agreement with USAID/Haiti and had not established operating procedures for the program. For example, the foundation had not issued key documents or set policies and procedures, had not required documentation of work before paying program staff salaries, and had not submitted any progress reports. Further, instead of managing program funds using a single, dedicated bank account, the foundation used five separate bank

¹³ Fondation Sogebank is a nonprofit foundation formed in 1993 by the shareholders of the Société Générale Haïtienne de Banque (Sogebank).

accounts to disburse funds. These procedures caused many accounting and documentation irregularities.

Midway through the program, none of the grant funds had been expended and few proposals were under consideration for funding. Out of 35 concept papers submitted for the first grant cycle, only 2 had received preliminary approval and were likely to receive funding.

The review report includes 15 recommendations to resolve the noted problems, including a recommendation to recover unsupported salary charges. In response to the draft review report, USAID/Haiti decided to terminate the program by November 30, 2010. Final action has been taken on all but one recommendation.

Audit of Selected USAID/Kenya Agricultural Productivity and Agricultural Trade Activities (Report No. 4-615-11-002-P).

USAID/Kenya strives to increase rural household incomes through market-led development that targets three of Kenya's most important agricultural commodities—maize, dairy products, and fruits and vegetables. To accomplish this goal, the mission aims to expand adoption of productivity-enhancing technologies, enhance business connections, and promote trade in agricultural products. In addition, the mission attempts to identify and support appropriate roles of the public and private sectors in agriculture, and it advocates for policy, regulatory, and legal reforms. In FY 2009, USAID/Kenya obligated \$11.7 million for activities to promote agricultural productivity and agricultural trade.

OIG found that the mission's maize program has reported significant increases in productivity but that the decision to focus on maize prevented USAID/Kenya from efficiently and effectively increasing rural household incomes. Although emphasizing maize was not an effective means to increase rural household incomes, the mission extended the original 4-year program—which was to expire in 2006—through 2010. It also increased the value of the agreement by more than \$5 million, effectively renewing the maize program without critically evaluating whether this program was achieving the desired result.

The audit also noted weaknesses in how implementing partners and USAID/Kenya collect and report data. Errors, unsupported figures, and internal inconsistencies were discovered in three of five performance indicators prepared for FY 2009. For example, implementing officials said that they were confident that at least 370,000 households benefited from the maize program in FY 2009, although officials did not have any summary documentation to allow verification of this result.

Additionally, OIG found that greater coordination of policy advocacy was needed. In one instance, a member of one implementing partner's team

advocated for a policy that raised the price that the National Cereals and Produce Board paid for maize. Unfortunately, because most smallholder¹⁴ farmers in Kenya are net buyers of maize, this policy change likely hurt program beneficiaries and reduced rural household incomes. This policy advocacy was due to a lack of awareness by the mission and its partners of the overall economic growth strategy.

The report includes seven recommendations to strengthen the mission's agricultural productivity and agricultural trade activities. Management decisions have been reached on all of the recommendations, and final action has been taken on one recommendation.

Audit of USAID/Timor-Leste's Strengthening Property Rights in Timor-Leste Project (Report No. 5-472-11-004-P). Before gaining independence in 2002, Timor-Leste had a long history of occupation, which caused the displacement and frequent forced resettlement of the population in many urban and rural areas. Among other things, these changes have created confusion over land and property holdings, resulting from overlapping ownership claims established under different legal systems (Portuguese, Indonesian, and Timorese). These changes have led to increased tension and limited Timor-Leste's economic growth.

To address this problem, USAID developed the Strengthening Property Rights in Timor-Leste Project, which is designed to support the Government of Timor-Leste in its efforts to institute its own laws and regulations governing property rights, including the establishment of a national land registration and titling system. To implement the project, the mission awarded a 5-year, \$9.9 million task order to Associates in Rural Development, Inc., beginning in October 2007.

The audit found that the project was only partially achieving its goal due, in part, to delays on the part of the Timorese Government in adopting its land bill. This key piece of legislation was originally expected to be passed at the start of the project, and its delay has deferred or curtailed a number of activities and deliverables. Despite this setback, the project was in the process of developing a national land registry that is expected to cover 50,000 land parcels nationwide. In carrying out this labor-intensive task, the project developed detailed procedures and systems for surveying parcels and recording data on claims filed on those properties, with the data collected by teams of data collectors and then entered into a database. Upon completion, this massive database will serve as the basis for land registration and titling.

In reviewing the database, however, OIG found that key supporting records were not always complete or usable. Examples include missing property folders,

¹⁴ Smallholders or smallholdings refer to a small-sized farm.

claim forms, and property sketches, as well as unreadable records with poor image quality. OIG also noted that the project was accumulating a large backlog of property claims that were awaiting final processing. Additionally, site visits to selected data collection areas revealed that field staff members were not adequately following up on disputed property claims as required to facilitate a resolution.

OIG made three recommendations to improve the effectiveness of USAID/Timor-Leste's assistance, and management decisions were reached on all three recommendations.

Fraud Found at Civic Center for Haitian Youth. USAID awarded \$8 million through a cooperative agreement to an implementing partner to be used to carry out election related activities in Haiti. The implementing partner then awarded contracts to three subcontractors, including the Foyer Civique pour la Jeunesse Haïtienne (FOCIJH). FOCIJH was advanced approximately \$60,000 to begin its work.¹⁵

Because of the funding advance, FOCIJH was required, after providing electoral outreach services, to provide supporting documentation to substantiate their expenses. Not only was FOCIJH unable to provide supporting documentation for all of its work, but the supporting documentation it submitted was determined to be fraudulent. Approximately \$30,000 has been identified in unsubstantiated costs. On the basis of OIG's investigative work, the President of the NGO has been arrested by the Haitian National Police and is being held pending trial.

Environment

USAID/Senegal's Economic Growth Activities (Report No. 7-685-11-006-P). USAID strives to create jobs and fight poverty in Senegal by increasing prosperity through trade and natural resource management. USAID/Senegal's economic growth program promotes trade in agriculture and natural products, public private partnerships, biodiversity conservation, and business development services. It also supports national policies that encourage economic growth, trade, and environmental responsibility.

The \$141 million economic growth program in Senegal focuses on export-oriented activities to increase revenues. Competitiveness of Senegal's enterprises is expected to increase as the result of access to improved technologies,

¹⁵ It is a normal practice to advance small NGOs money to pay for operating costs as they do not have the capital to begin projects on their own.

business development services, and better access to market information. USAID plans to directly address broader environmental issues to preserve natural resources, which in turn will impact sustainability. The mission has concentrated on ecosystem management in the southeastern and southern coastal regions of Senegal. It has assisted in developing laws, regulations, and institutions to respond to the needs of the Senegalese and foreign investors.

OIG audited two activities, the Wula Nafaa program and the Projet Croissance Economique (PCE) program, both of which were implemented by the International Resources Group. Villages that had received training and the knowledge to cultivate local natural resources more efficiently and economically and to implement new business practices were able to increase profits by selling their products at prices five times higher than their original prices. The Wula Nafaa program reported the creation of more than 13,000 jobs and increased the economic benefits of approximately 17,000 individuals. Additionally, the program placed 852 hectares under improved conservation management.

The PCE program, as a result of the removal of lending barriers, issued more than \$2.8 million in Development Credit Authority loans during a 6-month period, more than doubling the number of loans from the entire previous year. Also in FY 2010, PCE launched a training initiative based on a series of training booklets of best practices related to production, harvest, storage, and conservation of quality maize. The booklets were translated into three languages, and the program reached a producer base of more than 12,000 farmers.

In other areas, OIG found that the mission had partially achieved its program goals, such as carrying out training events on investment capacity; however, other goals—such as increasing value of selected agricultural exports by 50 percent—were not completely realized. Strains on the mission's resources, both from staffing shortages and attempts to implement other high-priority initiatives (e.g., Feed the Future), impacted its ability to carry out some of its economic growth activities.

OIG made five recommendations to improve oversight, performance management, and other procedures. The mission agreed with and has taken final action on all of them.

Investment in People

Education

Audit of Selected Activities from USAID/Yemen's Basic Education Support and Training (BEST) Project (Report No. 6-279-11-005-P).

USAID's overarching strategic goal in Yemen has been to increase stability through targeted interventions in highly vulnerable areas. Targeted, vulnerable

communities are those that are remote or marginalized and that have limited access to services and opportunities. These situations create a climate that is susceptible to extremist ideologies and in which people are prone to violence to resolve grievances. USAID/Yemen's stabilization strategy focuses on addressing the Yemeni people's fundamental needs and providing opportunities at local levels by improving access to basic services such as education.

In its most recent country strategy for 2010–2012, USAID/Yemen reported that Yemen's education services have been inadequate, resulting in an aggregate adult literacy rate of 50 percent—73 percent for men and 35 percent for women. Constraints in access to education services have resulted in low school completion rates by girls (especially in rural areas), high grade repetition rates, and a lack of quality facilities and materials, particularly in vulnerable communities. These communities include the governorates of Hodeida, Rayma, and Amran, west of the capital of Sana'a.

To improve educational services, USAID/Yemen awarded \$20.3 million to the Academy for Educational Development (AED) for a 5-year associate cooperative agreement, an award that covers a specified worldwide activity, which began in September 2007. As the implementer, AED designed the Basic Education Support and Training Project to strengthen the capacity of communities, schools, and the Ministry of Education, to improve and sustain education for Yemen's children. However, because of the mission's new stabilization strategy, the project's funding was reduced to \$17.4 million and the life of the project was reduced to 4 years. AED designed the BEST project to focus on six main component areas: school renovations, community participation, training, adult literacy, education management information systems, and monitoring and evaluation. Gender inequity was later added as a seventh component.

OIG found that, despite many successes, the BEST project is not on track to achieve its goals. The mission inappropriately spent \$2.4 million of the BEST project funds to complete construction activities of a previous USAID initiative—the Basic Education Project. As a result, the most recent project has incurred a budget shortfall that has hindered its implementation, reducing the ability to renovate more schools and provide increased training to teachers. Although 58 schools were targeted for major and minor building renovations, AED completed only 17 schools. Because of budget cuts in 2010, the implementer expected to complete only 4 out of 12 planned multipurpose centers.

OIG made ten recommendations to improve management controls and program oversight. The mission has reached management decisions on six of the recommendations and taken final action on two recommendations. However, a management decision has not been reached on the remaining four recommendations.



Before and after renovations of the Abdu Mohamed Al-Mekhlafe Scholl Zabid District, Hodeida Governorate (photos by USAID/Yemen).

Audit of USAID/Egypt’s Leaders for Education and Development Scholarship Initiative Program (Report No. 6-263-11-002-P). Since 2004, the USAID/Egypt Leaders for Education and Development Scholarship Initiative (LEAD) Program has provided scholarships to underprivileged students throughout Egypt to attend the American University in Cairo (AUC). The implementers participated in the recruitment and selection of students and conducted activities that develop scholarship recipients’ leadership and community service skills.

USAID/Egypt awarded two cooperative agreements to AUC to implement the program with combined obligations of more than \$42 million. The program achieved some successes. Between July 2004 and July 2010, the program awarded 325 scholarships, which supported students’ tuition, books, and

housing, and provided a living allowance for up to 6 years of study. The program has had a 91 percent retention rate since it began and an 88 percent graduation rate for students reaching the 6-year program limit. The program also engaged scholarship recipients in leadership and development activities.

However, the audit identified some deficiencies regarding program oversight, complying with specific terms of the cooperative agreement funding the program, and performing follow-up activities with program graduates. USAID had not developed any measures to assess the overall results of program activities, and program data supplied by the implementing partner was sometimes incomplete, inaccurate, or unsupported. In addition, the implementer did not complete several activities during the program's recruitment, selection, and scholarship periods as required by the cooperative agreement. Moreover, the program implementer had not developed plans to collect information on program graduates to determine whether the program had contributed to students' development as leaders in Egyptian society—a primary objective of the program.

To address these issues, OIG made five recommendations to the mission to improve oversight, enforce cooperative agreement requirements, and finalize a plan to follow up with graduates. Management decisions have been reached on all recommendations.

Food Security

Audit of Selected USAID/Uganda's P.L. 480 Title II Program Activities (Report No. 4-617-11-001-P). The U.S. Government has long implemented international food assistance through the Food for Peace Act (Agricultural Trade Development and Assistance Act of 1954), also known as Public Law 480 (P.L. 480).

From FY 2006 to January 2010, total Food for Peace contributions to USAID/Uganda were valued at \$237 million, with approximately \$116 million allocated for activities related to nonemergency food aid. These activities included food-for-work initiatives; direct distribution of food commodities to vulnerable populations and HIV/AIDS patients; and dissemination of seeds, tools and agricultural techniques. To implement these programs, USAID/Uganda entered into two 5-year cooperative agreements with ACIDI-VOCA (\$76 million) and Mercy Corps (\$39.5 million).

The mission's food security activities have made progress in reducing food insecurity and increasing resiliency in vulnerable communities and delivering assistance food commodities to intended beneficiaries. People affected by HIV/AIDS have described how the receipt of USAID commodities has helped improve their health. In addition, food-for-work beneficiaries said that the

activities they participated in had improved farming techniques, increased crop yields, and eased access to markets.

However, the audit identified multiple issues, mostly stemming from a lack of training, information, and proper oversight—problems also highlighted in a data quality assessment that the mission itself had previously conducted. Auditors noted that Mercy Corps was still awaiting directions about how to collect data for performance indicators despite having hired a full-time monitoring and evaluation employee. Officials did not verify the quality of reported performance data during visits, and the program agreement officer's technical representative had not made any site visits.

Certified laboratory reports for warehouses used to store and disburse food confirmed the presence of live insects, and the audit team personally observed live and dead weevils, spiders, and flies in open, torn, or damaged food bags. These poor conditions occurred because of the cooperating sponsors' lack of knowledge of how to store and handle the U.S.-financed commodities. Lack of commodity oversight from the in-country Food for Peace team aggravated these problems.

In addition, the cooperating sponsor management did not ensure that subgrantees understood the distribution process and the importance of maintaining documentation at every level. Despite the importance of branding USAID activities, 96 out of 152 people interviewed at several of the distribution sites in northern Uganda did not know that the United States provided the food.

Management decisions have been reached on all 11 recommendations.

Two Liberian Nationals Involved With Food and Construction Relief Program Convicted of Fraud. Two Liberian citizens employed by World Vision/Liberia, a branch of the nonprofit international relief corporation, were convicted of fraud, wire fraud, conspiracy, and fictitious claims against the U.S. Government on November 16, 2010. Sentencing is scheduled for April 26, 2011.

From 2005 to 2007, USAID provided relief funds to Liberian families emerging from a 14-year-long civil war. The funds were provided through a prime grantee, which then used the funds to provide food and construction materials for Liberian families. The employees of one subgrantee diverted and sold commodities intended for community projects and Liberian beneficiaries for their personal profit. Further, the employees diverted construction materials to their own residences and directed other employees to perform construction work on their personal residences.

OIG referred the two individuals to USAID for debarment.

Food Aid Provided to Individuals Linked to the Liberation Tigers of Tamil Eelam (LTTE), a Foreign Terrorist Organization. An OIG investigation revealed that the World Food Program (WFP) was responsible for providing Title II food aid to IDPs in Sri Lanka. WFP provided commodities to detainees linked with the foreign terrorist organization, Liberation Tigers of Tamil Eelam. In early 2009, USAID suspended food deliveries to the same group when it learned members of the identical foreign terrorist organization were being allowed to offload food in exchange for the safe passage of food aid through its territory. On November 22, 2010, as a result of the investigation, USAID collected \$20,424 from the WFP as reimbursement for nearly 32 metric tons of Title II commodities, including commodity costs, ocean freight, internal transport, storage, and handling.

Health

Audit of USAID'S HIV/AIDS Activities in Côte d'Ivoire (Report No. 7-681-11 003-P). The United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (P.L. 108-25) authorized \$3 billion to be appropriated to the President to carry out the act from fiscal years 2004 to 2008. Among other things, the act required the President to establish a comprehensive, integrated, 5-year strategy to combat global human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS). Reauthorization of funding for that program, which the President named the President's Emergency Plan for AIDS Relief (PEPFAR), was included in \$48 billion authorized for fiscal years 2009 to 2013 by the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (P.L. 110-293).

Between 2007 and 2010, USAID was allocated approximately \$189 million in PEPFAR funds. At the time of the audit, USAID had 21 active projects (4 were awarded by USAID/West Africa and 17 by USAID/Washington Global Health). In Côte d'Ivoire, these USAID programs were implemented through an array of Washington-managed agreements and task orders for field activities. Among these were the procurement program implemented by the Supply Chain Management System (SCMS), which was allocated approximately \$119.3 to provide logistical support for commodities; the \$5.6 million Measure Program implemented by John Snow Inc. (JSI), which provided technical assistance to strengthen the Côte d'Ivoire national monitoring and evaluation system for the fight against HIV/AIDS; the \$2 million Social Sectors Development Strategies' Program, which was intended to strengthen the managerial and technical capacity of indigenous partners and develop an HIV/AIDS curriculum and trainers; and the \$3.8 million University Research Company's program to improve the quality of monitoring and evaluation data.

Two other programs, which had been completed, were also selected as part of this audit: (1) a program implemented by Le Soutien to educate communities about HIV/AIDS, to promote the use of HIV testing services, and to provide care and support to orphans and vulnerable children and (2) an initiative implemented by Réseau Ivoirien des Organisations de Personnes Vivant avec le VIH (RIP Plus), intended to build administrative capacity, provide HIV prevention training, promote testing, and provide care and support. Together these two initiatives were funded at approximately \$2.5 million.

OIG's audit concluded that USAID/West Africa had not achieved its goals of strengthening HIV/AIDS care and support services and had only partially achieved its goals of facilitating treatment of those with HIV/AIDS and related infections and enhancing HIV/AIDS monitoring and evaluation. For instance, despite Le Soutien's depleting all its program funds, the audit team concluded that very limited activity, if any, had been implemented. Furthermore, although the program had ended 4 months early, Le Soutien employees refused to return 12 motorbikes (claiming nonpayment of their salaries), nine office desks, and one scanner belonging to USAID. RIP Plus also depleted its program funds with limited activity, if any, performed. External auditors found multiple instances of potential fraud, including submission of expenses of more than \$14,000 related to passport renewals and vehicle maintenance that were not supported; claimed expenses of \$12,520 by officials that did not have supporting documentation; and inappropriate use of program vehicles.

The audit also found that SCMS was only partially successful at facilitating treatment. Although SCMS procured and delivered more than 80 percent of the HIV/AIDS drugs and supplies to health facilities in Côte d'Ivoire in 2009, antiretroviral drugs were often missing or could not be accounted for. In addition, expired drugs had accumulated and had not been destroyed, and drugs were exposed to high temperatures, thus potentially leading to less effective treatment for patients. Furthermore, JSI's Measure Program was only partially effective, as the program was not implemented as intended. These issues identified in the report were primarily caused by inadequate monitoring of the program and lack of oversight by the agreement officer's technical representative, who never visited the Measure Program in Côte d'Ivoire.

The audit made 19 recommendations and all have received management decisions. All allegations of fraud noted in the report have been referred to the OIG's Office of Investigations.

Audit of USAID/Southern Africa's Gender-Related HIV/AIDS Activities (Report No. 4-674-11-004-P). Gender norms and disparities are a significant factor driving the global AIDS epidemic, particularly in South Africa, where a highly patriarchal society, the acceptance of concurrent relationships with multiple partners, and the higher concentration of females in poverty have placed women and girls at higher risk of HIV infection. This is reflected, for

example, in an HIV prevalence rate for females ages 20-24 that is more than four times greater than the rate for males in the same age group.

To address these imbalances, USAID/Southern Africa implemented a number of activities—funded at approximately \$46 million—focusing on five high priority gender strategies specified by the Office of the Global AIDS Coordinator. These strategies include increasing women’s legal protection, addressing male norms and behaviors, and reducing violence against women. This audit selected five activities that focused on one or more of these gender strategies. These activities include Project Concern International’s social mobilization program to reduce violence against women; Brothers for Life, an initiative spearheaded by The John Hopkins University to combat HIV by promoting positive male norms; a savings and loan activity operated by CARE to increase incomes; EngenderHealth’s voluntary counseling and testing activity; and the Women’s Justice and Empowerment Initiative (WJJI), implemented by the Research Triangle Institute (RTI).

The audited gender-related activities of USAID/Southern Africa were performing well in terms of striving to change social attitudes related to violence against women, promoting positive male norms, and increasing incomes of female caregivers of orphans and vulnerable children. However, EngenderHealth’s voluntary counseling and testing activity was only partially successful, and WJJI did not achieve its planned level of performance for FY 2009.

Among other things, the audit found that the social mobilization program’s ultimate success, despite a promising start, was jeopardized by a 33 percent decline in its second year funding. For WJJI, a slow start that caused the program to miss its first-year goals was compounded by contract ambiguities and questionable spending. The audit also questioned almost \$23,000 in costs related to the WJJI project launch that were found to be unreasonable. Furthermore, the audit found that USAID’s contract with RTI was not reviewed in accordance with Agency guidance. The audit found a number of additional problems, including the lack of setting performance targets by gender at the partner level and the low public awareness in South Africa of U.S. Government assistance in fighting HIV/AIDS. The audit also found that the mission’s monitoring of its HIV/AIDS activities could be enhanced.

The audit made eight recommendations. Management decisions were reached on six recommendations, and final action was taken on three.

Audit of USAID/Namibia’s HIV/AIDS Efforts to Build Health Workforce Capacity (Report No. 9-000-11-001-P). Between FY 2007 and 2009, the United States appropriated about \$300 million for HIV/AIDS activities in Namibia, of which USAID/Namibia has spent \$39 million on investments in health-care workers.

The audit found that USAID/Namibia's investments in HIV/AIDS health-care workers have strengthened the Namibian health-care system in professional fields such as pharmacy, social work, and community health care and have directly supported 3,658 health-care workers. Both the direct support of health workers and the health system strengthening efforts have improved the capacity of the Namibian health system's workforce to address the HIV/AIDS epidemic.

However, USAID/Namibia lacks two critical program elements: a transition plan for shifting the cost of workers' salaries to Namibian entities and the establishment of baseline data, indicators, and targets for human resources for health activities.

The audit made two recommendations to address these problem areas, and management decisions were reached on both.

Audit of USAID/Zambia's Gender-Related HIV/AIDS Activities (Report No. 4-611-11-006-P). To emphasize gender as an integral part of its HIV/AIDS response, the U.S. Government updated its programming requirements to help increase gender equity in HIV/AIDS services, reduce violence and coercion, address male norms and behaviors, increase women's legal protection, and increase women's access to income and productive resources. USAID's internal directives now require gender to be considered as part of high-level planning as well as during project and activity planning, procurement, monitoring, and evaluation.

In Zambia, where HIV prevalence among women is 16.1 percent (versus 12.3 percent among men), the USAID mission sought to address these goals by integrating gender considerations into all programs in its HIV/AIDS portfolio.

OIG reviewed three HIV/AIDS programs: Zambia Prevention, Care and Treatment Partnership II, Corridors of Hope III, and the Local Partners Capacity Building Program. OIG concluded that the selected programs were paying increased attention to gender and that USAID officials, implementing partners, and program staff were generally aware of gender requirements and activities that could be used to further gender goals.

However, the audit noted that not all HIV/AIDS activities implemented by USAID/Zambia were working toward achieving the gender-focused goals. OIG found that the mission's coverage of gender in HIV/AIDS programming left gaps, specifically in the area of gender-based violence. Moreover, the Zambia Prevention, Care and Treatment Partnership II lacked a completed gender strategy and did not report progress on gender-related goals, and the Local Partners Capacity Building Program did not conduct the required gender analysis.

Management decisions were reached on all six report recommendations, and final action has been taken on five.

Audit of USAID/Mozambique’s Implementation of the President’s Malaria Initiative (Report No. 4-656-I I-005-P). The President’s Malaria Initiative (PMI), launched by the United States in 2005, began as a 5-year, \$1.2 billion initiative to reduce the burden of malaria in 15 African countries. USAID/Mozambique received its first full year of PMI funding in FY 2007. OIG’s audit focused primarily on USAID’s FY 2009 activities.

The initiative’s overarching goal in Mozambique, according to the PMI’s FY 2009 operational plan, was to reduce malaria-related mortality by 50 percent. The initiative intended to reach 85 percent of the most vulnerable populations—children under 5 and pregnant women—with proven preventive and therapeutic interventions. Efforts to provide insecticide-treated bed nets, antimalarial drugs, and indoor residual spraying constituted roughly 83 percent of the estimated budget for the mission’s PMI activities for FY 2009.



This small rural health post in Zambézia Province dispenses USAID-funded antimalarial commodities (photo by OIG).

To implement the FY 2009 program, USAID/Mozambique entered into agreements with six major partners. Activities that contributed to most of the reported results were implemented by three main partners: Populations Services International, RTI International, and John Snow, Inc. The cumulative budget for malaria activities in Mozambique from the start of PMI through FY 2009 was \$63.9 million.

The audit found that although USAID/Mozambique had made notable contributions to the national malaria program in FY 2009—exceeding targets for distributing bed nets and antimalarial drugs—it was not on track to achieve overarching PMI goals initially set for 2010. Furthermore, the audit found that

management of antimalarial drugs and insecticide-treated bed nets did not always meet guidelines, leading to the disbursement of expired drugs and an inability to account for almost 2,000 missing mosquito nets. Some spraying results were not valid or reliable, or they were reported inaccurately, primarily because of shortcomings in staff training. The audit also found that some performance data was not reported properly and that the performance monitoring and evaluation process was incomplete. Additionally, USAID/Mozambique had not been regularly completing or documenting data quality testing during site visits.

The audit report made five recommendations to address these problem areas. Management decisions were reached on all the recommendations, with final action taken on four.

Audit of USAID/Benin’s Implementation of the President’s Malaria Initiative (Report No. 7-680-11-004-P). Benin is another one of the 15 countries benefiting from PMI. With more than 30 percent of the population living in poverty,¹⁶ Benin struggles to cope with the strain that malaria places on the country’s economic development, as well as on public health. USAID/Benin’s FY 2008, 2009, and 2010 funding for PMI totaled \$13.9 million, \$13.8 million, and \$21 million respectively, of which 44 percent was designated for the purchase of commodities. The mission expended \$9.6 million during FY 2009 and \$16.2 million during FY 2010 for PMI activities. During this period, the mission worked to implement these activities through cooperative agreements and task orders with 13 prime partners and dozens of subpartners. Four of these partners were selected for audit: John Snow, Inc., RTI International, Population Services International, and Management Sciences for Health.

OIG’s audit determined that the program was only partially achieving its goals of preventing and treating malaria through performing indoor residual spraying and purchasing and distributing bed nets and antimalarial drugs. Although USAID/Benin distributed 834,000 artemisinin-based combination therapy treatments, exceeding its target of distributing 479,000 treatments during FY 2009, it did not purchase or distribute as many bed nets as intended. As for indoor spraying, the mission exceeded its original targets; however, the mechanics and timing of reporting, as well as confusion about the definitions used for houses, structures, and family members, raised questions concerning the reliability of reported data.

The audit also found that health facilities did not distribute, store, or dispose of malaria commodities adequately, and some facilities reported stock outages. In addition, several facilities were prescribing medicine reserved for severe malaria cases for those with minor symptoms, a dangerous practice that could lead to potential long-term and permanent physical harm. In addition, bed nets were also

¹⁶ CIA World Factbook (2007 est.).

missing, diverted, and in many cases, sold for profit. For instance, one USAID official found PMI-funded nets in the markets of Bohicon and Parakou in July and August 2010. Sellers confirmed that they could supply thousands of nets on request. All allegations of fraud noted in the report have been referred to the OIG's Office of Investigations.

The audit made 13 recommendations that address these findings. Management decisions have been reached on all recommendations and final action taken on two.

Audit of USAID/Ghana's Tuberculosis Program (Report No. 7-641-11-005-P). On September 30, 2005, USAID entered into a 5-year, \$150 million cooperative agreement with the Tuberculosis Coalition for Technical Assistance, led by KNCV,¹⁷ to implement the global Tuberculosis Control and Assistance Program (TB CAP). The program is implemented in 25 countries, including Ghana. The overall goals of this international program are to (1) increase political commitment for internationally recommended protocols for tuberculosis control, (2) strengthen and expand related treatment programs, (3) increase public- and private-sector partnerships, (4) strengthen tuberculosis and HIV/AIDS treatment collaboration, and (5) improve human and institutional capacity. The program was scheduled to end in September 2010 but was extended until the end of March 2012.

According to a 2009 report by the World Health Organization (WHO), Ghana ranked 19th in Africa for the highest estimated number of new cases per year. However, WHO estimates that Ghana is detecting only 26 percent of all tuberculosis (TB) cases. The National Tuberculosis Health Sector Strategic Plan for Ghana, 2009–2013, clearly identifies the low TB case detection rate as one of the main challenges facing TB control in Ghana.

OIG's audit determined that although there were many successes in the program's implementation, USAID/Ghana had only partially achieved its goal of improving TB management in Ghana.

For example, TB CAP prepared, disseminated, and implemented a set of standard operating procedures for TB case detection, piloted implementation of these procedures at all clinics in the Upper West Region, and created standard procedures for infection control, among other successes.

However, some aspects of the program did not have the same measurable impact. The program did not implement all recommendations made by technical experts with whom the program consulted, and some of the policies produced

¹⁷ KNCV stands for Koninklijk Nederlandsche Centrale Vereeniging or Royal Netherlands Tuberculosis Association.

under TB CAP were not implemented. Also, not all of the activities were implemented in accordance with the work plan, and the USAID mission was not aware of some of the variations. Finally, some reported results did not meet data quality standards. Although the mission acknowledged inaccuracies in the data, it had not yet taken sufficient steps to resolve the problems. Moreover, the extent and origin of the inaccuracies are not clear. Reporting inaccurate results or results that lack context can undermine USAID's credibility and impair its ability to secure the resources it needs to accomplish its objectives.

USAID/Ghana agreed with all six recommendations in the report. Management decisions have been reached on all recommendations, and final action has been taken on three.

Audit of USAID's Social Marketing and Behavior Change Interventions for HIV/AIDS, Reproductive and Sexual Health and Child Survival in Cambodia Project (Report No. 5-442-11-006-P). To improve the health of poor and vulnerable people in Cambodia, USAID initiated the Social Marketing and Behavior Change Interventions for HIV/AIDS, Reproductive and Sexual Health and Child Survival in Cambodia (SMBCI) Project. This 5-year project is being implemented through a \$15.9 million cooperative agreement with Population Services International.

The project seeks to increase consistent and correct use of high-quality health products and services among priority, at-risk populations—especially the poor and vulnerable—to combat HIV/AIDS, improve reproductive health, and provide clean drinking water. The project's activities are to (1) increase access to condoms and other birth control products and oral rehydration solution (ORS); (2) increase Cambodian national capacity to manage and sustain results over the long term with reduced dependence on donors; and (3) improve knowledge, awareness, and supportive attitudes to change behaviors among priority populations.

The audit determined that, although the project has successfully increased access to health products (such as birth control products, ORS, and water treatment tablets) and provided training to individuals and organizations to increase Cambodian national capacity to address HIV/AIDS, the project has demonstrated limited impact in improving the health of poor and vulnerable Cambodians. Of the eight at-risk populations targeted by the project, only one (men who have sex with entertainment workers) demonstrated a significant positive change in behaviors through improved knowledge, awareness, and supportive attitudes. Though two made slight positive changes, two others displayed zero or slightly negative behavior changes, most being too small to be statistically significant. The results of targeted interventions for the remaining three at-risk populations were not reported at all.

Although the project is making progress in increasing access to health products, it was too early to tell whether the health of children under age 5—the final targeted population—had improved through the increased use of ORS and water treatment tablets. The portion of the project relating to child survival had not been in place long enough to demonstrate meaningful results at the time of the audit.

The audit identified some areas for improvement, including the need to represent birth control products adequately and correctly to beneficiaries. Specifically, the audit found that outreach teams visiting targeted women in rural communities mentioned various hormonal birth control products only in passing before dedicating most of the presentations to the intrauterine device (IUD). In fact, one staff member relayed that she advocates for the IUD as it protects against cancer and has no side effects—both major misconceptions that are being passed on to IUD acceptors. This emphasis on the use of IUDs runs counter to the project’s intent to dispel misconceptions about hormonal birth control products. In addition, performance information was sometimes convoluted and misleading; baselines, targets, and cumulative results were often lacking; and out-of-date information was sometimes reported as current.

OIG made nine recommendations, and management decisions have been reached on all but two.

Management Capabilities

Information Technology

Audit of USAID’s Compliance With the Federal Information Security Management Act of 2002 for Fiscal Year 2010 (Report No. A-000-11-002-P). An audit was conducted to determine whether USAID had implemented selected security controls for selected information systems in support of the Federal Information Security Management Act of 2002 (FISMA).¹⁸ The audit concluded that USAID had generally implemented selected minimum security controls for selected information systems as required by FISMA.

Our report contained 26 recommendations to improve USAID’s information security program and the Agency’s compliance with FISMA. Management decisions have been reached on all recommendations.

¹⁸ E-Government Act of 2002, P.L. 107-347, Title III

Audit of USAID's Computer Network Perimeter Controls (Report No. A-000-11-001-P). An audit was conducted to determine whether USAID had implemented controls to protect against unauthorized external access to the Agency's computer network.

The audit concluded that USAID had implemented controls to generally protect against unauthorized access to the Agency's computer system through the Internet. Consequently, the report did not contain any audit recommendations.

Employee Misconduct

Former USAID Background Investigator Pleads Guilty to Falsifying Official Records. As reported in our previous semiannual report, OIG special agents arrested a former background investigator assigned to the USAID Office of Security after an investigation revealed he had falsified documents associated with background investigations that he had been assigned to complete. The former employee pleaded guilty on August 8, 2010, in U.S. District Court for the District of Columbia to making false official statements; he currently awaits sentencing.

USAID Executive Officer in Asia Misuses Official Vehicles. OIG conducted an investigation into allegations that a USAID executive officer was misusing his official vehicle. OIG found that the employee had accumulated more than 1,000 miles of improper official vehicle use and driver time, including transporting family members and friends on shopping trips and to a resort. A dozen instances of abuse occurred on weekends, during which time the employee extended his driver's service after 10 p.m. The employee was counseled by the mission director to stop abusing his use of the vehicle; however, he continued to do so on 11 other occasions after his admonishment. At the end of this reporting period, the executive officer had begun a 30-day suspension handed down by the Agency.

Personal Services Contractor Indicted and Arrested for Embezzlement. An individual who was responsible for financial management activities at USAID Armenia was arrested by OIG special agents after an investigation revealed he allegedly embezzled more than \$19,000 in U.S. Government funds. The subject, who had directed a commercial bank in Armenia to send monies owed to USAID to his personal bank account, faces trial in the U.S. District Court for the District of Columbia.

Financial Management

Audit of USAID's Financial Statements for Fiscal Years 2010 and 2009 (Report No. 0-000-11-001-C). OIG issued an unqualified opinion on USAID's FY 2010 and 2009 financial statements and reported one material weakness and three significant deficiencies in internal control.

OIG reported a material weakness with respect to USAID's reconciliation of its fund balance with the U.S. Department of the Treasury. Additionally, significant deficiencies were reported in the following areas: USAID's process to reconcile loan receivables; accounting for and reporting property, plant, and equipment; and reconciliation of intragovernmental transactions.

OIG recommended that USAID provide changes timely in its crosswalk to the Department of Health and Human Services to ensure that the Department charges all third-party transactions to appropriate appropriations; research and resolve all suspense items within the time stipulated by the U.S. Treasury; intensify efforts to reconcile loan balances with USAID's loan accounting services provider (i.e., PNC/Midland); ensure that all transactions transmitted to USAID's financial information system are properly posted; and complete debt restructuring reconciliations within 90 days after PNC/Midland updates its records.

Additionally, OIG recommended developing and implementing procedures to ensure that adequate supporting documentation is maintained for all purchases, transfers, and dispositions of property, plant, and equipment, and that communication between USAID's Overseas Management Division and Financial Management Division is maintained to ensure that all the equipment is reconciled annually and that disposed property and equipment are removed from its financial records in a timely manner.

Management Accountability

Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's use of Compensatory Time (Report No. 2-000-11-001-S). OIG's review of procedures followed by the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) in approving compensatory time found that managers did not follow applicable USAID directives for approving time.

On the basis of data obtained from the Office of the Chief Information Officer, OIG noted that greater than 80 percent of the more than 4,300 hours of compensatory time the bureau's employees earned in the first 6 months of 2010 were not requested using Agency-required procedures. When the correct

process was used, requests and approvals contained errors, were frequently late, and often provided insufficient information for a DCHA supervisor to determine the rationale or accuracy of the submission.

OIG noted that Bureau managers should use webTA's approved premium pay request facility for all requests to earn compensatory time, as required by USAID directives. DCHA employees, however, seldom used webTA for such requests. Lack of up-to-date policy guides contributed to this condition, and DCHA employees used a multitude of alternative approval processes, including an obsolete form. As a result, the accuracy of compensatory hours recorded in 2010 is unclear.

Additionally, OIG found that bureau supervisors needed to do a better job approving compensatory time. Of the 47 requests submitted in webTA, 37 contained deficiencies. Supervisors approved late, poorly justified, and miscoded requests. Feedback from DCHA supervisors and employees suggests a wide variety of attitudes toward the use and approval of compensatory time. This factor may have contributed to oversight breakdowns, which in turn may have diminished management's effectiveness in ensuring assignments were accomplished in a timely manner and without the use of overtime. OIG made four recommendations to improve the bureau's process for approving compensatory time, including one directed to USAID's Office of Human Resources to update policies and the applicable USAID Web page to reiterate the requirement for using webTA for requesting and approving this time. Management decisions have been made on all recommendations.

Expanding Accountability

Corruption and lack of accountability are major impediments to development. These issues threaten to negate years of economic growth, especially in the areas of the world subject to political instability and violence. OIG audits and investigations afford two methods of safeguarding USAID funds; however, OIG pursues additional methods to promote accountability and transparency. For example, OIG works with supreme audit institutions (SAIs) to expand their capabilities and provides training in cost principles and fraud awareness.

Expanding Supreme Audit Institutions' Capabilities. OIG continues to work closely with selected SAIs in countries where USAID is present. SAIs are the principal government audit agencies in the recipient countries and are often the only organizations that have a legal mandate to audit the accounts and operations of their governments. Thus, SAIs may be called upon to audit funds provided to host governments by USAID or other donors. OIG and USAID missions have signed memorandums of understanding (MOUs) with SAIs in 21 countries.

Before SAIs can conduct audits for USAID, they must have professional capacity and independence. OIG often provides training to SAIs in how to conduct financial audits of USAID funds in accordance with USAID guidelines and U.S. Government auditing standards. This training helps build capacity within SAIs to enhance their ability to audit all public funds. The SAI, the USAID mission, and OIG then sign an MOU detailing standards and procedures to be used in auditing USAID funds provided to the host government.

As part of the shift to use host-country systems to deliver foreign assistance, USAID must now rely more heavily on SAIs and continue working to build their capacities.

Training USAID Staff and Others. OIG remains committed to preventing losses of development funds and continues to provide training in cost principles and fraud awareness to USAID employees, contractors, grantees, SAIs, and auditors from local accounting firms.

Cost Principles Training. USAID's contracts and grants include cost principles provisions that define the types of costs can be legitimately charged to USAID programs. Although the full text of these cost principles is contained in the Federal Acquisition Regulation (FAR) and various Office of Management and Budget (OMB) circulars, USAID agreements generally contain only a single sentence that refers to these principles. To increase awareness of—and compliance with—cost principles and to promote the highest standards, OIG conducts training for overseas USAID staff, contractors, grantees, and others. This training provides a general overview of U.S. Government cost principles and examples of actual instances that demonstrate concepts such as reasonableness, allocability, allowability, and various specific cost principles (e.g., travel expenses or entertainment costs). The training also includes financial audit requirements and accountability issues.

During this reporting period, OIG provided training in cost principles and related subjects in 5 countries and trained approximately 300 individuals.

Fraud Awareness Training. OIG provided 94 fraud awareness training sessions to 2,303 individuals during the reporting period.

Accountability Over Contractors and Grantees

USAID is required by the FAR, the Single Audit Act,¹⁹ OMB circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors, grantees, and enterprise funds. OIG provides oversight of these

¹⁹ Single Audit Act of 1984, Public Law 98-502, as amended.

audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and that they enhance accountability over USAID contractors and grantees. Also, in accordance with provisions in USAID contracts and agreements, OIG reviews reports of audits conducted on foreign organizations that receive USAID funds.

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

During this reporting period, OIG reviewed and transmitted four DCAA reports covering approximately \$456 million in costs (with questioned costs of more than \$40 million).

Audits of U.S.-Based Grantees and Enterprise Funds. U.S.-based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal auditors perform annual financial audits of USAID grantees that spend over \$500,000 of federal funds annually. These auditors are required to identify:

- Significant deficiencies involving major programs.
- Material noncompliance with laws and regulations.
- Known fraud affecting a federal award.
- Misrepresentations of the status of prior audit findings.
- Reasons why the auditor's report on compliance for major programs is other than unqualified.

OIG provides oversight for the nonfederal auditors performing these audits and reviews to determine whether auditors prepared audit reports in accordance with reporting requirements of OMB Circular A-133. OIG also conducts quality-control reviews to determine whether the underlying audits complied with OMB A-133 audit requirements and generally accepted government auditing standards. In some instances, OIG contacts with DCAA to perform special financial audits and, with independent public accounting firms, to perform Agency-contracted financial audits of U.S.-based grantees.

Enterprise funds are U.S.-based nonprofit organizations established under the Support for East European Democracy Act of 1989 (SEED Act).²⁰ USAID has established ten enterprise funds, nine of which invest in countries in Eastern

²⁰ Public Law 101-179.

Europe and Eurasia and the other invests in South Africa. Enterprise funds are subject to annual audits of financial statements performed by private accounting firms and reviewed by OIG.

OIG activities during the reporting period:

- Issued 77 desk reviews²¹ for A-133 Single Audit Act reports and issued 30 desk reviews for Agency-contracted audit reports covering USAID funds of approximately \$3.3 billion spent by U.S.-based grantees.
- Completed 13 quality control reviews covering over \$12 million in grantee expenditures.
- Issued four reports completed by DCAA, covering approximately \$456 million spent by U.S.-based grantees.
- Identified nearly \$65 million in questioned costs.
- Issued five enterprise fund audits, covering more than \$455 million in grantee expenditures.

Audits of Foreign-Based Contractors and Grantees. OMB Circular A-133 does not apply to foreign-based contractors and grantees. Given the high-risk environment in which USAID operates, however, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts through OIG's Guidelines for Financial Audits Contracted by Foreign Recipients (February 2009). Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms approved by OIG's overseas regional offices.

Under the recipient-contracted audit programs, audits are required for all foreign nonprofit organizations that spend \$300,000 or more per their FY. USAID may also request financial audits of nonprofit organizations that fall below the \$300,000 threshold.

For example, at USAID/Southern Africa, OIG reviewed a recipient-contracted audit of a cooperative agreement. The objective of the cooperative agreement was to provide support for a program in HIV/AIDS treatment. This support includes HIV/AIDS clinical management, care and support services for HIV-infected, uninsured individuals in public sector government facilities and areas where the South African Government Anti Retroviral Therapy roll out has not yet reached or where there is high demand. The audit report included more than \$2 million in ineligible questioned costs, four significant deficiencies in internal control, and two instances of material noncompliance. The majority of

²¹ Desk reviews involve a limited review of a financial audit report to determine whether the report meets applicable audit standards and appears to be accurate and logical.

the questioned costs were related to indirect costs. Indirect costs are business expenses that cannot be associated with a specific project or product, such as utility costs and rent. No management decisions have been reached on the audit recommendations.

USAID's financial audit requirements concerning its contracts, grants, and cooperative agreements are normally satisfied under the recipient-contracted audit program. However, agency-contracted audits and reviews may be initiated by either USAID or OIG to provide additional audit coverage or address specific concerns.

During the reporting period, OIG issued five reports that disclosed six material instances of noncompliance with Executive Order 13224 in which the auditees (1) did not obtain USAID's vetting approval for its local suppliers, subcontractors, and subgrantees and (2) did not insert the mandatory antiterrorism clauses in its subcontracts. These noncompliance instances resulted in \$1.3 million in questioned costs. Of the five reports, four involved foreign-based auditees and one involved a U.S.-based auditee. For three auditees, the programs ended and USAID/West Bank and Gaza has no current awards with these auditees. USAID/West Bank and Gaza took corrective action with one auditee and performed the required vetting procedures. No management decision has been reached for the fifth auditee.

At USAID/Southern Africa, OIG reviewed an agency-contracted report of a cooperative agreement. The objective of the cooperative agreement was to support the provision of sustainable high-quality services in HIV/AIDS in South Africa through strategic approaches that address specific needs with practical and pragmatic business plans for implementation. The report included about \$1.8 million in questioned costs and 85 deficiencies for the recipient and its 10 subrecipients to correct. The majority of the questioned costs were related to the subrecipients not maintaining adequate supporting documentation. Specifically, one subrecipient did not obtain supporting documentation from mentoring and training costs that resulted in approximately \$600,000 in unsupported questioned costs. Another subrecipient could not provide an explanation for numerical differences between its accounting records and monthly financial reports that resulted in more than \$400,000 in unsupported questioned costs. No management decisions have been reached on the audit recommendations.

OIG reviews all audit reports and, if they are found to be in compliance with the Guidelines for Financial Audits Contracted by Foreign Recipients, transmits the reports to the appropriate USAID mission for corrective actions. Audit firms are also notified of any problems identified in the audit reports.

During this reporting period, OIG reviewed and transmitted 129 audits of foreign-based organizations, covering over \$369 million in expenditures and

resulting in more than \$10 million in questioned costs. OIG also completed 13 quality-control reviews to ensure that the audits were in accordance with appropriate audit standards.

SIGNIFICANT FINDINGS

USADF

United States African Development Foundation's Financial Statement Audit for Fiscal Year 2010 and 2009 (Report No. 0-ADF-11-002-C). An audit of USADF's financial statements for FY 2010 and 2009 was performed by a nonfederal audit firm under OIG oversight. The audit firm provided an unqualified opinion on the financial statements. Moreover, the report contained no findings or recommendations for USADF management relative to noncompliance or material weaknesses or significant deficiencies in internal control.

Audit of the African Development Foundation's Activities in Nigeria (Report No. 7-ADF-11-002-P). Established in 1980, USADF currently provides grants of up to \$250,000 to local community groups and grassroots initiatives in 21 African countries. In Nigeria, the most populous country in Africa,²² USADF works in six states with Diamond Development Initiatives (DDI), a locally owned nonprofit organization.

USADF currently has 39 active grants in Nigeria with funding of more than \$5 million for various economic and social sectors implemented by Nigerians in their local communities. These grant fund activities include the construction of low-cost housing, the production and processing of various goods (e.g., rice, nuts, sorghum, dairy products, and leather), metalworking, food and beverage catering, and garment tailoring. OIG selected ten grants with a total funding of \$1.8 million for the audit.

OIG concluded that USADF/Nigeria has not implemented and monitored the ten key projects in accordance with required policies and regulations to ensure that project objectives were achieved. In one program, according to the memorandum of understanding signed on September 24, 2004, between DDI and USADF, 156 houses for low-income civil servants were to be built in 13 local government areas in Kano State by September 2009. The audit found that construction was delayed and that many of the completed houses were still empty a full year after completion. Only 3 out of 90 built by September 2010 were occupied, and those were allocated to ineligible beneficiaries (i.e., state government officials rather than low-income civil servants). Additionally, under the program each owner was required to pay a mortgage, but no payments had ever been made. The quality of the constructed houses was not adequate and showed signs of structural failure (cracked and unplastered walls, visible moisture

²² CIA World Factbook.

damage, vandalized ventilation pipes etc.) partly because of poor-quality cement and poor soil characteristics in the areas chosen.

The audit also determined that several grantee projects were not proceeding according to plan and encountered problems that may have prevented them from achieving their goals. The conditions described occurred primarily because DDI had not provided adequate assistance to grantees, nor did they or USADF provide adequate oversight of project activities. For example, DDI's monitoring plan did not specify when site visits would be conducted or the types of information that would be verified or provided during these site visits. There was also a lack of day-to-day oversight of DDI's and grantees' activities by the USADF representative in Nigeria.

OIG issued 15 recommendations, and final action has been taken on all of them.

Audit of United States African Development Foundation's Compliance with Provisions of the Federal Information Security Management Act for Fiscal Year 2010 (Report No. A-ADF-11-003-P).

An audit was conducted to determine whether USADF had mitigated security vulnerabilities that resided on its network infrastructure and implemented selected security controls for its information systems as required by the Federal Information Security Management Act of 2002 (FISMA).²³

The audit found that USADF had not fully complied with FISMA requirements. The audit made eight recommendations to improve USADF's information security program. A management decision was reached on all recommendations.

IAF

Audit of the Inter-American Foundation's Financial Statement's for the Fiscal Year Ended September 30, 2010 (Report No. 0-IAF-11-003-C). An audit of the IAF's financial statements for the FY ended September 30, 2010 was performed under OIG oversight by a nonfederal audit firm. The audit firm provided an unqualified opinion on the financial statements. Moreover, the report did not contain any findings or recommendations for IAF management relative to noncompliance or material weaknesses or significant deficiencies in internal control.

²³ E-Government Act of 2002, P.L. 107-347, Title III

Significant Recommendations Described Previously Without Final Action

USAID

October 1, 2010–March 31, 2011

Section 5(a)(3) of the Inspector General Act of 1978 requires each inspector general to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
I-511-09-004-P ²⁴	Audit of Engender Health's Management of Activities Financed by USAID/Bolivia	01/15/09	2	01/15/09	09/11
			3	01/15/09	09/11
			5	01/15/09	09/11
			7	04/27/09	09/11
			8	04/27/09	09/11
0-000-10-001-C	Audit of USAID's Financial Statements for Fiscal Years 2009 and 2008	11/13/09	1	11/13/09	09/11
A-000-10-001-P	Audit of USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2009	11/17/09	7 15 16	11/17/09 11/17/09 11/17/09	09/11 12/12 09/11
A-000-10-002-P	Audit of USAID's Compliance with Section 522 of the Consolidated Appropriations Act of 2005	12/31/09	8	12/31/09	04/11

²⁴ The vendor has appealed to the Procurement Executive.

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
7-685-10-003-P	Audit of USAID/West Africa's P.L. 480 Title II Food Aid in Support of the Livelihood Expansion and Asset Development Project in Sierra Leone	02/11/10	5	02/11/10	05/11
6-278-10-004-P	Audit of USAID/Jordan's Sustainable Achievement of Business Expansion and Quality Project	03/31/10	6 7	08/26/10 08/26/10	08/11 08/11
E-267-10-001-P	Audit of USAID's Internally Displaced Persons Activities in Iraq	03/31/10	1 2 3 4 5 6 8 9 10 11 12	03/31/10 09/29/10 09/29/10 09/29/10 09/29/10 03/31/10 09/29/10 09/29/10 09/29/10 09/29/10 09/29/10 09/29/10	05/11 09/11 09/11 09/11 09/11 05/11 09/11 09/11 09/11 09/11 09/11 09/11
4-674-10-005-P	Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Botswana	05/12/10	1 2 3 4 5 6	05/12/10 05/12/10 05/12/10 05/12/10 05/12/10 05/12/10	05/11 05/11 05/11 05/11 05/11 05/11
5-306-10-009-P	Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan	05/21/10	1 2 6 7	05/21/10 05/21/10 05/21/10 05/21/10	04/11 04/11 04/11 04/11
9-000-10-007-P	Audit of USAID's Response to the Global Food Crisis	06/04/10	1 2	06/04/10 06/04/10	06/11 06/11

<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>
9-000-10-008-P	Audit of USAID/Uganda's PEPFAR-Funded Activities for the Prevention of Transmission of HIV	06/15/10	1 2 3 4	06/15/10 06/15/10 06/15/10 06/15/10	06/11 06/11 06/11 06/11
5-306-10-002-O	Review of School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program	06/24/10	2	06/24/10	05/11
5-391-10-001-S	Review of USAID's Internally Displaced Persons Programs in Pakistan	06/28/10	1 3	06/28/10 06/28/10	05/11 05/11
9-000-10-001-S	Review of USAID's Effectiveness in Obtaining the Benefits of Its Research and Development Efforts	07/19/10	1 2 3	07/19/10 07/19/10 07/19/10	07/11 07/11 07/11
5-306-10-011-P	Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West	07/29/10	1 2	07/29/10 07/29/10	05/11 05/11
7-615-10-010-P	Audit of USAID/Kenya's PEPFAR-Funded Activities for the Prevention of Transmission of HIV	07/29/10	1 3 4 5 6 7 8 9 10	07/29/10 07/29/10 07/29/10 07/29/10 07/29/10 07/29/10 07/29/10 07/29/10 07/29/10	06/11 06/11 06/11 06/11 06/11 06/11 06/11 06/11 06/11
9-000-10-002-S	Review of USAID's Travel Card Program	08/12/10	2 3	08/12/10 08/12/10	06/11 06/11
6-268-10-006-P	Audit of USAID/Lebanon's Rule of Law Program	08/24/10	4 6 7	08/24/10 08/24/10 08/24/10	08/11 08/11 08/11

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
5-391-10-012-P	Audit of USAID/Pakistan's Family Advancement for Life and Health Program	08/31/10	1	08/31/10	08/11
4-611-10-007-P	Audit of USAID/Zambia's Food Security Activities	09/01/10	7 8	09/01/10 10/06/10	05/11 05/11
1-521-10-009-P	Audit of USAID's Cash-for-Work Activities in Haiti	09/24/10	1 2 3 4 5 6 7	10/25/10 09/24/10 09/24/10 09/24/10 10/25/10 10/25/10 09/24/10	10/11 09/11 09/11 09/11 10/11 10/11 09/11
5-306-10-002-S	Review of Security Costs Charged to USAID Projects in Afghanistan	09/29/10	3 4	02/11/11 09/29/10	05/11 05/11

Significant Recommendations Described Previously Without Final Action

USADF and IAF

October 1, 2010–March 31, 2011

<i>Report Number</i>	<i>Subject of Report</i>	<i>Issue Date</i>	<i>Rec. No.</i>	<i>Management Decision Date</i>	<i>Final Action Target Date</i>
7-ADF-08-006-P	Follow-up Audit of the Awarding and Monitoring of Grants by the African Development Foundation	06/12/08	16 18	06/12/08 06/12/08	12/11 12/11
7-ADF-08-007-P	African Development Foundation/Ghana Project Activities	9/17/08	1 5 7 14 17	09/17/08 01/27/09 09/17/08 09/17/08 09/26/08	12/11 12/11 12/11 12/11 12/11
A-IAF-10-003-P	Audit of Inter-American Foundation's Compliance With Provisions of the Federal Information Security Management Act for Fiscal Year 2010	9/22/10	1	09/22/10	11/11

Investigative Activities Including Matters Referred to Prosecutive Authorities

USAID, USADF, IAF, and MCC

October 1, 2010–March 31, 2011

<i>Workload</i>			<i>Civil Actions</i>	
Investigations opened	57		Civil referrals	3
Investigations closed	48		Civil declinations	0
			Complaints	0
			Judgments	0
			Settlements	1
			Total	4
<i>Criminal Actions</i>			<i>Administrative Actions²⁵</i>	
Prosecutive referrals	15		Reprimands / demotions	1
Prosecutive declinations	11		Personnel suspensions	0
Arrests	3		Resignations / terminations	5
Indictments	4		Recoveries	1
Convictions	5		Savings	4
Sentencing	0		Suspensions / debarments	26
Fines / assessments	0		Systemic changes	0
Restitutions	0		Other	4
Total	38		Total	41
Judicial recoveries (criminal and civil)			\$50,600,000	
Administrative recoveries			\$42,285	
Savings			\$10,121,022	
Total savings / recoveries			\$60,763,307	

²⁵ OIG made 48 administrative referrals during the reporting period.

Fraud Awareness Briefings Conducted Worldwide

USAID*

October 1, 2010–March 31, 2011

<i>Month</i>	<i>Location</i>	<i>Sessions</i>	<i>Attendees</i>	<i>USAID Affiliation</i>
OCT	Guatemala City, Guatemala	1	20	Personnel
	Tegucigalpa, Honduras	1	22	Personnel
	Kabul, Afghanistan	4	9	Personnel
	Islamabad, Pakistan	4	135	Personnel and contractors
	Washington, DC	3	41	Contractors
NOV	Bangkok, Thailand	4	71	Contractors
	Quezon City, Philippines	1	45	Contractors
	Kabul, Afghanistan	3	125	Personnel and contractors
	Islamabad, Pakistan	1	3	Contractors
	San Salvador, El Salvador	1	10	Personnel
	Washington, DC	2	71	Contractors
DEC	Washington, DC	4	185	Personnel and contractors
	Kabul, Afghanistan	2	13	Personnel
	Islamabad, Pakistan	1	7	Personnel

<i>Month</i>	<i>Location</i>	<i>Sessions</i>	<i>Attendees</i>	<i>USAID Affiliation</i>
JAN	Phnom Penh, Cambodia	3	152	Contractors
	Washington, DC	3	67	Contractors
	Kabul, Afghanistan	3	16	Personnel
	Islamabad, Pakistan	1	8	Personnel and contractors
	Rabat, Morocco	2	27	Personnel
FEB	Accra, Ghana	3	75	Personnel and contractors
	Kabul, Afghanistan	4	15	Personnel
	Islamabad, Pakistan	4	156	Personnel
	San Salvador, El Salvador	3	25	Contractors
	Port-Au-Prince, Haiti	3	81	Personnel
	Tbilisi, Georgia	5	163	Personnel and contractors
	Yerevan, Armenia	1	46	Personnel
	Pretoria, South Africa	1	19	Contractors
	Washington, DC	1	32	Personnel
MAR	San Salvador, El Salvador	1	6	Contractors
	São Paulo, Brazil	1	66	Personnel and contractors
	Port-Au-Prince, Haiti	3	31	Personnel and contractors
	Maputo, Mozambique	1	80	Contractors
	Johannesburg, South Africa	1	10	Personnel
	Washington, DC	2	104	Personnel and contractors
	Kabul, Afghanistan	3	14	Personnel
	Islamabad, Pakistan	6	80	Personnel and contractors
	Jakarta, Indonesia	5	236	Personnel and contractors
	Yerevan, Armenia	2	37	Contractors
TOTAL		94	2,303	
*OIG conducted no fraud awareness training for USADF, IAF, or MCC in the reporting period.				

Incidents in Which OIG Was Refused Assistance or Information

USAID, USADF, and IAF

October 1, 2010–March 31, 2011

Section 5(a)(4) of the Inspector General Act requires the identification of any reports made to the head of agency describing incidents in which information or assistance was refused or not provided.

During this reporting period, there were no reports to the USAID Administrator or to the Board of Directors of USADF or IAF regarding instances in which information or assistance was unreasonably refused or not provided.

Financial Audits

Associated Questioned Costs, Unsupported Costs, and
Value of Recommendations That Funds Be Put to Better Use

USAID

October 1, 2010–March 31, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
<i>Programs and Operations</i>				
0-000-11-001-C	11/12/10	Audit of USAID's Financial Statements for Fiscal Years 2010 and 2009		
<i>Foreign-Based Organizations</i>				
0-118-11-001-R	10/05/10	Audit of Foundation for Independent Radio Broadcasting, under USAID Agreement No. 118-A-00-04-00075 for Fiscal Year Ended December 31, 2009		
0-118-11-002-R	10/06/10	Audit of RCO "GOLOS," under USAID Agreement No. 118-A-00-07-00028-00, for Fiscal Year Ended December 31, 2009		
0-118-11-003-R	10/13/10	Audit of Inter-Regional Public Foundation "Siberian Civic Initiatives Support Center" under Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-118-11-004-R	10/09/10	Audit of Center for Anti-Corruption Research and Initiative "Transparency International–R," under USAID Agreement No. 118-A-00-06-00082 for Fiscal Year Ended December 31, 2009		
0-118-11-005-R	10/15/10	Audit of Krasnodar Regional Non-Profit Organization "Southern Regional Resource Center," under Multiple Agreements for Fiscal Year Ended December 31, 2009		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-118-11-006-R	11/19/10	Audit of The Institute for Urban Economics (IUE) under Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-165-11-007-R	11/01/10	Audit of Foundation Open Society Institute Macedonia under Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-165-11-008-R	11/24/10	Audit of Macedonia Primary Education Program under USAID Agreement No. 165-A-00-06-00101-00, for the Period from October 1, 2006, to December 31, 2009		
0-000-11-009-R	11/18/10	Audit of Concern Worldwide Ltd. of Ireland under Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-000-11-010-R	12/15/10	Audit Report of Solidarites International, under Multiple Agreements for Fiscal Year Ended December 31, 2009	664 664	QC UN
0-000-11-011-R	12/21/10	Audit Report of Norwegian Refugee Council, under USAID Multiple Agreements, for Fiscal Year Ended December 31, 2009	5	QC
0-118-11-012-R	12/01/10	Audit of the New Eurasia Foundation, under Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-000-11-013-R	12/01/10	Audit Report of Medair, under Multiple Agreements for Fiscal Year Ended December 31, 2008	3 3	QC UN
0-118-11-014-R	12/03/10	Audit of Center for Social and Labor Rights under USAID Agreement No. 118-A-00-04-00047, for the Fiscal Year Ended December 31, 2009		
0-000-11-015-R	12/17/10	Audit of AVSI Foundation, under USAID Agreement No. DFD-G-00-07-00030-00 for Fiscal Year Ended December 31, 2007	18 18	QC 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	Amt. of Findings (\$000)	Type of Findings
0-000-11-016-R	12/06/10	Audit of AVSI Foundation, under USAID Agreement No. DFD-G-00-07-00030-00, for Fiscal Year Ended December 31, 2008		
0-000-11-017-R	12/09/10	Audit of the AVSI Foundation, under USAID Agreement No. DFD-G-00-05-00195-00 for Fiscal Year Ended December 31, 2005		
0-000-11-018-R	12/09/10	Audit of the AVSI Foundation, under USAID Agreement No. DFD-G-00-05-00195-00 for Fiscal Year Ended December 31, 2007		
0-000-11-019-R	12/29/10	Audit of the AVSI Foundation, under USAID Agreement No. DFD-G-00-05-00195-00, for Fiscal Year Ended December 31, 2008		
0-118-11-020-R	12/17/10	Audit Report of the Fund for Sustainable Development, under USAID Agreement No. 118-A-00-06-00060-00, for the Year Ended December 31, 2009		
0-000-11-021-R	12/20/10	Audit Report of Handicap International under Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-000-11-022-R	12/22/10	Audit Report of Veterinaires Sans Frontieres ASBL, under Agreements Nos. DFD-G-00-06-00054-00 and EEM-G-00-04-00013-00, Fiscal Year Ended December 31, 2009	2	QC
0-000-11-023-R	01/11/11	Audit of Save the Children UK under Multiple Agreements for the Fiscal Year Ended March 31, 2009	3	QC
0-000-11-024-R	01/14/11	Audit of the AVSI Foundation, under USAID Agreement No. DFD-G-00-05-00195-00, for Fiscal Year Ended December 31, 2006		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-025-R	01/12/11	Audit Report of Action Contre La Faim, under USAID Multiple Agreements, for Fiscal Year Ended December 31, 2009	484 484	QC UN
0-000-11-026-R	01/12/11	Audit Report of Save the Children UK, under USAID Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-000-11-027-R	01/21/11	Audit Report of Medair, under USAID Multiple Agreements for Fiscal Year Ended December 31, 2009		
0-000-11-028-R	02/09/11	Audit of the Centers for Civic Initiatives, under USAID Agreement No. 168-A-00-08-00104-00, for Fiscal Year Ended December 31, 2009		
0-000-11-029-R	02/03/11	Audit Report of German Agro Action, Under USAID Multiple Agreements for Fiscal Year Ended December 31, 2008	77	QC
0-000-11-030-R	02/03/11	Audit Report of Medair, under Multiple Agreements for Fiscal Year Ended December 31, 2007		
0-000-11-031-R	02/08/11	Audit Report of Premiere Urgence, under USAID Multiple Agreements for Fiscal Year Ended June 30, 2009	1	QC
0-000-11-032-R	02/14/11	Audit of the Foundation "Gaidar Institute for the Economic Policy," under USAID Agreement No. 118-A-00-00-00130-00, for Fiscal Year Ended December 31, 2009		
0-000-11-033-R	02/16/11	Audit Report of Handicap International under Multiple Agreements for Fiscal Year Ended December 31, 2008		
0-118-11-034-R	02/17/11	Audit of Krasnodar Regional Non-Profit Organization "Southern Regional Resource Center," under Multiple Agreements for the Fiscal Period Ended January 14, 2011		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-035-R	02/18/11	Audit of the AVSI Foundation, under USAID Agreement No. 617-C-00-08-00007-00, for Fiscal Year Ended December 31, 2008		
0-000-11-036-R	02/18/11	Audit of AVSI Foundation, under Multiple Agreements for Fiscal Year Ended December 31, 2009		
I-527-11-001-N	01/20/11	Audit of the Certified Expenditures Report of USAID Resources Provided Under Contract No. AID-527-C-08-00010-00 "Strengthening Institutions and Policies" Managed by Consultandes S.A. for the Period From September 18, 2008, to December 31, 2009		
I-511-11-001-R	10/14/10	Audit of the "Family Planning and Reproductive Health Services" Program Under USAID's Cooperative Agreement No. 511-A-00-04-00298-00, Managed by Center for Research Education and Services (CIES), for the Year Ended December 31, 2009		
I-522-11-002-N	02/28/11	Audit of the Financial Statements of the Government of Honduras Resources Under the Trust Fund Agreement, Managed by USAID/Honduras, for the Period From October 1, 2007, to September 30, 2009		
I-522-11-002-R	10/14/10	Audit of the Grant Agreement No. 522-0433 "Investing in People: Healthier and Better Educated People," Managed by the Honduran Secretariat of Health through the Unit for Extension of Coverage and Financing (UECF) for the Period From January 1, 2009, to December 31, 2009	339 20	QC 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	Amt. of Findings (\$000)	Type of Findings
I-511-11-003-R	10/20/10	Audit of the Fund Accountability Statement of the "Community Health Project," Cooperative Agreement No. 511-A-00-05-00113-00 NGO Umbrella, Managed and Implemented by the Integrated Health Coordination Program (PROCOSI), for the year ended December 31, 2009	240 235	QC UN
I-526-11-004-R	10/22/10	Audit of Multiple Programs Managed by the Fundacion Comunitaria Centro de Informacion y Recursos Para el Desarrollo (CIRD) for the Year Ended December 31, 2009	98 89	QC UN
I-520-11-005-R	10/22/10	Audit of Cooperative Agreement "Quality Assurance and Small Business Development Program," Grant Agreement No. 520-A-00-06-00105-00 Managed by Fundacion de Apoyo a la Generacion de Ingresos Locales—Fundacion AGIL (AGIL) for the Period Ended December 31, 2009		
I-522-11-006-R	10/25/10	Closeout Audit of the Fund Accountability Statement of USAID/Honduras Resources, Under the EDUCATODOS Program, Grant Agreement No. 522-0436, Managed by the Secretariat of Education (SE), for the Period From January 1, 2009, to September 30, 2009	399 399	QC UN
I-596-11-007-R	10/26/10	Audit of the Fund Accountability Statement of the USAID Cooperative Agreement No. 596-A-00-06-00092-00, for the "Custom Harmonization," Managed by the Secretariat for Economical Integration of Central America (SIECA), for the Year Ended December 31, 2009		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-527-11-008-R	11/04/10	Close-out Audit of the Cooperative Agreement No. EDG-A-00-02-00036-00 "Andean Center of Excellence for Teacher Training," Managed by Universidad Peruana Cayetano Heredia (UPCH), for the Period From October 1, 2008, to January 31, 2010	116	QC
I-526-11-009-R	11/04/10	Financial Audit of Cooperative Agreement No. 526-A-00-07-00050-00 "Good Governance and Political Competition" Managed by Gestion Ambiental (GEAM), for the Year Ended December 31, 2009	107 9	QC UN
I-511-11-010-R	11/05/10	Audit of the Fund Accountability Statement, USAID Grant Agreement No. 511-0660, Managed by the Rural Roads Project (CC.VV.) for the Strategic Objective Economic Diversification Increasingly Sustainable in Coca Leaf-Growing Areas and Associated Areas for the Year Ended December 31, 2009		
I-511-11-011-R	11/08/10	Audit of the Cooperative Agreement No. 511-A-00-02-00295-00—Partners for Development; Managed by the Health Protection Association (PROSALUD) for the Year Ended December 31, 2009		
I-522-11-012-R	11/15/10	Audit of the Fund Accountability Statement for the "Expanding Access to Family Planning for Marginalized Rural Populations" Program, Cooperative Agreement No. 522-G-00-06-00-304-00, Managed by the Asociacion Hondurena de Planificacion de Familia (ASHONPLAFA), for the Period From January 1 to December 31, 2009		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
I-520-11-013-R	11/19/10	Audit of the Fund Accountability Statement of the "Entrepreneurial Competitiveness and Strengthening" Program, Cooperative Agreement No. 520-A-00-06-00103-00, Managed by the Asociacion Nacional del Cafe (ANACAFE), for the Year Ending December 31, 2009		
I-519-11-014-R	12/02/10	Audit of the Fund Accountability Statement of the Project "Strengthening Health Care and Basic Education" Cooperative Agreement No. 519-A-00-06-00033-00 Between the United States Agency for International Development (USAID), Mission in El Salvador, and Fundacion Empresarial Para el Desarrollo Educativo (FEPADE), for the Year Ended December 31, 2009		
I-518-11-015-R	12/02/10	Audit of the Cooperative Agreement No. 518-A-00-03-00054 for the Strengthening Democracy in Ecuador Program; Managed by Corporacion Participacion Ciudadana Ecuador (PC) for the Year Ended December 31, 2009		
I-522-11-016-R	12/09/10	Audit of the Fund Accountability Statement of USAID Resources, Under Cooperative Agreement No. 522-A-00-07-00702-00 for the Strengthening of the Decentralization of Democracy and Municipal Development (SDMD), Managed by the Association of Municipalities of Honduras (AMHON), for the Period From January 1, 2009, to December 31, 2009		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
I-517-11-017-R	12/22/10	Audit of the Invest in Education for the Competitiveness Program, Grant Agreement No. 517-G-00-07-00101-00, Administered by the American Chamber of Commerce of the Dominican Republic, Inc. (AMCHAMDR), for the Nineteen-Month-Period From March 1, 2007, to September 30, 2008	11 10	QC UN
I-532-11-018-R	12/30/10	Audit of the Cooperative Agreement No. 532-A-00-07-00020-00 for the "Increased Trade Competitiveness in Targeted Industries" Project, Managed by the Jamaica Chamber of Commerce (JCC), for the Period From September 4, 2007, to September 30, 2009		
I-596-11-019-R	12/30/10	Audit of the Fund Accountability Statement of USAID Resources Provided Under Strategic Agreement No. 596-A-00-06-00078-00, "Economic Freedom: Open Diversified Expanding Economies in Central America and the Dominican Republic-DR-CAFTA" Managed by Comision Centroamerica de Ambiente y Desarrollo (CCAD) for the Period January 1, 2008, through December 31, 2009		
I-527-11-020-R	01/07/11	Close-out Audit of the Strategic Objective Agreement No. 527-0404, Managed by the Comision Nacional Para el Desarrollo y Vida Sin Drogas (DEVIDA) for the Period From January 1 to December 31, 2009	157	QC

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
I-520-11-021-R	02/02/11	Close out Audit of the Fund Accountability Statement of Cooperative Agreement 520-A-00-05-00084-00 "Sustainability Program," Managed by Asociacion Pro-Bienestar de la Familia de Guatemala (APROFAM) for the Period From January 1 to September 30, 2009		
I-598-11-022-R	02/18/11	Financial Audit of Multiple Projects Managed by the Inter-American Institute of Human Rights (IIHR), for the Year Ended December 31, 2009	1 1	QC UN
I-520-11-023-R	02/17/11	Audit of USAID Resources "MYAP-Multiyear Assistance Program" Under PL-480 Title II, Cooperative Agreement No. FFP-A-00-07-00010-00, Managed by the Asociacion SHARE de Guatemala (SHARE), For the Period October 1, 2008, through September 30, 2009		
I-538-11-024-R	02/28/11	Audit of USAID Resources Managed by the Caribbean Community Secretariat (CARICOM) Under Regional Strategic Objectives Grant Agreement Numbers 538-009-01 and 538-010-01 for the Period January 1, 2009, to December 31, 2009		
4-663-11-001-N	10/26/10	Audit of the Fund Accountability Statement of the USAID Resources Managed by the Relief Society of Tigray (REST) Under Cooperative Agreement Nos. 663-A-00-02-00366-00, FFP-A-00-08-00081-00 and closeout audit of Agreement No. FFP-A-00-05-00028-00, for the period from January 1, 2008, to December 31, 2008	4	QC

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
4-663-11-001-R	10/25/10	Audit of USAID Resources for Technical Services Provided by Bethzatha Health Service Private Limited Company under Contract No. 663-C-00-08-00418-00 for the period September 30, 2008, to June 30, 2009		
4-615-11-002-N	11/08/10	Audit of USAID Resources Managed by Pricewaterhouse-Coopers Limited (PwC), Under Contract Number 623-C-00-09-00007-00, Orphans and Vulnerable Children Scholarship Programme (OVC-SP), for the period October 1, 2008, to December 31, 2008, and Contract Number 623-C-00-08-00022-00, Higher Education Scholarships Programme, for the period April 23, 2008, to December 31, 2008. Closeout Audit of the USAID Resources Managed by Pricewaterhouse-Coopers Limited (PwC) Under Contract Number 623-C-00-07-00033-00, Kenya AIDS Indicator Survey, for the period May 25, 2007, to December 31, 2008, and Contract Number 623-C-00-06-00007-00, OVC-SP, for the period October 1, 2007, to December 31, 2008	525 492	QC UN
4-656-11-002-R	11/03/10	Audit of USAID Resources Managed by Foundation for Community Development, Maputo Corridor Project under Cooperative Agreement No. 656-A-00-04-00041-00 for the year ended September 30, 2008	558 558	QC 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	Amt. of Findings (\$000)	Type of Findings
4-615-11-003-N	11/23/10	Agency Contracted Audit of USAID Resources Managed by Mission for Essential Drugs and Supplies (MEDS) under Contract No. 623-C-00-05-00008-00 for the period from April 1, 2008, to August 31, 2009		
4-621-11-003-R	12/09/10	Recipient Contracted Audit of USAID resources managed by American National Red Cross Society and subgranted to Tanzania Red Cross Society under Grant Agreement No. GPO-A-00-04-00005-00 for Scaling-Up Together We Can: A Proven Peer Education Program and Community Mobilization Strategy for Youth HIV Prevention Project for the period April 1, 2006, to March 31, 2009		
4-611-11-004-N	12/03/10	Audit of the Fund Accountability Statement of USAID Resources Managed by Zambia Agribusiness Technical Assistance Centre Ltd under Cooperative Agreement No. 611-A-00-07-00002-00 for the period from September 27, 2007, to March 31, 2009	262 205	QC UN
4-621-11-004-R	12/22/10	Closeout Audit of USAID resources managed by American National Red Cross Society and sub-granted to Tanzania Red Cross Society under Grant Agreement No. GPO-A-00-04-00005-00 for Scaling-Up Together We Can Program for the period April 1, 2009, to June 30, 2010		
4-615-11-005-N	12/10/10	Audit of the USAID Resources Contracted to KOKA Koimhuri (formerly SCI Koimhuri Tucker & Company) under Contract No. 623-C-00-08-00015-00 for the period from March 11, 2008, to December 31, 2008	6	QC

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-612-11-005-R	12/29/10	Agreed-Upon Procedures Review of USAID Resources Managed by Private Agencies Collaborating Together, Inc. (PACT) Malawi Community Reach Subgrant Programs under Grant Agreement No. 690-A-00-07-00004-00 for the Period October 1, 2007, to June 30, 2009	9 3	QC UN
4-623-11-006-N	02/07/11	Closeout Audit of USAID Resources Managed by Express Travel Group under Logistics Contract No. 623-C-00-04-00045-00, for the period from January 1, 2008, to May 31, 2009	136 136	QC UN
4-674-11-006-R	01/05/11	Audit of USAID Resources managed by Right to Care under Cooperative Agreement Nos. 674-A-00-08-00007-00 and 674-A-00-09-00001-00 for the year ended September 30, 2009	29 5	QC UN
4-663-11-007-R	01/25/11	Audit of USAID Resources Managed by Justice for All-Prison Fellowship Ethiopia (JFA-PFE), under Cooperative Agreement No. 663-A-00-07-00416-00 for the period October 1, 2007, to December 31, 2008	3	QC
4-663-11-008-R	02/09/11	Audit of USAID Resources Managed by Organization for Social Services for AIDS (OSSA) under Cooperative Agreement No. 663-A-00-08-00423-00 for the period September 10, 2008, through December 31, 2009	73 2	QC UN
4-623-11-009-R	02/09/11	Audit of USAID Resources Managed by Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) under Cooperative Agreement 623-A-00-06-00082-00 for the year ended December 31, 2009		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-663-11-010-R	02/09/11	Audit of USAID Resources Managed by the Oromiya Pastoralist Area Development Commission under Strategic Objective Grant Agreement (SOAG) No. 663-016 for the Period November 15, 2006, to July 7, 2008	40 40	QC UN
4-663-11-011-R	02/10/11	Audit of USAID Resources Managed by Justice for All-Prison Fellowship Ethiopia (JFA-PFE), under Cooperative Agreement No. 663-A-00-07-00416-00 for the year ended December 31, 2009	3 1	QC UN
4-674-11-012-R	02/22/11	Audit of USAID Resources Managed by the Foundation for Professional Development under Cooperative Agreement No. 674-A-00-08-0006-00 for the year ended December 31, 2009	1 1	QC UN
4-674-11-013-R	02/22/11	Audit of USAID Resources Managed by BroadReach Healthcare Africa (Pty) Ltd under Cooperative Agreement No. 674-A-00-08-00008-00 for the year ended December 31, 2008	2,041	QC
4-623-11-014-R	02/23/11	Audit of USAID Resources Managed by Inter-Governmental Authority on Development (IGAD) under Limited Scope Grant Agreement No. 6230009.02-03-600082 for the year ended December 31, 2009		
4-645-11-015-R	02/24/11	Close-out Audit of USAID Resources Managed by Skillshare International-Swaziland under Grant Agreement No. 690-G-00-07-00042-00, for the period August 1, 2007, to March 31, 2010	56 55	QC 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	Amt. of Findings (\$000)	Type of Findings
4-674-11-016-R	02/25/11	Audit of USAID Resources Managed by Olive Leaf Foundation 1989 under Cooperative Agreements Nos. GPO-A-00-05-00007-00 and GPO-A-00-05-00014-00, as well as Sub Agreement No. P3121A0035 for the year ended December 31, 2009	124 104	QC UN
4-617-11-017-R	03/09/11	Close-out Audit of USAID Resources Managed by Inter-Religious Council of Uganda (IRCU) under Contract No. 617-C-00-06-00292-00 and Cooperative Agreement No. AID-617-A-00-10-00002 for the period January 1, 2009, through March 31, 2010	36	QC
4-611-11-018-R	03/09/11	Audit of USAID Resources Managed by Comprehensive HIV/AIDS Management Program (CHAMP) under Cooperative Agreement No. 611-A-00-08-00009-00 and Sub-Agreement No. 3180-10-01-02 and Closeout Audit of USAID Resources Managed by CHAMP under Sub-Agreement Nos. GPHA-00-02-0008-00 and 0549.1011.04.04 for the period from April 1, 2008, to September 30, 2009	3 3	QC UN
4-615-11-019-R	03/16/11	Audit of USAID Resources Managed by the Export Promotion Council (EPC) Under Limited Scope Grant Agreement No. 615-007-LSGA-003 Implementation Letter No. 3 for the Period October 1, 2007, to September 30, 2009	5	QC
4-674-11-020-R	03/16/11	Audit of USAID Resources managed by Khulisa Management Services (Pty) Ltd. under Contract No. 674-C-00-06-00014-00, Grant No. 674-G-00-07-00018-00, and Cooperative Agreement No. 674-A-00-08-00010-00 for the year ended December 31, 2009	36	QC

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
4-615-11-021-R	03/16/11	Audit of USAID Resources Managed by K-REP Development Agency (KDA) under Cooperative Agreement No. 623-A-00-08-00002-00 for the period from October 1, 2007, to December 31, 2008	236 212	QC UN
4-936-11-022-R	03/16/11	Audit of USAID Resources Managed by Nazarene Compassionate Ministries under Agreement No. GHH-A-00-07-00006-00 for the year ended December 31, 2007	192 192	QC UN
4-663-11-023-R	03/23/11	Audit of USAID Resources for Technical Services Provided by Bethzatha Health Service Private Limited Company under Contract No. 663-C-00-08-00418-00 for the year ended June 30, 2010		
4-617-11-024-R	03/25/11	Closeout Audit of USAID Resources Managed by The AIDS Support Organization (TASO) Uganda Limited under Cooperative Agreement No. 617-A-00-08-00008-00 for the period January 1, 2009, to June 30, 2009		
5-492-11-003-R	11/19/10	Financial audit of the Health Policy Development Program, USAID/Philippines Cooperative Agreement No. 492-A-00-06-00031, Managed by the UPecon Foundation, Inc., for the Year Ended December 31, 2009	36	QC
5-442-11-001-R	10/28/10	Financial Audit of the Support to Documentation Center of Cambodia, USAID/Cambodia Cooperative Agreement No. 486-A-00-04-00012-00, Managed by the Documentation Center of Cambodia (DC-Cam), for the Year Ended December 31, 2009	30 30	QC 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	Amt. of Findings (\$000)	Type of Findings
5-497-11-002-R	10/28/10	Financial Audit of the Statement of Costs Incurred and Billed to USAID/Indonesia by Swisscontact to Implement The Aceh Polytechnic Program (TAPP), USAID/Indonesia Contract No. 497-C-00-08-00001-00, for the Period from January 1, 2009, to December 31, 2009	2 2	QC UN
5-442-11-004-R	12/13/10	Financial Audit of USAID Resources Managed by the Reproductive and Child Health Alliance (RACHA) for the Year Ended December 31, 2009	65 13	QC UN
5-493-11-005-R	12/17/10	Financial Audit of USAID Funds Managed by the Asian Disaster Preparedness Center for the Period from January 1, 2009, to December 31, 2009	4 4	QC UN
5-492-11-006-R	12/17/10	Financial Audit of USAID Funds Managed by the Gerry Roxas Foundation, Inc.		
5-367-11-007-R	12/21/10	Financial Audit of USAID Funds Managed by the National Society for Earthquake Technology-Nepal	41	QC
5-386-11-008-R	12/21/10	Financial Audit of the Enhance Kamataka Project, Project No. 386-A-00-06-00144, Managed by the University of Manitoba (UOM), for the Period from April 1, 2009, to March 31, 2010		
5-386-11-009-R	01/11/11	Financial Audit of the Innovations in Family Planning Services—Uttar Pradesh, Project No. 386-0527, Managed by State Innovations in Family Planning Services Agency (SIFPSA), for the Period from April 1, 2009, to March 31, 2010		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
5-388-11-010-R	01/24/11	Financial Audit of the Improving Local Level Governance by Strengthening Union Parishads and Creating Citizens Awareness Project, Grant Agreement No. 388-G-00-02-00098-00, Managed by RUPANTAR, for the Period from January 1, 2009, to December 31, 2009	14	QC
5-442-11-011-R	01/27/11	Financial Audit of USAID Resources Managed by the Reproductive Health Association of Cambodia (RHAC), for the Year Ended December 31, 2009	33 32	QC UN
5-386-11-012-R	01/27/11	Financial Audit of the AVERT Project, USAID/India Project No. 386-0544, Managed by the AVERT Society, for the Period from April 1, 2009, to March 31, 2010		
5-386-11-013-R	02/10/11	Financial Audit of USAID Resources Managed by Voluntary Health Services for the Year Ended March 31, 2010	112 1	QC UN
5-386-11-014-R	03/14/11	Closeout Financial Audit of the Condom Social Marketing Project—Maharashtra, USAID/India Cooperative Agreement No. 386-A-00-07-00024-00, Managed by the Hindustan Latex Family Planning Promotion Trust (HLFPPT), for the Period from April 1, 2009, to September 30, 2010		
5-386-11-015-R	03/30/11	Financial Audit of the Innovations in Family Planning Services III—Uttarakhand, Project No. 386-0527, Managed by Uttarakhand Health & Family Welfare Society (UKHFWS), for the Period from April 1, 2009, to March 31, 2010		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-001-N	10/26/10	Close-Out Examination of Center for Engineering and Planning, Compliance with Contract Terms and Conditions, Under USAID Funded Contract Number 294-C-00-05-00239-00, "Construction Management Services of the Gaza Emergency Water Connection," for the Period From September 26, 2005, to May 14, 2006	70	QC
6-263-11-001-R	12/27/10	Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population, Strengthening Avian Influenza Detection and Response Project, USAID/Egypt Grant Agreement Number 263-0287, Element Number A050, Implementation Letter Number 1, for the Period From January 1, 2010, to August 31, 2010		
6-294-11-002-N	10/26/10	Examination of Saqqa and Khoudary Joint Venture Compliance with Terms and Conditions of Contract Number 294-I-02-05-00212-00, "Roads Rehabilitation Project Phase III," for the Period From October 1, 2005, to March 1, 2006	245	QC
6-263-11-002-R	03/10/11	Financial Audit of the Ministry of Trade and Industry, Industry and Trade Advisory Support Unit, Assistance for Customs and Trade Facilitation, USAID Agreement Number 263-0284, Implementation Letter Number 5, for the Period From January 1, 2008, to August 31, 2009	22 22	QC UN
6-263-11-003-N	10/28/10	Close-Out Audit of Environmental Quality International, USAID Cooperative Agreement Number 263-A-00-07-00011-00, Media and Culture of Democracy Project, for the Period October 1, 2007, to August 13, 2008	25 21	QC 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	Amt. of Findings (\$000)	Type of Findings
6-294-11-004-N	11/22/10	Close-out Examination of Falcon Electro Mechanical Contracting Company Compliance With Terms and Conditions of USAID Funded Contract Number 294-C-00-05-00216-00, "Hebron Screen and Grit Station," for the Period From May 20, 2005, to July 20, 2006	428	QC
6-294-11-005-N	11/22/10	Audit of the Fund Accountability Statement of Holy Family Hospital-Bethlehem, "Partnership for Expanded Access to Quality Maternal and Neonatal Health Care for Palestinian Women and Infants," USAID Funded Cooperative Agreement Number 294-A-00-05-00236-00, for the Period From October 1, 2005, to September 30, 2006		
6-294-11-006-N	11/22/10	Audit of the Fund Accountability Statement of USAID Resources Managed by Holy Family Hospital, Cooperative Agreement Number 294-A-00-05-00236-00, Partnership for Expanded Access to Quality Maternal and Neonatal Health Care for Palestinian Women and Infants, for the Period From September 30, 2008, to June 30, 2009	1	QC
6-294-11-007-N	12/22/10	Close-Out Examination of El Dahan and Farid Engineering Consultants Ltd. Compliance with Terms and Conditions of USAID Contract Number 294-C-00-05-00232-00, Courthouse Construction Feasibility Study and Design in Gaza City, for the Period From September 30, 2005, to June 30, 2006	102	QC

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
6-294-11-008-N	12/22/10	Close-Out Examination of Ocean Contracting and Investment Co. Compliance with Terms and Conditions of USAID Funded Contract Number 294-I-03-05-00210-00, Roads Rehabilitation Project Phase III, for the Period From September 13, 2005, to January 30, 2006	584	QC
6-263-11-011-N	12/29/10	Close-Out Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Water Resources and Irrigation, Integrated Water Management Unit, Life/Water Resources Management, Project Number 263-0290, Implementation Letter Number 2-09, for the Period From January 1, 2009, to March 31, 2010	3	QC
7-620-11-001-R	10/22/10	Recipient Contracted Audit of USAID Resources Managed by Hope Worldwide Nigeria under the Assistance and Care for Children Orphaned and at Risk of HIV/AIDS Program (Grant Agreement No. 620-A-00-08-00111-00) for the Period from January 1 to December 31, 2009	33	QC
7-620-11-002-R	10/25/10	Audit of the Fund Accountability Statement for Society for Family under the Improved Reproductive Health in Nigeria (IRHIN) Project No. 620-A-00-05-00098-00 and the Comprehensive Integrated Approach to HIV/AIDS Prevention and Care (CIHPAC) Project No. 620-A-00-05-00100-00 in Nigeria for the Period Beginning on December 26, 2008, and Ending on December 25, 2009	1	QC

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
7-620-11-003-R	01/10/11	Recipient Contracted Audit of the USAID Resources Managed by Network on Ethics/Human Rights, Law, HIV/AIDS Prevention, Support and Care (NELA) under the NELA Consortium AIDS Initiatives in Nigeria (NECAIN) Agreement No. 620-A-00-07-00211-00 for the Period from January 1, 2009, through December 31, 2009		
7-620-11-004-R	01/13/11	Recipient Contracted Audit of the USAID Resources Managed by BBC World Service Trust under the USAID Media Support for Strengthening Advocacy, Good Governance, and Empowerment (MESSAGE) Agreement No. 620-A-00-09-00016-00 for the Period from September 30, 2009, through March 31, 2010	2 2	QC UN
7-624-11-005-R	01/31/11	Recipient Contracted Audit of USAID Resources Managed by the West and Central African Council for African Research and Development (CORAF/WECARD) (Grant Agreement No. 624-A-00-07-00046) for the Period from January 1 to December 31, 2008	104 102	QC UN
7-623-11-006-R	02/02/11	Recipient Contracted Audit of USAID Resources Managed by Avocats Sans Frontieres under the Rule of the Law in the Democratic Republic of the Congo Program (Grant Agreement No. 623-A-00-08-00046-00) for the Period from January 1 to December 31, 2009	1 1	QC 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	Amt. of Findings (\$000)	Type of Findings
7-623-11-007-R	02/04/11	Recipient Contracted Audit of the USAID Resources Managed by Cooperazione Internazionale under the USAID Program Psychosocial Support and Reintegration of Survivors of Sexual and Gender-Based Violence in Eastern Democratic Republic of Congo Agreement No. 623-A-00-09-00009-00 for the Period from December 15, 2009, through December 31, 2010		
7-620-11-008-R	03/21/11	Recipient Contracted Audit of USAID Resources Managed by the Gembu Centre for HIV/AIDS Advocacy Nigeria under Grant Agreement No. 620-A-00-08-00076-00 for the Period from January 1 to December 31, 2009		
F-306-11-001-R	10/26/10	Financial Audit of the Program "Regenerating Murad Khane, Restoring Refurbishing and Revitalizing the Old City," USAID/Afghanistan Cooperative Agreement No. 306-A-09-00503-00, Managed by the Turquoise Mountain Trust (TMT), for the Period from January 1, 2009, to December 31, 2009		
F-306-11-002-R	12/20/10	Financial Audit of Program "Fiduciary Support to the American University of Afghanistan (AUAF)" Subgrant Under the Asia Foundation Award No. 306-G-00-05-00525-00 and "The USAID Direct Support to AUAF" Cooperative Agreement No. 306-A-00-08-00525-00 for the period from July 1, 2008, to June 30, 2009	686 689	QC BU

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
G-391-11-001-R	12/30/10	Closeout Audit of the Developing Non-Bankable Territories for Financial Services Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period from January 1, 2009, to September 30, 2009		
<i>Local Currency Trust Fund</i>				
5-492-11-001-N	11/04/10	Financial Audit of USAID/Philippines' Peso Trust Fund for Operating Expenses, for the Period from January 1, 2009, to December 31, 2009		
<i>U.S.- Based Contractors</i>				
0-000-11-001-D	03/28/11	Berger Group Holdings, Inc., Report on Adequacy of Initial Disclosure Statement Effective July 1, 2008		
5-306-11-002-N	11/16/10	Financial Audit of Local Costs Incurred by the Joint Venture Louis Berger Group, Inc./Black & Veatch Special Projects Corp. to Implement the Afghanistan Infrastructure Rehabilitation Program, USAID/Afghanistan Contract No. 306-I-00-06-00517-00, for the Period from October 1, 2008, to September 30, 2009	2,097 2,085	QC UN
6-294-11-018-N	03/14/11	Audit of Locally Incurred Costs of USAID Resources Managed by Chemonics International, Task Order Number PCE-I-22-98-00015-00, Palestinian Integrated Trade Arrangement Project, for the Period From May 16, 2008, to September 28, 2008		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-019-N	03/16/11	Close-Out Audit of Locally Incurred Costs by Academy for Educational Development, Higher Education Support Initiative Program, Contract Number EEE-I-00-01-00010-00, for the Period From August 19, 2005, to September 29, 2006	92 14	QC UN
E-267-11-002-D	12/10/10	Audit of Costs Incurred and Billed by Research Triangle Institute (RTI), Under USAID Contract No. 267-C-00-05-00505-00, for the Period of January 1, 2008, Through December 31, 2008	109	QC
<i>U.S.-Based Grantees</i>				
0-000-11-001-E	10/20/10	Audit of Southern African Enterprise Development Fund Consolidated Financial Statement Report for Fiscal Year Ended September 30, 2008		
0-000-11-001-T	10/12/10	A-133 Audit Report of JSI Research and Training Institute, Inc. for Fiscal Year Ended September 30, 2008		
0-000-11-002-E	12/22/10	Audit of Southern Africa Enterprise Development Fund Consolidated Financial Statement Report for Fiscal Year Ended September 30, 2009		
0-000-11-002-T	10/04/10	OMB Circular A-133 Audit Report of Program for Appropriate Technology in Health for the Fiscal Year Ended December 31, 2009		
0-000-11-003-E	02/09/11	Audit Report for the U.S. Russia Investment Fund for Fiscal Year Ended September 30, 2010		
0-000-11-003-T	11/24/10	Research Triangle Institute, A-133 Audit Report for Fiscal Year Ended September 30, 2009	554 554	QC UN
0-000-11-004-E	02/15/11	Audit Report for Bulgarian-American Enterprise Fund for the Year Ended September 30, 2010		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-000-11-004-T	10/01/10	OMB Circular A-133 Audit Report of Academy for Educational Development for Fiscal Year Ended December 31, 2007		
0-000-11-005-E	02/11/11	Review of Audit Report of Baltic-American Enterprise Fund for the Fiscal Year Ended September 30, 2010		
0-000-11-005-T	10/01/10	OMB Circular A-133 Audit Report of Academy for Educational Development for Fiscal Year Ended December 31, 2008		
0-000-11-007-T	10/06/10	A-133 Audit Report of The German Marshall Fund of the United States--A Memorial to the Marshall Plan and Subsidiary for Fiscal Year Ended May 31, 2005		
0-000-11-008-T	10/06/10	A-133 Audit Report of The German Marshall Fund of the United States--A Memorial to the Marshall Plan and Subsidiary for Fiscal Year Ended May 31, 2004		
0-000-11-009-T	10/05/10	A-133 Audit Report of the German Marshall Fund of the United States--A Memorial to the Marshall Plan and Subsidiary for Fiscal Year Ended May 31, 2006		
0-000-11-011-T	10/25/10	International Foundation for Electoral Systems, OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2009	37	QC
0-000-11-012-T	10/20/10	A-133 Audit Report of Partnership for Supply Chain Management for Fiscal Year Ended September 30, 2008		
0-000-11-013-T	10/25/10	Academy for Educational Development and Affiliates, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009	1	QC
0-000-11-014-T	11/17/10	OMB Circular A-133 Audit Report of JSI Research and Training Institute, Inc. for Fiscal Year Ended September 30, 2009		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-000-11-015-T	11/18/10	A-133 Audit Report of International Development Enterprises for Fiscal Year Ended December 31, 2009	24 12	QC UN
0-000-11-017-T	11/22/10	OMB Circular A-133 Audit Report for Consortium for Elections and Political Process Strengthening for the Fiscal Year Ended September 30, 2006		
0-000-11-018-T	01/31/11	OMB Circular A-133 Audit Report of Cross International, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-019-T	12/09/10	CARE USA, OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009	325	QC
0-000-11-020-T	01/11/11	OMB Circular A-133 Audit Report of the Action Against Hunger-USA for Fiscal Year Ended December 31, 2009		
0-000-11-021-T	01/21/11	OMB Circular A-133 Audit Report of United States Pharmacopeial Convention and Subsidiaries for Fiscal Year Ended June 30, 2009		
0-000-11-022-T	01/13/11	OMB Circular A-133 Audit Report of Alfalit International for Fiscal Year Ended December 31, 2006		
0-000-11-023-T	01/13/11	OMB Circular A-133 Audit Report of Alfalit International for Fiscal Year Ended December 31, 2007		
0-000-11-025-T	12/21/10	The Carter Center, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended August 31, 2009		
0-000-11-026-T	01/27/11	OMB Circular A-133 Audit Report of National Hospice and Palliative Care Organization for Fiscal Year Ended December 31, 2009		
0-000-11-027-T	01/11/11	OMB Circular A-133 Audit Report of the Roots of Peace for Fiscal Year Ended December 31, 2008		
0-000-11-028-T	12/22/10	OMB Circular A-133 Audit Report of National Cooperative Business Association for Fiscal Year Ended December 31, 2009		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-000-11-029-T	12/10/10	OMB Circular A-133 Audit Report of Interchurch Medical Assistance, Inc. for Fiscal Year Ended June 30, 2008		
0-000-11-030-T	12/14/10	American Council on Education, OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2009	1	QC
0-000-11-031-T	01/20/11	OMB Circular A-133 Audit Report of American Refugee Committee International and Subsidiary for Fiscal Year Ended December 31, 2009		
0-000-11-032-T	12/21/10	OMB Circular A-133 Audit Report of Woodrow Wilson Center for Scholars for Fiscal Year Ended September 30, 2009		
0-000-11-033-T	01/24/11	OMB Circular A-133 Audit Report of Childfund International, USA for Fiscal Year Ended June 30, 2009		
0-000-11-034-T	01/20/11	OMB Circular A-133 Audit Report of Arzu, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-035-T	12/17/10	OMB Circular A-133 Audit Report for Pan American Development Foundation for Fiscal Year Ended September 30, 2009		
0-000-11-036-T	12/16/10	OMB Circular A-133 Audit Report for Wildlife Alliance, Inc. for Fiscal Year Ended December 31, 2008	35	QC
0-000-11-037-T	03/21/11	OMB Circular A-133 Audit Report of Inter-American Dialogue for Fiscal Year Ended December 31, 2009 (Revised)		
0-000-11-038-T	01/20/11	OMB Circular A-133 Audit Report of East-West Management Institute, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-039-T	01/28/11	OMB Circular A-133 Audit Report for Hadassah, The Women's Zionist Organization of America, Inc. and Related Entities for Seven Months Ended December 31, 2008		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-000-11-040-T	02/08/11	OMB Circular A-133 Audit Report of Nazarene Compassionate Ministries, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-041-T	01/26/11	OMB Circular A-133 Audit Report of International City/County Management Association for Fiscal Year Ended June 30, 2010		
0-000-11-042-T	02/10/11	OMB Circular A-133 Audit Report of Global Rights for Fiscal Year Ended September 30, 2009		
0-000-11-043-T	01/21/11	OMB Circular A-133 Audit Report of Rainforest Alliance, Inc. for Fiscal Year Ended June 30, 2009		
0-000-11-044-T	01/20/11	OMB Circular A-133 Audit Report of Mercy-USA for Aid and Development, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-045-T	01/03/11	OMB Circular A-133 Audit Report for World Hope International, Inc. and Affiliates, Fiscal Year Ended December 31, 2009	39	QC
0-000-11-046-T	01/26/11	OMB Circular A-133 Audit Report of America's Development Foundation for Fiscal Year Ended December 31, 2009		
0-000-11-047-T	02/08/11	OMB Circular A-133 Audit Report of Internews Network for Fiscal Year Ended December 31, 2009		
0-000-11-048-T	01/04/11	OMB Circular A-133 Audit Report of the Asia Foundation for Fiscal Year Ended September 30, 2009		
0-000-11-049-T	01/21/11	OMB Circular A-133 Audit Report of INMED Partnerships for Children, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-050-T	01/03/11	OMB Circular A-133 Audit Report of Small Enterprise Assistance Funds for Fiscal Year Ended December 31, 2009		
0-000-11-051-T	01/21/11	OMB Circular A-133 Audit Report of International Foundation for Education and Self-Help for Fiscal Year Ended September 30, 2009		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-000-11-052-T	01/25/11	OMB Circular A-133 Audit Report for FXB USA, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-053-T	01/21/11	OMB Circular A-133 Audit Report of Adventist Development and Relief Agency International for Fiscal Year Ended December 31, 2009	189 189	QC UN
0-000-11-054-T	01/28/11	OMB Circular A-133 Audit Report for Health Alliance International for Year Ended December 31, 2009		
0-000-11-055-T	01/21/11	OMB Circular A-133 Audit Report of Partners of the Americas, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-056-T	01/06/11	OMB Circular A-133 Audit Report of Himalayan Cataract Project, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-057-T	01/21/11	OMB Circular A-133 Audit Report of General Board of Higher Education and Ministry of the United Methodist Church for Fiscal Year Ended December 31, 2009		
0-000-11-060-T	01/11/11	OMB Circular A-133 Audit Report of Medical Teams International for Fiscal Year Ended June 30, 2010		
0-000-11-061-T	01/12/11	OMB Circular A-133 Audit Report of Relief International for Fiscal Year Ended December 31, 2009		
0-000-11-062-T	01/12/11	OMB Circular A-133 Audit Report of the United States Pharmacopeial Convention Inc. for Fiscal Year Ended June 30, 2010		
0-000-11-063-T	01/24/11	Christian Reformed World Relief Committee, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009		
0-000-11-064-T	01/21/11	OMB Circular A-133 Audit Report for The International Center, for Fiscal Year Ended December 31, 2009		
0-000-11-065-T	01/31/11	OMB Circular A-133 Audit Report of TechnoServe, Inc. for Fiscal Year Ended December 31, 2009		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-000-11-066-T	01/26/11	OMB Circular A-133 Audit Report of World Vision International and World Vision, Inc. (USA) for Fiscal Year Ended September 30, 2009		
0-000-11-067-T	02/01/11	ORT America, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2009		
0-000-11-068-T	02/17/11	OMB Circular A-133 Audit Report for Tostan, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-070-T	02/09/11	OMB Circular A-133 Audit Report for Small Enterprise Assistance Fund for Fiscal Year Ended December 31, 2008		
0-000-11-071-T	02/17/11	OMB Circular A-133 Audit Report of African Wildlife Foundation, Inc. for Fiscal Year Ended June 30, 2010		
0-000-11-072-T	02/10/11	OMB Circular A-133 Audit Report of Children's Aids Fund for Fiscal Year Ended December 31, 2009		
0-000-11-073-T	02/25/11	EngenderHealth, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009		
0-000-11-075-T	02/22/11	American Near East Refugee Aid, OMB Circular A-133 Audit Report for Fiscal Year Ended May 31, 2010		
0-000-11-076-T	03/02/11	OMB Circular A-133 Audit Review of Hadassah, The Women's Zionist Organization of America, Inc. for Fiscal Year Ended December 31, 2009		
0-000-11-077-T	03/08/11	Desk Review of OMB Circular A-133 Audit Report of JA Worldwide for the Fiscal Year Ended June 30, 2010		
0-000-11-078-T	03/09/11	Review of OMB Circular A-133 Audit Report for Tostan, Inc. for Fiscal Year Ended December 31, 2006		
0-000-11-079-T	03/08/11	Desk Review of OMB Circular A-133 Audit Report for Global Resource Services for Fiscal Year Ended December 31, 2009		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
0-000-11-080-T	03/04/11	Desk Review of OMB Circular A-133 Audit Report for Christian Reformed World Relief Committee, Inc. for Fiscal Year Ended June 30, 2010		
0-000-11-081-T	03/04/11	OMB Circular A-133 Audit Report of the Salvation Army World Service Office for the Fiscal Year Ended December 31, 2008		
0-000-11-082-T	03/08/11	Desk Review of OMB Circular A-133 Audit Report for Viet-Nam Assistance for the Handicapped for the Fiscal Year Ended June 30, 2010		
0-000-11-083-T	03/08/11	Desk Review for the OMB Circular A-133 Audit Review of Sesame Workshop and Subsidiaries for the Fiscal Year Ended June 30, 2010		
0-000-11-084-T	03/11/11	OMB Circular A-133 Audit Report of Conservation International Foundation, for the Fiscal Year Ended June 30, 2010		
0-000-11-085-T	03/11/11	OMB Circular A-133 Audit Report of Management Sciences for Health, Inc., for the Fiscal Year Ended June 30, 2010		
4-611-11-001-O	02/24/11	Agreed-Upon Procedures of USAID Resources Managed by Project Concern International (PCI) Under Cooperative Agreement No. 690-A-00-04-00343-00 for the period October 1, 2007, to September 30, 2009	846 380	QC UN
4-674-11-002-O	02/25/11	Agreed-Upon Procedures of the Local Costs Incurred by Family Health International (FHI) Under Cooperative Agreement No. 674-A-00-08-00003-00 for the period from October 1, 2007, to December 31, 2009	1,783 1,392	QC UN
6-263-11-009-N	12/27/10	Audit of Locally Incurred Costs by Academy for Educational Development, USAID Agreement Number 263-A-00-04-00006-00, for the Period From October 1, 2005, to September 30, 2007	39	QC

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-010-N	12/29/10	Close-Out Audit of USAID Resources Managed by CARE International, Cooperative Agreement Number 294-A-00-05-00235-00, Emergency Medical Assistance Program-Phase III, for the Period From October 1, 2006, to February 20, 2009		
6-294-11-012-N	01/26/11	Close-Out Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by Young Men's Christian Association, Cooperative Agreement Number 294-A-00-02-00227-00, Job Opportunities Through Basic Services, for the Period From October 1, 2005, to July 31, 2006		
6-294-11-013-N	02/23/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Education Development Center, Palestinian Youth Empowerment Program, Cooperative Agreement Number 294-A-00-05-00241-00, for the Period From October 1, 2005, to September 30, 2006		
6-294-11-014-N	02/23/11	Audit of the Fund Accountability Statement of USAID Resources Managed by Education Development Center, Palestinian Youth Empowerment Program, Cooperative Agreement Number 294-A-00-05-00241-00, for the Period From October 1, 2006, to September 30, 2007		
6-294-11-015-N	03/09/11	Close-Out Audit of USAID Resources Managed by Catholic Relief Services, Palestinian Infrastructure for Needed Employment, Cooperative Agreement Number 294-A-00-04-00217-00, for the Period From September 27, 2006, to June 30, 2007		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
6-294-11-016-N	03/09/11	Audit of Locally Incurred Costs of USAID Resources Managed by Cooperative Housing Foundation International, Cooperative Agreement Number 294-A-00-05-00209-00, Palestinian American Recreation and Conservation Services, for the Period From May 5, 2005, to May 3, 2007		
6-294-11-017-N	03/09/11	Close-Out Audit of the Fund Accountability Statement of USAID Resources Managed by International Orthodox Christian Charities, Palestinian Infrastructure for Needed Employment, Cooperative Agreement Number 294-A-00-04-00219-00, for the Period From October 1, 2006, to August 31, 2007	I	QC
E-267-11-001-D	11/07/10	Audit of Costs Incurred and Billed by International Relief and Development, Inc. (IRD), Under USAID Cooperative Agreement No. 267-A-00-06-00503-00, for the Period of October 1, 2007, Through September 30, 2008	40,043 38,330	QC UN
E-267-11-001-N	03/16/11	Close-Out Audit of Fund Accountability Statement of USAID Resources Managed by International Relief and Development, Inc. Under Cooperative Agreement Number 267-A-00-06-00503-00 "Community Stabilization Program," for the Period From October 1, 2008, to October 31, 2009	18,612 18,180	QC UN
G-391-11-001-D	11/08/10	Audit of Costs Incurred under School Enhancement Program Component of the Pakistan Education Sector Reform Assistance Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01000-00, Managed by the RTI International (RTI), for the Period from December 4, 2002, to December 31, 2007		

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

Financial Audits

Associated Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

USADF and IAF

October 1, 2010–March 31, 2011

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
0-ADF-11-002-C	11/12/10	Audit of the United States African Development Foundation's Financial Statements for Fiscal Years 2010 and 2009		
0-IAF-11-003-C	11/15/10	Audit of Inter-American Foundation Financial Statements for Fiscal Years 2010 and 2009		

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

Performance Audits

Associated Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

USAID

October 1, 2010–March 31, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
<i>Economy and Efficiency</i>				
1-523-11-001-P	01/12/11	Audit of USAID/Mexico's Rule of Law and Human Rights Program		
1-514-11-002-P	01/26/11	Audit of Assistance to Internally Displaced Persons and Vulnerable Groups Financed by USAID/Colombia		
4-617-11-001-P	11/10/10	Audit of Selected USAID/Uganda's P.L. 480 Title II Program Activities		
4-615-11-002-P	12/14/10	Audit of Selected USAID/Kenya Agricultural Productivity and Agricultural Trade Activities		
4-650-11-003-P	12/29/10	Audit of USAID/Sudan's Modern Energy Services Program		
4-674-11-004-P	01/04/11	Audit of USAID/Southern Africa's Gender-Related HIV/AIDS Activities	23	QC
4-656-11-005-P	01/27/11	Audit of USAID/Mozambique's Implementation of the President's Malaria Initiative		
4-611-11-006-P	03/29/11	Audit of USAID/Zambia's Gender-Related HIV/AIDS Activities		
5-306-11-001-P	10/28/10	Audit of USAID/Afghanistan's Partnership for Advancing Community-Based Education in Afghanistan (PACE-A) Program		
5-306-11-002-P	11/05/10	Audit of USAID/Afghanistan's Support to the American University of Afghanistan		
5-367-11-003-P	12/14/10	Audit of USAID/Nepal's Education for Income Generation Program		
5-472-11-004-P	01/11/11	Audit of USAID/Timor-Leste's Strengthening Property Rights in Timor-Leste Project		
5-388-11-005-P	02/11/11	Audit of USAID/Bangladesh's Promoting Governance, Accountability, Transparency and Integrity (PROGATI) Program		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
5-442-11-006-P	03/31/11	Audit of USAID's Social Marketing and Behavior Change Interventions for HIV/AIDS, Reproductive and Sexual Health and Child Survival in Cambodia Project		
6-294-11-001-P	10/13/10	Audit of USAID/West Bank and Gaza's Emergency Jobs Program		
6-263-11-002-P	11/10/10	Audit of USAID/Egypt's Leaders for Education and Development Scholarship Initiative Program		
6-268-11-003-P	12/06/10	Follow-Up Audit of Selected USAID/Lebanon's Democracy and Governance Activities		
6-278-11-004-P	01/10/11	Audit of USAID/Jordan's Private Sector Project for Women's Health		
6-279-11-005-P	02/28/11	Audit of Selected Activities From USAID/Yemen's Basic Education Support and Training Project		
6-294-11-006-P	03/22/11	Audit of USAID/West Bank and Gaza's Technical and Vocational Education and Training Program	16 16	QC UN
7-608-11-001-P	10/27/10	Audit of USAID/Morocco's Civil Society Advocacy Program		
7-681-11-003-P	02/04/11	Audit of USAID'S HIV/AIDS Activities in Côte d'Ivoire	708	QC
7-680-11-004-P	02/14/11	Audit of USAID/Benin's Implementation of the President's Malaria Initiative		
7-641-11-005-P	03/17/11	Audit of USAID/Ghana's Tuberculosis Program		
7-685-11-006-P	03/31/11	Audit of USAID/Senegal's Economic Growth Activities		
9-000-11-001-P	02/24/11	Audit of USAID/Namibia's HIV/AIDS Efforts to Build Health Workforce Capacity		
A-000-11-001-P	11/02/10	Audit of USAID's Computer Network Perimeter Controls		
A-000-11-002-P	11/09/10	Audit of USAID's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2010		

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>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
E-267-11-001-P	11/22/10	Audit of USAID/Iraq's Payroll Payments to Foreign Service Nationals, Third Country Nationals, and U.S. Personal Service Contractors		
F-306-11-001-P	02/13/11	Audit of USAID/Afghanistan's Agriculture, Water, and Technology Transfer Program		
F-306-11-002-P	03/27/11	Audit of USAID/Afghanistan's Construction of Health and Education Facilities Program	268 544	QC BU
G-391-11-001-P	12/10/10	Audit of USAID/Pakistan's Livelihood Development Program for the Lower Region of the Federally Administered Tribal Areas	768 335	QC UN
G-391-11-002-P	12/10/10	Audit of USAID/Pakistan's Livelihood Development Program for the Upper Region of the Federally Administered Tribal Areas		
G-391-11-003-P	01/24/11	Audit of USAID/Pakistan's Flood Relief Efforts as Administered by Local Nongovernmental Organizations		

Performance Audits

Associated Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

USADF and IAF*

October 1, 2010–March 31, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
7-ADF-11-002-P	02/02/11	Audit of the African Development Foundation's Activities in Nigeria		
A-ADF-11-003-P	11/10/10	Audit of the U.S. African Development Foundation's Compliance With Provisions of the Federal Information Security Management Act for Fiscal Year 2010		

* IAF had no reports with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

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

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USAID

October 1, 2010–March 31, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
<i>Quality Control Reviews</i>				
4-674-11-001-Q	11/09/10	Report on Quality Control Review (QCR) of the audit of BroadReach HealthCare Africa (Pty) Ltd. under Cooperative Agreement number 674-A-00-08-00008-00 for the period September 1, 2007, to December 31, 2007		
4-674-11-002-Q	12/06/10	Quality Control Review of the audit of South African Institute of Race Relations under Cooperative Agreement no. 674-A-00-90-00039-00, for the year ended March 31, 2004		
4-674-11-003-Q	12/07/10	Quality Control Review of the audit of Mothers 2 Mothers South Africa under Prime Award number U62/CCU223540/CFDA 93.941, Cooperative Agreement number GHH-A-00-07-00019-00 and Sub-agreement number PI321A0027 for the year ended December 31, 2008		
4-621-11-004-Q	12/10/10	Quality Control Review of the audit of the fund accountability statement of USAID resources managed by Selian Lutheran Hospital under AIDS Control Programme (Award No. 621-A-00-07-00001-00) for the year ended December 31, 2008		
4-969-11-005-Q	12/28/10	Quality Control Review of the Draft Audit of USAID Resources Managed by Light and Courage Centre Trust under Cooperative Agreement No. GHH-A-00-07-00017-00 for the Year Ended June 30, 2008		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
4-936-11-006-Q	03/16/11	Quality Control Review of the Audit of USAID Resources Managed by Nazarene Compassionate Ministries under Agreement No. GHH-A-00-07-00006-00 for the year ended December 31, 2007		
4-936-11-007-Q	03/16/11	Quality Control Review of Audit of USAID Resources Managed by Youth Health Organization under Cooperative Agreement No. NPI-GHH-A-00-07-00011-00 for the year ended March 31, 2008		
4-936-11-008-Q	03/17/11	Quality Control Review of the Audit of USAID Resources Managed by Luapula Foundation under Cooperative Agreement No. GHH-A-00-07-00021-00 for the period December 1, 2006, to September 30, 2007		
4-621-11-009-Q	03/31/11	Quality Control Review of the Audit of USAID Resources Managed by the Pastoral Activities and Services for People with AIDS Dar es Salaam Archdiocese (PASADA) under Development Assistance Grant Agreement No. 621-A-00-06-00011-00 for the year ended December 31, 2008		
5-386-11-001-Q	11/24/10	Quality Control Review of the Audit Reports and Audit Documentation for Two Financial Audits Conducted By the KPMG Bangalore Office (KPMG) of the Samastha Programme, Managed by Karnataka Health Promotion Trust (KHPT), a Subrecipient of the University of Manitoba (UOM), under USAID/India Project No. 386-A-00-06-00144, for the Years Ended March 31, 2008, and 2009		
5-386-11-002-Q	12/23/10	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by P. K. Chopra & Co. (PKC) of the Workforce Development Initiative Project under USAID/India Award No. 386-G-00-06-00125-00 and the Madrasa Project under Award No. 386-A-00-06-00180-00, Managed by the CAP Foundation, for the Year Ended March 31, 2009		

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
5-367-11-003-Q	03/03/11	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by T R Upadhya & Co. of USAID Funds Managed by the National Society for Earthquake Technology–Nepal		
5-367-11-004-Q	03/22/11	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit of USAID Resources Managed by the Department of Health Services, Government of Nepal, Under USAID Strategic Objective Grant Agreement Project No. 367-0180, Implementation Letter No. 5 for the Period from July 16, 2006, to July 15, 2007, and Implementation Letter No. 7 for the Period from July 16, 2007, to July 15, 2008		
<i>Other</i>				
1-521-11-001-S	10/29/10	Review of Fondation Sogebank's Activities Financed by USAID/Haiti	49 49	QC UN
2-000-11-001-S	12/17/10	Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's Use of Compensatory Time		
2-000-11-002-S	03/29/11	Review of USAID's Obligation of Funds and Project Planning for the African Global Quilt Alliance		
4-650-11-001-S	11/18/10	Survey of USAID/Sudan's Elections Assistance Activities		
6-279-11-001-S	03/30/11	Risk Assessment of USAID/Yemen's Major Activities		
E-267-11-001-S	11/29/10	Survey of Security Incidents Reported by Private Security Contractors of USAID/Iraq's Contractors and Grantees		
E-267-11-002-S	12/12/10	Review of USAID/Iraq's Contractors' Compliance with the Trafficking Victims Protection Reauthorization Act of 2008		
F-306-11-001-S	11/06/10	Review of USAID/Afghanistan's Ministerial Assessment Process		
F-306-11-002-S	03/07/11	Review of Cash Disbursement Practices of Selected USAID/Afghanistan Implementing Partners		

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

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

USADF and IAF

October 1, 2010–March 31, 2011

During the reporting period, neither the United States African Development Foundation nor the Inter-American Foundation had miscellaneous reports with associated questioned costs, unsupported costs, or recommendations that funds be put to better use.

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Statistical Table of Reports With Questioned and Unsupported Costs

USAID

October 1, 2010–March 31, 2011

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs ¹ (\$)
A. For which no management decision had been made as of October 1, 2010	41	14,940,438 ^{2,3}	12,767,554 ^{2,3}
B. Add: Reports issued October 1, 2010–March 31, 2011	88	76,399,899 ⁴	65,704,835 ⁴
Subtotal	129	91,340,337	78,472,389
C. Less: Reports with a management decision made October 1, 2010–March 31, 2011	79 ⁵	62,689,005 ⁶	55,765,147 ⁶
Value of recommendations disallowed by Agency officials		44,623,357	41,115,565
Value of recommendations allowed by Agency officials		18,065,648	14,649,582
D. For which no management decision had been made as of March 31, 2011	51	28,651,332 ⁷	22,707,242 ⁷

¹Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

²The ending balance on September 30, 2010, for questioned costs totaling \$14,969,868 and for unsupported costs totaling \$12,767,575 were decreased by \$29,430 and \$21, respectively, to reflect adjustments in recommendations from prior periods.

³Amounts include \$194,069 in questioned costs and \$155,911 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁴Amounts include \$40,152,366 in questioned costs and \$38,329,926 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁵Unlike the monetary figures of this row, this figure is not being subtracted from the subtotal. Some audit reports counted here may be counted again in the figure below it because some reports have multiple recommendations and fall into both categories.

⁶Amounts include \$40,346,435 in questioned costs and \$38,485,837 in unsupported costs for audits performed for OIG by other federal audit agencies.

⁷Amounts reflect \$0 in questioned costs and \$0 in unsupported costs for audits performed for OIG by other federal audit agencies.

**Reports With
Questioned and Unsupported Costs**

USADF and IAF

October 1, 2010–March 31, 2011

During the reporting period, OIG had no reports with questioned or unsupported costs for the United States African Development Foundation or the Inter-American Foundation.

Statistical Table of Reports With Recommendations That Funds Be Put to Better Use

USAID

October 1, 2010–March 31, 2011

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Value (\$)</i>
A. For which no management decision had been made as of October 1, 2010	0	0
B. Add: Reports issued October 1, 2010–March 31, 2011	2	1,232,901
Subtotal	2	1,232,901
C. Less: Reports with a management decision made October 1, 2010–March 31, 2011	2	1,232,901
Value of recommendations disallowed by Agency officials		544,000
Value of recommendations allowed by Agency officials		688,901
D. For which no management decision had been made as of March 31, 2011	0	0

**Reports With Recommendations
That Funds Be Put to Better Use**

USADF and IAF

October 1, 2010–March 31, 2011

During the reporting period, OIG had no reports with recommendations that funds be put to better use for the United States African Development Foundation or the Inter-American Foundation.

Reports Over 6 Months Old With No Management Decision

USAID

October 1, 2010–March 31, 2011

Report Number	Auditee	Issue Date	Status
9-000-08-001-P	Office of Security	11/06/07	<p>Recommendation 5. Pursuant to the provisions of the Privacy Act of 1974 (5 U.S.C. 552a), USAID established a new system of records entitled the Partner Vetting System (PVS). The information was intended to be used to conduct screening to ensure that USAID funds and USAID-funded activities are not used to provide support to entities or individuals deemed to be a risk to national security. On November 6, 2007, OIG made a recommendation to USAID's Office of Security to develop a plan to expand and then implement its antiterrorism vetting database for worldwide use. The FY 2010 appropriations bill prohibits the use of funds to implement PVS on a worldwide basis, but it also provides that funds may be used for a PVS pilot program, which is to apply equally to the programs and activities of the Department of State and USAID. The language in the bill is still in effect. Administrator Rajiv Shah and Under Secretary for Management Patrick Kennedy have now approved PVS pilots for State and USAID, and the agencies are forming implementation teams and formulating plans to address necessary actions. It is unknown when such pilots will be implemented since there are some remaining requirements to publish related rules in the Federal Register which must provide time for public comment and response.</p>

Reports Over 6 Months Old With No Management Decision

USADF and IAF

October 1, 2010–March 31, 2011

During this reporting period, the United States African Development Foundation and the Inter-American Foundation had no reports over 6 months old with no management decision.

Significant Revisions of Management Decisions

USAID, USADF, and IAF

October 1, 2010–March 31, 2011

Section 5(a) (11) of the Inspector General Act requires a description and explanation of the reasons for why any significant revised management decision during the reporting period. USAID/Iraq made two significant revisions to previous management decisions. OIG takes issue with neither.

Audit of Direct Costs Incurred and Costs Billed by the International Foundation for Electoral Systems (IFES) under USAID Cooperative Agreements Numbers 267-A-00-04-00405-00 from October 1, 2005, through June 30, 2007; AFP-A-00-04-00014-00 from July 9, 2004, through June 30, 2006; and REE-A-00-04-00050-00 from July 26, 2004, through July 31, 2006.

DCAA questioned \$1,118,016 of the \$32,534,090 in costs incurred and billed by IFES during the period July 9, 2004, through June 30, 2007, under three different awards or subawards. As a result, OIG issued five recommendations questioning ineligible or unsupported costs under each award or subaward. On the basis of an April 2010 memorandum from USAID/Iraq, OIG then acknowledged the agreement officer determinations that sustained all of the questioned costs of \$1,118,016.

Subsequently, the agreement officer met with IFES officials three times to review documentation. Following those reviews, the agreement officer decided to allow \$1,022,637 and disallow (sustain) \$95,379 of the total questioned costs from the five recommendations. USAID has issued a bill of collection for this amount.

OIG acknowledged on November 14, 2010, that revised management decisions had been reached for Recommendations 1 through 5.

Audit on Costs Verified for BearingPoint, Inc. Under USAID Contract No. 267-C-00-04-00405-00 for the Period October 1, 2007, through May 15, 2009.

On July 20, 2009, OIG issued its report questioning \$69,707,089 in unsupported costs and \$3,655,779 in unsupported fixed fees. On November 25, 2009, USAID/Iraq's contracting officer determined that the \$69,707,089 and \$3,655,779 in questioned unsupported costs were sustained (unallowable).

OIG then acknowledged that decision in December 2009. On March 30, 2011, USAID/Iraq's contracting officer revised the contracting officer determination to allow \$69,700,457 in questioned unsupported costs and disallow (sustain) \$6,632 in questioned unsupported costs. The contracting officer also allowed the \$3,655,779 in questioned unsupported fixed fees.

The mission stated that it will issue a bill of collection by the end of June 2011 for the disallowed costs in the amount of \$6,632. On the basis of the mission's actions, OIG/Iraq acknowledged on March 30, 2011, that revised management decisions had been reached.

USADF and IAF had no significant revisions of management decisions.

Management Decisions With Which the Inspector General Disagrees

USAID, USADF, and IAF

October 1, 2010–March 31, 2011

The Inspector General Act of 1978, as amended, requires inspectors general to provide information concerning any significant management decisions with which the inspector general disagrees.

During this reporting period, the Inspector General did not disagree with any significant management decisions.

Noncompliance With the Federal Financial Management Improvement Act

USAID

October 1, 2010–March 31, 2011

Section 5(a)(13) of the Inspector General Act requires inspectors general to provide an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act (FFMIA, Public Law 104-208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

USAID had no instances of noncompliance to report during this reporting period.

Significant Findings From Contract Audit Reports

USAID

October 1, 2010–March 31, 2011

The National Defense Authorization Act for FY 2008 (Public Law 110-181, Section 845) requires inspectors general to submit information on contract audit reports²⁶ that contain significant audit findings in semiannual reports to the Congress. The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other contract-related findings that the Inspector General determines to be significant. During this reporting period, two OIG reports issued for work in Iraq identified significant audit findings.

Audit of Costs Incurred and Billed by International Relief and Development, Inc. (IRD), Under USAID Cooperative Agreement No. 267-A-00-06-00503-00, for the Period of October 1, 2007, Through September 30, 2008

The Defense Contract Audit Agency conducted this audit and questioned \$40,043,349 of the \$314,760,396 in costs incurred and billed by IRD. The purpose of the cooperative agreement was to provide support for the Community Stabilization Program. Program activities included community clean-up campaigns, trash collection, rehabilitating roads and schools, and projects to improve water and sewage services. The OIG report included three recommendations totaling \$1,713,423 in questioned ineligible costs, \$180,616 in questioned unsupported direct and indirect costs, and \$38,149,310 in questioned security costs incurred and billed by IRD’s subcontractor, Sabre International Security. The agreement officer determined that \$143,238 were allowable costs. However, the mission plans to issue a bill of collection to IRD for the total disallowed amount of \$39,900,110.

²⁶ Includes grants and cooperative agreements.

**Close-Out Audit of Fund Accountability Statement of USAID
Resources Management by International Relief and Development, Inc.
(IRD), Under USAID Cooperative Agreement No. 267-A-00-06-00503-
00, for the Period for October 1, 2008, to October 31, 2009**

This audit was conducted by a public accounting firm and questioned \$18,612,226 of the \$133,509,611 in local direct costs incurred and billed by IRD. The purpose of the cooperative agreement was to implement the Community Stabilization Program. Program objectives included increasing employment—especially for young people—business growth, and improving infrastructure and essential services. The OIG report included three recommendations with questioned costs of \$17,840,486 related to program intervention and support costs that were not supported, \$432,422 in ineligible payroll payments made to employees who did not meet the minimum qualifications required for their positions or whose qualification documents were missing from their personnel files, and \$339,318 in unsupported cost-sharing contributions. No management decisions have been reached on the recommendations.

Peer Reviews

USAID, USADF, IAF, and MCC

October 1, 2010–March 31, 2011

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) was signed into law July 21, 2010. Section 989C of this law amends the Inspector General Act to require federal inspectors general to report on results of peer reviews in their semiannual reports.

Results of any peer reviews conducted on USAID OIG during the reporting period.

Audit: No peer reviews were conducted during this period.

Investigations: No peer reviews were conducted during this period.

Date of the last peer review conducted on USAID OIG, if a review was not conducted during the last reporting period.

Audit: September 2009

Investigations: April 2008

List of outstanding recommendations for any peer review conducted on USAID OIG that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete.

Audit: None

Investigations: None

List of peer reviews conducted by USAID OIG during the reporting period, including a list of any outstanding recommendations from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented.

Audit: None

Investigations: None

SEMIANNUAL REPORT TO THE CONGRESS

Millennium Challenge Corporation

INTRODUCTION

Established in 2004 by the Millennium Challenge Act of 2003,²⁷ the Millennium Challenge Corporation (MCC) is a U.S. Government corporation that works to reduce poverty and stimulate economic growth in some of the poorest countries in the world. When a country meets the performance standards of MCC's 17 policy indicators, it may become eligible to receive a compact—the chief grant instrument between MCC and the country to fund specific programs.

Compact countries must ensure that certain conditions are met after the agreement is signed, which can take several months to resolve. When the agreement conditions are met, the agreement timeline begins and the agreement is said to “enter into force.” Entry into force is the point at which MCC's compact funds are obligated. Each compact country identifies an entity or organization that will manage the compact funds and oversee compact implementation. Such entities are usually called Millennium Challenge Accounts (MCAs).

During this period, OIG has provided audit oversight for MCC's financial and performance accountability. Financial audits of U.S. taxpayer monies granted to compact countries are an important component of OIG's audit activities. With the assistance of independent audit firms, OIG issued 15 audit reports covering approximately \$376 million expended by compact countries. The audits identified questioned costs of about \$4.8 million.

We also contracted with an independent public accounting firm to conduct an audit of MCC's financial statements, internal controls, and compliance with laws and regulations for the periods ending September 30 in 2010 and 2009. The accounting firm expressed a qualified opinion on the financial statements and made 17 recommendations to improve MCC's financial reporting.

During this reporting period, OIG conducted an information technology-related audit of MCC. The audit dealt with MCC's implementation of selected key project controls to meet cost, schedule, and performance goals for MCC's Integrated Data Analysis System. As a result of the audit, OIG made nine recommendations to strengthen MCC's project management capabilities for information technology projects.

²⁷ Public Law 108-199.

In addition, OIG carried out performance audits related to MCC's health activities in Lesotho and MCC's funded activities in Tanzania. Fourteen recommendations were made to improve MCC's operations in these areas.

MCC has made several oversight improvements in its operations during this reporting period. MCC has reestablished the Senior Assessment Board (SAB) pursuant to the requirements of Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, and the Assistant Inspector General for MCC serves as an advisory member. The SAB is responsible for making recommendations to MCC's Chief Executive Officer on financial management and internal control matters and ensuring the implementation of management decisions related to findings and recommendations arising from the OIG and GAO audits. The SAB is also responsible for overseeing MCC's internal control environment, including controls and processes to ensure compliance with pertinent financial management statutes and regulations.

MCC and OIG are collaborating on the implementation of an innovative policy to further MCC's ability to prevent, detect, and remediate fraud and corruption that might occur during its operations. In accordance with this policy, MCC has established a process for anyone to report allegations of fraudulent or corrupt practices. The process is designed to ensure that allegations of fraud and corruption are adequately and consistently addressed internally by MCC staff and referred to OIG for investigation. Under this process, the MCC intake team immediately contacts OIG and works with OIG and other relevant MCC staff to quickly determine an appropriate course of action.

As a result of OIG's 2010 review of MCA-Senegal's compact implementation, MCC established a risk management working group. The group comprises MCC's field and headquarters staff, who provide risk management tools and resources to country teams to better assess and manage risk. The group has proposed a risk register template and has submitted recommendations to identify, assess, prioritize, and monitor risk. It has also proposed standardizing the documentation of risk analysis and mitigation plans in the internal MCC investment memo and sharing that documentation with MCA counterparts.

SIGNIFICANT FINDINGS

Just and Democratic Government

Rule of Law and Human Rights

Review of Millennium Challenge Corporation’s Approach to Addressing and Deterring Trafficking in Persons (Report No. M-000-11-001-S). The William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008, Public Law 110-457, requires USAID OIG to investigate a sample of contracts and report the findings to the Congress by January 15, 2011. OIG reviewed seven contracts and one cooperative agreement valued at about \$251.7 million that contained trafficking in persons (TIP) provisions. The review found that MCC included TIP provisions in its guidance for the procurement of large works contracts, but specific TIP provisions were not included in its guidance for the procurement of small works contracts. The review contained one recommendation for MCC to revise its guidance on standard bidding documents for procurement of small works to include specific TIP provisions. A management decision was reached on the recommendation.

Economic Growth and Prosperity

Economic Security

Audit of the Millennium Challenge Corporation’s Funding of Activities in Tanzania (Report No. M-000-11-003-P). In February 2008, MCC signed a 5-year, \$698 million compact with the Government of Tanzania aimed at reducing poverty and stimulating economic growth through investments in the transportation, energy, and water sectors. Activities will improve roads, improve the provision of electric power, and increase the availability of potable water.

The audit found that MCC did not identify or completely mitigate the major risks related to the Tanzania compact. As a result, the compact activities will not be completed within budget and may not be completed on schedule. MCC did not identify several significant risks before compact signing, leading to substantial changes during implementation. In addition, the funding provided by the compact was insufficient to complete the project without the addition of Tanzanian Government funds, which are not guaranteed. Finally, MCC’s approach to ensuring workers’ safety and livelihoods needs improvement. MCC agreed with two recommendations and disagreed with one. Management decisions have been

reached on the two agreed-upon recommendations. OIG disagreed with MCC's response to the third recommendation.

Investment in People

Health

Audit of the Millennium Challenge Corporation's Health Sector Project in Lesotho (Report No. M-000-11-001-P). MCC's compact with Lesotho provided a \$122 million Health Sector Project to mitigate the negative economic effects of HIV/AIDS and tuberculosis by strengthening the country's health care system. OIG performed an audit of the Health Sector Project to determine whether it was structured to achieve its objective of increasing access to antiretroviral therapy and essential health services by providing a sustainable delivery platform.

The audit found that MCC structured its Health Sector Project to achieve the compact objective of increasing access to antiretroviral therapy and essential health services. However, the audit identified certain risks that could impact the successful implementation of the project activities and the achievement of the project goal, such as funding shortages, problems with project oversight and data quality, and poor communication with stakeholders and donors.

OIG made 11 recommendations to improve the Health Sector Project, including reducing the cost of the program by \$8 million (or justifying the expenditure), strengthening oversight to enhance project implementation, and helping to ensure that the people of Lesotho will have access to all essential health services, including family planning and effective communicable disease control. Management decisions have been reached on each of the 11 recommendations. Final action has also been taken on 6 of the 11 recommendations.

Management Capabilities

Information Technology

Audit of the Millennium Challenge Corporation's Implementation of Selected Key Project Controls for the MCC Integrated Data Analysis System (Report No. M-000-11-002-P). OIG initiated this audit to determine whether MCC implemented selected key project controls to meet cost,

schedule, and performance goals for the MIDAS project, an integrated data analysis system.

MCC did not implement three key project controls to meet cost, schedule, and performance goals. Specifically, MCC did not (1) manage MIDAS project risks, (2) use earned value management, which is a required project management control tool, or (3) effectively manage the MIDAS requirements, which specify system capabilities and limitations.

OIG made nine recommendations to strengthen MCC's project management capabilities for information technology projects, and management decisions have been reached on all of them.

Financial Management

Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Period Ending September 30, 2010 and September 30, 2009 (Report No. M-000-11-001-C). OIG contracted with an independent public accounting firm, Cotton and Company LLP, to audit MCC's financial statements as of September 30, 2010. The company expressed a qualified opinion on MCC's FY 2010 and FY 2009 financial statements.

The report stated that the auditors discovered certain errors that resulted in understatements of previously reported advances as of September 30, 2009. Consequently, the financial statements as of September 30, 2009, were restated to reflect corrections to previously reported advances and the related effect on expenses.

The report also stated that MCC's process for compiling accruals was not comprehensive enough to record accruals for material amounts of current-year expenses that were not paid or invoiced until the subsequent period. Although additional procedures were performed to compile such information for the FY 2010 statements, these procedures did not extend to FY 2009, which—in the independent auditors' opinion—should have been included in accordance with generally accepted accounting principles. FY 2009 expenses were understated by accrual amounts, and FY 2010 expenses were overstated by those same amounts.

In the auditors' opinion, except for the concerns noted above, MCC's financial statements for FY 2010 and FY 2009 present fairly, in all material respects, the financial position of MCC as of September 30, 2010 and 2009, and its net costs, changes in net position, and budgetary resources for the applicable years.

The audit report included 17 recommendations, and management decisions were reached on all of them.

Fund Accountability Statements

The OIG financial audit team is responsible for reviewing and issuing semiannual fund accountability statement audits of each accountable entity that is awarded a compact. The audits are conducted by independent public auditors, as required by compact agreements.

Under the terms of MCC compacts, funds expended by a recipient country must be audited at least annually, but they are usually audited twice a year. The recipient establishes a Millennium Challenge Account (MCA) and produces financial statements documenting account activity. The audit of the fund accountability statement is conducted by a firm that OIG has approved.

The selected audit firm issues an opinion on whether the financial statements present fairly, in all material respects, the program revenues and costs incurred and reimbursed, in conformity with the terms of a compact agreement and related supplemental agreement for the period being audited. In addition, the audit firm is required to employ generally accepted government auditing standards in performing the audits. All audit reports are reviewed, approved, and issued by OIG. During this reporting period, OIG issued 39 recommendations for the 15 fund accountability statement audits conducted.

Armenia (Report No. M-000-11-011-N). The independent audit of MCA–Armenia covered incurred costs totaling \$22 million for the period January 1 to June 30, 2010. The 5-year, \$235.6 million compact with the Government of the Republic of Armenia aims to reduce rural poverty through a sustainable increase in the economic performance of the agricultural sector in Armenia.

The independent auditors reported that, except for unsupported questioned costs of \$28,077, the MCA–Armenia fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited. The questioned costs related to payments that were missing approval signatures. The auditors also identified a significant deficiency in the internal control structure involving subsequent contract payments. In addition, auditors noted a noncompliance issue related to a number of payment authorization forms that were not approved by the Fiscal Agent staff prior to approval of payment orders.

Benin (Report No. M-000-11-010-N). The independent audit of MCA–Benin covered incurred costs totaling \$30.5 million for the period January 1 to June 30,

2010. On February 22, 2006, MCC signed a 5-year, \$307 million compact with the Government of the Republic of Benin for providing technical assistance to achieve improved access to land, financial services, markets, and justice by its citizens. The compact funds training for farmers in the production and marketing of high-value horticultural crops, expands farmer access to credit through technical assistance to financial institutions and loans, constructs and rehabilitates feeder roads, and strengthens the institutional environment for business and investment by improving the ability of judicial system to resolve claims.

The auditors reported that, except for unsupported questioned costs of \$29,166, the MCA–Benin fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited. The auditors identified significant deficiencies in the internal control structure involving (1) questioned costs related to \$68,857 in outstanding advances (\$29,166 of which was overdue as of June 30, 2010) and (2) inadequate management information relating to variable analysis (comparing actual expenditures with budgeted expenditures). In addition, the auditors reported a material instance of noncompliance with fiscal accountability plan requirements relating to the accounting of travel advances.

Burkina Faso (Report No. M-000-11-006-N). The MCA-Burkina Faso audit covered incurred costs of more than \$14 million for the period July 1, 2008, to December 31, 2009. The \$480.9 million, 5-year compact aims to reduce poverty in Burkina Faso through economic growth.

The independent auditors reported that the fund accountability statement presented fairly in all material respects, program revenues and costs incurred for the period audited. The independent auditors also reported the following significant internal control deficiencies: (1) absence of an antifraud program at MCA–Burkina Faso, (2) poor assessment of the lease contract with GFA Consulting Group, (3) noncompliance with reimbursement deadlines on travel advances, (4) a lack of written procedures on salary advances management, (5) a lack of fixed assets physical inventory, (6) a lack of formal steps in budget planning, (7) absence of a contract for the party managing the cafeteria of MCA–Burkina Faso, (8) a lack of control for vehicle log books, (9) the employment contract of a foreign worker had not been signed or recorded by Labor Inspection, (10) a lack of national social security numbers for 31 out of the 63 staff members, and (11) a lack of management of fixed assets. In addition, the independent auditors reported one instance of noncompliance related to the tax exoneration of MCA–Burkina Faso.

Georgia (Report No. M-000-11-007-N). The independent audit of MCG–Georgia covered incurred costs totaling \$77,065,382 for the period July 1 to December 31, 2009. In September 2005, MCC signed a 5-year, \$295.3 million compact with the Government of the Republic of Georgia to improve the two

main barriers to economic growth: a lack of reliable infrastructure and the slow development of businesses, particularly agribusiness. In November 2008, MCC and the Government of the Republic of Georgia signed a compact amendment making up to \$100 million in additional funds available to complete works in the roads, regional infrastructure development, and energy rehabilitation activities contemplated by the original compact.

The auditors reported that, except for unsupported questioned costs of \$2,184,327, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The unsupported costs related to interim payment applications for performed civil works of \$2,155,853, compensation invoices submitted by members of the Board of Directors of the Georgian Regional Development Fund of \$24,000, excess room rental fees of \$3,350, and excess mobile roaming charges of \$1,124.

The independent auditors reported two internal control deficiencies that were considered to be material weaknesses: (1) inadequate supporting documentation for billed interim payment applications for civil works projects and (2) a lack of documented, comprehensive procedures for reviewing cost-sharing requirements. In addition, the auditors reported two deficiencies in internal control that were considered to be significant: (1) undocumented compensation to members of the Board of Directors while in attendance at a Board-related business activity and (2) roaming charges for mobile phone services that are paid without additional reviews to determine the allowability of the costs.

Ghana (Report No. M-000-11-015-N). The independent audit of MiDA (Millennium Development Account)–Ghana covered MiDA-incurred costs in the amount of \$67,970,934. The 5-year compact for \$547 million is meant to (1) enhance the profitability of cultivation, (2) provide services to agriculture and product handling in support of expansion of commercial agriculture among crops of smallholder farms, (3) reduce the transportation costs affecting the agricultural commerce regionally and subregionally, and (4) strengthen the rural institutions that provide services to complement and support agricultural and agribusiness development.

The independent auditor reported that, except for questioned costs totaling, \$2,007,480, the fund accountability presented fairly, in all material respects, program revenues and expenditures for the period audited. In addition to these questioned costs, OIG questioned \$5,323 in refunds due to contractors by MiDA–Ghana.

The independent auditors reported a significant deficiency in internal control involving inadequate monitoring of employee travel advances and material instances of noncompliance involving areas such as covered providers, untimely

value-added tax (VAT) refunds, a contract change order, untimely payments, awarded contractors omitted from the awards publication, statutory payroll deductions, and refunds not being paid.

Honduras (Report No. M-000-11-003-N). The independent audit of MCA–Honduras covered incurred costs totaling \$50.9 million for the period July 1 through December 31, 2009. On June 13, 2005, MCC signed a 5-year, \$215 million compact with the Government of the Republic of Honduras aimed at reducing poverty by alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs. On October 16, 2009, MCC terminated \$10 million of the road component of the compact because of actions inconsistent with MCC’s selection criteria that had occurred in Honduras in June 2009.

The MCA–Honduras’ fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period under audit. The results of the audit did not disclose any instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. However, the auditors identified a significant deficiency in the internal control structure. The deficiency involved invoices that were not stamped “PAID” to show that payment had been made to a vendor.

Lesotho (Report No. M-000-11-013-N). The independent audit of MCA–Lesotho covered incurred costs totaling \$14,736,051 for the period January 1 to June 30, 2010. In July 2007, MCC signed a 5-year, \$362.6 million compact with the Kingdom of Lesotho.

The compact is designed to have a significant impact on projects intended to improve access to clean water for industrial and domestic use, improve health care through the provision of infrastructure and equipment, and increase private sector economic activities by improving access to credit, reducing risk and costs of doing business, and increasing the participation of women in the economy.

The MCA–Lesotho fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period ending December 31, 2009. Deficiencies were noted in internal controls and compliance with laws and regulations.

Mali (Report No. M-000-11-002-N). The independent audit of MCA–Mali covered incurred costs totaling \$33.7 million for the period July 1 to December 31, 2009. On November 13, 2006, MCC signed a 5-year, \$460.8 million compact with the Government of the Republic of Mali. The

compact aimed to reduce poverty by alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs.

The MCA–Mali fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period ending December 31, 2009.

The results of the audit did not disclose any instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. However, the auditors identified significant deficiencies in the internal control structure involving (1) weaknesses related to the physical inventory of fixed assets and (2) procurement procedures.

Mongolia (Report No. M-000-11-009-N). The MCA–Mongolia audit covered incurred costs of \$4.6 million for the period July 1 to December 31, 2009. The 5-year compact for \$284.9 million funds projects in order to advance progress towards achieving economic growth and poverty reduction.

Except for \$116 in VAT paid, the fund accountability statement presented fairly, in all material respects, program revenues as well as costs incurred and reimbursed. The auditors found no internal controls or compliance problems that were reported for the period.

Morocco—Two Audits

(Report No. M-000-11-008-N)

The MCA–Morocco audit covered incurred costs of \$11,974,452 for the period January 1 to June 30, 2009. The \$697.5 million compact aims to reduce poverty and stimulate economic growth through investments in fruit tree productivity, small-scale fisheries, and artisan crafts. In addition, the compact supports small business creation and economic growth through investments in financial services and enterprise support.

The auditors reported that, except for ineligible questioned costs of \$8,443, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The ineligible questioned costs of \$8,443 relate to VAT paid by MCA–Morocco.

The independent auditors reported the following eight significant deficiencies involving internal controls and operations: (1) MCA–Morocco does not maintain memoranda documentation for fixed assets; (2) MCA–Morocco does not maintain acceptance notes for fixed assets in accordance with the fiscal

accountability plan; (3) MCA–Morocco does not maintain documentation as to when fixed assets are put into use; (4) MCA–Morocco does not always record transactions in the proper account; (5) MCA–Morocco does not always stamp invoices as recorded and paid; (6) MCA–Morocco does not perform a weekly inventory of petty cash funds; (7) employee travel expense reports are not completed within 7 days of the employee’s return to the workplace; and (8) miscellaneous expenses exceed the 500 MAD (Moroccan Dirham) limit.

In addition, the auditors identified the following multiple material instances of noncompliance: (1) MCA–Morocco did not submit transport allowance and enterprise allowance to the income tax during the audited period, (2) MCA–Morocco did not report amounts paid to an individual who provided cleaning services to the National Social Security Fund, and (3) MCA–Morocco did not pay the VAT of \$1,550 on some invoices upon filing the exemption request form.

(Report No. M-000-11-012-N)

The MCA–Morocco audit covered incurred costs of \$19,729,157 for the period July 1 to December 31, 2009.

The auditors reported that, except for ineligible questioned costs of \$17,369, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. Of ineligible questioned costs, \$11,851 relates to VAT tax paid by MCA–Morocco, \$4,321 relates to insurance tax paid, and \$1,197 relates to out-of-period costs.

The independent auditors reported a significant deficiency involving internal control and operation in that the staff’s files reviewed were incomplete.

In addition, the auditors identified multiple material instances of noncompliance involving lack of reimbursement for VAT paid and salaries for which income tax was not withheld.

Mozambique (Report No. M-000-11-014-N). The MCA-Mozambique audit covered incurred costs totaling \$3.7 million during the period of January 1 to June 30, 2009. In July 2007, MCC signed a 5-year, \$506.9 million compact with the Government of the Republic of Mozambique to increase the productive capacity of the population in the northern districts, with the intended impact of reducing the poverty rate, increasing household income, and reducing chronic malnutrition in the targeted districts.

The MCA-Mozambique fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period ending June 30, 2009. However, deficiencies were noted with the fund

accountability statement and internal controls and compliance with laws and regulations. The audit also identified unsupported questioned costs of \$503,197.

Namibia—Two Audits

(Report No. M-000-11-001-N)

This MCA–Namibia audit covered incurred costs of nearly \$3.9 million for the period January 1 to December 31, 2009. The 5-year, \$304.5 million compact funds projects in education and training as well as increasing rural incomes through tourism and agriculture.

The fund accountability statement presents fairly, in all material respects, program revenues as well as costs incurred and reimbursed.

The audit found one internal control deficiency regarding bank reconciliations. From January through December 2009, MCA–Namibia did not have an independent review of all bank reconciliations. All bank reconciliations, after independent review, should be signed by the independent reviewer as proof that the internal control procedure was performed.

The audit also found several noncompliance issues: timesheets were submitted only since October 2009; the MCA–Namibia employees' housing allowance scheme was not registered, as required, with the Government of the Republic of Namibia; the required documentation regarding the employees' housing allowance was not kept in the employees' personnel files; and MCA–Namibia employees were not paid for overtime, as required, but were given leave instead.

(Report No. M-000-11-005-N)

This independent audit of MCA–Namibia covered incurred costs totaling \$9.1 million for the period January 1 to June 30, 2010.

The independent auditors reported that MCA–Namibia's fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period ending June 30, 2010. The results of the audit did not disclose any instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. The independent auditors reported internal control deficiencies such as (1) journals that were out of sequence, (2) invoices that were posted in the wrong reporting period, and (3) a timesheet that had not been approved by the human resources manager. The independent auditors also reported the following material instances of noncompliance: (1) the housing allowance scheme had not been approved by the Directorate of Inland

Revenue and (2) the proof of rental agreement or bond repayment by employees was not submitted.

Tanzania (Report No. M-000-11-004-N). The MCA–Tanzania audit covered incurred costs of about \$10.8 million for the period July 1 through December 31, 2009. The 5-year compact for approximately \$698 million supports strategic investments in transportation, energy, and water infrastructure.

The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured for the period audited. However, internal control deficiencies regarding leave forms not being completed, imprest not being retired within 4 days after official travel, and the imprest register not being updated were identified in the report.

Quality-Control Reviews—Ghana (Report No. M-000-11-001-Q). During this reporting period, OIG conducted quality-control reviews of work performed by the audit firm that conducted semiannual audits of the compact funds in Ghana. In these reviews, OIG found that the audit work was adequately planned and that the working papers supported the audit report conclusions in accordance with generally accepted government auditing standards and other guidelines.

Significant Recommendations Described Previously Without Final Action

MCC

October 1, 2010–March 31, 2011

Section 5(a)(3) of the Inspector General Act of 1978 requires each inspector general to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
M-000-09-002-P	Audit of the MCC Programs in Cape Verde	03/31/09	7	03/31/09	05/11
M-000-09-003-P	Audit of the Millennium Challenge Corporation's Management of the Threshold Program	04/29/09	3 5	04/07/09	09/11
M-000-009-002-S	Report No. M-000-09-002-S regarding (a) MCA-Lesotho's compliance with Chapter 37: Cost Principles for Government Affiliates Involved in MCC Compact Implementation, (b) MCA-Lesotho's compliance with the Millennium Challenge Corporation (MCC) "Policies and Procedures for Common Payment System" and its fiscal accountability plan (FAP), and (c) the establishment of policies and procedures to ensure that MCC's accountable entities' employees were hired at reasonable salary levels	09/30/09	1	01/22/10	05/11

<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>
M-000-09-005-P	Audit of Agricultural Credit Program in Ghana	09/30/09	1 2 4 5	09/30/09 09/30/09 09/30/09 09/30/09	06/11 06/11 06/11 06/11
M-000-09-006-P	Audit of the Georgia Regional Development Fund	09/30/09	3 4 6 7	09/30/09 09/30/09 09/30/09 09/30/09	06/11 06/11 06/11 06/11
M-009-09-006-P	Audit of the Millennium Challenge Corporation's Regional Infrastructure Rehabilitation Project in Georgia	09/30/09	2	06/10/10	05/11
M-000-10-001-P	Audit of the Challenge Corporation's Access to Markets Project in Benin	03/31/10	5	06/08/10	6/11
M-000-10-002-C	Management Letter: Audit of the Millennium Challenge Corporation's Financial Statements for the Period Ending September 30, 2009, and 2008	03/31/10	1 2 9 11 12 13 14	03/31/10 03/31/10 03/31/10 03/31/10 03/31/10 03/31/10 03/31/10	06/11 06/11 06/11 06/11 06/11 06/11 06/11
M-000-10-002-P	Review of the Termination of the Millennium Challenge Corporation Compact with Madagascar	03/31/10	3	06/08/10	06/11
M-000-10-005-P	Audit of the Millennium Challenge Corporation's Transport Infrastructure Project in Vanuatu	09/30/10	1 3 7	09/28/10 09/28/10 09/28/10	09/11 09/11 09/11
M-000-10-006-P	Audit of the Millennium Challenge Corporation's Programs in Burkina Faso	09/30/10	1 2 3	09/23/10 09/23/10 09/23/10	09/11 07/11 09/11

**Investigative Activities Including Matters
Referred to Prosecutive Authorities**

MCC

October 1, 2010–March 31, 2011

Investigative activities for MCC are incorporated into the totals appearing on page 70.

**Incidents in Which OIG Was Refused
Assistance or Information**

MCC

October 1, 2010–March 31, 2011

During the reporting period, there were no reports of instances in which OIG was refused information or assistance by MCC.

Financial Audits

Associated Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

MCC

October 1, 2010–March 31, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
<i>Programs and Operations</i>				
M-000-11-001-C	11/15/10	Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Periods Ending September 30, 2010 and 2009		
M-000-11-002-C	03/30/11	Management Letter Related to the Audit of the Millennium Challenge Corporation's Financial Statements for the Period Ending September 30, 2010 and 2009		
<i>MCA Audits and Reviews</i>				
M-000-11-001-N	10/06/10	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Namibia, Under the Compact Agreement Between the MCC and the Government of the Republic of Namibia from January 1, 2009, to December 31, 2009		
M-000-11-002-N	11/30/10	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Mali, Under the Compact Agreement Between the MCC and the Government of the Republic of Mali from July 1, 2009, to December 31, 2009		
M-000-11-003-N	12/30/10	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Honduras, Under the Compact Agreement Between the MCC and the Government of the Republic of Honduras from July 1, 2009 to December 31, 2009		

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-004-N	12/30/10	Audit of the Millennium Challenge Corporation Resources Managed by the MCA–Tanzania, Under the Compact Agreement Between the MCC and the Republic of Tanzania from July 1, 2009, to December 31, 2009		
M-000-11-005-N	12/30/10	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Namibia, Under the Compact Agreement between the MCC and the Government of the Republic of Namibia from January 1, 2010, to June 30, 2010		
M-000-11-006-N	12/30/10	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Burkina Faso, Under the Compact Agreement Between the MCC and the Government of Burkina Faso from July 1, 2008, to December 31, 2009		
M-000-11-007-N	12/30/10	Audit of the Millennium Challenge Corporation Resources Managed by Millennium Challenge Georgia Fund (MCG), Under the Compact Agreement Between the MCC and the Government of the Republic of Georgia from July 1, 2009, to December 31, 2009	2,184 2,184	QC UN
M-000-11-008-N	12/30/10	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Morocco, Under the Compact Agreement Between the MCC and the Government of Morocco from January 1, 2009, to June 30, 2009	8	QC
M-000-11-009-N	01/28/11	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Mongolia, Under the Compact Agreement Between the MCC and the Government of Mongolia from July 1, 2009, to December 31, 2009	0	QC

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

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
M-000-11-010-N	03/08/11	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Benin, Under the Compact Agreement Between the MCC and the Government of the Republic of Benin from January 1, 2010, to June 30, 2010	29 29	QC UN
M-000-11-011-N	03/08/11	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Armenia, Under the Compact Agreement Between the MCC and the Government of the Republic of Armenia from January 1, 2010, to June 30, 2010	28 28	QC UN
M-000-11-012-N	03/08/11	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Morocco, Under the Compact Agreement Between the MCC and the Government of Morocco from July 1, 2009, to December 31, 2009	17	QC
M-000-11-013-N	03/08/11	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Lesotho, Under the Compact Agreement Between the MCC and the Government of the Kingdom of Lesotho from January 1, 2010, to June 30, 2010		
M-000-11-014-N	03/18/11	Audit of the Millennium Challenge Corporation Resources Managed by MCA–Mozambique, Under the Compact Agreement Between the MCC and the Government of the Republic of Mozambique from January 1, 2009, to June 30, 2009	503 503	QC UN
M-000-11-015-N	03/18/11	Audit of the Millennium Challenge Corporation Resources Managed by Millennium Development Authority (MiDA)–Ghana, Under the Compact Agreement Between the MCC and the Government of the Republic of Ghana from January 1, 2010, to June 30, 2010	2,013 2,013	QC UN

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

Performance Audits

Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

MCC

October 1, 2010–March 31, 2011

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amt. of Findings (\$000)</i>	<i>Type of Findings</i>
<i>Economy and Efficiency</i>				
M-000-11-001-P	01/25/11	Audit of the Millennium Challenge Corporation's Health Sector Project in Lesotho		
M-000-11-002-P	01/31/11	Audit of the Millennium Challenge Corporation's Implementation of Selected Key Project Controls for the MCC Integrated Data Analysis System		
M-000-11-003-P	03/30/11	Audit of the Millennium Challenge Corporation's Funding of Activities in Tanzania		

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

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and Value of
Recommendations That Funds Be Put to Better Use

MCC

October 1, 2010–March 31, 2011

Report Number	Date of Report	Report Title	Amt. of Findings (\$000)	Type of Findings
<i>Quality Control Reviews</i>				
M-000-11-001-Q	12/14/10	Audit of the Fund Accountability Statement of the Millennium Challenge Corporation Resources Managed by MiDA–Ghana under the Compact Agreement dated August 1, 2006, between MCC and the Government of the Republic of Ghana for the audit period from July 1, 2009, to December 31, 2009		
<i>Other</i>				
M-000-11-001-S	01/12/11	Review of the Millennium Challenge Corporation’s Approach to Addressing and Deterring Trafficking in Persons		

Statistical Table of Reports With Questioned and Unsupported Costs*

MCC

October 1, 2010–March 31, 2011

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs** (\$)
A. For which no management decision had been made as of October 1, 2010	9	1,108,840	417,362
B. Add: Reports issued October 1, 2010–March 31, 2011	8	4,783,498	4,757,570
Subtotal	17	5,892,338	5,174,932
C. Less: Reports with a management decision made October 1, 2010–March 31, 2011	4	491,831	354,802
Value of recommendations disallowed by Agency officials		4,387	0
Value of recommendations allowed by Agency officials		487,444	354,802
D. For which no management decision had been made as of March 31, 2011	13	5,400,507	4,820,130

* The ending balance on September 30, 2010, for questioned costs totaling \$1,039,441 and for unsupported costs totaling \$352,350 were increased by \$69,399 and \$65,012, respectively, to reflect adjustments in recommendations from prior periods.

** Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

Statistical Table of Reports With Recommendations That Funds Be Put to Better Use

MCC

October 1, 2010–March 31, 2011

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Value (\$)</i>
A. For which no management decision had been made as of October 1, 2010	0	0
B. Add: Reports issued October 1, 2010–March 31, 2011	0	0
Subtotal	0	0
C. Less: Reports with a management decision made October 1, 2010–March 31, 2011	0	0
Value of Recommendations Disallowed by Agency Officials		0
Value of Recommendations Allowed by Agency Officials		0
D. For which no management decision had been made as of March 31, 2011	0	0

Reports Over 6 Months Old With No Management Decision

MCC

October 1, 2010–March 31, 2011

<i>Report Number</i>	<i>Auditee</i>	<i>Issue Date</i>	<i>Recommendation Status</i>
M-000-10-004-S	MCA–Mali	09/30/10	OIG expects management decisions to be reached by May 2011.
M-000-10-011-N	MCA–Morocco	04/23/10	OIG expects a management decision to be reached by May 2011.
M-000-10-013-N	MCA–Tanzania	05/05/10	OIG expects a management decision to be reached by May 2011.
M-000-10-016-N	MiDA–Ghana	08/13/10	OIG expects a management decision to be reached by May 2011.
M-000-10-019-N	MCA–Mongolia	09/30/10	OIG expects management decisions to be reached by May 2011.
M-000-10-021-N	MCA–Armenia	09/30/10	OIG expects management decisions to be reached by May 2011.
M-000-10-022-N	MCA–Tanzania	09/30/10	OIG expects a management decision to be reached by May 2011.
M-000-10-024-N	Other	09/30/10	OIG expects management decisions to be reached by May 2011.
M-000-10-025-N	Other	09/30/10	OIG expects a management decision to be reached by May 2011.
M-000-10-026-N	MCA–Benin	09/30/10	OIG expects management decisions to be reached by May 2011.
M-000-10-027-N	MCA–Vanuatu	09/30/10	OIG expects management decisions to be reached by May 2011.

Significant Revisions of Management Decisions

MCC

October 1, 2010–March 31, 2011

Section 5(a) (11) of the Inspector General Act requires a description and explanation of the reasons for any significant revised management decision during the reporting period. During the reporting period, MCC did not make any significant revisions of previous management decisions.

Management Decisions With Which the Inspector General Disagrees

MCC

October 1, 2010–March 31, 2011

The Inspector General Act of 1978, as amended, requires inspectors general to provide information concerning any significant management decisions with which the inspector general disagrees.

During the reporting period, the Inspector General disagreed with MCC's management decision not to implement Recommendation I from the Audit of the Millennium Challenge Corporation's Funding of Activities in Tanzania (Report No. M-000-11-003-P). The recommendation asked MCC to amend its compact development policy to identify the requisite studies that will be completed prior to compact signing. MCC disagreed with the recommendation and said that it was not possible to create a specific checklist or single list of requisite studies to be completed prior to compact signing because potential compact projects vary greatly from country to country, by sector, and by the unique mix of activities or interventions proposed. Most if not all compacts signed by MCC have been delayed, modified, or rescope prior to being completed. In some cases, these problems may have been prevented had the feasibility studies been completed prior to the signing of the compact or prior to entry-in-force. OIG believes that the identification of requisite studies to be completed prior to compact signing would strengthen MCC's due diligence process and help reduce problems during implementation.

The Inspector General also disagreed with MCC's management decision not to implement Recommendation 3 from the Audit of the Millennium Challenge Corporation's Management of the Threshold Program (Audit Report No. M-000-09-003-P, April 29, 2009). The recommendation asked MCC to develop more definitive guidance for selecting countries for the Threshold Program. MCC disagreed with the recommendation and said that MCC's authorizing legislation provides a significant degree of flexibility to the board regarding the selection of threshold-eligible countries, and it does not believe that reducing this flexibility is either necessary or advisable.

Noncompliance With the Federal Financial Management Improvement Act

MCC

October 1, 2010–March 31, 2011

Section 5(a)(13) of the Inspector General Act requires inspectors general to provide an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act (FFMIA, Public Law 104-208, Section 05(b), 31 U.S.C. 3512). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

OIG had no instances of MCC noncompliance to report during the reporting period.

Significant Findings From Contract Audit Reports

MCC

October 1, 2010–March 31, 2011

The National Defense Authorization Act for FY 2008 (Public Law 110-181, Section 845) requires inspectors general to submit information on contract audit reports that contain significant audit findings in semiannual reports to the Congress. The act defines “significant audit findings” to include unsupported, questioned, or disallowed costs in excess of \$10 million and other contract-related findings that the Inspector General determines to be significant.

During the reporting period, OIG had no significant findings from MCC contract audit reports.

Peer Reviews

MCC

October 1, 2010–March 31, 2011

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) was signed into law July 21, 2010. Section 989C of this law amends the Inspector General Act to require federal inspectors general to report on results of peer reviews in their semiannual reports. OIG's peer review reporting pursuant to this requirement is addressed on page 127 of our Semiannual Report to the Congress for USAID, USADF, and IAF.

ABBREVIATIONS

DCAA	Defense Contract Audit Agency
FAR	Federal Acquisition Regulation
FATA	Federally Administered Tribal Areas (Pakistan)
FFMIA	Federal Financial Management Improvement Act of 1978 (Public Law 104-208, Title VIII)
FISMA	Federal Information Security Management Act of 2002 (E-Government Act of 2002, Public Law 107-347, Title III)
FY	fiscal year
GAO	Government Accountability Office
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
IAF	Inter-American Foundation
IDP	internally displaced person
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MOU	memorandum of understanding
NDAA	National Defense Authorization Act
NGO	nongovernmental organization
OIG	Office of Inspector General
OMB	Office of Management and Budget
PEPFAR	President's Emergency Plan for AIDS Relief
PMI	President's Malaria Initiative
PSC	private security contractor

SAI	Supreme Audit Institution
TB	tuberculosis
USADF	United States African Development Foundation
U.S.C.	United States Code
VAT	value-added tax

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*The Semiannual Report to the Congress is available on the Internet at
www.usaid.gov/oig/public/semiann/semiannual_recent.htm*