



JAN 29 2010

Office of Inspector General

INFORMATION MEMORANDUM FOR THE ADMINISTRATOR

FROM: Donald A. Gambatesa /s/
Inspector General

SUBJECT: Oversight Framework for Haiti Earthquake Response, Recovery, and Rebuilding Efforts

The U.S. Agency for International Development (USAID) has committed significant resources to address the January 12, 2010, earthquake in Haiti and its subsequent aftershocks. The brave and timely efforts of Agency personnel and implementing partners on the ground have saved lives and laid the foundations for Haiti's recovery and reconstruction. It is the Office of Inspector General's (OIG) responsibility to work with USAID to make sure that Agency resources are used for the greatest good and that exposure to fraud, waste, and abuse is minimized. Attached is a framework for the types of oversight activities we would execute in support of USAID's efforts in Haiti should the Congress appropriate significant funding to USAID for reconstruction.

OIG has successfully employed a similar oversight approach for relief efforts following past catastrophes, such as Hurricane Mitch in 1998, the 2004 Asian tsunami, and the 2005 earthquake in Pakistan. As the Agency's Haiti relief plans and activities take further shape in the coming weeks and months, we will refine our oversight approach and develop a comprehensive oversight plan with information about the specific activities we expect to perform.

We will provide a copy of this oversight framework document, as well as the subsequent comprehensive oversight plan, to our congressional oversight committees to apprise them fully of our efforts.

As usual, we will be working cooperatively with USAID program staff to make the Agency's work in Haiti as effective as possible. If you would like additional information about our Haiti oversight framework, please contact me.

Attachment

cc: Ambassador Lewis Lucke, Coordinator for Disaster Response and Reconstruction in Haiti
Janet Ballantyne, Acting Deputy Assistant Administrator, LAC Bureau



USAID Office of Inspector General Framework for Haiti Relief Oversight

Introduction

Considering the massive destruction caused by the 7.0 magnitude earthquake in Haiti on January 12, 2010, we anticipate that the Congress will appropriate significant Federal funds to reconstruction efforts there. The Office of Inspector General (OIG) will work with USAID to help ensure that Agency resources in Haiti are used for the greatest good and are protected, to the maximum extent possible, from fraud, waste, and abuse. OIG plans an array of oversight activities in Haiti in support of those objectives. This document describes the general framework for planned Haiti oversight activities in the following areas:

- Outreach and education
- Financial audits
- Performance audits
- Investigative activities
- Coordination and staffing

Outreach and Education

Our top priorities are to prevent and deter fraud and corruption and to take proactive steps to maximize accountability for USAID resources. To that end, we plan a series of outreach and education activities. We have developed and printed customized OIG hotline posters to reinforce employee and contractor awareness of the process for reporting suspicions or allegations of fraud, waste, and abuse. The posters also provide a visual deterrent for such activity. We have also produced wallet-sized cards with the hotline information and brochures with information on common fraud and corruption schemes and tips on how to detect these schemes. These materials are available in English and French. We plan to distribute these resources to USAID personnel, grantees, contractors, subcontractors, and Haitian Government personnel associated with relief and reconstruction efforts.

We will take additional steps in the coming weeks to increase awareness of the challenges that may arise in the recovery effort. First, we will publish a special report summarizing lessons learned from OIG humanitarian assistance oversight efforts over the past decade. We will make this report available to USAID and implementing partners to assist them in avoiding the types of difficulties that have arisen in past humanitarian assistance efforts. Second, when appropriate, OIG auditors and investigators will travel to Haiti to provide fraud awareness presentations to USAID personnel, partners, and contractors. These presentations will offer detailed information on how to prevent, detect, and report fraud. During the initial visit and regular followup visits, our personnel will develop close working relationships with key contracting personnel within the USAID mission as well as in partner organizations.

Financial Audits

Because we anticipate that the reconstruction program for Haiti may be subject to a high degree of risk of waste, fraud, and abuse, we will provide intensive, immediate oversight of those efforts through concurrent audits. Concurrent audits are conducted as program activities are being implemented, rather than after the activities are completed or about to be completed, so that problems can be identified and corrected early on. They also can serve as a deterrent and lessen the potential for fraud and abuse as program recipients learn that ongoing audits are being conducted regularly.

OIG plans to conduct quarterly financial audits of the costs incurred by contractors implementing programs in Haiti, using independent accounting firms under our supervision and oversight. OIG will approve financial audit scopes of work and programs, perform periodic onsite fieldwork monitoring, attend entrance and exit conferences, and review and approve draft and final reports before issuing them to USAID.

Performance Audits

OIG will conduct performance audits of Haiti reconstruction programs as soon as these programs are underway and at a point when we can evaluate their progress. These performance audits will generally assess whether program goals and activities are being achieved and whether goods and services are reaching intended beneficiaries. If we find that programs are operating efficiently and effectively, we will report that information. If we find problems or areas for improvement, we will report on those areas and make recommendations to address the issues. In determining which activities to prioritize for concurrent performance audits, we plan to consider previous experience with the contractor or grantee, the financial investment involved, the inherent risks associated with specific types of programs, and any compensating program procedures or controls that help mitigate risks.

Investigative Activities

We will perform risk assessments of USAID projects in Haiti to help guide our efforts to detect fraud and waste. We will work closely with the USAID mission in Haiti and with headquarters personnel to perform these assessments and identify high-risk projects. Our investigators will provide additional guidance to USAID personnel working on these projects to help them recognize fraud. We also will spot check ongoing projects for indicators of fraud or corruption in the purchasing or contracting processes. When appropriate, OIG will develop confidential informants to monitor and test for suspected illegal activity.

OIG will fully investigate all allegations of fraud, waste, and mismanagement that come to our attention and pursue criminal, civil, and administrative sanctions against those responsible for possible violations.

Coordination and Staffing

OIG has a long history of working cooperatively with other oversight and investigative entities. We plan to build on this legacy by planning and executing our audit work in coordination with other inspectors general that may have oversight responsibilities in Haiti. When appropriate, we will perform joint investigations and work closely with prosecutors to advance civil and criminal sanctions.

OIG's Regional Inspector General's office in San Salvador, El Salvador, will lead our Haiti oversight efforts with the support of personnel in Washington, DC. We are assessing the need to detail French-speaking auditors and investigators from other overseas offices to supplement our Haiti efforts.

As USAID's Haiti relief plans and activities take further shape in the coming weeks and months, we will refine our oversight approach and develop a comprehensive oversight plan with additional information about the specific activities we expect to perform.