



**OFFICE OF INSPECTOR GENERAL**

**SEMIANNUAL REPORT TO**

**THE CONGRESS**

***October 1, 2009–March 31, 2010***



OFFICE OF INSPECTOR GENERAL  
SEMIANNUAL REPORT TO THE CONGRESS  
*OCTOBER 1, 2009–MARCH 31, 2010*



# Inspector General

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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, 2010. This report features highlights of oversight activities of the Office of Inspector General (OIG) for the U.S. Agency for International Development (USAID), the United States African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Millennium Challenge Corporation (MCC). We have prepared this report in accordance with the requirements of the Inspector General Act of 1978, as amended.

During the reporting period, OIG activities resulted in:

- 257 audits issued
- \$23,476,502 in questioned costs and funds put to better use
- 55 investigations opened and 64 investigations closed
- 1 arrest, 6 indictments, and 6 convictions
- 1 administrative action
- \$3,513,552 in investigative recoveries and savings
- 59 fraud awareness briefing sessions with 1,464 attendees

With the support of Congress and the administration, we moved forward during this reporting period to expand OIG's staffing in Afghanistan and Pakistan. By the end of fiscal year (FY) 2010, OIG will have a fully staffed office in each country so that our auditors and investigators can better perform oversight work and coordinate with other organizations. We will continue to focus our oversight work in these countries and in areas that are of greatest national priority—Afghanistan, Pakistan, Iraq, West Bank and Gaza, Haiti, HIV/AIDS, malaria, and tuberculosis.

In Afghanistan, our work since 2002 has paralleled the evolution of USAID's programs from relief and stabilization to reconstruction to sustainable development. In this reporting period, we found successes and problems in USAID/Afghanistan programs in education, power sector improvements, civilian assistance, and human resources and logistical support in the event of an earthquake.

In Pakistan, we worked with local institutions, such as the Supreme Audit Institution (SAI, which is similar to the U.S. Government Accountability Office), to help strengthen the accountability environment. Our collaboration with the SAI will provide audit coverage of USAID funds directed to local ministries for implementation of development programs. OIG has also forged a new relationship with the National Accountability Bureau, Pakistan's anticorruption agency. In addition to our collaborative efforts, our audit activities in Pakistan showed that little real progress had been made to build the capacity of either governmental or nongovernmental entities in Pakistan's Federally Administered Tribal Areas.

OIG's direct oversight of programs in Iraq continues as the U.S. mission there transitions to greater civilian control. During the reporting period, we completed an

audit of USAID activities to support internally displaced persons and a successful investigation into allegations of contractor extortion and embezzlement that produced \$1.5 million in savings and recoveries.

Another priority area for OIG has been oversight of programs to combat HIV/AIDS, malaria, and tuberculosis. Our recommendations have involved strengthening contract oversight and improving data integrity and quality.

Since the January 2010 earthquake in Haiti, we have closely monitored response and recovery efforts in that devastated nation. In the weeks following the disaster, we devised and published a framework for our oversight efforts, assessed risks to USAID operations on the ground, and pursued outreach and education activities in Haiti to address risks of fraud, waste, and abuse.

Our oversight seeks to improve USAID programs and operations, but we also have a responsibility to prevent fraud, waste, and abuse in foreign assistance programs. OIG investigators work diligently to ensure that appropriate action is taken against those who would illegally divert U.S. Government funds.

In this reporting period, we published our findings on the suspension and debarment processes that prevent poorly performing or dishonest contractors from harming the U.S. Government. By excluding ineligible entities from doing business with the Government, the suspension and debarment processes reinforce the credibility and effectiveness of USAID's efforts and those of its implementing partners. In March 2010, I testified on these processes before the House Committee on Oversight and Government Reform and recommended that USAID consider more matters for suspension and debarment and improve its methods for handling such actions.

We know that, within OIG, we must also work on improving our own programs and initiatives. We continually reexamine our strategies and goals and adopt technologies that help us to better implement our programs and respond to our stakeholders.

This report further describes OIG activities and achievements and includes comprehensive statistics and data regarding our efforts. OIG supports USAID, USADF, IAF, and MCC programs and operations through collaboration and proactive, results-oriented oversight. 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 amendment to the Foreign Assistance Act of 1961.<sup>1</sup> On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981,<sup>2</sup> bringing the USAID Inspector General under the purview of the Inspector General Act of 1978.<sup>3</sup> OIG assumed audit and investigative oversight of USADF and IAF in 1999,<sup>4</sup> and of MCC in 2004.<sup>5</sup>

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 the audits and activities to undertake, and setting priorities in performing them, we consider stakeholder interests and needs, alignment with strategic goals, and program funding levels. Each decision to perform specific work is made after considering the risks associated with the agencies' programs and assessing 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 of programs and management systems, financial statement audits required under the Chief Financial Officers Act, and audits related to financial accountability of grantees and contractors.

**Investigations.** OIG investigates activities 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. We also conduct proactive investigations and fraud awareness training, develop and distribute fraud awareness literature and audiovisual aids, and offer advice on antifraud strategies.

**Millennium Challenge Corporation.** OIG is responsible for oversight of the Corporation's programs and operations worldwide. Our MCC office has its own

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<sup>1</sup> International Security and Development Cooperation Act of 1980, Public Law 96-533; Foreign Assistance Act of 1961, Public Law 87-195.

<sup>2</sup> Public Law 97-113.

<sup>3</sup> Public Law 95-452.

<sup>4</sup> Admiral James W. Nance and Meg Donovan Foreign Relations Authorizations Act, Fiscal Years 2000 and 2001, Public Law 106-113, appendix G.

<sup>5</sup> Millennium Challenge Act of 2003, Public Law 108-199, division D, title VI.

performance and financial audit divisions, but it coordinates with OIG's Investigations and Audit offices for investigative and supplementary audit support. Budget, information technology, and human resources support is provided by our Office of Management.

**Overseas Offices of Inspector General.** OIG carries out its audit and investigative work in about 100 countries through offices in:

- Kabul, Afghanistan
- Islamabad, Pakistan
- Baghdad, Iraq
- Cairo, Egypt
- Dakar, Senegal
- Manila, Philippines
- Pretoria, South Africa
- San Salvador, El Salvador

## JOINT WORK AND PARTNERS

OIG participates on task forces and cooperates with other interagency groups. In this reporting period, 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 first Comprehensive Audit Plan for Southwest Asia in June 2008, in accordance with the FY 2008 National Defense Authorization Act.<sup>6</sup> The group comprises representatives of the Offices of Inspector General for USAID and the Department of State, 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 has been formed to coordinate 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, the Government Accountability Office (GAO), and the Special Inspector General for Afghanistan Reconstruction. The subgroup acts as

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<sup>6</sup> Public Law 110–181, section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan."

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 to share information, resolve conflicts, and avoid duplication. The Special Inspector General for Iraq Reconstruction chairs the meetings, which are attended by representatives of Offices of Inspectors 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, either in person or by phone.

**USAID Afghanistan–Pakistan Task Force.** The USAID Afghanistan–Pakistan Task Force is a multi-agency planning group that seeks to make USAID assistance to U.S. Government reconstruction and development efforts in Afghanistan and Pakistan as effective as possible by providing analyses, strategies, and recommendations and by cultivating interagency coordination and cooperation. The task force includes a USAID/OIG representative to respond to the Agency’s oversight needs and to promote accountability and transparency in these two countries critical to U.S. foreign policy.

**National Procurement Fraud Task Force.** OIG participates on two Department of Justice task forces—the National Procurement Fraud Task Force (NPFTF) and the International Contract and Corruption Fraud Task Force (ICCTF). 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.

## OIG PROGRAM AREAS AND PRIORITIES

OIG structures its work to provide oversight in worldwide U.S. foreign assistance programs. Our audits include recommendations to improve the infrastructure of USAID systems and operations to increase the efficiency of the work the Agency undertakes.

Priority program areas covered in this reporting period include:

### *Peace and Security*

- Afghanistan
- Pakistan
- Iraq
- West Bank and Gaza

### *Just and Democratic Government*

- Democracy
- Human Rights

### *Economic Growth and Prosperity*

- Economic Security

### *Investment in People*

- Health
- Education

### *Management Capabilities*

- Information Technology

### *Financial Management*

- Management Accountability
- Expanding Accountability
- Accountability Over Contractors and Grantees

## SEMIANNUAL REPORT TO THE CONGRESS

*United States Agency for International Development (USAID)  
United States African Development Foundation (USADF)  
and  
Inter-American Foundation (IAF)*



# SIGNIFICANT ACCOMPLISHMENTS

## USAID

### PEACE AND SECURITY

#### *Afghanistan*

**Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program.** Providing electrical power to the Afghan population is crucial to Afghanistan's development. A sufficient supply of reliable electrical power contributes to political stability, especially in the capital city of Kabul as well as in the southern agricultural provinces of Helmand and Kandahar.

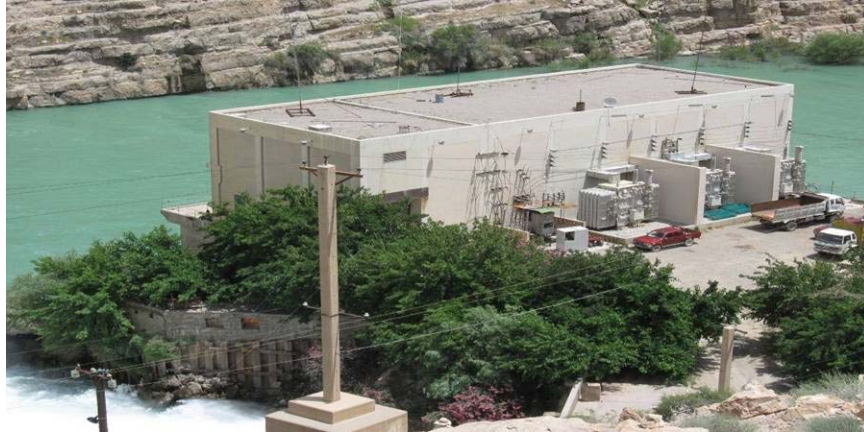
To improve the availability of electricity in these areas, USAID/Afghanistan awarded two major task orders under this program to the Louis Berger Inc./Black and Veatch Special Projects Corp. Joint Venture.

- One task order, awarded in July 2007, was to build a diesel-powered electricity-generating plant that would provide 105 megawatts of additional power to Kabul—most of it in time for the 2008–09 winter season. This plant had a budget of \$261.8 million and was scheduled to be completed by April 2009.
- The other task order, awarded in January 2007, was to complete work begun under an earlier USAID project at the Kajakai Dam in Helmand Province. The objective was to increase capacity of the dam's power plant by 35 megawatts (51.5 megawatts total) by June 2008.

OIG conducted this audit as part of its FY 2009 audit plan to determine whether USAID/Afghanistan was achieving its main goal for these power sector activities. Together, these two activities were expected to deliver 140 megawatts of additional electrical power to two strategically important areas of Afghanistan.

The audit concluded that, because of construction delays, the mission had not achieved its goal of providing the increased power to these two areas within the planned timeframes. For the Kabul power plant, the delays were caused by an initial inability to obtain adequate title to land for the power plant; an ambiguous statement of work that resulted in inadequate planning and implementation; subcontractor performance problems; lack of mission onsite quality assurance; and problems in clearing equipment and material through customs. For the Kajakai Dam project, deteriorating security in southern Afghanistan and inconsistent contractor performance contributed to the delay.

By the end of audit field work in May 2009, the mission-funded projects had completed construction of generators with the ability to produce only 12 megawatts of power out of the original goal of 140 megawatts—and this increase in power had not actually been delivered to the Afghan population. As a result, the economic benefits anticipated for Kabul and the southern provinces of Helmand and Kandahar are not being realized. Additionally, the contractor estimated that cost overruns attributable to the delays would amount to \$39 million in order to complete the Kabul power plant by



**The Kajakai power house in Helmand Province. (Photograph by OIG.)**

December 31, 2009. As for the Kajakai Dam project, the original subcontractor left after its personnel received kidnapping threats, and the project cannot be completed until a new subcontractor is selected. The mission will have to continue paying the fixed costs of securing and maintaining the facility until work on the plant can be resumed. These fixed costs amount to an estimated \$1 million monthly, even though none of the extra 35 megawatts of power has been delivered.

In addition, the audit found that the Afghan Government may not be able to afford to operate the Kabul power plant once it is completed. Specifically, the government may not be able to meet its commitment to pay for diesel fuel to operate the plant because of the fuel's rising cost and the government's inability to collect revenue for the generated electricity. Further complicating operation of the power plant is the configuration of the Kabul transmission system, which does not allow for the use of other power sources that cost less at certain times of the year.



**A 105-megawatt power plant and supporting structures under construction in Kabul. (Photograph by implementing partner.)**



Although the mission has not succeeded in providing the electrical power in accordance with its original schedule, the mission has experienced some successes. With regard to the Kabul power plant, seven engineering interns had completed training designed to help maintain the plant, and the transmission line from the plant to the main power grid had been completed and tested. For the Kajakai Dam power plant, some equipment and parts that were too large to be moved by air had been kept in storage since June 2006, and the mission coordinated with the International Security Assistance Force to move them by road to the dam to restart the project.

The audit found problems with overbilling by the contractor. The contractor charged USAID for subcontractor costs that the contractor had not paid the subcontractor because of disputes and questionable claims in the subcontractor's invoices. The amount that the contractor had received from USAID for these questionable costs (including contractor overhead, fixed fees, and imputed interest) constituted an overbilling of approximately \$2.1 million.

The audit made eight recommendations to USAID/Afghanistan, advising the mission to develop plans that address the tasks that must be accomplished to complete both projects, develop a comprehensive sustainability plan for the Kabul power plant, and recover the \$2.1 million overbilled by the Kabul power plant contractor.

Final actions have been taken on five recommendations and management decisions have been reached on the remaining three.

*(Audit Report No. 5-306-10-002-P)*

**Audit of USAID/Afghanistan's Afghan Civilian Assistance Program.** The main goal of the Afghan Civilian Assistance Program is to help Afghan families and communities that have suffered losses as a result of military operations against insurgents and the Taliban. Most assistance under the program is provided in goods and services to those who have suffered losses—a farmer might receive a tractor or livestock, or a grocer might receive merchandise to restock his store. The program is being implemented through a \$27 million, 3-year cooperative agreement (April 2007 to April 2010) with the International Organization for Migration (IOM). As of December 31, 2008, \$18.5 million had been obligated and about \$6.4 million had been spent for program activities.

The audit concluded that the program is not on target



**The program purchased materials to rebuild a home for 19 family members in Kabul after an aerial bombing destroyed the building during a military operation. (Photograph by OIG.)**

to assist eligible beneficiaries. IOM reported that as of September 1, 2008, close to the midpoint of the program, only 803 of the more than 6,000 eligible families were receiving assistance (about 13 percent). As of January 22, 2009, IOM had actually assisted only about 40 percent of the estimated target number of 5,102 eligible families included in a recovery plan it had developed in October 2008.

In addition, until about the midpoint of the program, USAID/Afghanistan had very limited involvement in the program and little information about its progress. The mission had not followed up regularly on the status of IOM's implementation plan, monitoring and evaluation plan, or quarterly program reports. The mission also had not made enough site visits to adequately evaluate the program's progress and had not properly monitored the staffing of IOM positions. In addition, security concerns hampered efforts to staff the program, and understaffing continued to be a challenge at the time of the audit. As of January 2009, a subcontractor for IOM had hired only 56 of the 86 employees deemed necessary to meet program goals. IOM's documents indicated that its subcontractor was still in the process of hiring 30 staff members for the 6 regional offices where the program was being implemented. In addition, IOM had not taken advantage of opportunities to improve the effectiveness and efficiency of the program, such as limiting the program's eligibility period or requiring beneficiaries to present Afghan national identification cards.

The audit made seven recommendations to help the mission properly oversee implementation and evaluation of the program. Final actions have been taken on six recommendations and a management decision has been reached on one.

*(Audit Report No. 5-306-10-004-P)*

**Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project.** The USAID/Afghanistan's Building Education Support Systems for Teachers Project is meant to improve the quality of education in Afghanistan by training Afghan teachers and institutionalizing structures and systems in the Afghan Ministry of Education that support high-quality teaching.

Under the project, teachers already working for the Ministry of Education were chosen as instructors to train approximately 54,000 teachers in 11 Afghan provinces. The project also assisted the Ministry of Education with its 5-year strategic plan and developed a curriculum to train ministry officials in management skills.

USAID/Afghanistan made a \$94 million, 5-year contract with Creative Associates International, Inc., for implementation from January 27, 2006, to January 26, 2011. As of September 30, 2009, \$56 million had been obligated and \$48 million had been spent for program activities.

The audit concluded that the project is making progress but has not achieved its two main goals. Creative Associates stated that they hope to complete all required project efforts by the end of the contract. Of the target of 54,000 teachers in 11 Afghan provinces, 50,600 had received inservice training for teachers already working for the Ministry of Education. Also, most of the 444 candidates that were part of the project's plan to develop capacity at the Ministry of Education had been recruited and selected. Some tasks had not been completed, however, such as an accelerated learning program for teachers and database training for human resources staff.

Some areas needed improvement. For example, the August 2007 memorandum of agreement between the mission, Creative Associates, and the Ministry of Education had not been reviewed annually and had not been revised. Because of significant changes that the mission had planned for the remaining period of the project, the memorandum of agreement was outdated.

In addition, high-value modifications to subcontracts awarded by Creative Associates had not received the required approval of the mission's contracting officer. The subcontract modifications pertained to such significant issues as (1) the terms of subcontractor performance, (2) changes in the duration of subcontracts, (3) significant increases in subcontract funding, and (4) one subcontract termination. The mission should have had a chance to review and approve these issues. In the case of the terminated subcontract, the mission had not been given information on how subcontractor tasks would be completed. Moreover, the mission could be liable for contract termination costs.

Furthermore, Creative Associates and a subcontractor did not comply with USAID branding and marking requirements for the project. When the audit team visited the main office of Creative Associates in Kabul and the regional office of a subcontractor in Balkh Province, the team found no prominent display of the USAID identity or logo or any other evidence to visibly acknowledge USAID as the sponsor of the project work. Even some teachers who had received training under the project did not know that USAID was funding the project.

The audit made four recommendations to help the mission properly oversee implementation and evaluation of the project. Management decisions have been reached on the recommendations.

*(Audit Report No. 5-306-10-006-P)*

**Audit of USAID/Afghanistan's Human Resources and Logistical Support Program.** In February 2006, USAID/Afghanistan launched its Human Resources and Logistical Support Program to provide a broad range of human resources and logistical support to help design, monitor, and support the activities of USAID-funded contractors. The program would also provide consulting services to selected ministries of the Afghan Government. USAID/Afghanistan awarded a 5-year, \$58 million contract to International Relief and Development, Inc., to implement the program. In September 2009, USAID/Afghanistan increased the contract ceiling price to \$72 million. As of September 30, 2009, USAID/Afghanistan had obligated \$47 million and disbursed \$36 million for program activities. The main goals of the program are to (1) enhance capacity at selected ministries; (2) identify USAID-constructed buildings that do not meet seismic standards; and (3) provide quality assurance and engineering oversight for mission construction projects.

In support of the first goal, the program provided the Afghan Government with additional capacity, mainly within three ministries. Technical consultants hired under the program assisted Ministry of Mines personnel in preparing a proposal for the rehabilitation of gas fields to generate electrical power for the country. Meanwhile, at the Ministry of Public Works, program advisers initiated the development of a pilot program to teach ministry staff how to implement and monitor road construction projects and provide them with a more efficient means of managing and maintaining roads in the future. At the Ministry of Energy and Water, the program contractor

provided a transboundary water-rights adviser to help the ministry develop water policies for negotiations with neighbors in other countries.

With regard to the second, the program was successful in establishing a process for identifying structures that are not earthquake resistant. The mission has a database of 1,474 USAID-built structures, but the database is not complete. The mission will likely identify and add more structures as it updates the database. As of October 2009, the program had completed preliminary assessments of 468 of these structures and detailed structural seismic evaluations of 35. So far, the program has found 15 structures to be unsafe for occupancy.

With regard to the third, the program has succeeded in providing quality assurance and engineering oversight for projects initiated by the mission's Office of Infrastructure, Engineering and Energy. However, the mission has not been as successful in providing quality assurance services for construction projects initiated by other USAID/Afghanistan program offices.

Despite the program's progress, it has serious issues that need to be addressed. The most critical issue is to identify the many defective structures that probably remain among the estimated 1,474 mission-built structures. The total number of defective structures will be determined when the remainder of the preliminary assessments and any subsequent detailed seismic evaluations are completed. The mission anticipates that the contractor will complete 200 seismic evaluations by the end of the contract. In addition, significant defects in five buildings reported in a prior OIG audit report<sup>7</sup> had yet to be corrected. If all defective structures are not identified, and if those already identified are not repaired or rebuilt, a catastrophic earthquake could cause many injuries and deaths.

This report made 12 recommendations to improve implementation of the mission's construction programs. These recommendations address the need for plans to:

- Repair or rebuild structures that are seismically unsafe.
- Correct defects found in five USAID-built structures identified in a previous OIG report.
- Ensure that all mission construction projects are subject to adequate quality assurance.
- Ensure the sustainability of a \$3.9 million data center developed under the program.
- Ensure that contractor performance reports are completed annually.

Final actions have been taken on six recommendations, and management decisions have been reached on the other six recommendations.

*(Audit Report No. 5-306-10-007-P)*

**One Australian and Two Americans Pleaded Guilty Pursuant to Investigation of Conspiracy To Solicit Kickbacks.** In a previous reporting period, we noted that an investigation of a conspiracy to sell privileged information for a security contractor in Afghanistan, valued at \$60 million, led to the arrest of two Americans and termination

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<sup>7</sup> "Audit of USAID/Afghanistan's Accelerating Sustainable Agriculture Program," Audit Report No. 5-306-08-009-P, August 8, 2008.

of the related procurement. During this reporting period, one of the co-conspirators, an Australian, surrendered and was arrested upon entry into the United States. The party subsequently pleaded guilty to one count of conspiracy to solicit a kickback and received a 9-month prison sentence. The subject will be deported after the conclusion of the sentence.

Another of the co-conspirators, an American, pleaded guilty to one count of aiding and abetting the solicitation of a kickback. The subject is free on bail awaiting sentencing, scheduled for later this year.

A third co-conspirator, an American, pleaded guilty and was sentenced to 12 months and 1 day. The subject has reported to the Bureau of Prisons to begin serving his sentence.

## *Pakistan*

**Audit of USAID/Pakistan's Capacity Building Program for the Federally Administered Tribal Areas Development Program.** Pakistan's Federally Administered Tribal Areas (FATA) are located along the country's border with Afghanistan, and for the last three decades, FATA and the surrounding region have witnessed unprecedented turmoil and instability. The FATA region is the most economically depressed area of Pakistan, and some 66 percent of the population there lives below the national poverty line. The literacy rate of the FATA population is estimated at only 17 percent.

To improve the development of this region, the Governor of the North-West Frontier Province established the FATA Secretariat in 2002. The Secretariat is responsible for overall governance in the tribal areas and for providing services such as health care, education, and public works. The FATA Development Authority, another FATA governmental institution, was established in 2006 and is responsible for economic development. However, neither institution has the capacity to plan and manage public services and development resources at the level of funding programmed by the Government of Pakistan and international donors.

In January 2008, to increase the capacity of FATA governmental institutions—and FATA nongovernmental organizations (NGOs)—USAID/Pakistan awarded a 3-year, \$43.4 million contract to Development Alternatives, Inc. (DAI), to carry out the Capacity Building for the Federally Administered Tribal Areas Development Program. In May 2009, to cover the cost of security measures, the mission increased the contract amount by \$2.2 million to a total of \$45.6 million. As of October 31, 2009, USAID had obligated approximately \$19.7 million and expended approximately \$15.5 million.

OIG conducted this audit to determine whether the program is helping to improve the capacity of FATA governmental institutions to govern and increasing the capacity of FATA NGOs to promote good governance. Although the program has provided training, taken initial steps to automate FATA institutions, and completed some media activities, little has been achieved in building the capacity of FATA governmental institutions and NGOs. As of October 31, 2009, the capacity building program had been in place for 22 months of a 36-month program but had achieved little with regard to the program's two main goals. Additional time may be needed, as many planned activities are scheduled to be completed over 3 years, and most capacity building activities began after October 2008—10 months into the 3-year performance period.

Regarding the first goal—improving the capacity of FATA governmental institutions to govern—the audit found that little progress had been achieved to build the capacity of the FATA Secretariat and the FATA Development Authority, in part because the program got off to such a slow start. During the first year, the contractor focused its resources on working out best approaches to designing and implementing activities, building up relationships with FATA institutions, and developing work plans. Also, the deteriorating security situation in Peshawar and the assassination in November 2008 of the chief of party of another USAID program delayed the program's progress. However, certain activities have achieved some progress. For example, in its second year the program focused on training in project management, development planning, and financial management. As of September 30, 2009, 74 training events had been completed for 1,224 FATA government staff members.

Regarding the second goal, the program did not increase the capacity of these NGOs to promote good governance, but it made some progress. For example, the program implemented a few activities to address weaknesses of FATA NGOs, such as providing formal training classes and purchasing office equipment for 42 NGOs working in FATA. However, the few NGOs that exist there lack the human and financial resources to promote good governance effectively. In most instances, FATA NGOs needed first to strengthen their proposal preparation skills, financial management practices, and monitoring and evaluation capabilities before they could start to promote good governance.

Because of a high-level change of emphasis in U.S. Government strategy toward greater involvement of Pakistani organizations in implementing assistance programs, the mission began to rethink its strategy of providing the bulk of its program assistance through U.S.-based implementers such as DAI. As a result, in June 2009 the mission refrained from fully



**Laptops, servers, and other communication equipment delivered to the FATA Secretariat in Peshawar, Pakistan, remained unused and in boxes. (Photograph by OIG.)**

funding a DAI incremental funding request of \$15.3 million and, 4 months later, approved only \$4.7 million in additional funds. In October 2009, the mission asked DAI to consider preparing a 90-day demobilization plan. However, as of November 2009, no final decision had been made to terminate the DAI contract or, if it were terminated, what program implementation mechanisms would replace the U.S.-based contractor.

The audit discusses three areas in which program accomplishments have been delayed and improvements can be made:

- The transition to a new implementation strategy has impeded the program's progress.
- Capacity building in automation has had little success, and most of the computer hardware purchased for the program has remained boxed up and unused.
- Monitoring and reporting systems for managing development projects—such as a geographic information system that enables project information to be represented on maps and a database system to document the life cycle of development projects—have not been completed, and they may not be completed until June 2010.

The report contained four recommendations to address these issues and to help improve implementation of the program. Final action has been taken on one recommendation, and management decisions have been reached on three recommendations.

*(Audit Report No. 5-391-10-005-P)*

## *Iraq*

**Audit of USAID's Internally Displaced Persons Activities in Iraq.** Sectarian violence has led to the most significant wave of displacement in Iraq's history, prompting more than 1.6 million people to flee their homes and bringing the total internally displaced population to more than 2.8 million people by late 2007. From 2004 to 2009, USAID's Office of U.S. Foreign Disaster Assistance (OFDA) awarded 14 grants and cooperative agreements to 7 implementing partners to help Iraq's internally displaced persons meet their basic needs. OFDA's awards to these seven organizations during FY 2007 and 2008 totaled \$190 million. Our audit reviewed eight awards implemented by three organizations: International Medical Corps, International Relief and Development, Inc., and Mercy Corps. The value of their awards during fiscal years 2007 and 2008 totaled \$115 million.

For the activities reviewed, OFDA's emergency activities, through its implementing organizations, had achieved OFDA's goals to save lives, alleviate human suffering, and reduce the social and economic impact of humanitarian emergencies for the internally displaced and vulnerable persons of Iraq. Some of the activities provided basic emergency supplies (such as bedding, soap, and jerry cans); commodities and infrastructure for public hygiene, safe water, and electricity; vocational training; and construction at a health center. Although OFDA's partners had completed 90 percent of activities reviewed, several issues required OFDA's attention:

- For four activities, anomalies in signatures and fingerprints submitted as evidence of payments to beneficiaries indicated that they may have been falsified. As a result, we questioned \$766,490 in costs incurred for these activities. The suspicious activities were referred to OIG Investigations.
- OFDA's partners reported 33.7 million beneficiaries as a result of their activities. This figure overstated the population of Iraq by 3 million individuals. For example, 262,482 individuals reportedly had benefited from the purchase of medical supplies meant to treat only 100 victims of a specific attack.
- Although lacking properly delegated authority, OFDA personnel extended five of seven awards beyond the existing award completion dates.
- Although OFDA had agreed to implement the recommendations from our July 2007 OIG audit report on OFDA's Iraq activities, its actions were neither timely nor sufficient. For example, final action on one recommendation began in July 2008—12 months after our report was issued. Had OFDA taken action earlier, \$10 million in unauthorized commitments could have been prevented.

In response to our audit report and its 12 recommendations, OFDA:

- Agreed to establish and implement a plan to provide performance monitoring and oversight for its awards in Iraq.
- Did not determine the allowability of \$766,490 in questioned costs from four recommendations.
- Agreed to provide clear guidance on how to count beneficiaries.
- Reviewed its portfolio of awards in Iraq, although it disagreed with the recommendation, and ensured that each award had a designated agreement officer's technical representative (AOTR).
- Disagreed with asking the Director, Office of Acquisition and Assistance, to ratify \$10 million in unauthorized commitments from five recommendations. OFDA's disagreement was based on the claim that a designated AOTR had approved the no-cost extensions and that it was within the AOTR's authority to do so. However, OFDA has yet to provide support that the specific individuals who approved the no-cost extensions of the grants had been designated in writing as the AOTRs for the five grants. Without such evidence, the individuals who authorized the extensions of the awards did not have the authority to do so; these actions must be ratified by the Director, Office of Acquisition and Assistance.

*(Audit Report No. E-267-10-001-P)*

**Investigation of Alleged Kickbacks Leads to \$1 Million Civil Action.** OIG initiated an investigation on the basis of allegations that an employee of a USAID contractor had accepted kickbacks to direct the award of a security subcontract. The contractor had received orders under the U.S. Air Force Augmentation Program contract for work on a USAID project to provide potable water for the populace of Baghdad, Iraq.

The investigation revealed that a security subcontractor had offered a \$1.2 million kickback to the contractor employee in exchange for being awarded a \$10 million security subcontract. The investigation further determined that the contractor employee received at least \$125,000 of the \$1.2 million kickback offer.



As a result of the investigation, the Department of Justice reached a settlement agreement with the USAID contractor for \$1 million in damages.

**One Estonian Pleaded Guilty Pursuant to Investigation of Major Fraud Against the United States.** A former USAID contractor, who had worked from May through October 2003 on the \$239 million USAID governance contract, pleaded guilty to major fraud against the United States. As reported in our last semiannual report, the subject was the first Estonian national ever extradited to the United States. The investigation revealed that the subject had unlawfully directed two subcontract agreements worth \$1 million to a Dubai firm in return for hundreds of thousands of dollars worth of goods and services, including improvements to a home in North Carolina and the purchase of two condominiums in Miami, Florida.

### *West Bank and Gaza*

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

USAID contracted with independent public accounting firms to conduct examination procedures 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 regarding blocking assistance to terrorist organizations.<sup>8</sup> During this period, OIG issued 11 final reports. The reports identified questioned costs of approximately \$159,000 of the \$23.8 million audited. In addition, the reports identified areas for improvement in internal controls and instances of noncompliance with agreements. OIG oversight activities during this period did not identify any instances in which terrorist organizations had received USAID funds.

## **JUST AND DEMOCRATIC GOVERNMENT**

### *Democracy*

**Audits of Democracy and Governance Activities in Egypt and Guatemala.** USAID conducts assistance programs to promote democracy, rule of law and human rights, good governance, and civil society.

*USAID/Egypt.* Since FY 2004, USAID/Egypt has designed democracy and governance programs valued at more than \$181 million. The programs will continue through FY 2012.

USAID/Egypt has used two types of instruments to administer its democracy and governance activities: a bilateral agreement and a direct-grants program. USAID and the

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<sup>8</sup> Executive Order 13224 of September 23, 2001, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism."

Egyptian Government have implemented programs in the three major areas—rule of law and human rights, good governance, and civil society programs. Using the direct-grants program, USAID/Egypt has awarded grants and cooperative agreements to NGOs and other civil society organizations without prior approval from the Egyptian Government.

Of the seven awards under the bilateral program, USAID/Egypt awarded three contracts totaling \$55 million to Management Sciences for Development, Inc., for the Family Justice Project; to AECOM International Development for the Egyptian Decentralization Initiative; and to Management Systems International, Inc., for the Media Development Program, to conduct activities in rule of law and human rights, good governance, and civil society, respectively. In FY 2005–08, USAID/Egypt also awarded 80 grants and cooperative agreements valued at \$59 million under its civil society direct-grants program to expand and strengthen civil society organizations’ activities in human rights, anticorruption and transparency, elections and political processes, civic participation, and civic education.

The audit found that the programs have achieved only limited results for 13 judgmentally selected awards. In FY 2008, USAID/Egypt achieved only 52 percent of its planned results for the 13 awards and completed only 65 percent of its activities. In addition, the audit determined that these activities have had only a limited effect in strengthening democracy and governance in Egypt. In separate, recently published reports, independent NGOs ranked Egypt unfavorably in indexes of media freedom, corruption, civil liberties, political rights, and democracy, and its rankings remained unchanged or declined for the past 2 years.



**Five digital cameras and media lab equipment sitting idle in poor storage conditions. (Photographs by OIG.)**

The program achieved some results for its planned activities. During FY 2008, the implementers completed 119 of 182 (65 percent) of their activities for the bilateral and direct-grants program activities designed to strengthen the administration of justice, promote a more accountable local government, promote greater independence and professionalism in the media, and strengthen the organizational capabilities of civil society organizations. Among the program’s results, (1) the Family Justice Project trained 562 family court judges in more than 20 governorates; (2) the Egyptian Decentralization Initiative assisted districts in enhancing automation systems in at least four service centers; and (3) the Media Development Program assisted in broadening

English language skills among Egyptian media professionals and trained journalists in local media.

USAID/Egypt has tried to implement its democracy and governance programs in a restrictive political environment. Although the Egyptian Government signed a bilateral agreement to support democracy and governance activities, it has shown reluctance to cooperate with or support many of USAID's democracy and governance programs; instead, it has impeded the implementers' activities. Despite the spirit with which the U.S. Congress espoused the civil society direct-grants program, the Egyptian Government's lack of cooperation—evidenced by delays and cancellations—hindered some implementers' efforts to begin projects and activities in a timely manner.

OIG made 10 recommendations to improve management controls, and management decisions were reached on all of them.

*(Audit Report No. 263-6--10-001-P)*

*USAID/Guatemala.* The democracy and governance program began in September 2004 and was scheduled to end in September 2009, with an estimated budget of \$36.7 million. As of September 30, 2008, the mission had obligated \$36.1 million and expended \$23.8 million under the program. The program was implemented through 12 contracts and agreements.

The audit team had difficulty in assessing the overall results or impact of the program because USAID/Guatemala had not prepared a complete program management plan that included performance measures and targets. The available information showed some important results, however. These included (1) establishment of four model 24-hour courts, in which police, public defenders, prosecutors, and judges are colocated to improve efficiency in processing criminal cases; (2) improvement of administrative processes in 13 targeted municipalities, including making these processes more transparent; (3) expansion of voting locations into rural areas, helping to increase voter participation in the 2008 presidential elections; and (4) passage of a law providing for public access to government information.

Despite these achievements, the activities financed by USAID/Guatemala generally had not achieved sufficient scale to significantly influence national democracy and governance trends, many of which are negative.

Although USAID/Guatemala's reporting on its democracy and governance program provided stakeholders with complete and accurate information for 16 of 30 items tested, the mission had reported inaccurate results for 14 of 30 items tested. In addition, USAID/Guatemala had not established targets for some performance indicators, and the performance management plan had not been updated since 2006.

The report included eight recommendations for USAID/Guatemala. The mission has taken final action on four and reached management decisions on the rest.

*(Audit Report No. 1-520-10-001-P)*

## *Human Rights*

### **Audit of USAID/Cambodia's Counter-Trafficking in Persons Project.**

USAID/Cambodia's operational plan highlights the overall goal of reducing the incidence of trafficking in persons in Cambodia. This goal is implemented through the Counter-Trafficking in Persons Project. The project aims to (1) provide protection to victims of human trafficking in Cambodia, (2) increase prosecution of human traffickers, (3) coordinate targeted prevention and awareness-raising activities, and (4) assist with the reintegration of trafficking survivors into Cambodian society. The project is implemented through a cooperative agreement between USAID/Cambodia and The Asia Foundation.

The agreement was awarded on August 4, 2006, and was scheduled to end on September 30, 2009. The total amount obligated for the project was approximately \$4.6 million, and as of June 24, 2009, about \$3.8 million had been disbursed to The Asia Foundation. On September 29, 2009, USAID/Cambodia extended the project an additional 2 years from September 30, 2009, to September 30, 2011, and increased the total estimated amount by \$2.7 million to \$7.3 million.

The project completed or substantially completed 32 of 37 target activities. However, the project did not have the baseline data or measurable indicators with which to assess its progress.

The mission noted that previous attempts by other organizations and researchers to collect data in Cambodia had been unsuccessful. A 2006 GAO audit report on human trafficking found that the accuracy of the estimates of trafficking is in doubt because of methodological weaknesses, gaps in data, and numerical discrepancies. A 2007 GAO audit report on human trafficking states that baseline and target values of indicators are needed to assess project performance. The United Nations Children's Fund noted that Cambodia has some issues in data collection because no judicial database is operational.

The first year of the project experienced programmatic changes caused by severe cuts in funding to USAID programs and revisions to the project to reflect USAID's new program focus on collaboration between the Government of the United States and the Royal Government of Cambodia. The mission extended the 3-year project an additional 2 years in order to complete project activities in the four main component areas: coordination, prevention, protection and reintegration, and prosecution.

Over the life of the project, USAID/Cambodia has focused on the coordination component and has helped build the Royal Government of Cambodia's capacity to take the lead in coordinating joint actions with NGOs. However, USAID/Cambodia has not developed measurable performance indicators and targets to gauge the success of the coordination efforts.

Although USAID/Cambodia's efforts to assist the Royal Government of Cambodia in combating human trafficking have achieved some results, the mission did not establish baseline data and did not develop measurable performance indicators to monitor and evaluate progress toward project goals and objectives. Audit findings include the need to (1) collect baseline data on trafficking, (2) develop performance indicators and targets to measure progress and achievement of project goals, and (3) develop a standard methodology to track arrests, prosecution, and conviction cases through the judicial

system. The report contains three recommendations to address these concerns. USAID/Cambodia generally agreed with all three recommendations and discussed actions it has taken and target completion dates to implement each recommendation.

*(Audit Report No. 9-000-10-002-P)*

**Audit of USAID/Democratic Republic of Congo’s Displaced Children and Orphans Fund Activities.** For more than a decade, the Democratic Republic of Congo has experienced war and unrest. Approximately 1.1 million people have been displaced, and the pressures of rapidly growing urban populations have contributed to increased poverty, marginalized the poor, and weakened social and legal structures. The overall objectives of USAID’s Displaced Children and Orphans Fund (DCOF) activities have been to help vulnerable children who have been abandoned by or separated from their families as well as to promote advocacy at the local and national levels. The fund supports the United Kingdom’s Save the Children UK program for Reducing Abandonment of Children in the Democratic Republic of Congo, working in the three urban centers of Kinshasa, Mbuji Mayi, and Bukavu. USAID awarded \$3.6 million to Save the Children UK through a cooperative agreement, beginning September 30, 2006, and ending September 30, 2009. As of September 30, 2008, the full amount of the award had been obligated, and \$2.2 million had been disbursed (62 percent of the award).

As of September 30, 2008, USAID/Democratic Republic of Congo’s DCOF activities had achieved only 52 percent of planned results. Nonetheless, the program achieved positive results within the target population, including the release of 556 children who had been wrongfully detained in local jails, reunification of 683 children with their families, and sensitization efforts to reduce the causes of child abandonment.

We also noted that staff turnover had prevented the mission from updating its performance management plan to reflect the DCOF program’s current activities. The performance management plan is a critical tool for planning, managing, and documenting the program’s performance, and updating it could strengthen program management.

The report’s one recommendation advised the mission to update the DCOF performance management plan and develop procedures to assign responsibility for updating the document regularly. USAID agreed with the recommendation.

*(Audit Report No. 7-660-10-001-P)*

## **ECONOMIC GROWTH AND PROSPERITY**

### *Economic Security*

**Audit of USAID/Jordan’s Sustainable Achievement of Business Expansion and Quality Project.** USAID/Jordan developed a program under its Sustainable Achievement of Business Expansion and Quality (SABEQ) Project to improve private sector competitiveness within Jordan during FY 2007–11. On September 26, 2006, USAID/Jordan awarded a 5-year, \$69 million SABEQ contract to BearingPoint, Inc. (BearingPoint), designed to assist the Government of Jordan in enhancing the country’s

competitiveness in global markets, deepening the public sector reform process, and increasing the number of available jobs.

The audit determined that USAID/Jordan is making progress toward improving Jordanian private sector competitiveness and increasing jobs available to Jordanians by the end of fiscal year 2011. We based this determination on a review of a statistical sample of 72 of 189 (38 percent) of the total project activities. Moreover, USAID/Jordan reported in FY 2008 that annual exports from Jordan to the United States and other countries had increased by more than \$78 million. In addition, the mission reported that more than 1,400 university graduates had joined the workforce as a result of U.S. Government-supported training and that more than 410 small and medium-sized enterprises had enhanced their business prospects.

OIG made eight recommendations to strengthen the mission's overall administration of the SABEQ project. These include (1) ensuring that required audits of foreign organizations are conducted; (2) reviewing and testing conflict of interest mitigating processes; (3) reviewing and obtaining antiterrorism certifications; and (4) updating the performance management plan.

Mission officials generally agreed with four recommendations and took final action on one of them. However, the mission did not agree with four other recommendations, which address the improvement of controls to strengthen management oversight regarding antiterrorism certification measures and audits of locally incurred costs by local for-profit organizations. Management decisions for those are pending.

*(Audit Report No. 6-278-10-004-P)*

**Audits of USAID Food for Peace Programs Sierra Leone and Haiti.** The Food for Peace Act<sup>9</sup> is the principal mechanism through which the U.S. Government implements its international food assistance initiatives. The intent of this legislation is to promote food security in the developing world through humanitarian and developmental uses of food aid. Through title II of this act, the United States has provided 106 million metric tons of American agricultural commodities to address food insecurity in foreign countries. Title II projects are implemented through cooperating sponsors that include private voluntary organizations, NGOs, and international organizations. With USAID's approval, cooperating sponsors may either distribute the commodities directly to recipients or sell the commodities to generate proceeds to support local development programs.

*USAID/West Africa (Sierra Leone).* The USAID Office of Food for Peace funds the \$30 million Livelihood Expansion and Asset Development Program in Sierra Leone, which is implemented by a coalition of private voluntary organizations known as the Consortium for Rehabilitation and Development. The consortium, headed by the Cooperative for Assistance and Relief Everywhere (CARE) International, operates under a multiyear assistance program agreement with USAID. The agreement between USAID and CARE started on October 1, 2006, and will end on May 31, 2010. The main goals are to reestablish and expand the agricultural sector, implement programs focused on

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<sup>9</sup> This act was formerly known as the Agricultural Trade and Development Assistance Act of 1954, Public Law 83-480 (commonly known as P.L. 480). It was renamed the Food for Peace Act in June 2008.

youth, children under age 5, and pregnant and lactating women, and provide commodities to relieve chronic food insecurity. The program intended to distribute 44,440 metric tons of food, but the cooperating sponsor had requested only 27,070 metric tons of food as of September 30, 2009. USAID explained that the program will fall short of its intended commodity distribution because there will be no further food distributions under the program. A late startup of the program reduced the timeframe for implementation and prevented the program's full achievement.

This audit was conducted to determine whether USAID and its cooperating sponsor have established and implemented adequate controls to minimize food losses and ensure that food aid was received, stored, and distributed in accordance with existing guidelines. The audit found that, for the most part, USAID and its cooperating sponsor have implemented adequate controls over the receipt, storage, and distribution of food. Nevertheless, the audit found some areas for improvement.

OIG found that commodities were vulnerable to losses during shipment because they were not required to be sealed in secure shipping containers during transatlantic passage. For this program, 86 percent of the monetary value of food losses occurred during ocean transport and at the receiving port. At central and regional warehouses, we found some departures from the storage guidelines of USAID and the cooperating sponsor. Some warehouses had water leaks, several were missing fire extinguishers, and one had an unsecured opening. We found that food had not always been distributed to the beneficiaries immediately after it was delivered to the communities and that relevant documentation of distribution—such as copies of food distribution waybills and beneficiary lists—had not always been maintained at the food distribution sites. We also found that the process for reporting and resolving food losses needed improvement. Loss reports were incomplete, and \$93,434 in losses incurred and reported by the cooperating sponsor as far back as 2007 remained uncollected and unresolved. Finally, the USAID branding guidelines were not being followed. None of the eight sites visited displayed USAID banners or posters, road rehabilitation projects visited were not marked with the USAID emblem, and beneficiaries did not know that the food was provided by USAID.

The report made eight recommendations to correct the deficiencies described above. USAID's Office of Food for Peace agreed with most of the recommendations in the report.

*(Audit Report No. 7-685-10-003-P)*

*USAID/Haiti.* USAID addresses the food security issue in Haiti through multiyear food security programs, stabilization programs that generate much-needed disposable income, watershed restoration programs with direct technical assistance for improved agricultural production, financing programs that target rural poor and vulnerable farmers and cooperatives, health programs, and disaster mitigation programs. USAID/Haiti began a new, multiyear development food aid program in 2008. This 5-year program runs from 2008 to 2012 and totals \$191 million over the life of the program. The program is implemented by three cooperating sponsors: Catholic Relief Services, \$61.7 million; World Vision, \$91 million; and ACDI/VOCA, \$37.4 million.

OIG determined that the commodities at selected sights had been adequately protected against loss and diversion. During our inspections of 6 commodity warehouses and 14 distribution sites, the audit confirmed that commodities at these locations had been stored properly in most cases and that cooperating sponsors had maintained accurate inventory records.

However, OIG noted some areas that need improvement. Some distribution centers had experienced periodic shortages of commodities and had provided reduced rations to beneficiaries. Also, a cooperating sponsor had not provided sufficient training to warehouse staff, had not aggressively pursued action against an employee who had stolen commodities, and had no written policies and procedures for food distribution practices.

The report contained five recommendations to address these problems. Management decisions were reached on all recommendations.

*(Audit Report No. I-521-10-002-P)*

**Audit of USAID/Ethiopia's Agricultural Sector Productivity Activities.** The main strategy of the agricultural program is to transition from an emergency response program to one that proactively builds capacity to prevent famine and promote economic growth. Since 2004, USAID/Ethiopia has supported agricultural activities valued at \$116 million. As of March 2009, the mission had obligated approximately \$70 million of this amount to 19 implementing partners for these activities, which will be implemented through September 2010. The agricultural program's goals are to assist Ethiopia in achieving market-led economic growth and to improve the resiliency of farmers, pastoralists, and other beneficiaries.

The audit found that the program is contributing to its goals. However, we could not determine the extent of that contribution because of weaknesses in the mission's performance management and reporting system. Moreover, the audit could not determine whether the results reported in USAID/Ethiopia's performance plan and report were valid, because mission staff could neither explain how the results had been derived nor provide support for those reported results.

Despite the program's positive contributions that we observed for selected agricultural activities, the audit identified several areas for improvement. The audit made 17 recommendations, advising the mission to improve its performance management and reporting system, strengthen its preparation of awards, and improve compliance with key requirements, such as branding, environmental requirements, and participant training.

USAID/Ethiopia agreed with the majority of the recommendations. Management decisions were reached on nine recommendations, final action was taken on four, and management decisions are pending on the remainder.

*(Audit Report No. 4-663-10-003-P)*

**Audit of USAID/Dominican Republic's Rural Economic Diversification Project.** The Central American-Dominican Republic-United States Free Trade Agreement (CAFTA-DR) entered into force between the United States and the



Dominican Republic on March 1, 2007. This agreement offers Dominican farmers opportunities as well as challenges as participating countries are asked to eliminate tariffs. To support the Dominican Republic's transition to more open agricultural markets, on February 1, 2008, USAID/Dominican Republic (USAID/DR) signed an \$11.7 million, 3-year contract with Abt Associates to implement the USAID Rural Economic Diversification (USAID/RED) Project. The main goal of the project is to help create and strengthen viable, sustainable agricultural clusters made up of competitive and profitable producers, processors, buyers, and suppliers of nontraditional agricultural products.

As of October 30, 2009, the mission had obligated \$7.9 million and had expended \$5.76 million under this contract.

The audit concluded that the project has provided considerable assistance to the Dominican Republic's agricultural sector. However, the project achieved only limited progress in developing sustainable agricultural clusters. To improve the likelihood of project success, USAID/DR needs to refocus project funds and resources, develop more effective performance measures, and refine and expand the credit program to better support program goals.

The report included four recommendations for USAID/Dominican Republic. Management decisions have been reached on two recommendations, and management decisions on the remaining two are pending action by the mission.

*(Audit Report No. I-517-10-005-P)*

## INVESTMENT IN PEOPLE

### *Health*

#### **Audit of Selected USAID/Bangladesh Population and Health Activities.**

Bangladesh is one of the most densely populated countries in the world, and almost half of its approximately 145 million people live below the poverty line. The Bangladesh Government's pressing priorities are to reduce fertility, improve health outcomes, and alleviate poverty. However, the public health system struggles with problems, especially in the rural areas, and many people rely on NGOs as their main source of health care. USAID has supported these NGOs over the past three decades, and as a result many NGOs have the technical and managerial skills to provide high-quality health services. However, their financial sustainability is limited.

To help the Government of Bangladesh provide sustainable health services, in September 2007 USAID/Bangladesh awarded a 4-year, \$46.5 million contract to Chemonics International, Inc. (contractor), to implement the Smiling Sun Franchise Program. The program intends to convert the existing NGO network into a viable franchise system that will make individual clinics increasingly self-sustaining over the life of the program. As of September 30, 2008, USAID/Bangladesh had obligated \$22.1 million and disbursed \$8.2 million for the health activities of the franchise

program. Of the \$8.2 million disbursed, \$6.3 million was in grants awarded to 29 NGOs to provide maternal, child, and reproductive health care services.

The audit concluded that the program had generally achieved planned results by the end of its first year of implementation. For the nine performance indicators selected for review, actual results reached 82 percent to 128 percent of targeted performance levels, with 100 percent or greater accomplishment of five performance indicators. For example, the program had a target of 2,169 deliveries with a skilled birth attendant, and 2,470 such deliveries were achieved—easily exceeding the program’s first-year target. Also, by the end of the first year, the 319 clinics under the program had surpassed the program’s target of an average cost recovery of 25 percent—achieving an average cost recovery rate of 32 percent. On the other hand, the program’s first-year target for treating child diarrhea was 2.07 million treatments, and only 1.70 million were accomplished. However, even though planned results had generally been achieved in the first year of the program, the mission lacked assurance that one of the program’s main objectives—eliminating program health clinics’ reliance on USAID funding—would be achieved by the fourth year of program implementation.

OIG recommended that USAID/Bangladesh require the contractor to develop a plan to maintain and expand a financially sustainable network of franchise clinics. A management decision has been reached on the recommendation.

*(Audit Report No. 5-388-10-003-P)*

**Audit of USAID/Rwanda’s HIV/AIDS Treatment Activities.** In May 2003, Congress enacted legislation to fight HIV/AIDS globally through the President’s Emergency Plan for AIDS Relief (PEPFAR).<sup>10</sup> PEPFAR was a commitment of \$15 billion over 5 years (2003–08) for the prevention, treatment, and care of individuals with HIV/AIDS. On July 30, 2008, additional legislation extended the program for 5 additional years, from 2009 through 2013.<sup>11</sup> The legislation also increased the U.S. financial commitment to \$48 billion to combat global HIV/AIDS, tuberculosis, and malaria, of which \$39 billion was set aside for HIV/AIDS programs.

HIV/AIDS treatment programs aim to dramatically decrease the number and severity of illnesses associated with HIV infection and to significantly improve the duration and quality of life of HIV-positive individuals. USAID/Rwanda’s support for the Government of Rwanda’s treatment activities—including procuring, storing, and distributing related commodities through the government’s system—are a critical part of the mission’s HIV/AIDS program. During FY 2008 the treatment program involved four major implementing partners (Family Health International, Elizabeth Glaser Pediatric AIDS Foundation, IntraHealth International Inc., and Partnership for Supply Chain Management) who received \$23.6 million under a variety of agreements.

The audit determined that significant numbers of patients were receiving treatment services at the hospitals and health centers visited. Nearly 4,700 people were treated at the 11 hospitals or clinics visited during the audit. However, because of problems with

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<sup>10</sup> United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (22 U.S.C. 7601).

<sup>11</sup> The Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (Public Law 110–293).

data quality encountered during the audit, USAID/Rwanda could not provide valid and reliable information on the total number of persons on HIV/AIDS program-supported antiretroviral therapy.

The audit also found that USAID/Rwanda had provided technical assistance to the Government of Rwanda to procure, store, and distribute treatment commodities. Although USAID/Rwanda did not have specific performance indicators for procuring, storing, and distributing treatment commodities, mission management contributed to the results reported for other treatment activities by supporting the Government of Rwanda in supplying the commodities necessary to accomplish those results. Without the commodities, treatment services could not have been provided.

To improve the quality of performance planning, reporting, and monitoring, the audit made nine recommendations. These included training the staff of treatment service outlets; improving the management of treatment commodities and laboratory equipment issued to treatment service outlets; developing a complete performance management plan; and requiring that mission staff perform and document adequate data quality assessments and site visits.

Management decisions were reached on all nine recommendations, and final action was taken upon two at the time of report issuance.

*(Audit Report No. 4-696-10-002-P)*

**Followup Audit of USAID/Guyana's Progress in Implementing the President's Emergency Plan for AIDS Relief.** In Guyana, the 5-year goals through FY 2008 were to prevent 14,000 HIV infections, provide palliative care and support services to 9,000 persons infected or affected by HIV/AIDS, and provide treatment to 1,800 HIV-infected people.

The audit found that USAID/Guyana's HIV/AIDS activities had partially achieved their goals for FY 2008. USAID/Guyana substantially met or exceeded its performance targets for the number of individuals who had received services for prevention of mother-to-child transmission (PMTCT) of HIV, orphans and vulnerable children served, and individuals provided with HIV-related palliative care. However, it was not clear whether goals had been achieved for voluntary counseling, testing services, or outreach programs because reported results for three of six goals tested were not supported with adequate documentation or were not always accurate.

In other findings, the audit also disclosed that three of the six planned targets in USAID/Guyana's 2008 operational plan were inconsistent with the aggregate subgrantee targets. USAID/Guyana needs to take additional steps to improve the quality of data from its recipients, subrecipients, and the Guyanese Ministry of Health. There were allegations of sexual misconduct between a member of a subgrantee's board of directors and minor children participating in a program for orphans and vulnerable children. Finally, although the mission has made progress in implementing a strategy to promote sustainability, USAID/Guyana could take additional steps, such as requiring implementing partners to provide cost-sharing contributions.

OIG recommended that USAID/Guyana develop and implement written procedures for its operational plans. The mission should require its contractors to monitor subgrantees

and confirm that results are accurate and supported by source documentation. Furthermore, the mission should provide training to the Ministry of Health and to its subgrantees to prepare accurate, well-documented results data. OIG also recommended that USAID/Guyana require its contractor to establish a standard code of conduct for all subgrantees involved in activities for orphans and vulnerable children and include provisions in its subgrant agreements for cost-share contributions.

USAID/Guyana concurred with five of the six recommendations and took final action in response to these five recommendations. A management decision was reached for the sixth.

*(Audit Report No. I-504-10-003-P)*

**Worldwide Audit of the PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV.** As part of a worldwide audit of USAID's procurement and distribution of HIV/AIDS commodities, OIG conducted audits at four selected missions: Ethiopia, Kenya, Nigeria, and Tanzania. The audits assessed whether the activities had met mandated targets and, specifically, whether USAID had procured, stored, and distributed commodities for the prevention of mother-to-child transmission of HIV.

At the four countries audited, USAID's efforts contributed toward meeting mandated targets, and the results have helped prevent the transmission of HIV from pregnant women to their children. However, the audit also found that USAID could not measure the impact of the PMTCT activities. Further, the activities faced many challenges—such as data quality deficiencies, incomplete performance management plans, lack of technical oversight, and failure to conduct thorough site visits.

For PMTCT commodities, the audit found that USAID had achieved its intended results during FY 2008. It had procured the desired commodities, and upon arrival incountry the commodities were inventoried, segregated, stored, and distributed to intended beneficiaries. However, OIG found commodity management problems in each of the four countries. Examples included shortages of commodities at some health centers, inaccurate and incomplete inventory records, and test kits mislabeled as antiretroviral medication. Despite these problems, PMTCT activities helped pregnant women gain access to test kits to determine their HIV status. If results were positive, the women could take antiretroviral prophylaxis medication to prevent the transmission of HIV to their unborn children. Without USAID-provided commodities, these services could not have been provided.

Recommendations were made in the individual audits to address the problem areas noted above. Therefore, this audit made no recommendations.

*(Audit Report No. 9-000-10-005-P)*

**Audit of USAID/Senegal's Implementation of the President's Malaria Initiative.** As part of its implementation of the President's Malaria Initiative (PMI), USAID/Senegal supports (1) distribution of insecticide-treated nets, especially to children under 5 years of age and pregnant women, (2) indoor residual spraying in three districts, and (3) training for case managers for improved malaria diagnosis and treatment.

To implement the initiative, the mission entered into cooperative agreements with Intrahealth (June 2006–September 2011) and Christian Children's Fund (July 2006–

September 2011) and participated in USAID/Washington's centrally funded mechanisms with the Academy for Educational Development and Research Triangle Institute. During FY 2008, USAID/Senegal obligated \$15.8 million and disbursed \$15.1 million.

In FY 2008, the PMI program exceeded its performance target for training and for purchasing insecticide-treated bed nets. The program did not meet its target for distributing and selling bed nets, mainly because the regions for the free net distribution were not selected until March and free distribution of bed nets had cannibalized sales to some degree. The mission reported that it had exceeded the target for spraying houses, but OIG could not verify this accomplishment because of deficiencies in program records.

PMI has had a positive effect overall, as measured by the decrease in the under-5 mortality rate from 121 per 1,000 live births in 2005 to 85 per 1,000 live births in 2008–09. Although other factors may have contributed to the decrease in mortality, the increase in net ownership and use and the high occurrence of malaria in Senegal prior to the beginning of PMI indicate that a significant amount of this reduction is probably due to malaria control interventions.

The audit found that, for the subsidized bed-net voucher system, financial accountability has been deficient and bed nets have been stored in unsanitary conditions. For the spraying activities, program records for the number of houses sprayed exhibited significant discrepancies. The implementing partner could not provide documentation to show that more than 11 percent of the houses had been sprayed in a judgmental sample of 10,320 houses selected for testing. Also, the partner did not adhere to USAID branding policies, as none of the three district warehouses or any of the items stored in them displayed the USAID logo. However, after the audit was completed, USAID/Senegal and the partner-trained staff and took action to mark USAID-financed commodities and equipment.

USAID/Senegal did not agree with all the recommendations but took actions to address the issues identified in the report.

*(Audit Report No. 7-685-10-005-P)*

**Audit of USAID/Angola's Procurement and Distribution of Commodities Under the President's Malaria Initiative.** Angola was one of the first three countries selected for assistance through PMI, with a goal of reducing malaria-related mortality by 50 percent by the end of 2010. The initiative intends to reach 85 percent coverage of the most vulnerable groups—children under age 5 and pregnant women—with proven preventive and therapeutic interventions, including artemisinin-based combination therapies, insecticide-treated nets, intermittent preventive treatment of pregnant women, and indoor residual spraying. To accomplish the goals, USAID/Angola, in consultation with the Angolan National Malaria Control Program and with participation of national and international partners, is working to facilitate the purchase and distribution of these commodities in Angola. USAID/Angola's FY 2008 funding for PMI totaled \$19 million, of which 51 percent was for the purchase of commodities, in grants to and cooperative agreements with implementing partners, who in turn provide services to the Angolan Ministry of Health. PMI started in Angola in 2005 and is expected to end in 2010.

The audit found that USAID/Angola's procurement and distribution of commodities are helping the program meet its goals. Commodities financed by USAID were reaching the intended beneficiaries, including those at some of the remotest health facilities in the country. These commodities included millions of malaria treatment drugs, hundreds of thousands of rapid test kits for diagnosing malaria, as well as hundreds of thousands of insecticide-treated mosquito nets, in FY 2008 alone. However, the audit also found that (1) the mission could not track its progress toward achieving the PMI goal of reducing malaria mortality, because of a delay in the release of the multi-indicator cluster survey by the Government of Angola, (2) a persistent diversion of PMI commodities—over \$650,000 lost since January 2008—has limited the mission's ability to manage the program properly, and (3) a potential overstatement of the incidence of malaria in Angola, caused by issues with diagnosis, may cloud the impact of the PMI program on Angola's malaria-related mortality rate.



U.S. Government-subsidized mosquito nets in a Quibala shop. (Photograph by OIG.)

The report included eight recommendations to strengthen USAID/Angola's procurement and distribution of commodities under PMI. Management decisions have been reached on all recommendations. Final action has been taken on two recommendations and is pending on the remaining six.

(Audit Report No. 4-654-10-001-P)

## Education

**Audit of USAID/Mali's Education Program.** Mali has some of the most pressing education needs in the world. Ministry of Education statistics show that only about 29 percent of adults in Mali (and only 21 percent of women) are literate, and more than a third of Mali's children, aged 7 to 12 (about 890,000), do not attend school at all.

USAID/Mali developed a strategy to expand access to basic education with an emphasis on reinforcing lifelong literacy. The strategy included (1) improving instruction to reinforce literacy and numeracy, (2) improving the Ministry of Education's capacity to implement decentralization, (3) improving coordination among school-, district-, and regional-level planning, and (4) improving access to basic education for targeted populations. During the period covered by this audit, FY 2008–09, USAID/Mali's education team engaged in closing out four programs that had been put in place under the 2003–12 country strategic plan. The team also worked to develop and initiate a new strategy for 2009–13, with programs capable of absorbing the mission's rapidly increasing education budget.

USAID/Mali entered into agreements with three main implementing partners: Education Development Center (\$4.9 million, February 2004 through July 2008, and \$29.9 million, August 2008 through July 2013); Academy for Educational Development (\$4.5 million, September 2004 through June 2009, and \$22.5 million, May 2009 through April 2014); and World Education Development (\$15.5 million, August 2003 through October 2008). During FY 2008 and 2009, \$27.2 million was obligated and \$11.8 million was disbursed for USAID/Mali's education program.

OIG could not determine whether USAID/Mali's education program was achieving its main goals because the auditors could not obtain sufficient evidence to support the results reported by the mission. The scope of the audit was limited because one implementing partner had violated record retention regulations by discarding or misplacing documentation needed to support its reported results, such as sign-in sheets for the number of administrators and officials trained; also, program records maintained by another implementing partner were flawed. In addition, an implementer had weak internal controls over the processes for maintaining accurate teacher training records and for paying teachers a per diem and transportation allowance. The teacher training portion of the program was vulnerable to fraud because accountants at the Ministry of Education were recreating lists for claim purposes that resulted in discrepancies between the number of training participants who had signed the attendance sheets and the number who had been paid a per diem and transportation allowance.

Beyond the issues of poor data quality and availability and insufficient monitoring and evaluation, the program was impaired by delays in implementation in FY 2009, weaknesses in the mission's performance management plan and data quality assessments, inconsistency in broadcasting radio programs, and noncompliance with branding and forward funding requirements.

OIG made 10 recommendations for USAID/Mali to strengthen its education program and address the problems described here. We recommended that the mission obtain adequate documentation from the Education Development Center for the \$20,500 in unsupported questioned costs related to per diem payments or issue a bill for collection. Also, the mission should follow up with Education Development Center regarding its internal review, determine whether additional amounts should be questioned, and request a bill for collection for those amounts. Final action has been taken on five recommendations and management decisions have been reached on two. Management decisions on the remaining three are pending.

*(Audit Report No. 7-688-10-004-P)*

## MANAGEMENT CAPABILITIES

### *Information Technology*

**Audit of USAID's Compliance With the Federal Information Security Management Act for FY 2009.** An audit was conducted to determine whether USAID had implemented selected minimum security controls for its information systems

as required by the Federal Information Security Management Act of 2002 (FISMA), Public Law 107-347.

The audit concluded that USAID had implemented selected minimum security controls for selected information systems, as required by FISMA. However, several improvements could be made to the Agency's information security program. To address these challenges, OIG made 16 recommendations. Management decisions were made on all recommendations. USAID's actions in response to these recommendations will be reviewed in the FISMA audit for FY 2010.

*(Audit Report No. A-000-10-001-P)*

**Audit of USAID's Compliance With Section 522 of the Consolidated Appropriations Act of 2005.** An audit was conducted to determine whether USAID had (1) accurately reported on its use of information in identifiable form along with its privacy and data protection policies and procedures and (2) developed and implemented comprehensive privacy and data protection procedures in support of section 522 of the Consolidated Appropriations Act of 2005.

With respect to the first objective, the audit concluded that USAID had not met all of the requirements for accurately reporting its use of information in identifiable form, along with its privacy and data protection policies and procedures.

With respect to the second objective, the audit concluded that USAID had not met all of the key elements of section 522 of the Consolidated Appropriations Act of 2005 for developing and implementing comprehensive privacy and data protection procedures.

OIG made 12 recommendations to help USAID improve its privacy program for its information technology systems. Management decisions have been reached on seven recommendations, and final action has occurred on five.

*(Audit Report No. A-000-10-002-P)*

## FINANCIAL MANAGEMENT

### *Management Accountability*

**Audit of USAID Financial Statements.** OIG issued an unqualified opinion on USAID's FY 2009 and 2008 financial statements and reported one material weakness and three significant deficiencies in internal controls.

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: process to reconcile loans receivables, accounting for accrued expenses, and reconciliation of intragovernmental transactions.



OIG recommended that USAID:

- Intensify its efforts to reconcile current monthly transactions with the Treasury Department and identify, track, and resolve legacy differences recorded in the suspense accounts and in other appropriation accounts.
- Develop and implement procedures to conduct a thorough reconciliation of the outstanding loan balances maintained in its accounting system with those maintained by its loan service provider, Midland, and those reported by the borrowers.
- Rectify the flaw in the financial accounting system script to ensure that payments made for amounts accrued are applied to the related contract or task order accruals before quarterly accruals are recorded against the original contract obligation in the accounting system.

Management decisions have been reached on all three recommendations.

*(Audit Report No. 0-000-10-001-C)*

**Audit of USAID's Process for Suspension and Debarment.** OIG conducted this audit to determine whether USAID's suspension and debarment process has protected the public interest by responding to contractor impropriety in accordance with Federal guidance. The audit found that USAID's process has not protected the public interest adequately.

USAID complied with Federal guidelines that proscribe conducting business with parties ineligible to receive a Federal award and took seven debarment actions and two suspension actions during the 5-year audited period. However, USAID's actions were not responsive enough to protect the public interest. Moreover, USAID did not comply with Federal guidelines that require agencies to provide notice of final debarment decisions and enter suspension and debarment information into the Federal database of excluded parties. Additionally, USAID poorly documented the actions it took.

Some procedures for screening contractors were conducted consistently, but the screening process did not always fully protect the public interest and did not support USAID's suspension and debarment process. USAID has not considered determinations of nonresponsibility for suspension or debarment and has not always documented contractor responsibility certifications. Additionally, USAID has not consistently conducted and documented reviews of the Federal database of excluded parties.

USAID's decision-making process for suspension and debarment actions is not effective. The organizational entities have too many responsibilities to devote enough attention to suspension and debarment. Moreover, the process relies on a single source to identify matters for consideration. These flaws and constraints reduce USAID's ability to protect the public interest and to support fundamental fairness to the Government and its contractors. Two primary areas need improvement: the supporting organizational structure and methods for identifying problems.

The report made 12 recommendations to help USAID strengthen the suspension and debarment process. Management decisions have been reached on all of them.

*(Audit Report No. 9-000-10-001-P)*

### **Audit of USAID's Internal Controls Over the Separate Maintenance**

**Allowance.** USAID may grant a separate maintenance allowance to an employee assigned to a foreign post when the employee is compelled to maintain any or all family members at a location other than at the foreign post. The allowance can be requested to assist in offsetting the additional expense incurred by an employee maintaining two households. From January 2005 through June 2009, the Agency granted allowances totaling approximately \$4.5 million.

The audit examined involuntary, voluntary, and transitional allowances. An involuntary allowance may be granted to an employee when dangerous, notably unhealthful, or other adverse living conditions warrant the exclusion of family members from the area. A voluntary allowance may be granted when an employee personally requests an allowance on the basis of special needs or hardship involving the employee or family members. A transitional allowance may be granted to an employee whose family members temporarily occupy commercial quarters following termination of an evacuation or in connection with an unaccompanied assignment.

OIG found that USAID had not adopted appropriate internal controls to prevent improper use of the allowance. Specifically, USAID's manual of policies and procedures governing the allowance was outdated. In addition, USAID provided employees with an outdated allowance form, and USAID officials approved outdated allowance applications without the required signature of the employee's spouse or domestic partner as well as applications without the required employee certification statements. The documentation used to authorize allowance payments varied widely among missions. Finally, USAID could not provide adequate documentation to verify that all allowance transactions had been properly authorized, and officials could not readily identify employees who had received allowance payments.

The report included 10 recommendations to strengthen USAID's internal controls over the allowance. Final action has been taken on one recommendation and management decisions have been reached for the rest.

*(Audit Report No. 9-000-10-003-P)*

**Investigation of Funds Used to Support Terrorism Leads to Guilty Plea.** OIG initiated an investigation on the basis of allegations that a U.S.-based NGO that received USAID funding had misused U.S. Government funds to support terrorism. USAID terminated its relationship with the NGO after it was identified by the U.S. Treasury Department as a "Specially Designated Global Terrorist Organization." The NGO implemented a water income-generating project and a child survival program in Mali.

The investigation resulted in the indictments of the NGO and several of its principal officers for money laundering, theft of public money, prohibited transactions with a Specially Designated Global Terrorist, conspiracy, and obstruction of justice.

One of the defendants pleaded guilty to one count of violating 18 U.S.C. 371 (conspiracy to commit offense or to defraud the United States) and conspiring to violate 50 U.S.C. 1701–1706, the International Emergency Economic Powers Act. A sentencing date is pending.

The case was investigated jointly by USAID/OIG, the Federal Bureau of Investigation, and the Internal Revenue Service.

**Investigation of Purchasing Irregularities Leads to \$1.5 Million Savings and \$275,000 Bill of Collection.** OIG initiated an investigation on the basis of allegations that a USAID contractor had purchased and used equipment and vehicles that did not meet the USAID-funded contract's source and origin requirements and had knowingly submitted false certificates to USAID stating that the requirements had been met. Source, origin, and nationality regulations are in place to ensure that the goods and services financed by USAID meet the requirements of the Foreign Assistance Act and benefit the U.S. economy as well as fulfilling the needs of the foreign assistance program.

The OIG investigation revealed that the contractor had knowingly purchased equipment and vehicles that did not comply with the contract's source and origin requirements. In addition, the contractor had falsely certified and billed the amounts to USAID.

As a result of the investigation, USAID withheld approximately \$1.5 million from the contractor for the noncompliant equipment and issued a bill for collection for approximately \$275,000.

**Investigation of Inflated Billings Leads to Felony Conviction, 2 Years of Probation, and \$5,000 Fine.** OIG initiated an investigation on the basis of allegations that a U.S. supplier had billed USAID at inflated costs for goods purchased under a USAID-funded commodity import program.

This investigation revealed that the U.S. supplier had deliberately delayed shipments of polypropylene and backdated shipping documents in multiple transactions valued at over \$1 million. Polypropylene is used in a wide variety of applications, including packaging, textiles, and stationery. The supplier had delayed the shipments to take advantage of falling prices for polypropylene without passing the savings on to the importer. The scheme increased the supplier's profit margin while causing USAID to finance an inflated transaction.

As previously reported, the U.S. supplier's sales representative was subsequently indicted on felony bank fraud charges and pleaded guilty to a felony. During this reporting period, the sales representative was sentenced to 2 years of probation and fined \$5,000.

**Investigation of Stolen Commodities Leads to Indictments.** OIG initiated an investigation on the basis of allegations regarding a USAID-funded Democracy, Conflict, and Humanitarian Assistance program. According to the allegations, 90 percent of donated commodities distributed under the USAID-funded program never reached the intended beneficiaries.

The investigation revealed that some of the recipient communities for the commodities (including food and building materials) were nonexistent, and supporting documentation for the distribution and receipt of the goods was falsified by members of the NGOs tasked with implementing the program. As a result, USAID was billed for food distribution that never reached the intended recipients and community stabilization projects that were never implemented or completed.

The investigation led to the arrest of three foreign nationals associated with the fraud; one of them was a former senior official for the NGO. The foreign nationals were accused of selling the food in local markets and keeping the profits. They were also

alleged to have used USAID-funded construction materials to build themselves multiple houses. The former senior NGO official and one other foreign national were arrested, and the third arrest is still outstanding.

The three individuals have been indicted on multiple counts, including (1) conspiracy to defraud the United States, (2) conspiracy to commit mail and wire fraud, (3) mail fraud, (4) wire fraud, (5) tampering with a witness, and (6) false claims.

**Investigation of Travel Fraud Leads to Termination of Employee and Savings of \$51,000.** OIG began an investigation on the basis of allegations that a USAID Foreign Service National (FSN) employee had used the position as a USAID travel assistant to obtain restricted and discounted business-class fares for USAID personnel and then defrauded the travelers.

The investigation revealed that the employee had received cash payments from USAID personnel for upgrades to business class on personal travel and then knowingly charged them the higher, full-fare economy rate. To cover the cash received for the upgrades, the employee then provided numerous travel authorizations to a locally contracted travel agency, with specific instructions to overcharge USAID more than \$35,000 for official travel expenses.

The USAID mission terminated the FSN employee for cause and withheld approximately \$51,000 from the individual's severance benefits.

**Investigation of Fraudulent Travel Documents Leads to 48 Months of Probation and \$16,400 Restitution.** A former USAID deputy controller pleaded guilty to and was convicted for theft of Government property in the U.S. District Court for the District of Columbia in October 2009.

In the plea hearing, the subject admitted to submitting three different fraudulent travel vouchers to USAID and falsely reporting \$16,400 in incurred lodging expenses. Each of the three travel vouchers was submitted using a phony lodging receipt that the subject had downloaded from an Internet template.

As part of the plea agreement, the subject voluntarily resigned from USAID and agreed not to seek employment with any other Federal agency in any capacity. The investigation resulted in 48 months of supervised probation and a full payment of restitution to USAID.

### *Expanding Accountability*

Corruption and lack of accountability are major impediments to development. These issues threaten to negate years of economic growth, especially in areas of the world subject to political instability and violence. OIG audits and investigations afford one method 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. Therefore, SAIs may be called upon to audit funds provided to host governments by USAID or other donors. OIG and USAID missions have now signed memorandums of understanding (MOUs) with 21 SAIs. During this reporting period, under OIG oversight, SAIs issued 5 audit reports and identified about \$1 million in questioned costs covering \$4.4 million audited, 5 internal control weaknesses, and 23 instances of noncompliance.

Before SAIs can conduct audits for USAID, they must have professional capability 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. The MOU states that OIG will provide technical advice and can perform quality-control reviews of SAI work.

**Training USAID Staff and Others.** OIG remains committed to preventing losses 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 provisions (cost principles) that define what types of costs are legitimate charges to support USAID programs. Although the full text of these cost principles is contained in voluminous sections of 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 the applicable section of the FAR or the applicable OMB circular. To increase awareness of—and compliance with—cost principles and to promote the highest audit standards, OIG presents training to overseas USAID staff, contractors, grantees, and others. This training provides both a general overview of U.S. Government cost principles and examples of actual instances that demonstrate concepts such as reasonableness, allocability, 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 cost principles and related training in 3 countries and trained about 300 individuals, including USAID staff, local accounting firms, and contractors.

**Fraud Awareness Training.** In the reporting period, OIG conducted fraud awareness training in 57 countries for 1,396 individuals. In March 2010, as part of our oversight strategy for Haiti, OIG's investigations and audit staff presented nine fraud awareness briefings in Haiti to prime implementers and their significant subpartners. The briefings addressed internal controls systems and factors to consider for minimizing opportunities for fraudulent acts. See appendix II for more details on fraud awareness training.

## *Accountability Over Contractors and Grantees*

USAID is required by FAR, the Single Audit Act,<sup>12</sup> 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 audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and thereby enhancing accountability over USAID contractors and grantees. Also, in accordance with provisions in USAID contracts and agreements, OIG reviews audit reports of foreign organizations receiving 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 \$186 million in costs.

**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," non-Federal 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.
- The reasons why the auditor's report on compliance for major programs is other than unqualified.

OIG provides oversight for the non-Federal auditors performing these audits and reviews to determine whether auditors prepared audit reports in accordance with OMB Circular A-133 reporting requirements. OIG also conducts quality-control reviews to determine whether the underlying audits complied with Circular A-133 audit requirements and generally accepted government auditing standards. In some instances, OIG contracts 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 Eastern European Democracy Act of 1989 (SEED Act).<sup>13</sup> USAID has established 11 Enterprise Funds, 10 of which invest in countries in Eastern Europe and Eurasia, while the 11th invests in South Africa. Enterprise Funds are subject to annual financial statement audits performed by private accounting firms and reviewed by OIG.

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<sup>12</sup> Single Audit Act of 1984, Public Law 98-502, as amended.

<sup>13</sup> Public Law 101-179.

During the current reporting period, OIG:

- Issued 23 desk review reports for 7 Agency-contracted audit reports and 16 A–133 single audit reports covering USAID funds of approximately \$845 million spent by U.S.-based grantees.
- Completed one quality control review covering over \$9 million in grantee expenditures.
- Issued one report completed by DCAA, covering approximately \$33 million spent by U.S.-based grantees.
- Identified over \$2 million in questioned costs.
- Issued 10 Enterprise Fund audits, covering over \$1 billion 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 and 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 program, audits are required for all foreign nonprofit organizations that spend \$300,000 or more per their fiscal year. 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 closeout audit of two cooperative agreements. The objectives of the cooperative agreements included reproductive health and perinatal HIV research. Some of the specific issues included in these objectives were antiretroviral therapy activities and wellness programs, operational research on reproductive health issues, and prevention of mother-to-child transmission. OIG recommended that USAID/Southern Africa recover, as appropriate, about \$1.35 million in questioned costs, covering about \$17.3 million audited, and correct six material internal control weaknesses and six instances of material noncompliance. The questioned costs were related to operational costs without supporting documentation. Management decisions are pending for 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 may be initiated by either USAID or OIG to provide additional audit coverage or address specific concerns regarding USAID’s contracts, grants, or other agreements.

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

During the reporting period, OIG reviewed and transmitted 146 audits of foreign-based organizations, covering over \$1 billion in expenditures and resulting in over \$16 million in questioned costs. OIG also completed 14 quality-control reviews to ensure that the audits were completed in accordance with appropriate audit standards.



## **SIGNIFICANT ACCOMPLISHMENTS**

### **USADF**

**Audit of the United States African Development Foundation's Financial Statements for the Fiscal Year That Ended September 30, 2009.** An audit of the United States African Development Foundation's financial statements for the fiscal year that ended September 30, 2009, was performed by a non-Federal 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 Report No. 0-ADF-10-002-C)*



# SIGNIFICANT ACCOMPLISHMENTS

## *IAF*

**Audit of the Inter-American Foundation's Financial Statements for the Fiscal Year That Ended September 30, 2009.** An audit of the Inter-American Foundation's financial statements for the fiscal year that ended September 30, 2009, was performed by a non-Federal audit firm under OIG oversight. 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.

*(Audit No. 0-IAF-10-003-C)*



**APPENDIX I**

**REPORTING REQUIREMENTS**  
**USAID, USADF, AND IAF**

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# FINANCIAL AUDIT REPORTS ISSUED USAID

October 1, 2009–March 31, 2010

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>PROGRAMS AND OPERATIONS</b>				
0-000-10-001-C	11/13/09	Audit of USAID's Financial Statements for Fiscal Years 2009 and 2008		
<b>FOREIGN-BASED ORGANIZATIONS</b>				
0-000-10-001-R	10/29/09	Audit of Save the Children UK under Multiple Agreements for Fiscal Year Ended March 31, 2007		
0-118-10-002-R	12/08/09	Audit of the New Eurasia Foundation, under USAID Award No. 118-A-00-07-00060-00 and Other Multiple Agreements, for Fiscal Year Ended December 31, 2008 (Revised)		
0-000-10-003-R	11/24/09	Audit of KNCV Tuberculosis Foundation under USAID Cooperative Agreement No. GHS-A-00-05-00019-00 for Fiscal Year Ended September 30, 2007	10 10	QC UN
0-000-10-004-R	03/22/10	Audit Report of Association of Volunteers in International Services of Rwanda, under USAID Cooperative Agreement No. GPO-A-00-05-00020-00, for Fiscal Year Ended September 30, 2008		
0-000-10-005-R	03/22/10	Audit of Association of Volunteers in International Services of Uganda, under USAID Agreement No. GPO-A-00-05-00020-00, for Fiscal Year Ended September 30, 2008		
0-000-10-006-R	03/22/10	Audit Report of Association of Volunteers in International Services of Kenya, under USAID Cooperative Agreement No. GPO-A-00-05-00020-00, for Fiscal Year Ended September 30, 2008	3	QC

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-10-007-R	03/22/10	Audit Report of Association of Volunteers in International Services of Italy, under USAID Cooperative Agreement No. GPO-A-00-05-00020-00, for Fiscal Year Ended September 30, 2008		
0-118-10-008-R	03/08/10	Audit Report of Moscow Public Science Foundation, under USAID Cooperative Agreement No. 118-A-00-02-00135-00, for Fiscal Year Ended December 31, 2008		
0-000-10-010-R	03/22/10	Audit Report of Center for Civic Initiatives (CCI), under USAID Grant Agreements No. 168-A-00-05-00105-00 for the Period of January 1, 2008 to August 17, 2008 and 168-A-00-08-00104-00 for the Period of August 17, 2008 to December 31, 2008		
0-118-10-011-R	01/25/10	Audit Report of Agency for Social Information, Under USAID Cooperative Agreement No. 118-A-07-00059-00 and Subcontract ASI-2006-1 within Cooperative Agreement No. 118-00-06-00074-00, for Fiscal Year Ended December 31, 2008		
0-000-10-012-R	01/28/10	Audit Report of "It's Your Choice" NGO, under USAID Grant Agreement No. 111-G-00-06-00064-00, for Fiscal Year Ended December 31, 2008		
0-118-10-013-R	12/23/09	Audit of Foundation for Independent Radio Broadcasting under USAID Cooperative Agreement No. 118-A-00-04-00075 and International Research and Exchange Board Contract No. IMPP-FY08-04 (within Cooperative Agreement 118-A-00-07-00058-00), for Fiscal Year Ended December 1, 2008		
0-118-10-014-R	01/06/10	Audit of Foundation for Information Policy Development, under USAID Agreement No. 118-A-00-04-00061, for Fiscal Year Ended December 31, 2008		
0-000-10-015-R	01/13/10	Audit Report of the Russian Microfinance Center, under Multiple Agreements, for Fiscal Year Ended December 31, 2008		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-118-10-016-R	12/18/09	Audit of RCO "GOLOS," under USAID Agreement No. 118-A-00-07-0028-00, for Fiscal Year Ended December 31, 2008		
0-118-10-017-R	01/22/10	Audit Report of Krasnodar Regional Nonprofit Organization "Southern Regional Resource Center," under Cooperative Agreement No. 118-A-00-04-00009-00 and Subgrant No. 1, Cooperative No. 118-00-07-00059-00 for Fiscal Year Ended December 31, 2008		
0-118-10-018-R	01/06/10	Audit of Inter-Regional Public Foundation "Siberian Civic Initiatives Support Center," Programs under USAID Cooperative Agreement No. 118-A-00-03-00127 and Subgrant Agreements No. 6 118-A-00-07-00059-00 and No. AMR 4/04-08/07, for Fiscal Year Ended December 31, 2008		
0-165-10-019-R	01/22/10	Audit Report of Foundation Open Society Institute Macedonia, under USAID Grant Agreement No. 165-G-00-02-00013-00, USAID Cooperative Agreement No. 165-A-00-04-00101-00, and Agreement from MDC-TI.Net, for Fiscal Year Ended December 31, 2008		
0-000-10-020-R	03/22/10	Audit Report of Concern Worldwide LTD. of Ireland (Concern Worldwide IRL), under USAID Multiple Grant Agreements for Fiscal Year Ended December 31, 2008		
0-118-10-021-R	02/24/10	Audit Report of The Institute for Urban Economics, under Multiple Agreements for Fiscal Year Ended December 31, 2008	6	QC
0-118-10-022-R	02/01/10	Audit Report of Center for Social and Labor Rights, under USAID Cooperative Agreement No. 118-A-00-04-00047, for Fiscal Year Ended December 31, 2008		
0-118-10-023-R	01/06/10	Audit of Center for Fiscal Policy, under USAID Agreement No. 118-A-00-03-00084, for Fiscal Year Ended December 31, 2008		

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-118-10-024-R	01/12/10	Audit of the Institute for the Economy in Transition, under USAID Agreement No. 118-A-00-00-00130-00, for Fiscal Year Ended December 31, 2008		
0-000-10-025-R	03/08/10	Audit Report of Vétérinaires Sans Frontières ASBL, under USAID Grant Agreement Nos. DFD-G-00-06-00054-00 and DFD-G-00-06-00057-00, for Fiscal Year Ended December 31, 2007	33 17	QC UN
0-118-10-026-R	01/14/10	Audit Report of Moscow Helsinki Group, under USAID Cooperative Agreement No. 118-A-00-02-00183 for Fiscal Year Ended December 31, 2008	2	QC
0-121-10-029-R	03/08/10	Audit Report of "Association of Ukrainian Cities and Communities," under USAID Cooperative Agreement No. 121-G-00-05-00712-00, for Fiscal Year Ended December 31, 2008	149	QC
0-000-10-029-R	03/18/10	Audit Report of Tearfund, under USAID Multiple Agreements, for Fiscal Year Ended March 31, 2008	22 21	QC UN
0-118-10-030-R	01/25/10	Audit Report of Fund for Sustainable Development, under USAID Cooperative Agreement No. 118-A-00-06-00060, for Fiscal Year Ended December 31, 2008	7 6	QC UN
0-000-10-031-R	01/26/10	Audit Report of KNCV Tuberculosis Foundation, under USAID Grant Agreement No. GHS-A-00-05-0019-00, for Fiscal Year Ended September 30, 2008	4 2	QC UN
I-511-10-001-R	10/06/09	Audit of the Fund Accountability Statement of the Project "Support to Arising Market of Forest Products" Cooperative Agreement No. 511-A-00-02-00206-00, Managed by the Amazonian Forest Development Center, for the Year Ended December 31, 2007		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-596-10-002-R	10/06/09	Audit of the Fund Accountability Statement of the Project No. 596-A-00-06-00099-00, for the Project for the Integration of Climate and Weather Indices into the Decision Making Process for Adaptation to Climate Change in Central America, Mexico, and the Dominican Republic, Managed by the Water Center for the Humid Tropics of Latin America and the Caribbean, for the Period From October 1, 2007 to September 30, 2008		
I-522-10-003-R	10/09/09	Audit of USAID Resource, Program No. 598-0023-00, Managed by Universidad Pedagógica Nacional Francisco Morazán Under Cooperative Agreement No. 522-A-00-06-00307-00, Program Center of Excellence for Teachers Training in Central American And Dominican Republic, for the Period From October 1, 2007 to September 30, 2008	370 370	QC UN
I-514-10-004-R	10/20/09	Audit of the Fund Accountability Statement of the Project Health Services for Displaced People and Other Vulnerable Groups Managed by the Association for Colombian Family Welfare, PROFAMILIA, Under the Cooperative Agreement 514-A-00-07-00300-00, for the Period November 21, 2006, December 31, 2007		
I-527-10-005-R	10/28/09	Financial Statement Close-Out Audit of Strategic Objective Agreement No. 527-0407, Managed by the National Institute of Natural Resources for the Period From January 1, 2008 to March 31, 2009	515 324	QC UN
I-526-10-006-R	10/30/09	Audit of Programs No. 526-A-00-01-00074-00, Civil Society and No. 526-A-00-01-00100-00, Health Decentralization and Community Participation, and 526-A-00-07-00052-00 Improving the Paraguayan Health Information System Managed by the Fundación Comunitaria Centro de Información y Recursos Para el Desarrollo for the Year Ended December 31, 2008	16 15	QC UN

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-526-10-007-R	11/05/09	Financial Statement Audit of USAID/Paraguay Project, Fortalecimiento Institucional del Centro Paraguayo de Estudios de Población (CEPEP), Cooperative Agreement No. 526-A-00-99-00008-00, Managed by CEPEP, for the Year Ended December 31, 2008		
I-526-10-008-R	11/09/09	Financial Audit of the Project No. 526-A-00-07-00050-00 Under Cooperative Agreement Good Governance and Political Competition Executed by Gestión Ambiental—GEAM, for the Period October 1, 2007 to December 31, 2008	13	QC
I-522-10-009-R	11/10/09	Audit of the Fund Accountability Statement of USAID/Honduras Resources, Under the EDUCATODOS Program, Under Grant Agreement No. 522-0436, Managed by the Secretariat of Education, for the Period January 1 to December 31, 2008	319 319	QC UN
I-527-10-010-R	11/20/09	Financial Audit of Cooperative Agreement No. EDG-A-00-02-00036-00, “Andean Center of Excellence for Teacher Training” Financed Through USAID, Managed by Universidad Peruana Cayetano Heredia, for the Period From October 1, 2007 to September 30, 2008		
I-532-10-011-R	12/10/09	Financial Audit of USAID Resources Managed by Joint Board of Teacher Education/University of the West Indies (JBTE/UWI) for the Caribbean Centre of Excellence for Teacher Training Project Under Cooperative Agreement 532-A-00-06-00076-00 for the Period October 1, 2006, to September 30, 2007	775 732	QC UN
I-519-10-012-R	12/11/09	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 Fundación Empresarial Para el Desarrollo Educativo (FEPADE), for the Year Ended December 31, 2008		

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-527-10-013-R	12/16/09	Audit of the Fund Accountability Statement of the Project Crecer (Growing) FFT-A-00-02-00023-00, Administered by Caritas Del Peru, Financed by the United States Agency for International Development (USAID), Mission in Peru, for the Period Ended December 31, 2008		
I-520-10-014-R	12/16/09	Financial Audit of the “Quality Assurance and Small Business Development” Program, USAID Cooperative Agreement No. 520-A-00-06-00105-00, Managed by Fundación de Apoyo a la Generación de Ingresos Locales (Fundación AGIL) for the Year Ending December 31, 2008		
I-512-10-015-R	01/13/10	Audit of the USAID Agreement No. 512-A-00-05-00025-00 “Programa de Energia Renovavel e Desenvolvimento—E & D” Managed by Instituto de Desenvolvimento de Energias Renovaveis for the Period From October 1, 2006 to November 30, 2008	1,311 1,311	QC UN
I-511-10-016-R	01/19/10	Independent Auditor’s Report 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, for the Period From January 1 to December 31, 2008		
I-511-10-017-R	01/20/10	Financial Audit of Integral Health Coordination Program; USAID Cooperative Agreement No. 511-A-00-05-00113-00, NGO Paraguas: Communitarian Health Project for the Year Ending on December 31, 2008	4 1	QC UN
I-538-10-018-R	01/22/10	Audit of USAID Resources Managed by the Caribbean Community Secretariat Under Regional Strategic Objectives Grant Agreement Numbers 538-009-01 and 538-010-01 for the Period January 1, 2008 to December 31, 2008		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-517-10-019-R	01/26/10	Financial Ending Audit of the Consolidation and Expansion of Opportunities for Citizen Participation and Political Culture, Project No. 517-A-00-03-00105-00, for the Period September 1, 2007 to June 30, 2008 and Permanent Program of Formation of Young People Leaders of the Political Parties of the Dominican Republic, Project No. 517-A-00-05-00111-00, Managed by Participación Ciudadana, for the Period September 1, 2007 to November 30, 2008		
I-511-10-020-R	01/28/10	Independent Closeout Auditor's Report for the Period January 1 to September 30, 2008; Rural Roads Project (CC.VV.) Strategic Objective for Alternative Development USAID Grant Agreement No. 511-0643	2,201	QC
I-511-10-021-R	02/11/10	Audit of the Fund Accountability Statement for the Rural Roads Project Strategic Objective USAID Grant Agreement No. 511-0660, Integral Development Program—ID, for the Year Ended December 31, 2008		
I-527-10-022-R	02/12/10	Financial Audit of Strategic Objective Agreement No. 527-0404, Managed by the Comisión Nacional Para el Desarrollo y Vida Sin Drogas (DEVIDA) for the Period From January 1 to December 31, 2008	151	QC UN
I-522-10-023-R	02/16/10	Close-out Audit of the Financial Statement of the USAID/Trade Investment and Competitiveness Program, Cooperative Agreement No. 522-A-00-05-00303-00, Managed by the Foundation for Investment and Development of Exports (FIDE), for the Period From January 1 to June 30, 2009		
I-598-10-024-R	02/16/10	Financial Audit of Multiple Projects Managed by the Inter-American Institute of Human Rights (IIHR), for the Year Ended December 31, 2008	4	QC

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-518-10-025-R	02/19/10	Audit of Fund Accountability Statement of Cooperative Agreement Nos. 518-A-00-07-00067-00, "Municipal Integrated Development Program - MIDP," and 518-A-00-06-00077-00, "Program to Combat Trafficking in Persons in Ecuador," Managed by the International Organization for Migration—IOM, for the Year Ended December 31, 2008		
I-522-10-026-R	02/19/10	Audit of the USAID Resources for the Program Strengthening the Democratic Process in Honduras; Cooperative Agreement No. 522-A-00-06-00302-00 Administered by the Federación de Organizaciones Para el Desarrollo de Honduras (FOPRIDEH) for the Period January 1 through December 31, 2008	24	QC
I-522-10-027-R	02/19/10	Audit of the Fund Accountability Statement for the "Expanding Access to Family Planning for Marginalized Rural Populations" Program, Cooperative Agreement No. 522-G-00-06-00304-00, Managed by the Asociación Hondureña de Planificación de Familia (ASHONPLAFA), for the Period From January 1 to December 31, 2008		
I-511-10-028-R	03/05/10	Financial Audits of Multiple Projects Implemented by Sustainable Technologies Promotion Center (STPC)		
I-520-10-029-R	03/05/10	Audit of the Fund Accountability Statement of the Program to Strengthen Entrepreneurial Competitiveness, Cooperative Agreement No. 520-A-00-06-00103-00, Managed by the Asociación Nacional del Café (ANACAFE), for the Period Ending December 31, 2008		
I-512-10-030-R	03/05/10	Revised Independent Audit of the Grant Agreement No. 512-A-00-03-00027-00 Managed by World Wild Life Fund Brazil (WWF Brazil) for the Period October 1, 2007, to September 30, 2008, Close Out Audit		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-511-10-031-R	03/08/10	Fund Accountability Statement Audit of the “Health Protection Association” (PROSALUD) Santa Cruz de la Sierra—Bolivia; Social Marketing - Cooperative Agreement No. 511-A-00-02-00295-00 and Partners for Development—Cooperative Agreement No. 511-A-00-02-00261-00; Independent Audit Report for the Year Ended December 31, 2008		
I-520-10-032-R	03/08/10	Audit of the Fund Accountability Statement of Cooperative Agreement 520-A-00-05-00084-00 “Sustainability Program,” Asociación Pro-Bienestar de la Familia de Guatemala (APROFAM) for the Year Ended December 31, 2008		
I-518-10-033-R	03/11/10	Audit of the Fund Accountability Statement of the Program for Strengthening Democracy in Ecuador, Cooperative Agreement 518-A-00-03-00054-00, Managed by Corporación Participación Ciudadana Ecuador for the Period From January 1 to December 31, 2008		
I-596-10-034-R	03/12/10	Close-out Audit of the Fund Accountability Statement of the USAID Cooperative Agreement No. 596-A-00-06-00071-00, Administered by the Secretariat for Economic Integration of Central America (SIECA), for the Period from January 1 to September 3, 2008		
I-596-10-035-R	03/15/10	Audit of the Fund Accountability Statement of the USAID Cooperative Agreement No. 596-A-00-06-00092-00, Administered by the Secretariat for Economic Integration of Central America (SIECA), for the Year Ended December 31, 2008		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-511-10-036-R	03/22/10	Audit of the Fund Accountability Statement of the Close-out Cooperative Agreement 511-A-00-02-00200-00 “Hydra Forest and Biodiversity Resources Managed for Sustainable Economic Development” and Cooperative Agreement 511-A-00-02-00206-00 “Support to Arising Market of Certified Forest Products” Administered by the Amazonian Forest Development Center (CADEFOR), for the Year Ended December 31, 2008		
I-520-10-037-R	03/29/10	Audit of the Fund Accountability Statement of USAID Resources “MYAP—Multiyear Assistance Program” Under PL-480 Title II, Cooperative Agreement No. FFP-A-00-07-00010-00, Managed by the Asociación SHARE de Guatemala, During the Period From October 1, 2007 to September 30, 2008		
I-532-10-038-R	03/30/10	Financial Audit of USAID Resources Managed by Joint Board of Teacher Education/University of the West Indies (JBTE/UWI) for the Caribbean Centre of Excellence for Teacher Training Project Under Cooperative Agreement 532-A-00-06-00076-00 for the Period October 1, 2007, to September 30, 2008	2,534 2,526	QC UN
I-522-10-039-R	03/30/10	Audit of the Fund Accountability Statement of the Audit 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 August 13, 2007, to December 31, 2008	33 30	QC UN

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
I-522-10-040-R	03/31/10	Audit of the Grant Agreement No. 522-0422, "Investing in People: Healthier and Better Educated People," Managed by the Unidad de Extensión de Cobertura y Financiamiento (UECF) Under the Honduran Secretariat of Health (SOH) for the Period From January 1, 2008, to December 31, 2008	4 4	QC UN
4-656-10-001-N	12/30/09	Agency Contracted Close-out Audit of USAID Resources Managed by Forum Empresarial Para O Meio Ambiente, under Cooperative Agreement No. 656-A-00-00065-00 for the period October 4, 2000 to September 30, 2005	374 374	QC UN
4-623-10-001-R	10/06/09	Recipient Contracted Audit of USAID Resources Managed by International Peace-Building Alliance under the Somalia Dialogue for Peace Program-Phase 2 Grant Agreement No. 623-G-00-06-00063-00 for the year ended December 31, 2008	422 394	QC UN
4-617-10-002-R	10/22/09	Recipient Contracted Audit of USAID Resources Managed by The AIDS Support Organization Uganda Limited (TASO), Cooperative Agreement No. 617-A-00-08-00008-00 for the year ended December 31, 2008		
4-674-10-003-R	10/22/09	Recipient Contracted Audit of USAID Resources Managed by Khulisa Management Services (Pty) Limited, under the Data Quality Assessment Contract No. 674-C-00-06-00014-00, Community Mitigating Against Trafficking Grant No. 674-G-00-07-00018-00 and Emergency Plan Collaborative Workgroup and Data Warehouse Co-operative Agreement No. 674-A-00-08-00010-00, for the period October 1, 2007 to December 31, 2008		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-673-10-004-R	10/22/09	Audit of USAID Resources Managed by ORT Namibia Trust under Cooperative Agreement Number 690-A-00-05-00150-00, Helping Young People & Their Families Overcome the Impact of HIV/AIDS in Namibia—Skills, Opportunities, Self-Reliance (SOS) Program for the Year Ended December 31, 2008	25	QC
4-674-10-005-R	10/29/09	Recipient Contracted Audit of USAID Resources Managed by The Foundation for Professional Development under Cooperative Agreement No. 674-A-00-08-0006-00 for the three months period ended December 31, 2007	7	QC
4-656-10-006-R	10/29/09	Recipient Contracted Audit of USAID Resources Managed by CTA-Confederacao das Associacoes Economicas de Mocambique under Cooperative Agreement No. 656-A-00-04-00050 for the year ended September 30, 2005	127 14	QC UN
4-656-10-007-R	10/29/09	Recipient Contracted Audit of USAID Resources Managed by Malaria Consortium under Cooperative Agreement No. 656-A-00-07-00027-00 for the period June 1, 2007– March 31, 2008		
4-617-10-008-R	11/24/09	Recipient Contracted Audit of USAID Resources Managed by Inter-Religious Council of Uganda, under Contract Nos. CRTA-06-10, 617-C-00-06-00292-00 and IRCU 06101BB for leadership management and sustainability program and expanding access to HIV/AIDS prevention care and treatment services for people living with HIV/AIDS and their families for the year ended December 31, 2008		
4-674-10-009-R	11/24/09	Recipient Contracted 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, 2008		

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-663-10-010-R	12/04/09	Recipient Contracted Audit of USAID Resources Managed by Southern Nations, Nationalities and Peoples Region Health Bureau under Improved Family Health Strategic Objective Grant Agreement (SOAG) No. 663-0080 and 663-014 for the period May 6, 2002 to July 7, 2007	26	QC
4-623-10-011-R	12/04/09	Audit of USAID Resources Managed by the Common Market for Eastern and Southern Africa (COMESA) under Strategic Grant Agreement (SOAG) Nos. 6231005.01-3-30001, 6231006.01-3-30002 and 62300010.02-60100-10 and Limited Scope Grant Agreement (LSGA) Nos. 623-1005.01-3-50079 and 623-LSGA0010.02-3-60078 for the year ended December 31, 2008	6	QC
4-621-10-012-R	01/04/10	Recipient Contracted Audit of USAID Resources Managed by Maasai Women Development Organization (MWEDO) under Grant Agreement No. 621-G-00-07-00005-00 and Cooperative Agreement No. 621-A-00-08-00010-00 for the year ended December 31, 2008	115	QC
4-000-10-013-R	01/05/10	Recipient Contracted Audit of USAID Resources Managed by The Genesis Trust under Cooperative Agreement No. GHH-A-00-07-00014-00 for the year ended December 31, 2008	104 94	QC UN
4-674-10-014-R	01/14/10	Recipient Contracted Audit of USAID Resources Managed by Wits Health Consortium under Cooperative Agreement No. 674-A-00-05-00003-00 and 674-A-00-05-00004-00 for the year ended December 31, 2006		
4-615-10-015-R	01/14/10	Recipient Contracted Audit of USAID Resources Managed by Mildmay International-Kenya under Cooperative Agreement No. 623-A-00-07-00014-00 for the period April 1, 2008 to March 31, 2009	64 39	QC UN

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
4-663-10-016-R	01/14/10	Close-out Audit of USAID Resources Managed by the Ministry of Federal Affairs, Peace Building Activities, under Limited Scope Grant Agreement No. 663-03-03 for the two year period ended July 7, 2008	97 80	QC UN
4-674-10-017-R	01/21/10	Recipient Contracted Audit of USAID Resources Managed by Olive Leaf Foundation 1989 under Cooperative Agreements Numbered GPO-A-00-05-00007-00 and GPO-A-00-05-00014-00, as well as Sub Agreement No. M5-G-002 for the year ended December 31, 2006		
4-617-10-018-R	02/19/10	Recipient Contracted Audit of USAID Resources Managed by Hospice Africa Uganda, under Cooperative Agreement No. 617-A-00-05-00010-00; Expanding Access and Scope of Palliative Care to People Living with HIV/AIDS and their Families for the year ended March 31, 2009		
4-615-10-019-R	03/01/10	Recipient Contracted Audit of USAID Resources Managed by Sustainable Healthcare Foundation (SHF), under Cooperative Agreement No. 623-A-00-07-00005-00 for Using Micro-Franchising to Improve Access to Life Saving Medicines, for the period June 1, 2007 to December 31, 2008	6 4	QC UN
4-674-10-020-R	03/03/10	Recipient Contracted Close-out Audit of USAID Resources Managed by Wits Health Consortium under Cooperative Agreement No. 674-A-00-05-00003-00 and 674-A-00-05-00004-00 for the period January 1, 2007 to September 30, 2007	1,352 506	QC UN
4-621-10-021-R	03/04/10	Recipient-Contracted Audit of USAID Resources Managed by Mildmay International Tanzania Program under Cooperative Agreement No. 621-A-00-07-00008-00 for the year ended March 31, 2009	94 50	QC UN

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-306-10-001-D	03/30/10	Financial Audit of the Afghanistan First Loss Reserve Fund, USAID/Afghanistan Cooperative Agreement No. 306-A-00-05-00512-00, Managed by the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), for the Period from February 4, 2005 to December 31, 2008	57	QC
5-386-10-001-R	10/20/09	Closeout Financial Audit of the Strengthening India's Micro Finance Institutions to Enhance Poor Women's Access to Appropriate Financial Services, Award No. 386-A-00-01-00218-00, Managed by Friends of Women's World Banking (FWWB), for the Period from April 1, 2002 to July 15, 2007	86	QC
5-492-10-002-R	10/30/09	Closeout Audit of the Project "Targeted Intervention in Economic Reform and Governance—Institutional Grant for Policy Development," USAID/Philippines Cooperative Agreement No. 492-A-00-04-00025-00 with De La Salle University, Inc. (DLSU), Managed by the Principal Partner Philippine Exporters Confederation, Inc. (PhilExport), for the Period from June 1, 2007 to November 30, 2008		
5-493-10-003-R	10/30/09	Financial Audit of USAID Funds Managed by the Asian Disaster Preparedness Center for the Period from January 1, 2007, to December 31, 2007		
5-386-10-004-R	11/10/09	Financial Audit of the Condom Social Marketing Project—Maharashtra, Project No. 386-A-00-07-00024-00, Managed by Hindustan Latex Family Planning Promotion Trust (HLFPPT), for the Period from April 1, 2007, to March 31, 2008	96 1	QC UN
5-492-10-005-R	11/24/09	Financial Audit of the Tuberculosis and Infectious Diseases Program, USAID/Philippines Cooperative Agreement No. 492-A-00-06-00032, Managed by the Philippine Business for Social Progress (PBSP), for the Period from October 1, 2007 to September 30, 2008	17 16	QC UN

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-386-10-006-R	11/24/09	Financial Audit of the Innovations in Family Planning Services—Uttarakhand, Project No. 386-0527, Managed by Uttarakhand Health & Family Welfare Society (UKHFWS), for the Period from April 1, 2007 to March 31, 2008		
5-493-10-007-R	11/25/09	Financial Audit of the Accelerating Economic Recovery in Asia (AERA) Program, Managed by Kenan Foundation Asia (Kenan), USAID Cooperative Agreement No. 442-A-00-99-00072-00, for the Year Ended September 30, 2008	57	QC
5-386-10-008-R	11/25/09	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, 2007, to March 31, 2008		
5-442-10-009-R	12/14/09	Financial Audit of the Project “Ensuring Comprehensive Services to Reduce HIV Transmission and Mitigate the Impacts of HIV/AIDS at the Community Level in Cambodia,” USAID Cooperative Agreement No. 442-A-00-06-00012-00, Managed by the Khmer HIV/AIDS NGO Alliance (KHANA), for the Year Ended December 31, 2008	101 101	QC UN
5-386-10-010-R	12/17/09	Financial Audit of the Enhance Karnataka Project, Project No. 386-A-00-06-00144, Managed by the University of Manitoba (UOM), for the Period from April 1, 2007 to March 31, 2008		
5-442-10-011-R	12/17/09	Financial Audit of USAID Resources Managed by the Reproductive and Child Health Alliance (RACHA) for the Year Ended December 31, 2008		
5-391-10-012-R	12/22/09	Financial Audit of USAID Funds Managed by Children’s Global Network Pakistan (G) Limited (formerly Children’s Resources International Pakistan (G) Limited), for the year ended June 30, 2008	362 320	QC UN

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-383-10-013-R	01/27/10	Closeout Financial Audit of the Water Sanitation and Waste Disposal Project, Project No. 386-G-00-05-0047-01, Managed by the Lanka Jathika Sarvodaya Shramadana Sangayama (Inc.) (LJSSS), for the Period from January 1 to December 31, 2005	4	QC
5-367-10-014-R	01/27/10	Closeout Financial Audit of the Rural Electrification Global Development Alliance of Nepal (REGDAN), Cooperative Agreement No. 367-A-00-05-00159-00, Managed by the Butwal Power Company Limited (BPC), for the Period from December 2, 2005 to December 1, 2007	4 4	QC UN
5-386-10-015-R	01/28/10	Financial Audit of the Financial Institutions Reform and Expansion (FIRE D-III) Project, USAID/India Grant Agreement No.386-A-00-03-00175-00, Managed by the National Institute of Urban Affairs (NIUA), for the Period from April 1, 2007, to March 31, 2008	18	QC
5-388-10-016-R	01/28/10	Financial Audit of the Project "Rural Empowerment Through Renewable Energy," USAID/Bangladesh Grant Agreement No. 388-G-00-05-00060-00, Managed by Grameen Shakti, for the Period from January 1, 2006 to December 31, 2006		
5-492-10-017-R	01/29/10	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, 2008	155	QC
5-492-10-018-R	02/05/10	Closeout Audit of the Project "Barangay Justice Service System," USAID/Philippines Grant Agreement No. 492-G-00-98-00044-00, Managed by the Gerry Roxas Foundation, Inc. (GRF), for the Period from January 1, 2007 to November 30, 2008		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-442-10-019-R	02/08/10	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 Years Ended December 31, 2008 and 2007	57 57	QC UN
5-391-10-020-R	02/10/10	Closeout Financial Audit of the Aga Khan University—Examination Board (AKU-EB), USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01003-00, for the Period from January 1, 2007 to December 31, 2007	63 63	QC UN
5-388-10-021-R	02/16/10	Financial Audit of the Project “Rural Empowerment Through Renewable Energy,” USAID/Bangladesh Grant Agreement No. 388-G-00-05-00060-00, Managed by Grameen Shakti, for the Period from January 1, 2007 to December 31, 2007		
5-386-10-022-R	02/19/10	Closeout Audit of the Energy Conservation and Commercialization (ECO) Program, USAID/India Project No. 386-0542, Managed by the ICICI Bank Ltd., for the Period from April 1, 2008 to March 31, 2009		
5-386-10-023-R	02/25/10	Financial Audit of USAID Resources Managed by Voluntary Health Services (VHS) for the Year Ended March 31, 2009	100 2	QC UN
5-493-10-024-R	02/25/10	Financial Audit of the Anti-Trafficking in Persons Pan-Asian Campaign, USAID RDM/Asia Cooperative Agreement No. 486-A-00-06-00015-00, Managed by the MTV Europe Foundation (MTV), for the Period from September 29, 2006 to December 31, 2007	4	QC
5-367-10-025-R	03/09/10	Financial Audit of the Program Enhancement of Emergency Response (PEER), USAID/Nepal Cooperative Agreement No. 367-A-00-03-00075-00, Managed by the National Society for Earthquake Technology-Nepal (NSET), for the Period from October 1, 2007 to September 30, 2008	15	QC

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-391-10-026-R	03/24/10	Closeout Financial Audit of the Program Entitled "Improved Pakistani Family Planning and Reproductive Health Services," USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period from July 1, 2007 to December 31, 2007		
5-442-10-027-R	03/30/10	Financial Audit of USAID Resources Managed by the Reproductive Health Association of Cambodia (RHAC), for the Year Ended December 31, 2008	26	QC
6-294-10-001-N	10/21/09	Audit of the Fund Accountability Statement of USAID Resources Managed by Parents Circle, Under Grant Number 294-G-00-05-00223-00, for the Period From September 2, 2005 to September 1, 2006	46 46	QC UN
6-263-10-001-R	10/07/09	Financial Audit of Special Expert Technical Assistance for Institutional Development Monitoring Unit, Agreement Number 263-0289.02, Implementation Letter Number 5, Implemented by the Ministry of Investment, for the Period From March 1, 2006 to November 30, 2007		
6-263-10-002-R	10/07/09	Closeout Financial Audit of USAID/Egypt Resources Managed and Expenditures Incurred by African Egyptian Human Rights Organization, Under "Win Your Rights" Program, Grant Agreement Number 263-G-00-07-00052-00, for the Period From June 10, 2007 to August 9, 2009		
6-263-10-003-R	11/10/09	Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population, Infectious Disease Surveillance and Response, Project Number 263-0287.03, Element Number 1, Infection Control Program, Implementation Letter Number 3, for the Period From January 1, 2007 to March 31, 2008		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-263-10-004-R	12/29/09	Financial Audit of Dialogue for Development Project, Implemented by Arab Media Forum for Environment and Development, Under USAID/Egypt Agreement Number 263-A-00-08-00080-00, for the Period From September 30, 2008 to August 31, 2009	4	QC
6-278-10-005-N	11/24/09	Financial Audit of the Government of Jordan's Dollar Separate Account Under USAID/Jordan's Sector Policy Reform Programs for the Period From March 23, 2004 to December 31, 2007		
6-263-10-005-R	01/27/10	Financial Audit of the Fund Accountability Statement of USAID Resources Managed by the Egyptian Foundation for Enterprise Development, Cooperative Agreement Number 263-A-00-03-00049-00, for the Period From January 1, 2008 Through December 31, 2008		
6-278-10-006-N	11/25/09	Financial Audit of the Government of Jordan's Local Currency Special Account Under USAID/Jordan's Sector Policy Reform Programs, for the Period From March 23, 2004 to December 31, 2007		
6-263-10-007-R	03/09/10	Closeout Financial Audit of USAID/Egypt Resources Managed and Expenditures Incurred by the National Population Council, Institutional Development Project, Project Number 263-287.07, Implementation Letter Number 3, for the Period From January 1, 2006 to December 10, 2009		
6-263-10-010-N	01/27/10	Closeout Financial Audit of the Fund Accountability Statement of USAID/Egypt Resources Managed by the Ministry of Health and Population, National Program for the Prevention and Control of Viral Hepatitis, Project Number 263-0287.03, Element Number 1, Implementation Letter Number 4, for the Period From October 1, 2008 to September 30, 2009		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-10-012-N	02/17/10	Audit of the Fund Accountability Statement of USAID Resources Managed by EcoPeace/Friends of the Earth Middle East, Under USAID Cooperative Agreement Number 294-A-00-07-00212-00, for the Period From September 28, 2007 to June 30, 2008	10	QC
6-263-10-015-N	03/15/10	Close-Out Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population, National AIDS Program, USAID/Egypt Project Number 263-0287.A11.AO47, Implementation Letter Number 1, for the Period From January 1, 2008 to September 30, 2009		
6-263-10-017-N	03/25/10	Close out Financial Audit of USAID Resources Managed and Expenditures Incurred by El Nakib Center for Training and Democracy Under "Monitoring EL Shura Election in 2007" Program, USAID/Egypt Grant Agreement Number 263-G-00-07-00020-00, for the Period From February 15, 2007 to December 14, 2007	2	QC
7-675-10-001-O	11/24/09	Agreed Upon Procedures Review of the Implementation of the Strategic Objective Implementation Letter (SOIL) No. 17 Dated June 26, 2006 Under USAID/Guinea's Education Strategic Objective, Concluded Between the Ministry of Pre-University and Civic Education (MEPU-EC) and USAID/Guinea	26 26	QC UN
7-620-10-001-R	11/12/09	Recipient Contracted Audit of USAID Resources Managed by Hope World Wide Nigeria under the Assistance and Care for Children orphaned and at Risk (ACCORD) Agreement No. 620-A-00-08-001111-00 for the Period January 1, 2008 through December 31, 2008	79 79	QC UN

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
7-685-10-002-N	12/31/09	Financial Audit of the USAID Resources Managed by “ENDA Groupes Recherche Action Formation” (ENDA GRAF) under the Improved Local Service Delivery and Sustainable Resource Use Program (No. 685-A-00-03-00083-00) in Senegal for the Period from April 2003 to April 2006	137 36	QC UN
7-685-10-002-R	11/12/09	Recipient Contracted Audit of USAID and Kreditanstalt Fuer Wiederaufbau (KfW) Resources Managed by the Agency for the Development of Social Marketing (ADEMAS) under Grant Agreement No. 685-A-00-03-00118-00 and the KfW Program Agreement No. 2002 65 033 for the period from January 1, 2008 through December 31, 2008		
7-620-10-003-R	12/23/09	Recipient Contracted Audit of USAID Resources Managed by Network on Ethics, Law/Human Rights, 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 October 15, 2007 through December 31, 2008	130 130	QC UN
7-669-10-004-R	01/13/10	Recipient Contracted Audit of USAID Resources Managed by Equip Liberia under the Rehabilitation in Healthcare for Re-settled and War Affected Populations Agreement No. 669-G-05-00065-00 for the period from November 1, 2005 through December 31, 2006	650 411	QC UN
7-669-10-005-R	01/13/10	Recipient Contracted Audit of USAID Resources Managed by Equip Liberia under the Rehabilitation in Healthcare for Re-settled and War Affected Populations Agreement No. 669-G-05-00065-00 for the period from January 1, 2007 through December 31, 2007	402 348	QC UN

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
7-669-10-006-R	01/13/10	Recipient Contracted Audit of USAID Resources managed by Equip Liberia under the Rehabilitation in Healthcare for Re-settled and War Affected Populations Agreement No. 669-G-05-00065-00 for the period from January 1, 2008 through December 31, 2008	388 295	QC UN
7-620-10-007-R	01/25/10	Recipient Contracted Audit of USAID Resources Managed by Christian Health Association of Nigeria under the Nigeria Indigenous Capacity Building Agreement No. 620-A-00-07-00180-00 for the period from October 1, 2007 through December 31, 2008	559 470	QC UN
7-620-10-008-R	02/02/10	Recipient Contracted Audit of USAID Resources Managed by the Young Women's Christian Association of Nigeria No. 620-A-00-07-00259-00 for the period from November 15, 2007 through December 31, 2008	27	QC
7-620-10-009-R	03/18/10	Recipient-Contracted Audit of USAID Resources Managed by Pro-Health International (PHI) of Nigeria under the HIV/AIDS Reduction Program in the Niger Delta in Nigeria (CA No. 620-A-00-08-00132-00) for the Period Beginning March 31, 2008 and Ending December 31, 2008	774 774	QC UN
7-624-10-010-R	03/18/10	Consolidated Audit of USAID and Other Donor Resources, Generated Resources, and Member States Resources Granted to the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) for the Period January 1, 2008 to December 31, 2008	440 440	QC UN
7-620-10-011-R	03/18/10	Recipient Contracted Audit of the Fund Accountability Statement for Society for Family Health 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 for the Period Beginning December 26, 2007 and Ending December 25, 2008	14 14	QC UN

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

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<b>Report Number</b>	<b>Date of Report</b>	<b>Report Title</b>	<b>Amount of Findings (\$000s)</b>	<b>Type of Findings</b>
E-267-10-002-D	11/09/09	Audit of Billed Amounts by Gulf Catering Company Under USAID Contract Number 267-C-00-05-00514-00 From October 1, 2005 Through October 31, 2008	315	QC
<b>LOCAL-CURRENCY TRUST FUND</b>				
5-492-10-001-N	11/24/09	Financial Audit of USAID/Philippines' Peso Trust Fund for Operating Expenses, for the Period from January 1, 2008 to December 31, 2008		
<b>U.S.-BASED CONTRACTORS</b>				
0-000-10-001-D	10/01/09	Abt Associates, Inc., Fiscal Year 2005 Incurred Cost Audit		
0-000-10-002-D	11/10/09	CDM Constructors, Inc., Evaluation of Cost Impact Proposal for Cost Accounting Practice Change		
0-000-10-003-D	12/29/09	Audit of Creative Associates International, Inc.'s Report on Application of Agreed Upon Procedures		
0-000-10-004-D	03/02/10	Report on Examination of Montgomery Watson Harza Energy and Infrastructure, Inc.'s Contractor Fiscal Year (CFY) 2001 Direct Costs Incurred under Contract Numbers 263-C-00-01-00007-00 and 263-C-00-99-00008-00		
5-306-10-002-N	02/25/10	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, 2007 to September 30, 2008	47	QC
6-294-10-004-N	11/23/09	Close-Out Examination Procedures Related to the Morganti Group Compliance With Terms and Conditions of Contract Number 294-C-00-05-00225-00, "Gaza Regional Water Carrier Program," for the Period From August 23, 2005 to August 22, 2006		

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

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-10-011-N	02/17/10	Audit of USAID Resources Managed by Development Alternatives, Inc. Under USAID Contract Number 294-M-00-05-00231-00, "Palestinian Enterprise Development" Program, for the Period From September 22, 2005 to September 21, 2006	1	QC
6-294-10-014-N	03/08/10	Audit of Costs Incurred and Billed to USAID by CARANA Corporation, Under Task Order Number AFP-I-01-03-00020-00, "Palestinian Agribusiness Partnership Activity," for the Period From April 1, 2006 to March 31, 2007	87	QC
7-608-10-001-N	12/23/09	Audit of the Local Costs Incurred by Chemonics under the Integrated Agriculture and Agribusiness Program No. 608-M-00-05-00043 in Morocco for the Period from February 10, 2005 through June 30, 2009	186 171	QC UN
<b>U.S.-BASED GRANTEES</b>				
0-000-10-001-E	11/20/09	Central Asian-American Enterprise Fund, Fiscal Years Ended September 30, 2008 and 2007		
0-000-10-001-T	11/09/09	Review of Audit Reports of International Food Policy Research Institute for Fiscal Years Ending December 31, 2008 and 2007		
0-000-10-002-E	12/10/09	Review of the Audit Report of the Western NIS Enterprise Fund for the Fiscal Years Ended September 30, 2008 and 2007		
0-000-10-002-T	11/12/09	Review of Audit Reports of the Eurasia Foundation for the Fiscal Years Ended September 30, 2007 and September 30, 2008		
0-000-10-003-E	12/08/09	Review of the Audit Report of Hungarian-American Enterprise Fund for Fiscal Years 2008 and 2007		
0-000-10-003-T	11/23/09	Review of Audit Report of Viet-Nam Assistance for the Handicapped for the Year Ended June 30, 2008		

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-10-004-E	12/10/09	Review of Audit Report of Albanian-American Enterprise Fund for Fiscal Years 2008 and 2007		
0-000-10-004-T	01/08/10	Review of Audit Report of Volunteers for Economic Growth Alliance for Fiscal Year 2008		
0-000-10-005-E	12/17/09	Review of Audit Report of Baltic-American Enterprise Fund for Fiscal Years 2008 and 2007		
0-000-10-005-T	02/26/10	Review of A-133 Audit Reports of Pathfinder International for Fiscal Years June 30, 2008 and June 30, 2007		
0-000-10-006-E	12/17/09	Polish-American Enterprise Fund (in Process of Liquidation) for Year Ended September 30, 2008		
0-000-10-006-T	02/19/10	Veterans for America, Inc., A-133 Audit Reports for Fiscal Years December 31, 2007 and 2008	19	QC
0-000-10-007-E	12/23/09	Review of Audit Report of Czech & Slovak American Enterprise Fund for Fiscal Years 2008 and 2007		
0-000-10-007-T	02/22/10	The Asia Foundation, A-133 Audit Reports for Fiscal Years (FY) Ending September 30, 2008 and 2007	75	QC
0-000-10-008-E	01/12/10	Audit Report of the U.S. Russia Investment Fund's Financial Statements for the Fiscal Years Ended September 30, 2008 and September 30, 2007		
0-000-10-008-T	02/24/10	Review of Audit Reports of ACDI/VOCA for the Years Ended December 31, 2006, 2007, and 2008		
0-000-10-009-E	01/28/10	Audit Report of the Bulgarian American Enterprise Fund for the Fiscal Year Ended September 30, 2008		
0-000-10-009-T	02/25/10	University Research Corporation International OMB Circular A-133 Audit Reports for Fiscal Years Ending June 30, 2008 and 2007		

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
0-000-10-010-E	01/12/10	Audit Report of Romanian-American Enterprise Fund's Consolidated Financial Statements for the Years Ended September 30, 2008 and 2007		
0-000-10-010-T	02/25/10	Review of Audit Reports of Nazarene Compassionate Ministries, Inc. for the Years Ended December 31, 2007, and December 31, 2008		
0-000-10-011-T	03/09/10	Review of the American Red Cross—National Sector, OMB Circular A-133 Audit Report for Fiscal Year Ending June 30, 2008		
0-000-10-012-T	03/17/10	CARE USA, A-133 Audit Report for Fiscal Year Ended June 30, 2008	851	QC
0-000-10-013-T	03/12/10	Opportunity International, Inc. A-133 Audit Reports for Fiscal Years Ending December 31, 2006, 2007 and 2008	15	QC
0-000-10-014-T	03/25/10	Conservation International Foundation A-133 Audit Reports for Fiscal Years Ended June 30, 2008, June 30, 2007, and June 30, 2006	106	QC
0-000-10-015-T	03/25/10	Conservation International Foundation and Affiliates FYE June 30, 2009		
0-000-10-016-T	03/26/10	Review of Audit Reports of the United States Pharmacopeial Convention for the Years Ended June 30, 2008, June 30, 2007, and June 30, 2006		
6-294-10-002-N	10/29/09	Close-Out Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by Save the Children Federation, Under Cooperative Agreement Number 294-A-00-01-00129-00, "Emergency Financial Services Program in the West Bank and Gaza," for the Period From October 1, 2002 to September 30, 2006		

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Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
6-294-10-003-N	10/29/09	Audit of the Fund Accountability Statement of USAID Resources Managed by Cooperative Housing Foundation, Under Cooperative Agreement Number 294-A-00-02-00201-00, "Palestinian Economic Opportunity Program for Loans and Economic Development," for the Period From October 1, 2004 to September 30, 2005		
6-263-10-006-R	03/09/10	Audit of the Locally Incurred Costs of USAID/Egypt Resources Managed by Financial Service Volunteer Corps, Strengthen Egypt's Financial and Non-Financial Sectors Activity, Cooperative Agreement Number 263-A-00-07-00099-00, for the Period From September 30, 2007 to April 30, 2009		
6-294-10-007-N	12/29/09	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by Save the Children Federation, Under Cooperative Agreement Number 294-A-00-02-00233-00, Job Opportunities Through Development of Small Scale Basic Community Infrastructure, for the Period From October 1, 2005 to September 30, 2006		
6-294-10-008-N	12/29/09	Audit of the Fund Accountability Statement of USAID Resources Managed by Education Development Center, Under Cooperative Agreement Number 294-A-00-05-00241-00, Palestinian Youth Empowerment Program (RUWWAD), for the Period From October 1, 2007 to June 30, 2008		
6-294-10-009-N	12/29/09	Audit of the Fund Accountability Statement of USAID Resources Managed by International Orthodox Christian Charities, Under Cooperative Agreement Number 294-A-00-04-00219-00, "Palestinian Infrastructure for Needed Employment," for the Period From October 1, 2005 to September 30, 2006	15	QC

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<b>Report Number</b>	<b>Date of Report</b>	<b>Report Title</b>	<b>Amount of Findings (\$000s)</b>	<b>Type of Findings</b>
6-294-10-013-N	02/22/10	Audit of the Fund Accountability Statement of USAID Resources Managed by America-Mideast Education and Training Services, Under Cooperative Agreement Number 294-A-00-06-00209-00, "American Scholarship Fund Program," for the Period From September 29, 2006 to December 31, 2007		
6-263-10-016-N	03/23/10	Financial Audit of Locally Incurred Costs of American Institutes for Research, Under USAID Agreement Number 263-A-00-04-00005-00, for the Period From October 1, 2005 to September 30, 2007		
E-267-10-001-D	10/29/09	Audit of Direct Costs Incurred and Costs Billed by the International Foundation for Electoral Systems 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	1,118 868	QC UN

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

Appendix I—Table I

**FINANCIAL AUDIT REPORTS ISSUED**  
*USADF*

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>PROGRAMS AND OPERATIONS</b>				
0-ADF-10-002-C	11/13/09	Audit of the United States African Development Foundation's Financial Statements for Fiscal Years 2009 and 2008		

**FINANCIAL AUDIT REPORTS ISSUED**  
*IAF*

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>PROGRAMS AND OPERATIONS</b>				
0-IAF-10-003-C	11/13/09	Audit of the Inter-American Foundation's Financial Statements for Fiscal Years 2009 and 2008		

# PERFORMANCE AUDIT REPORTS ISSUED USAID

October 1, 2009–March 31, 2010

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>ECONOMY AND EFFICIENCY</b>				
I-520-10-001-P	10/30/09	Audit of USAID/Guatemala's Democracy and Governance Program	634 36	QC UN
I-521-10-002-P	12/09/09	Audit of USAID/Haiti's P.L. 480 Title II Programs		
I-504-10-003-P	12/29/09	Follow-Up Audit of USAID/Guyana's Progress in Implementing the President's Emergency Plan for AIDS Relief		
I-514-10-004-P	03/12/10	Audit of USAID/Colombia's Alternative Development Program		
I-517-10-005-P	03/16/10	Audit of USAID/Dominican Republic's Rural Economic Diversification Project		
4-654-10-001-P	12/21/09	Audit of USAID/Angola's Procurement and Distribution of Commodities Under the President's Malaria Initiative	643	QC
4-696-10-002-P	03/24/10	Audit of USAID/Rwanda's HIV/AIDS Treatment Activities		
4-663-10-003-P	03/30/10	Audit of USAID/Ethiopia's Agricultural Sector Productivity Activities		
4-623-10-004-P	03/30/10	Audit of USAID/East Africa's Conflict Mitigation Activities		
5-492-10-001-P	10/09/09	Audit of USAID/Philippines' Sustainable Health Improvements through Empowerment and Local Development Project		
5-306-10-002-P	11/10/09	Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program	2,078	QC
5-388-10-003-P	12/11/09	Audit of Selected USAID/Bangladesh Population and Health Activities		

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

Appendix I—Table 2

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
5-306-10-004-P	12/15/09	Audit of USAID/Afghanistan's Afghan Civilian Assistance Program		
5-391-10-005-P	01/28/10	Audit of USAID/Pakistan's Capacity Building Program for the Federally Administered Tribal Areas Development Program		
5-306-10-006-P	01/29/10	Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project		
5-306-10-007-P	03/31/10	Audit of USAID/Afghanistan's Human Resources and Logistical Support Program		
6-263-10-001-P	10/27/09	Audit of USAID/Egypt's Democracy and Governance Activities	8	QC
6-263-10-002-P	11/30/09	Audit of USAID/Egypt's Financial Services Project		
6-263-10-003-P	01/14/10	Audit of Internal Controls Over the Separate Maintenance Allowance at Selected Missions in the Middle East Bureau	7	QC
6-278-10-004-P	03/31/10	Audit of USAID/Jordan's Sustainable Achievement of Business Expansion and Quality Project		
7-660-10-001-P	10/08/09	Audit of USAID/Democratic Republic of Congo's Displaced Children and Orphans Fund Activities		
7-620-10-002-P	01/19/10	Audit of USAID/Nigeria's PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV	40 40 57	QC UN BU
7-685-10-003-P	02/11/10	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		
7-688-10-004-P	02/26/10	Audit of USAID/Mali's Education Program	21 21	QC UN
7-685-10-005-P	03/15/10	Audit of USAID/Senegal's Implementation of the President's Malaria Initiative		

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

Appendix I—Table 2

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
9-000-10-001-P	10/01/09	Audit of USAID's Process for Suspension and Debarment		
9-000-10-002-P	12/10/09	Audit of USAID/Cambodia's Counter Trafficking in Persons Project		
9-000-10-003-P	03/01/10	Audit of USAID's Internal Controls Over the Separate Maintenance Allowance		
9-000-10-004-P	03/09/10	Audit of USAID/Kosovo's Efforts to Mitigate Environmental Impact in Its Project Portfolio		
9-000-10-005-P	03/10/10	Worldwide Audit of the PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV		
A-000-10-001-P	11/17/09	Audit of USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2009		
A-000-10-002-P	12/31/09	Audit of USAID's Compliance with Section 522 of the Consolidated Appropriations Act of 2005		
E-267-10-001-P	03/31/10	Audit of USAID's Internally Displaced Persons Activities in Iraq	766	QC

**PERFORMANCE AUDIT REPORTS ISSUED  
USADF AND IAF**

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
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**NOTHING TO REPORT**

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

Appendix I—Table 2



# MISCELLANEOUS AUDIT REPORTS ISSUED USAID

October 1, 2009–March 31, 2010

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>QUALITY CONTROL REVIEWS (QCR)</b>				
0-000-10-001-Q	11/20/09	Quality Control Review of BDO Seidman's Audit of Christian Children's Fund for Fiscal Year Ended June 30, 2008		
I-527-10-001-Q	12/03/09	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audits Conducted by the Controller General of the Republic of Peru of USAID Funds		
I-527-10-002-Q	12/09/09	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audits Conducted by Portal Vega and Associates of USAID Funds		
4-656-10-001-Q	10/01/09	Quality Control Review of the Audit of Confederacao das Associacoes Economicas de Mocambique (CTA) under Cooperative Agreement No. 656-A-00-04-00050-00, for the year ended September 30, 2005		
4-674-10-002-Q	10/22/09	Quality Control Review of the Audit of Foundation for Professional Development under Cooperative Agreement No. 674-A-00-08-00006-00, for the three months period ended December 31, 2007		
4-674-10-003-Q	10/22/09	Quality Control Review of the Audit of Wits Health Consortium under Cooperative Agreement Nos. 674-A-00-05-00003-00 and 674-A-00-05-00004-00, for the year ended December 31, 2006		

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

Appendix I—Table 3

<b>Report Number</b>	<b>Date of Report</b>	<b>Report Title</b>	<b>Amount of Findings (\$000s)</b>	<b>Type of Findings</b>
4-656-10-004-Q	10/22/09	Quality Control Review of the Audit of Foundation for Community Development under Cooperative Agreement No. 656-A-00-04-00041-00, for the year ended September 30, 2006		
4-656-10-005-Q	10/22/09	Quality Control Review of the Audit of Foundation for Community Development under Cooperative Agreement No. 656-A-00-04-00041-00, for the year ended September 30, 2007		
4-656-10-006-Q	10/22/09	Quality Control Review of the Audit of Foundation for Community Development under Cooperative Agreement No. 656-A-00-04-00041-00, for the year ended September 30, 2008		
6-294-10-001-Q	02/22/10	Quality Control Review of PricewaterhouseCoopers Audit of the Fund Accountability Statement of USAID Resources Managed by America-Mideast Education and Training Services, Under Cooperative Agreement Number 294-A-00-06-00209-00, "American Scholarship Fund Program," for the Period From September 29, 2006 to December 31, 2007		
6-294-10-002-Q	02/24/10	Quality Control Review of Ernst and Young Close-out Audit of USAID Resources Managed by American Jewish Joint Distribution Committee, Under Grant Agreement Number 294-G-00-05-00222-00, "Child Rehabilitation Initiative for Safety and Hope," for the Period From September 2, 2006 to May 2, 2007		

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

Appendix I—Table 3

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
7-685-10-001-Q	12/30/09	Quality Control Review of BDO MBA of Dakar, Senegal, Regarding the Audit of USAID and the German Foundation Kreditanstalt Fuer Wiederaufbau (KFW) Resources Managed by the Agency for the Development of Social Marketing (ADEMAS) under Cooperative Agreement No. 685-A-00-03-00118-00 in Senegal for the Period from January 1, 2005 to December 31, 2007 and the KFW Program No. 1002 65 033 for the Period from January 2007 to December 31, 2007		
7-620-10-002-Q	01/15/10	Quality Control Review of the Audit of the Fund Accountability Statement for Society for Family Health (SFH) under the Integrated Reproductive Health (IRHIN) Project No. 620-A-00-05-00098-00 and the Comprehensive Integrated Approach to HIV/AIDS Prevention and Care (CIAHPAC) Project No. 620-A-00-05-00100-00 Conducted by Akintola Williams Deloitte of Abuja For the Period From June 8, 2005 to December 25, 2005 and PricewaterhouseCoopers of Lagos, Nigeria For the Period From December, 2005 to December 25, 2006	110	QC
7-620-10-003-Q	01/14/10	Quality Control Review of Akintola Williams Deloitte of Abuja, Nigeria, Regarding the Audit of the Fund Accountability Statement for Society for Family Health under the Integrated Reproductive Health (RHIN) Project No. 620-A-00-05-00098-00 and the Comprehensive Integrated Approach to HIV/AIDS Prevention and Care (CIAHPAC) Project No. 620-A-00-05-00100-00, in Nigeria for the Period From June 8, 2005 to December 25, 2005		

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

Appendix I—Table 3

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
7-685-10-004-Q	02/26/10	Quality Control Review of Cabinet Aziz Dieye Dakar, Senegal Regarding the Audit of USAID Resources Managed by the Agency for the Development of Social Marketing (ADEMAS) under the Decentralized Quality Health Services Program in Senegal (No. 685-0309-00) for the Period From September 3, 2003 to December 31, 2004		
<b>OTHER</b>				
I-517-10-001-S	01/15/10	Review of USAID/Dominican Republic's PEPFAR-Funded Activities and Commodities for the Prevention of Mother-To-Child Transmission of HIV		

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

Appendix I—Table 3

MISCELLANEOUS AUDIT REPORTS ISSUED  
*USADF AND IAF*

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
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**NOTHING TO REPORT**

**AFGHANISTAN, PAKISTAN, AND IRAQ  
AUDIT REPORTS ISSUED  
USAID**

October 1, 2009–March 31, 2010

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>AFGHANISTAN</b>				
5-306-10-001-D	03/30/10	Financial Audit of the Afghanistan First Loss Reserve Fund, USAID/ Afghanistan Cooperative Agreement No. 306-A-00-05-00512-00, Managed by the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), for the Period from February 4, 2005 to December 31, 2008	57	QC
5-306-10-002-N	02/25/10	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, 2007 to September 30, 2008	47	QC
5-306-10-002-P	11/10/09	Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program	2,078	QC
5-306-10-004-P	12/15/09	Audit of USAID/Afghanistan's Afghan Civilian Assistance Program		
5-306-10-006-P	01/29/10	Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project		
5-306-10-007-P	03/31/10	Audit of USAID/Afghanistan's Human Resources and Logistical Support Program		

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

Appendix I—Table 4

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>PAKISTAN</b>				
5-391-10-012-R	12/22/09	Financial Audit of USAID Funds Managed by Children’s Global Network Pakistan (G) Limited (formerly Children’s Resources International Pakistan (G) Limited), for the year ended June 30, 2008	362 320	QC UN
5-391-10-020-R	02/10/10	Closeout Financial Audit of the Aga Khan University–Examination Board (AKU-EB), USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01003-00, for the Period from January 1, 2007 to December 31, 2007	63 63	QC UN
5-391-10-026-R	03/24/10	Closeout Financial Audit of the Program Entitled “Improved Pakistani Family Planning and Reproductive Health Services”: USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period from July 1, 2007 to December 31, 2007		
5-391-10-005-P	01/28/10	Audit of USAID/Pakistan’s Capacity Building Program for the Federally Administered Tribal Areas Development Program		
<b>IRAQ</b>				
E-267-10-001-D	10/29/09	Audit of Direct Costs Incurred and Costs Billed by the International Foundation for Electoral Systems 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	1,118 868	QC UN

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

Appendix I—Table 4

<b>Report Number</b>	<b>Date of Report</b>	<b>Report Title</b>	<b>Amount of Findings (\$000s)</b>	<b>Type of Findings</b>
E-267-10-002-D	11/09/09	Audit of Billed Amounts by Gulf Catering Company Under USAID Contract Number 267-C-00-05-00514-00 From October 1, 2005 Through October 31, 2008	315	QC
E-267-10-001-P	03/31/10	Audit of USAID's Internally Displaced Persons Activities in Iraq	766	QC

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

Appendix I—Table 4



**UNSUPPORTED, QUESTIONED,  
OR DISALLOWED COSTS OF OVER \$10 MILLION  
OR OTHER SIGNIFICANT FINDINGS**

**USAID**

October 1, 2009–March 31, 2010

Report Number	Instrument	Report Title/Description	Questioned Costs
0-000-10-012-T	Grants and Cooperative Agreements	<p>CARE USA A-133 Audit Report for Fiscal Year Ended June 30, 2008. The audit was conducted by an independent public accountant, who expressed an unqualified opinion on the financial statements and the schedule of expenditures of Federal awards and a qualified opinion on compliance with requirements applicable to each major program. The accountant identified 73 findings pertaining to nine compliance requirements. Included in the audit findings were 48 instances of material noncompliance and 56 material weaknesses in internal control over compliance with requirements applicable to each major program. These findings were also reported in prior years and pertain to the following programs:</p> <ul style="list-style-type: none"> <li>• Global AIDS (Catalog of Federal Domestic Assistance (CFDA) No. 93.067)</li> <li>• USAID Foreign Assistance for Programs Overseas (CFDA No. 98.001)</li> <li>• Food for Peace Development Assistance Program (CFDA No. 98.007)</li> <li>• Food for Peace Emergency Program (CDFA No. 98.008)</li> </ul>	\$1.7 million

Appendix I—Table 5

UNSUPPORTED, QUESTIONED,  
OR DISALLOWED COSTS OF OVER \$10 MILLION  
OR OTHER SIGNIFICANT FINDINGS

*USADF AND IAF*

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Instrument</i>	<i>Report Title/Description</i>	<i>Questioned Costs</i>
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**NOTHING TO REPORT**

**AUDIT REPORTS OVER 6 MONTHS OLD  
WITH NO MANAGEMENT DECISION  
USAID**

October 1, 2009–March 31, 2010

Report Number	Auditee	Issue Date	Current Recommendation Status
9-000-08-001-P	Office of Security (SEC)	11/06/07	<p>Recommendation No. 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 collected would be used to conduct screening to ensure that USAID funds and USAID-funded activities are not purposefully or inadvertently 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 Fiscal Year 2010 State and Foreign Operations Appropriations bill prohibits the use of funds for implementation of PVS on a worldwide basis, but it also provides that funds appropriated under that act 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 Department of State and USAID have formed a working group to determine a way forward and possible approaches are being examined. USAID is continuing with development of the necessary technical components and expects to undertake a pilot implementation later in fiscal year 2010.</p>

**AUDIT REPORTS OVER 6 MONTHS OLD  
WITH NO MANAGEMENT DECISION  
USADF AND IAF**

October 1, 2009–March 31, 2010

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

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

**USAID**

October 1, 2009–March 31, 2010

<b>Report Number</b>	<b>Subject of Report</b>	<b>Issue Date</b>	<b>Rec. No.</b>	<b>Management Decision Date</b>	<b>Final Action Target Date</b>
A-000-08-009-P	Audit of USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2008	09/29/08	17	09/29/08	06/10
0-000-09-001-C	Audit of USAID's Financial Statements for Fiscal Years 2008 and 2007	11/14/08	1	11/14/08	09/10
I-511-09-004-P	Audit of Engender Health's Management of Activities Financed by USAID/Bolivia	01/15/09	2	01/15/09	09/10
			3	01/15/09	09/10
			5	01/15/09	09/10
			6	01/15/09	09/10
			7	04/27/09	09/10
			8	04/27/09	09/10
I-522-09-006-P	Audit of the USAID/Honduras Trade, Investment, and Competitiveness Program	02/26/09	1	05/18/09	04/10
			2	05/18/09	04/10
			3	05/18/09	12/10
			4	05/18/09	12/10
			5	05/18/09	04/10
			6	05/18/09	04/10
I-514-09-007-P	Audit of USAID/Colombia's Human Rights Program	03/06/09	1	03/06/09	09/10
			3	03/06/09	09/10
			4	03/06/09	06/10
			6	03/06/09	04/10
7-624-09-002-P	Audit of USAID/West Africa's Procurement and Distribution of Commodities in Côte d'Ivoire for the President's Emergency Plan for AIDS Relief	05/08/09	4	05/08/09	05/10
			9	05/08/09	05/10

Appendix I—Table 7

<b>Report Number</b>	<b>Subject of Report</b>	<b>Issue Date</b>	<b>Rec. No.</b>	<b>Management Decision Date</b>	<b>Final Action Target Date</b>
I-522-09-009-P	Audit of USAID/Honduras' Democracy and Governance Program	06/04/09	1	07/30/09	04/10
			2	07/30/09	04/10
			3	07/30/09	04/10
			4	06/04/09	04/10
			5	07/30/09	04/10
			7	06/04/09	04/10
			8	07/30/09	04/10
			9	07/30/09	04/10
			10	07/30/09	04/10
			9-663-09-008-P	Audit of USAID/Ethiopia's PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV	06/25/09
4	06/25/09	08/10			
9-000-09-009-P	Audit of USAID's Faith-Based and Community Initiatives	07/17/09	2	07/17/09	05/10
			3	07/17/09	05/10
			4	07/17/09	05/10
			5	07/17/09	04/10
			7	07/17/09	05/10
9-000-09-010-P	Audit of USAID's Implementation of the Millennium Challenge Corporation's Threshold Program	08/12/09	1	08/12/09	06/10
4-621-09-008-P	Audit of USAID/Tanzania's PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV	08/28/09	1	08/28/09	08/10
			2	08/28/09	08/10
			3	08/28/09	08/10
			4	08/28/09	08/10
			5	08/28/09	08/10
			6	08/28/09	08/10
			7	08/28/09	08/10
I-526-09-010-P	Audit of the Millennium Challenge Corporation Threshold Program Administered by USAID/Paraguay	09/02/09	1	09/02/09	08/10
			3	09/02/09	08/10
			4	09/02/09	08/10
			5	09/02/09	08/10
			7	09/02/09	06/10
			8	09/02/09	06/10

Appendix I—Table 7

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

*USADF*

October 1, 2009–March 31, 2010

<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	06/12/08	07/10
			18	06/12/08	07/10
7-ADF-08-007-P	African Development Foundation/Ghana Project Activities	09/17/08	1	09/17/08	07/10
			5	01/27/09	07/10
			7	09/17/08	07/10
			14	09/17/08	07/10
			17.1	09/26/08	07/10
			17.2	09/26/08	07/10
			17.3	09/26/08	07/10
17.4	09/26/08	07/10			

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

*IAF*

October 1, 2009–March 31, 2010

<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>
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**NOTHING TO REPORT**

Appendix I—Table 7

# REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS

## USAID

October 1, 2009–March 31, 2010

Reports	Number of Audit Reports	Questioned Costs (\$)	Unsupported Costs <sup>1</sup> (\$)
A. For which no management decision had been made as of September 30, 2009	48	231,984,783 <sup>2,3</sup>	219,070,809 <sup>2,3</sup>
B. Reports issued October 1, 2009–March 31, 2010	92	23,248,520 <sup>4</sup>	12,010,514 <sup>4</sup>
<i>Subtotal</i>	140	255,233,303	231,081,323
C. Reports with a management decision made October 1, 2009–March 31, 2010	86 <sup>5</sup>	241,913,518 <sup>6</sup>	222,235,854
<i>Value of recommendations disallowed by Agency officials</i>		204,989,094	195,040,804
<i>Value of recommendations allowed by Agency officials</i>		36,924,424	27,195,050
D. For which no management decision had been made as of March 31, 2010	56	13,319,785 <sup>7</sup>	8,845,469 <sup>7</sup>

<sup>1</sup> Unsupported costs are included in questioned costs, but they are provided as additional information, as required by the Inspector General Act, as amended 1988 (Public Law 100–504).

<sup>2</sup> The ending balances at September 30, 2009, for questioned costs totaling \$136,145,061 and for unsupported costs totaling \$123,144,732 were increased by \$95,839,722 and \$95,926,077, respectively, to reflect adjustments in recommendations from prior periods.

<sup>3</sup> Amounts include \$105,455,834 in questioned costs and \$100,993,791 in unsupported costs for audits performed for OIG by other Federal audit agencies.

<sup>4</sup> Amounts include \$1,489,897 in questioned costs and \$867,609 in unsupported costs for audits performed for OIG by other Federal audit agencies.

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

<sup>6</sup> Amounts include \$314,907 in questioned costs for audits performed for OIG by other Federal audit agencies.

<sup>7</sup> Amounts include \$1,118,016 in questioned costs and \$867,609 in unsupported costs for audits performed for OIG by other Federal audit agencies.

Appendix I—Table 8



REPORTS ISSUED WITH QUESTIONED  
AND UNSUPPORTED COSTS  
*USADF AND IAF*

October 1, 2009–March 31, 2010

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Questioned Costs</i>	<i>Unsupported Costs</i>
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**NOTHING TO REPORT**

**REPORTS ISSUED WITH RECOMMENDATIONS  
THAT FUNDS BE PUT TO BETTER USE  
USAID**

October 1, 2009–March 31, 2010

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Amount (\$)</i>
A. For which no management decision had been made as of September 30, 2009	0	0
B. Reports issued October 1, 2009–March 31, 2010	1	57,000
<i>Subtotal</i>	1	57,000
C. Reports with a management decision made October 1, 2009–March 31, 2010	0	0
<i>Value of recommendations agreed to by Agency officials</i>		0
<i>Value of recommendations not agreed to by Agency officials</i>		0
D. For which no management decision had been made as of March 31, 2010	1	57,000

**REPORTS ISSUED WITH RECOMMENDATIONS  
THAT FUNDS BE PUT TO BETTER USE  
USADF AND IAF**

October 1, 2009–March 31, 2010

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Amount (\$)</i>
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**NOTHING TO REPORT**

Appendix I—Table 9

**APPENDIX II**

**SUMMARY TABLES**

**USAID, USADF, AND IAF**

*List of Tables*

1. Summary of Audits Conducted and Results .....	103
2. Summary of Investigative Activities and Results .....	104
3. Fraud Awareness Briefings Conducted Worldwide.....	105



## SUMMARY OF AUDITS CONDUCTED AND RESULTS

As of March 31, 2010

<i>Type of Report</i>	<i>Number of Reports</i>	<i>Amount of Recommendations (\$)</i>
<b>Financial Audits</b>		
USAID (ARRA)*	0	0
USAID programs and operations	1	0
Foundations' programs and operations	2	0
U.S.-based contractors	9	321,230
U.S.-based grantees	25	2,199,875
Quality-control reviews	1	0
Foreign-based organizations	146	16,419,331
Quality-control reviews	14	109,953
Enterprise Funds	10	0
<b>Performance Audits</b>		
USAID economy and efficiency	33	4,255,131
Foundations' economy and efficiency	0	0
<b>Other</b>	2	0
<b>Total</b>	<b>243</b>	<b>23,305,520</b>

\* American Recovery and Reinvestment Act of 2009, Public Law III-5.

**SUMMARY OF INVESTIGATIVE ACTIVITIES  
AND RESULTS  
USAID**

As of March 31, 2010

<i>Workload</i>		<i>Civil</i>	
Cases opened	55	Civil referrals	2
Cases closed	64	Civil declinations	1
		Complaints	0
		Judgments / Recoveries	0
		Settlements	1
<i>Criminal</i>		<i>Administrative</i>	
Prosecutive referrals	8	Reprimands / Demotions	0
Prosecutive declinations	5	Personnel suspensions	0
Arrests	1	Resignations / Terminations	1
Indictments	6	Other administrative actions	0
Convictions	6	Recoveries	0
Sentencing	5	<i>Procurements</i>	
Fines	3	Suspensions / Debarments	0
Restitutions	2	Savings	1
		Recoveries	2
		Systemic changes	0

Judicial recoveries	\$1,489,272
Administrative recoveries	0
Savings	2,024,280
<b>Total investigative savings / recoveries</b>	<b>\$3,513,552</b>

Appendix II—Table 2

## FRAUD AWARENESS BRIEFINGS CONDUCTED WORLDWIDE

As of March 31, 2010

<i>Month</i>	<i>Location</i>	<i>Sessions</i>	<i>Attendees</i>	<i>Professional Affiliation</i>
<b>Oct.</b>	Baghdad, Iraq	1	15	USAID contractors
	Bangkok, Thailand	5	103	USAID contractors
	Beirut, Lebanon	2	37	USAID personnel
<b>Nov.</b>	Amman, Jordan	4	175	USAID personnel
	Baghdad, Iraq	3	94	USAID contractors
	Dhaka, Bangladesh	3	138	USAID personnel
	Dhaka, Bangladesh	1	49	USAID contractors
	Colombo, Sri Lanka	3	51	USAID personnel
	Kabul, Afghanistan	1	20	USAID contractors
	Washington, DC	1	16	USAID contractors
<b>Dec.</b>	Baghdad, Iraq	1	28	USAID personnel
	Kabul, Afghanistan	1	25	USAID contractors
<b>Jan.</b>	Baghdad, Iraq	1	36	USAID contractors
	Cairo, Egypt	1	5	USAID personnel
	New Delhi, India	4	142	USAID contractors
	Manila, Philippines	1	28	USAID contractors
<b>Feb.</b>	Baghdad, Iraq	4	94	USAID contractors
	Manila, Philippines	1	36	USAID personnel
	San Salvador, El Salvador	1	7	USAID contractors
<b>Mar.</b>	Kabul, Afghanistan	4	27	USAID contractors
	Santo Domingo, Dominican Republic	4	34	USAID contractors
	Managua, Nicaragua	1	11	USAID personnel
	Port-au-Prince, Haiti	9	225	USAID personnel
<b>Total</b>		<b>57</b>	<b>1,396</b>	

Appendix II—Table 3





SEMIANNUAL REPORT TO THE CONGRESS

*Millennium Challenge Corporation (MCC)*



# MILLENNIUM CHALLENGE CORPORATION

## *Introduction*

Established in 2004 by the Millennium Challenge Act of 2003,<sup>14</sup> 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.” According to MCC officials, entry into force is the point at which a binding commitment is recognized and compact funds are obligated. Each compact country identifies an agency or entity that will manage the compact funds or accounts. Such organizations are usually called Millennium Challenge Accounts (MCA) and refer to the funds of the compact.

To help oversee the corporation's financial and performance accountability, OIG has used several mechanisms. Financial audits of U.S. taxpayer monies granted to compact countries are an important component of OIG's audit activities. During this reporting period, with the assistance of independent audit firms, OIG issued eight audit reports covering approximately \$105 million expended by compact countries. The audits identified questioned costs of about \$100,000. In addition, during this period, OIG completed a limited-scope review in Tanzania that identified approximately \$71,000 in questioned costs.

OIG carried out performance audits related to (1) the Access to Markets Program, which involved improving the performance of the Port of Cotonou in Benin, (2) the termination of the compact with Madagascar, and (3) MCC's policies and procedures to address U.S. Government anti-trafficking policy. OIG made 15 recommendations to improve MCC's operations in these areas.

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 2009 and 2008. The audit found that MCC's financial statements were presented fairly in all material respects and in conformity with generally accepted accounting principles for Federal reporting entities. However, the audit identified five significant deficiencies (one considered a material weakness) in the area of internal controls over financial reporting.

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<sup>14</sup> Public Law 108-199.



# SIGNIFICANT ACCOMPLISHMENTS

## MCC

### ECONOMIC GROWTH AND PROSPERITY

#### *Economic Security*

**Audit of MCC's Access to Markets Project in Benin.** The February 22, 2006, compact between the Millennium Challenge Corporation and the Government of Benin provided \$169 million for the Access to Markets Project. The project was designed to promote access to markets by improving the Port of Cotonou's performance, security, and capacity. The objective of the audit was to determine whether improvements to the port have resulted in better access to markets.

The audit found that it was too early to determine whether the project will increase the efficiency of the port's operations because the work has only recently started and is scheduled to be completed by the compact's end in October 2011. While the Access to Markets Program had a monitoring and evaluation plan in place to measure program results, MCC could not measure the gains in overall efficiency or the project activities' individual contributions to achieving these overall gains.

OIG identified problems with compact implementation. Certain projects that should contribute to increasing the efficiency of the port (1) will not likely be implemented, such as the dry port, dry bulk conveyor system, and seafood processing/inspection facility;



**MCC activities at the Port of Cotonou in Benin include extending the jetty (top left) and constructing of a new wharf to accommodate additional containerized merchant marine vessels. The left side of the U-shaped harbor will become the new South wharf. (Photograph courtesy of Port of Cotonou Web site.)**

(2) may not improve the port's efficiency, such as the computerization and streamlining of the customs operations of the port; and (3) may not be completed by the compact's end, such as the landside improvements, including the electricity and lighting systems, prevention and protection network, port security and video access, and access gates to the port.

The audit found additional problems. Radioactive materials were found at the port, but the environmental impact assessment did not identify this environmental risk so that mitigation measures could be implemented. Also, a procurement conducted by MCA-Benin included technical specifications requiring the contractor to purchase machine guns and patrol boats for patrolling the harbor, although such purchases are specifically prohibited by the compact. Finally, frequent changes of the general manager of the port could impair the continuity of operations as well as the sustainability of improvements funded by MCC.

The report contained five recommendations, of which final action was taken on one recommendation, management decisions were pending on two recommendations, and MCC disagreed with two recommendations.

*(Audit Report No. M-000-10-001-P)*

**Review of the Termination of the MCC's Compact With Madagascar.** On April 15, 2005, Madagascar became the first country to receive an MCC compact when the Millennium Challenge Corporation and the Republic of Madagascar signed a 4-year, \$110 million agreement. In March 2009, an undemocratic transfer of power occurred in Madagascar when members of the Malagasy military acted in support of an opposition party leader. In response, the U.S. Department of State determined in early April 2009 that the events had triggered a provision of U.S. law that prohibits the expenditure of funds appropriated by Congress to finance directly any assistance to the government of a country whose duly elected head of government has been deposed by military coup or decree. On May 19, 2009, the MCC Board of Directors made a decision to authorize the termination of the Madagascar compact. MCC determined that the compact would officially end August 31, 2009, and that all project wind-up activities, including disposition of project assets, would end December 3, 2009.

Although MCC had developed policies and procedures in a wind-up plan to facilitate a timely termination of its compact with Madagascar, the plan's guidance was incomplete. The review team found that MCC had not addressed the financial requirements for termination in its draft of the plan. In addition, the Government of Madagascar owed MCC more than \$3.8 million in value-added-tax (VAT) assessments, and the draft lacked a requirement for determining VAT liability for assets sold to former staff of the Millennium Challenge Account (MCA)-Madagascar and the public. Furthermore, MCC chose not to transfer its title of MCA-Madagascar's program assets and did not include any requirement in the draft that MCA-Madagascar must remove sensitive data from its information technology systems. MCC also did not fully follow the asset disposition and inventory procedures from the draft wind-up plan and did not require legal documents from NGOs that would receive its assets.

Finally, although the Agricultural Business Investment Project (ABIP) and Land Tenure Project yielded positive results in selected activities, these projects did not achieve all of their results because of implementation constraints and the political climate in Madagascar. Most of the farmers who had received technical assistance did not use the skills they had learned, and more than half of the land-tenure indicators for the third year of the compact were 13 percent or more below their targets. In addition, 25 percent of the ABIP NGOs and the only land-tenure NGO that will receive assets from MCA-Madagascar were newly established and had limited funding; these drawbacks may prevent the programs from furthering the compact objectives.



A local land-tenure office in the Vakinankaratra region of Madagascar. (Photograph by OIG.)

Of the eight recommendations made to MCC, two of the recommendations received a management decision. MCC agreed with three of the recommendations but did not provide sufficient information to reach management decision. Finally, MCC did not agree with the remaining three recommendations.

*(Review Report No. M-000-10-002-P)*

**Survey of MCC Policies and Procedures to Address U.S. Government Anti-Trafficking Policy.** USAID/OIG works to identify contracts with issues regarding human trafficking, in compliance the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008, Public Law 110-457. The statute directs selected inspectors general to investigate a sample of contracts and report the findings to Congress by January 15 of each year.

The objective of the survey was to determine whether MCC had policies and procedures in place to address U.S. policy against trafficking. The survey found that the MCC had instituted processes to identify, address, and guard against forced labor, child labor, and other forms of trafficking in persons. The survey also found that MCC contracts included clauses that would allow the contracts to be terminated if trafficking in persons occurred and addressed trafficking early in the compact development phase.

However, the survey also noted that MCC did not have a (1) formal policy or written procedures that defined how trafficking is addressed throughout compact development and over the life of compact implementation, (2) written policy that addressed how MCC will comply with the U.S. policy against trafficking, or (3) policy and written procedures in place related to anti-trafficking that address the special circumstances surrounding any country

that the Department of State rates as “Tier-2 Watch”<sup>15</sup> for 2 consecutive years. In addition, a review of nine road contracts, valued at a total of \$221.5 million, for five compact countries found that the contracts contained clauses related to trafficking.

The survey contained two recommendations for MCC, involving the need to develop a formal policy and written procedures on anti-trafficking and addressing plans for action when countries are designated as “Tier-2 Watch” for the first year and subsequent consecutive years. A management decision was reached on both recommendations.

*(Survey Report No. M-000-10-001-S)*

## MANAGEMENT CAPABILITIES

### *Financial Management*

**Audit of MCC’s Financial Statements, Internal Controls, and Compliance for the Periods Ending September 30, 2009, and 2008.** OIG contracted with an independent public accounting firm, Cotton & Company LLP, to conduct an audit of MCC’s financial statements, internal controls, and compliance with laws and regulations for the periods ending September 30, 2009, and September 30, 2008.

The audit reported that MCC’s financial statements are presented fairly in all material respects and in conformity with generally accepted U.S. Government accounting principles. The audit report disclosed the following matters concerning internal controls over financial reporting and compliance with laws and regulations:

- Five significant deficiencies, one of which is considered a material weakness, in the internal controls over financial reporting and its operation.
- No instances of material noncompliance with laws and regulations.

The five significant deficiencies in the internal controls over financial reporting and its operation are listed below:

- Control over mission activities and support (material weakness).
- Quality control over financial reporting.
- Controls over payroll processes.
- Proper reporting period.
- Fund balance with Treasury reconciliation.

In finalizing the report, OIG received and considered MCC’s response to the draft report. In its comments, MCC concurred with all of the recommendations. Therefore, management decision was reached on all five.

*(Audit Report No. M-000-10-001-C)*

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<sup>15</sup> This rating indicates that the government does not fully comply with the minimum standards but is making significant efforts to do so and that certain other conditions exist.



**Limited-Scope Review of Tanzania.** OIG performed this review, in part, to obtain reasonable assurance that (1) MCA-Tanzania was complying with MCC's "Policies and Procedures for Common Payment System," and (2) MCA-Tanzania's representations per its fund accountability statements were compliant with MCC's "Cost Principles for Government Affiliates Involved in MCC Compact Implementation," fiscal accountability plan, the compact, and any other applicable laws, regulations, and guidance.

Our review identified numerous instances of noncompliance with compact requirements. We identified findings and questioned costs related to (1) revenue excluded from the fund accountability statements, (2) unallocable building renovations of \$10,329, (3) unallowable advertising costs of \$8,942, (4) \$51,706 of currency loss based on noncompliance with the procurement guidelines, and (5) excess cash in safe and unreported cash balances. We recommended that MCC require MCA-Tanzania to provide a plan to correct the internal control deficiencies and recover any portion of the \$70,977 in questioned costs determined to be unallowable.

*(Audit Report No. M-000-10-002-S)*

## *Fund Accountability Statements*

**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. The OIG financial audit team also performs limited-scope audits of accountable entities, which are different from those performed by independent public auditors. In addition, the OIG financial audit team also reviews the quality of work performed by independent public auditors (quality-control reviews) and approve audit firms to ensure their eligibility to conduct audits of compact funds. This section also discusses the audit reports issued and the supporting work under the financial audit program.

Under the terms of MCC compacts, funds expended by a recipient country must be audited at least annually but are usually audited twice a year. The recipient establishes an MCA account 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 agreements 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.

*Armenia.* The MCA-Armenia audit covered incurred costs of nearly \$7 million for the period January 1–June 30, 2009. The \$235.7 million, 5-year compact focuses on reducing rural poverty through a sustainable increase in the economic performance of the agricultural sector.

The auditors reported that, except for unsupported questioned costs of \$22,786, the fund accountability statement presented fairly, in all material respects, program revenues

and costs incurred for the period audited. Of the unsupported costs, \$22,753 related to interim payments made to the contractor, SADE/SHMSH 23; the remaining \$33 related to unsupported transportation expenses.

The audit noted internal control material weaknesses concerning documentation of civil works under the Rehabilitation of Six Main Canals contract and payment terms under a contract for consulting services for supervision of construction works under the Irrigated Agriculture Project's Infrastructure Activity.

*(Audit Report No. M-000-010-007-N)*

*Benin.* The MCA-Benin audit covered incurred costs of nearly \$6.5 million for the period January 1–June 30, 2009. The 5-year compact for approximately \$307 million addresses improved physical and institutional infrastructure by focusing on access to land, financial services, justice, and markets.

The fund accountability statement presented fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit.

The auditors documented three internal control deficiencies and identified significant noncompliance with the fiscal accountability plan requirements related to travel advances.

*(Audit Report No. M-000-10-005-N)*

*Cape Verde.* The MCA-Cape Verde audit covered incurred costs of \$17.6 million for the period July 1–December 31, 2008. The 5-year compact for \$110 million supports watershed management, agriculture, infrastructure, and private-sector development.

The MCA-Cape Verde fund accountability statement presents fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit. In addition, no internal control or compliance problems were reported during this period.

However, prior audits had identified internal control deficiencies, which had existed in the prior periods and continue during the current period. Moreover, the prior audit had identified three areas of continuing noncompliance.

*(Audit Report No. M-000-10-003-N)*

*Ghana.* The MCA-Ghana audit covered incurred costs of nearly \$35.5 million for the period January 1–June 30, 2009. 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 the expansion of commercial agriculture among groups of small-holder 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 auditors reported that, except for questioned costs totaling \$50,711, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The questioned costs relate to ineligible costs of

\$25,912 for paid value-added taxes and unsupported costs of \$25,519 for outstanding travel advances to employees.

The independent auditors reported material weaknesses in internal control involving overstatement of expenditures and inadequate monitoring of employee travel advances. The auditors also reported a material instance of noncompliance—value-added taxes were paid.

OIG recommended that MCC make a management decision on the \$50,711 in questioned costs, recover any amounts determined to be unallowable, and request that MCA-Ghana submit a corrective action plan to correct the material weakness in internal control and the material instances of noncompliance.

*(Audit Report No. M-000-010-010-N)*

*Madagascar.* The MCA-Madagascar audit covered incurred costs of \$18.3 million for the period July 1–December 31, 2008. The 5-year, \$109.8 million compact is designed to improve the environment for private sector investment through legal and policy reform as well as development of financial infrastructure, increased land security, and expanded knowledge of market opportunities and requirements in rural areas. The compact also will develop a public-private partnership in the management of key public enterprises, to include representatives of the Malagasy Government and the beneficiaries in the decision-making body.

The MCA-Madagascar fund accountability statement presents fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit. In addition, no internal control or compliance problems were reported during this period.

*(Audit Report M-000-10-004-N)*

*Mali.* The MCA-Mali audit covered incurred costs of over \$11.6 million for the period January 1–June 30, 2009. The 5-year compact for approximately \$461 million aims to support policy reform and the development of key infrastructure for productive sectors by addressing Mali's constraints to growth and capitalizing on two of the country's major assets, the Bamako-Sénou International Airport, a gateway for regional and international trade, and the Niger River Delta for irrigated agriculture.

The fund accountability statement presented fairly, in all material respects, program revenues received and expenses incurred and reimbursed during the period under audit. The auditors identified no significant deficiencies in MCA-Mali's internal control, and testing disclosed no instances of noncompliance that were required to be reported under generally accepted government auditing standards.

*(Audit Report No. M-000-10-001-N)*

*Mongolia.* The MCA-Mongolia audit for the period October 22, 2007, to December 31, 2008, covered expenditures totaling nearly \$2.8 million. The \$284.9 million, 5-year compact is designed to advance Mongolia's economic growth and reduce poverty.

The independent auditors Dalaivan Audit LLC reported that, except for an ineligible questioned cost of \$2,545 and an unsupported questioned cost of \$23,963, the fund

accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period October 22, 2007, to December 31, 2008. The ineligible questioned cost pertains to expenses for fitness facilities, a swimming pool, and a gym hall not allowed in accordance with MCC's cost principles. The unsupported questioned cost pertains to expenses for travel and public outreach events for which MCA-Mongolia did not provide adequate supporting documentation and evidence documents for prior approval.

Dalaivan Audit LLC identified 4 reportable conditions in the internal control structure and 12 instances of noncompliance.

*(Audit Report No. M-000-10-002-N)*

*Vanuatu.* The MCA-Vanuatu audit covered \$5.7 million for the period January 1–June 30, 2009. The 5-year compact for \$65 million will strengthen transportation infrastructure and institutions. The auditors reported that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited.

The auditors found internal control deficiencies concerning discrepancies in employee claims for annual leave, outstanding bills for airfare, irregular fuel purchases, allowance overpayment, and loss of electronic files. The report noted compliance deficiencies concerning misappropriation of funds and incomplete vehicle logs.

*(Audit Report No. M-000-010-006-N)*

**Quality-Control Review—Tanzania.** OIG conducted a quality-control review of the audit firm that conducts the semiannual audits of the compact funds in Tanzania. The review found that the audit work was substandard, and the audit reports were put on hold until significant errors and omissions were rectified. The auditors were required to perform additional audit work in order to comply with the requirements of the *Guidelines for Audits Contracted by the Millennium Challenge Corporation's Accountable Entities* and generally accepted government auditing standards. Nine matters for comment were discussed and concurred upon, with the auditors performing additional audit work to increase the quality of the audit to an acceptable level and revising the firm's policies and procedures.

*(Quality-Control Review Report No. M-000-10-001-Q)*

**APPENDIX III**

**REPORTING REQUIREMENTS  
AND SUMMARY**

**MCC**

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# FINANCIAL AUDIT REPORTS ISSUED MCC

October 1, 2009–March 31, 2010

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>PROGRAMS AND OPERATIONS</b>				
M-000-10-001-C	11/16/09	Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Period Ending September 30, 2009 and 2008		
<b>MCA AUDITS AND REVIEWS</b>				
M-000-10-001-N	11/23/09	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mali (MCA-Mali), Under the Compact Agreement Between the MCC and the Government of Mali from January 1, 2009 to June 30, 2009		
M-000-10-002-N	11/23/09	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mongolia (MCA-Mongolia), Under the Compact Agreement Between the MCC and the Government of Mongolia from October 22, 2007 to December 31, 2008	27 24	QC UN
M-000-10-003-N	11/23/09	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Cape Verde (MCA-Cape Verde), Under the Compact Agreement Between the MCC and the Government of Cape Verde from July 1, 2008 to December 31, 2008		

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

Appendix III—Table I

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
M-000-10-004-N	11/25/09	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Madagascar (MCA-Madagascar), Under the Compact Agreement Between the MCC and the Government of Madagascar from July 1, 2008 to December 31, 2008		
M-000-10-005-N	01/21/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Benin (MCA-Benin), Under the Compact Agreement dated February 22, 2006 Between the MCC and the Government of Benin from January 1, 2009 to June 30, 2009		
M-000-10-006-N	03/01/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Vanuatu (MCA-Vanuatu), Under the Compact Agreement Between the MCC and the Government of Vanuatu from January 1, 2009 to June 30, 2009		
M-000-10-007-N	03/09/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Armenia (MCA-Armenia), Under the Compact Agreement Between the MCC and the Government of Armenia from January 1, 2009 to June 30, 2009	23 23	QC UN
M-000-10-010-N	03/31/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Development Authority-Ghana (MiDA), Under the Compact Agreement Between the MCC and the Government of Republic of Ghana from January 1, 2009 to June 30, 2009	51 26	QC UN

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

Appendix III—Table I



**PERFORMANCE AUDIT REPORTS ISSUED**  
**MCC**

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>ECONOMY AND EFFICIENCY</b>				
M-000-10-001-P	03/31/10	Audit of the Millennium Challenge Corporation's Access to Markets Project in Benin		
M-000-10-002-P	03/31/10	Review of the Termination of the Millennium Challenge Corporation Compact with Madagascar		

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

Appendix III—Table 2

# MISCELLANEOUS AUDIT REPORTS ISSUED MCC

October 1, 2009–March 31, 2010

Report Number	Date of Report	Report Title	Amount of Findings (\$000s)	Type of Findings
<b>QUALITY CONTROL REVIEWS (QCR)</b>				
M-000-10-001-Q	01/05/10	Quality Control Review (QCR) of INNOVEX Auditor’s audits of the MCC Resources Managed by Millennium Challenge Account-Tanzania (MCA-Tanzania), Under the Compact Agreement Between the MCC and the Government of the Tanzania from September 1, 2007 to December 31, 2008, and January 1, 2009 to June 30, 2009		
<b>OTHER</b>				
M-000-10-001-S	03/17/10	Survey of the Millennium Challenge Corporation’s Policies and Procedures to Address US Government Anti-Trafficking Policy		

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

Appendix III—Table 3

**LIMITED-SCOPE REVIEW REPORTS ISSUED**  
**MCC**

October 1, 2009–March 31, 2010

<i>Report Number</i>	<i>Date of Report</i>	<i>Report Title</i>	<i>Amount of Findings (\$000s)</i>	<i>Type of Findings</i>
<b>LIMITED-SCOPE REVIEW</b>				
M-000-10-002-S	03/30/10	Limited Scope Review of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Tanzania (MCA-Tanzania), Under the Compact Agreement Between the MCC and the Government of the Republic of Tanzania	71	QC

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

Appendix III—Table 4

# AUDIT REPORTS OVER 6 MONTHS OLD WITH NO MANAGEMENT DECISION

## MCC

As of March 31, 2010

Report Number	Auditee	Issue Date	Recommendation Status
M-000-09-003-P	Department of Policy and International Relations	04/29/09	<p>3: MCC does not concur with this recommendation. MCC's authorizing legislation provides a significant degree of flexibility to the Board regarding the selection of threshold-eligible countries by not requiring definitive standards and benchmarks. Although these specific measurements are not required, MCC agrees that certain elements should be consistently considered during an eligibility review. The Board's selections of threshold countries have resulted in a range of partner countries, some of which are further away from qualifying for compact eligibility than others. MCC currently recommends that the Board consider the following five factors when reviewing threshold program eligibility: the number of policy areas that need to be addressed, the type of policy reforms necessary, the degree of improvement needed, the government's commitment to positive trends on reform, and whether MCC's assistance will improve the country's policy performance. These factors were introduced in FY 2008 and are currently being used. Developing more definitive guidance or criteria would reduce the flexibility provided to the Board in the Millennium Challenge Act, and MCC does not believe that reducing this flexibility is either necessary or advisable.</p>
M-000-09-018-N	MCG-Georgia	06/24/09	No management decision reached
M-000-09-019-N	MCA-Mali	06/25/09	No management decision reached
M-000-09-020-N	MCA-Benin	07/20/09	No management decision reached
M-000-09-022-N	MCA-Nicaragua	08/26/09	No management decision reached
M-000-09-023-N	MiDA-Ghana	09/10/09	No management decision reached

Appendix III—Table 5

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

**MCC**

As of March 31, 2010

<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-000-09-018-N	Audit of the Millennium Challenge Corporation (MCC) Resources managed by Millennium Challenge Fund Georgia (MCG), Under the Compact Agreement between the MCC and the Government of Georgia from June 30, 2008 to December 31, 2008	06/24/09	1 2		

**REPORTS ISSUED WITH QUESTIONED  
AND UNSUPPORTED COSTS  
MCC**

October 1, 2009–March 31, 2010

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Questioned Costs (\$)</i>	<i>Unsupported Costs (\$)</i>
A. For which no management decision had been made as of October 1, 2009	8	1,554,190	1,306,141
B. Reports issued October 1, 2009–March 31, 2010	4	170,982	72,268
<i>Subtotal</i>	12	1,725,172	1,378,409
C. Reports with a management decision made October 1, 2009–March 31, 2010	4	248,749	20,975
<i>Value of recommendations disallowed by Agency officials</i>		162,884	20,975
<i>Value of recommendations allowed by Agency officials</i>		85,865	0
D. For which no management decision had been made as of March 31, 2010	8	1,476,423	1,357,434

Appendix III—Table 7

**REPORTS ISSUED WITH RECOMMENDATIONS  
THAT FUNDS BE PUT TO BETTER USE  
MCC**

October 1, 2009–March 31, 2010

<i>Reports</i>	<i>Number of Audit Reports</i>	<i>Amount (\$)</i>
A. For which no management decision had been made as of October 1, 2009	0	0
B. Reports issued October 1, 2009–March 31, 2010	0	0
<i>Subtotal</i>	0	0
C. Reports with a management decision made October 1, 2009–March 31, 2010	0	0
<i>Value of recommendations agreed to by Agency officials</i>		0
<i>Value of recommendations not agreed to by Agency officials</i>		0
D. For which no management decision had been made as of March 31, 2010	0	0

**SUMMARY OF AUDITS CONDUCTED  
AND RESULTS  
MCC**

As of March 31, 2010

<i>Type of Report</i>	<i>Number of Reports</i>	<i>Amount of Recommendations (\$)*</i>
<b>Financial Audits</b>		
MCA fund accountability statement audits	8	100,005
Limited-scope reviews	1	70,977
Quality-control reviews	1	0
Programs and operations	1	0
<b>Performance Audits</b>		
Economy and efficiency	2	0
Other	1	0
<b>Total</b>	<b>14</b>	<b>\$170,982</b>

\* Monetary recommendations include questioned costs.



## FRAUD AWARENESS BRIEFINGS CONDUCTED MCC

As of March 31, 2010

<i>Month</i>	<i>Location</i>	<i>Sessions</i>	<i>Attendees</i>	<i>Professional Affiliation</i>
<b>Oct.</b>	NA	NA	NA	NA
<b>Nov.</b>	NA	NA	NA	NA
<b>Dec.</b>	NA	NA	NA	NA
<b>Jan.</b>	NA	NA	NA	NA
<b>Feb.</b>	NA	NA	NA	NA
<b>Mar.</b>	San Salvador, El Salvador	1	23	MCC personnel
	Managua, Nicaragua	1	45	MCC personnel
<b>Total</b>		<b>2</b>	<b>68</b>	

Appendix III—Table 10



## ABBREVIATIONS

ARRA	American Recovery and Reinvestment Act of 2009
AOTR	agreement officer's technical representative
COTR	contracting officer's technical representative
DCAA	Defense Contract Audit Agency
FAR	Federal Acquisition Regulation
FISMA	Federal Information Security Management Act of 2002 (Public Law 107-347)
FSN	Foreign Service National
FY	fiscal year
GAO	Government Accountability Office
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
IAF	Inter-American Foundation
MCC	Millennium Challenge Corporation
MOU	memorandum of understanding
NGO	nongovernmental organization
OMB	Office of Management and Budget
PEPFAR	President's Emergency Plan for AIDS Relief
PMTCT	prevention of mother-to-child transmission (of HIV)
SAI	Supreme Audit Institution
USADF	United States African Development Foundation





**U.S. Agency for International Development**  
**Office of Inspector General**  
1300 Pennsylvania Avenue NW  
Room 6.6D  
Washington, DC 20523

**[www.usaid.gov/oig](http://www.usaid.gov/oig)**

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