



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID'S INTERNALLY DISPLACED PERSONS ACTIVITIES IN IRAQ

AUDIT REPORT NO. E-267-10-001-P
MARCH 31, 2010

BAGHDAD, IRAQ



Office of Inspector General

March 31, 2010

MEMORANDUM

TO: Acting Director, USAID Office of Foreign Disaster and Assistance, Carol Chan

FROM: Director, Office of Inspector General/Iraq, Lloyd J. Miller /s/

SUBJECT: Audit of USAID's Internally Displaced Persons Activities in Iraq
(Report No. E-267-10-001-P)

This memorandum transmits our final report on the subject audit. We have carefully considered your comments on the draft report in finalizing the audit report and have included your response in appendix II of the report.

The report contains 12 recommendations for your corrective action. On the basis of your written comments, in which you described actions taken or initiated to address our concerns, we consider that both a management decision and final action have been taken on recommendation 7 and that management decisions have been reached on recommendations 1 and 6. Management comments were withheld on recommendations 2, 3, 4, and 5 because of an ongoing investigation and, therefore, no management decisions were reached on these recommendations. Finally, management disagreed with recommendations 8, 9, 10, 11, and 12, commenting that action had been completed. We differ with this assessment and conclude that the recommendations continue to require action. Consequently, no management decisions have been reached on recommendations 8, 9, 10, 11, and 12. Determination of final action will be made by the Audit Performance and Compliance Division upon completion of the planned corrective actions.

I want to express my sincere appreciation for the cooperation and courtesies extended to my staff during this audit.

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SUMMARY OF RESULTS

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 in Iraq to more than 2.8 million people by late 2007. To address their ongoing needs, USAID's Office of Foreign Disaster Assistance (OFDA) provided emergency assistance to these internally displaced persons and vulnerable populations. From 2004 to 2009, OFDA awarded 14 grants and cooperative agreements to 7 implementing partners¹ to help Iraq's internally displaced persons meet their basic needs. OFDA's awards to these seven organizations during fiscal years 2007 and 2008 totaled \$190 million (see page 3). Our audit reviewed 8 (of 14) awards implemented by 3 (of 7) 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. Their expenditures during this period totaled \$51 million (see pages 4–5).

OFDA's goals are to save lives, alleviate human suffering, and reduce the social and economic impact of humanitarian emergencies. In section 491 of the Foreign Assistance Act of 1961,² congressional policy states that "prompt United States assistance to alleviate human suffering caused by natural and manmade disasters is an important expression of the humanitarian concern and tradition of the people of the United States." Each of seven OFDA awards that the audit reviewed included goals such as providing humanitarian assistance, meeting immediate needs, improving lives, and minimizing suffering. To implement these goals, OFDA's awards included emergency activities that focused on immediate needs to provide safe drinking water, sanitation facilities, primary health care, income generation, protection and shelter, and emergency food and nonfood items (see page 4).

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. For example, International Medical Corps provided hygiene and kitchen-utensil sets in Kerbala; constructed two restrooms, reconstructed external fences, and repaired electrical and lighting systems at two schools in Baghdad; and drilled three wells and installed pumps and a water tank in Dwazda Hawar. International Relief and Development provided a vocational training course in plumbing in Kirkuk; provided nonfood kits for families in Kirkuk (including mattresses, blankets, soap, towels, mats, and jerry cans); and repaired leaks in water networks in Kirkuk. Mercy Corps constructed an annex for the Khaniqin Health Center in Diyala; renovated the Pibaz water system in Sulaymaniyah; and refurbished restrooms in 12 schools in Diyala (see page 6).

¹ The emergency activities were implemented by International Medical Corps, International Organization for Migration, Mercy Corps, International Relief and Development, Inc., Agency for Technical Cooperation and Development, and two U.N. agencies.

² See 22 U.S.C. 2292.

Although OFDA's partners had completed 66 of 73 activities reviewed (90 percent), several issues require 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. In one case, the support for beneficiary claims for an income-generating trash removal activity included different beneficiary signatures on vouchers for the same individuals on different days. Additional problems occurred with the distribution of nonfood kits. In one activity, the same five fingerprints were repeated 436 times to seem as if 436 different individuals had received services. This fingerprint evidence contradicted supporting documentation of photos that showed many individuals, including men, women, and older children, providing fingerprints to indicate they had received these kits. Two other activities also contained suspiciously similar fingerprints. Each of the suspicious activities was referred to OIG's Office of Investigations (see pages 7–9).
- 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. In one case, 262,482 individuals reportedly had benefited from the purchase of medical supplies meant to treat only 100 victims of a specific attack. In another case, 280,000 beneficiaries were reported for a \$14,246 activity to rehabilitate a morgue (see pages 9–11).
- Although lacking properly delegated authority, OFDA personnel extended five of seven awards beyond the existing award completion dates (see pages 12–14).
- Although OFDA agreed to implement the recommendations from our July 2007 OIG audit report on OFDA's Iraq activities, its actions were neither timely nor sufficient. Final action on one recommendation, to formally designate agreement officer's technical representatives to manage OFDA's awards, 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 regard to the second recommendation, which related to ensuring that performance data provided by implementing partners was supported by documentation, OFDA's actions did not sufficiently address the audit recommendation (see pages 14–15).

This audit report contains 12 recommendations to address the above issues. Specifically, OFDA needs to

- Establish and implement a plan to provide performance monitoring and oversight for its awards in Iraq (see page 8).
- Determine the allowability of \$766,490 in questioned costs (see page 9).
- Provide clear guidance on how to count beneficiaries (see page 11).

- Perform an immediate review of its portfolio of awards in Iraq and ensure that each award has a designated agreement officer's technical representative (see page 13).
- Ask the Director, Office of Acquisition and Assistance, to ratify \$10 million in unauthorized commitments (see page 14).

In response to our draft audit report and its 12 recommendations, OFDA indicated acceptance of 2 recommendations, did not respond to 4 recommendations, and disagreed with 6 recommendations. Specifically, OFDA

- Agreed to establish and implement a plan to provide performance monitoring and oversight for its awards in Iraq. The actions included standardized program reporting guidance, requirements for implementing partners to periodically report on the progress of program activities and performance, development of standard reporting indicators, development of a Web-based online database system to improve results data, and the development of third-party services to provide field monitoring and evaluation.
- Did not determine the allowability of \$766,490 in questioned costs from 4 recommendations due to an ongoing investigation.
- Agreed to provide clear guidance on how to count beneficiaries.
- Although disagreeing with the recommendation, nevertheless performed a review of its portfolio of awards in Iraq and ensured that each award had a designated agreement officer's technical representative.
- Disagreed to ask the Director, Office of Acquisition and Assistance, to ratify \$10 million in unauthorized commitments, from 5 recommendations. The basis for disagreeing with the recommendations was that a designated agreement officer technical representative had approved the no-cost extensions and that it was within the agreement officer technical representative'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 were officially designated in writing as the agreement officer technical representatives 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.

On the basis of the management comments, we consider that final action has occurred on one recommendation, management decisions have been reached on two additional recommendations, and management decisions have not been reached on nine recommendations (see pages 16-17).

Management comments are included in their entirety in appendix II.

BACKGROUND

Iraq's internally displaced people, as well as other vulnerable nationals, need humanitarian assistance urgently. The February 2006 bombing of the Al-Askari mosque in Samarra and the ensuing sectarian violence 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 in Iraq to more than 2.8 million people by late 2007. The nature and patterns of displacement and vulnerability in Iraq require significant responses, the most important being to provide immediate humanitarian assistance in response to recent displacement, deteriorating security, and lack of access to basic services.

According to the 2008 annual report of USAID's Office of Foreign Disaster Assistance, OFDA's goals are to save lives, alleviate human suffering, and reduce the social and economic impact of humanitarian emergencies. In section 491 of the Foreign Assistance Act of 1961,³ congressional policy states that "the Congress, recognizing that prompt United States assistance to alleviate human suffering caused by natural and manmade disasters is an important expression of the humanitarian concern and tradition of the people of the United States, affirms the willingness of the United States to provide assistance for the relief and rehabilitation of people and countries affected by such disasters." Consistent with this policy, each of seven OFDA awards that the audit reviewed included goals such as providing humanitarian assistance, meeting immediate needs, and improving lives and minimizing suffering. To implement these goals, these awards included emergency activities to provide safe drinking water, sanitation facilities, primary health care, income generation, protection and shelter, and emergency food and nonfood items.

OFDA is responsible for facilitating and coordinating U.S. Government emergency assistance overseas. In a report on foreign aid, OFDA characterized the Iraq conflict as a complex humanitarian emergency characterized by internal conflicts with large-scale displacement of people; fragile or failing political, economic, and social institutions; random and systematic violence against noncombatants; infrastructure collapse; widespread lawlessness; and interrupted food production and trade.⁴ To address the emergency assistance needs in Iraq, OFDA, through its agreement officer in Washington, DC, provided 14 grants and cooperative agreements with 7 implementing partners to help Iraq's internally displaced people meet their basic needs. As illustrated in table 1, OFDA's awards to these seven organizations during fiscal years 2007 and 2008 totaled \$190 million.

³ See 22 U.S.C. 2292.

⁴ USAID, *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity*, chapter 5, 2002.

Table 1. OFDA Implementers and Active Awards During FY 2007 and FY 2008

Implementer	Award Value (\$)
International Medical Corps 2 grants and 1 cooperative agreement (December 2004–August 2009)	43 million
International Organization for Migration 2 grants (March 2003–June 2009)	38 million
Mercy Corps 2 grants and 1 cooperative agreement (December 2004–June 2009)	38 million
International Relief and Development, Inc. 2 grants (January 2005–June 2009)	34 million
Agency for Technical Cooperation and Development 2 grants (June 2005–June 2009)	19 million
United Nations Children’s Fund 1 grant (June 2008–December 2009)	16 million
United Nations Office for the Coordination of Humanitarian Affairs 1 grant (September 2008–August 2009)	2 million
Total	190 million

Our audit focused on eight awards implemented by three implementing partners: 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. Their expenditures during this period totaled \$51 million.

AUDIT OBJECTIVE

As part of its fiscal year 2009 annual audit plan, the Office of Inspector General in Iraq conducted this audit to answer the following question:

- Are USAID’s Office of Foreign Disaster Assistance’s internally displaced persons and vulnerable population activities achieving their main goals to save lives, alleviate human suffering, and reduce the social and economic impact of humanitarian emergencies?

Appendix I contains a discussion of the audit’s scope and methodology.

AUDIT FINDINGS

For the activities reviewed, USAID's Office of Foreign Disaster Assistance's (OFDA) internally displaced persons and vulnerable population activities in Iraq achieved OFDA's goals to save lives, alleviate human suffering, and reduce the social and economic impact of humanitarian emergencies. Through its implementing partners, OFDA completed emergency activities including water and sanitation, income generation, commodity distribution, health care, and protection and shelter activities. Examples of completed activities included the following:

- International Medical Corps provided hygiene and kitchen-utensil sets in Kerbala; constructed two restrooms, reconstructed external fences, and repaired electrical and lighting systems at two schools in Baghdad; and drilled three wells and installed pumps and a water tank in Dwazda Hawar.
- International Relief and Development provided a vocational training course in plumbing in Kirkuk; provided nonfood kits for families in Kirkuk (including mattresses, blankets, soap, towels, mats, and jerry cans); and repaired leaks in water networks in Kirkuk.
- Mercy Corps constructed an annex for the Khaniqin Health Center in Diyala; renovated the Pibaz water system in Sulaymaniyah; and refurbished restrooms in 12 schools in Diyala.

Although OFDA's partners had completed 66 of 73 activities reviewed (90 percent), several issues require 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. For example, in one activity the same five fingerprints were repeated 436 times to seem as if 436 different individuals had received services. As a result, we questioned \$766,490 in costs incurred for these four activities.
- OFDA's implementing partners collectively reported 33.7 million beneficiaries as a result of their activities. This figure overstated the population of Iraq by 3 million individuals. In this case, 262,482 individuals reportedly had benefited from the purchase of medical supplies meant to treat only 100 victims of a specific attack. In another case, 280,000 beneficiaries had been reported for a \$14,246 activity to rehabilitate a morgue.
- 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 report⁵ on OFDA's Iraq activities, its actions were neither timely nor sufficient. Final action on one recommendation, to formally designate agreement officer's technical representatives (AOTRs) to manage OFDA's awards, began in July 2008—12 months after our report had been issued. Had OFDA taken action earlier, \$10 million in unauthorized commitments could have been prevented. In regard to the second recommendation, which related to ensuring that performance data provided by implementing partners was supported by documentation, OFDA's actions did not sufficiently address the audit recommendation.

The following narrative provides additional details on these findings and includes recommendations to strengthen OFDA's activities to improve the livelihood of internally displaced and vulnerable persons in Iraq.

OFDA Needs To Strengthen Monitoring of Its Partners' Performance

Summary. According to USAID's Automated Directives System, chapter 303.3.17, responsibilities for administering grants and cooperative agreements include reviewing and analyzing performance reports, performing site visits, or other appropriate means. However, OFDA officials did not review or analyze partner performance reports, nor did they carry out their oversight responsibilities to ensure that the reported number of beneficiaries was accurate. Instead, OFDA officials largely relied on their partners to ensure that the activities were undertaken diligently. Consequently, we found indications of possible fraud, which led us to question \$766,490 in costs incurred by OFDA's partners, as well as numerous documentation issues with the number of reported beneficiaries for 35 of 73 tested activities. The level of unsubstantiated claims, as well as the possible fraud, diminished the validity, credibility, and usefulness of the performance results identified in the reports.

USAID's Automated Directives System (ADS), chapter 303.3.17, addresses the administration of grants and cooperative agreements and advises that administration responsibilities may include reviewing and analyzing performance reports, performing site visits, and substantial involvement by USAID in a cooperative agreement. ADS 303.3.17(b) states that site visits are an important part of effective award management because they usually allow a more effective review of the project.

Despite the importance placed on reviewing and analyzing performance reports, OFDA officials did not formally review their partners' performance reports as part of their award administration responsibilities. Instead, when asked about OFDA's procedures to monitor implementing partners' efforts, more than one official commented that OFDA largely relied on the reputation of the partners to ensure that the prescribed activities had been undertaken diligently. Because the OFDA officials responsible for program monitoring are based in Washington, DC, their oversight was further weakened.

⁵ USAID/Office of Inspector General, "Audit of the Office of Foreign Disaster Assistance Program in Iraq," Audit Report No. E-267-07-006-P, July 11, 2007.

In addition, although OFDA had agreed to implement the recommendations from our July 2007 audit report on the office's Iraq activities, OFDA's actions were insufficient to ensure that performance data provided by implementing partners was supported by documentation (recommendation 2). Partners used their own discretion to determine who had benefited from their programs, and numerous documentation issues had occurred with the number of reported beneficiaries for 35 of 73 tested activities.

For example, the support for beneficiary claims reported by International Medical Corps for an income-generating trash removal activity⁶ included different beneficiary signatures on vouchers for the same individuals on different days. Because of the dubious validity of the signatures on the vouchers, we question the \$46,980 expended for the activities.

More problems occurred with the distribution of nonfood kits. Of five tested relief-commodity activities selected from Mercy Corps—which used fingerprints to document recipients—in one activity⁷ the same five fingerprints were repeated 436 times to seem as if 436 different individuals had received services. This fingerprint evidence contradicted the activity's supporting documentation, which consisted of photos showing many individuals, including men, women, and older children, providing fingerprints to indicate that they had received these kits. Consequently, we question the \$168,080 expended on the activity.

The other four Mercy Corps relief-commodities activities selected for testing included two activities, worth \$373,021⁸ and \$178,409,⁹ that also contained suspiciously similar fingerprints. Consequently, we also question the amounts spent on these two activities. Each of the suspicious activities has been referred to OIG's Office of Investigations.

In another case, Mercy Corps reported 120 beneficiaries for a cancelled vocational training activity in Erbil. A Mercy Corps official said the training was to take place in a training center being built by South Korea, but the center had not been finished during the period in which the training was to occur.

By not following up on partners' activities or verifying their reported numbers of beneficiaries, OFDA required little if any accountability for the partners' performance. The level of unsubstantiated claims diminished the validity, credibility, and usefulness of the performance results identified in the implementing partners' reports and indicate a high risk of fraud or other irregularities occurring in the partners' programs. To minimize this risk, OFDA needs to provide more oversight to its awards.

Recommendation 1. *We recommend that USAID's Office of Foreign Disaster Assistance establish and implement a plan for both OFDA and partner staff to provide performance monitoring and oversight for its awards in Iraq. Such a plan should include, among other actions, regular reviews of partner reports, compliance with award requirements, and random checks to ensure that implementing partners have support for claimed results.*

⁶ This activity occurred under implementation plan No. 11 of Award No. DFD-A-00-05-00030-00.

⁷ This activity occurred under project code DY/145 of Award No. DFD-G-00-05-00027-00.

⁸ This activity occurred under project code DY/161 of Award No. DFD-G-00-05-00027-00.

⁹ This activity occurred under project code DY/171 of Award No. DFD-G-00-05-00027-00.

Recommendation 2. We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$46,980 in questioned ineligible costs billed by International Medical Corps for Implementation Plan No. 11 under Cooperative Agreement No. DFD-A-00-05-00030-00.

Recommendation 3. We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$168,080 in questioned ineligible costs billed by Mercy Corps for Project Code DY/145 under Grant No. DFD-G-00-05-00027-00.

Recommendation 4. We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$373,021 in questioned ineligible costs billed by Mercy Corps for Project Code DY/161 under Grant No. DFD-G-00-05-00027-00.

Recommendation 5. We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$178,409 in questioned ineligible costs billed by Mercy Corps for Project Code DY/171 under Grant No. DFD-G-00-05-00027-00.

OFDA Needs To Provide Clear Guidance for Reporting on Beneficiaries

Summary. OFDA's implementing partners collectively reported 33.7 million beneficiaries as a result of their activities, of which 31.7 million were cumulatively reported by one implementing partner over the life of a single award. This figure overstated the population of Iraq by 3 million individuals. The error occurred because OFDA has not provided clear guidance to its implementing partners on how to calculate and report beneficiaries. Consequently, contrary to OFDA guidance and data quality standards contained in ADS 203, the partners reported inflated and misleading numbers of beneficiaries. Without accurate data, OFDA cannot obtain an accurate picture of the program's accomplishments in Iraq.

International Medical Corps, International Relief and Development, and Mercy Corps reported 33.7 million direct and indirect beneficiaries as a result of their activities during fiscal years 2007 and 2008. Of these 33.7 million beneficiaries, 31.7 million were reported from a single award. However, only an estimated 30.4 million individuals were living in Iraq in 2008.¹⁰ Consequently, despite requirements to prevent double counting of beneficiaries, OFDA's three partners reported having helped about 3 million individuals more than the number of Iraqis in the country's population. If beneficiaries included in four awards not covered by this audit had been counted, the number of reported beneficiaries would be even higher.

¹⁰ According to the International Monetary Fund, the Iraqi population was estimated to be approximately 30.4 million people during 2008.

Some examples of questionable numbers of beneficiaries reported by OFDA's implementing partners included the following:

- 262,482 individuals reportedly benefiting from the purchase of medical supplies to treat only 100 victims of a specific attack
- 1.5 million beneficiaries from 22 individuals attending a 5-day mental health course
- 123,000 beneficiaries from water and well activities that did not produce potable water
- 49,000 beneficiaries resulting from \$1,200 spent to send a mobile medical unit out to rural villages
- "All Iraq population" reported as beneficiaries from a 2-day, \$21,000 training course for around 50 health workers
- 280,000 beneficiaries reported for spending \$14,246 to rehabilitate a morgue

OFDA's guidance, "Guidelines for Grant Proposals and Reporting," in force when the original Iraq grants and cooperative agreements were awarded, provides general guidance on how partners should report performance, such as reporting actual accomplishments against planned results, explaining why targets were not met (if applicable), and including success stories. In October 2008, OFDA revised this guidance under the new title, "Guidelines for Unsolicited Proposals and Reporting." This updated guidance (page 45) generally requires performance baseline data and a comparison of actual accomplishments against objectives and indicators. In addition to the above guidelines, OFDA included specific requirements in its Iraq awards for partners to report, quarterly and annually, the number and cumulative number of beneficiaries targeted and reached by objective. Specifically, OFDA included the following guidance to prevent partners from double counting beneficiaries:

Total numbers of beneficiaries targeted and reached to date (including detail as to whether the same beneficiary population is being served in each objective, e.g., number of beneficiaries targeted and reached in one objective may be 5,000, and in another objective 5,000, but the cumulative total of beneficiaries reached is 5,000—not 10,000—because it is the same population targeted and reached in each objective).

For performance data to be useful in managing for results, USAID policy specifies that the data should meet five data quality standards—validity, integrity, precision, reliability, and timeliness (ADS 203.3.5.1).

Although beneficiaries should be reported accurately and not double counted, as discussed earlier, OFDA's partners reported that their programs had benefited about 3 million more individuals than the number of Iraqis in the country. This error occurred, in part, because OFDA had relied on its partners instead of monitoring and verifying reported data directly. In addition, OFDA had provided only limited guidance to the implementing partners about how to calculate indirect beneficiaries.



A pump for a well funded by OFDA and drilled in the Al Neda neighborhood of Kirkuk. Beneficiaries were reported for the activity, but residents said that the water was salty, bitter, and unsuitable for drinking. (Photo taken by OIG on June 15, 2009.)

According to OFDA's original and 2008 updated guidance (page 138), *indirect beneficiaries* are defined as "members of an affected population who do not receive direct assistance but who nonetheless benefit from assistance being given to their relatives, neighbors, friends, or community." However, OFDA's partners used their own discretion to determine who had indirectly benefited from their programs and sometimes included entire populations. For example, one partner claimed to have implemented a health education campaign in 20 different villages, which reportedly benefited exactly 250,000 individuals in each of the villages.

Although everyone in the worker's city or village was potentially an indirect beneficiary, the claims that everyone in the city had benefited from the training led to inflated and misleading figures. Without accurate data, OFDA cannot obtain an accurate picture of the program's accomplishments in Iraq. Consequently, OFDA needs to issue clear guidance to help ensure that its partners calculate the direct as well as indirect beneficiaries of their programs uniformly, accurately, and realistically.

Recommendation 6. We recommend that USAID's Office of Foreign Disaster Assistance provide clear guidance to its implementers on how to count beneficiaries.

Unauthorized Commitments Need To Be Ratified

Summary. Title 22 of the Code of Federal Regulations allows recipients to initiate a one-time extension of an award for up to 12 months under certain conditions. In accordance with this regulation, OFDA personnel allowed five of seven awards to be extended after the awards' completion dates. However, the individuals who had authorized the extensions did not have the authority to do so. Consequently, the individuals made unauthorized commitments, as defined by ADS 303.3.18, by allowing OFDA's partners to continue to incur costs and to expend \$10 million in remaining funds. The unauthorized commitments occurred because OFDA had not taken timely action to address a July 2007 OIG audit recommendation to formally designate individuals authorized to manage the awards.

The Code of Federal Regulations¹¹ allows a recipient to initiate a one-time extension of the expiration date of an award for up to 12 months under certain conditions.¹² However, to do so, the recipient must notify the USAID agreements officer in writing, with the supporting reasons and revised expiration date, at least 10 days before the expiration date of the award. USAID included the CFR stipulation in its OFDA awards, and each of the awards required that the agreement officer's technical representative (AOTR) provide written acknowledgment to the recipient for requested extensions of less than 3 months or the representative's written approval for extensions of 3 to 12 months.

In accordance with these requirements, OFDA personnel sent letters acknowledging recipients' requested 3- or 4-month extensions for five of the seven awards. However, the individuals who had acknowledged and, thereby, authorized the extensions had not been designated as AOTRs by OFDA's agreement officer in Washington, DC at the time when the extensions were improperly acknowledged. According to ADS 303.2f, this AOTR designation must be in writing. Consequently, the AOTRs did not have authority to extend the awards.

As shown in table 2, after receiving extensions to their awards, OFDA's implementing partners continued to perform work and incurred an additional \$10 million in costs. The additional amounts expended represented unauthorized commitments¹³ to allow the implementing partner to continue their operations and bill USAID for services. According to ADS 303.3.18, only the Director, Office of Acquisition and Assistance, has the authority to ratify unauthorized commitments.

¹¹ See 22 CFR 226.25(e).

¹² In particular, this one-time extension may not be exercised merely for the purpose of using unobligated balances, and it may not be initiated if the terms and conditions of the award prohibit the extension, if the extension requires additional Federal funds, or if the extension involves any change in the approved objectives or scope of the project.

¹³ ADS 303.3.18 states that an unauthorized commitment has occurred when a USAID official, who does not have the authority to do so, acts in a way that leads a recipient or potential recipient acting in good faith to believe that USAID has committed to make a specific award; change the amount of an existing award; or revise an existing award budget, program description, or any terms and conditions of the award.

Table 2. OFDA Awards Not Properly Extended

Implementing Partner	Award Number	Improperly Authorized Extension Period	Expended During Extension Period (\$)
Agency for Technical Cooperation and Development	DFD-G-00-05-00106-03	06/30/2008–09/30/2008	3,150,751
International Medical Corps	DFD-A-00-05-00030-04	03/31/2007–07/31/2007	455,151
International Medical Corps	DFD-G-00-05-00026-04	06/30/2008–09/30/2008	1,864,831
International Relief and Development	DFD-G-00-05-00028-05	06/30/2008–09/30/2008	2,219,896
Mercy Corps	DFD-G-00-OS-00027-04	06/30/2008–09/30/2008	2,305,033
Total			9,995,662

The unauthorized commitments occurred primarily because OFDA had not taken timely action to address a prior OIG audit recommendation, which had recommended that OFDA formally designate AOTRs to administer and monitor its awards. The recommendation was included in a July 2007 audit report on OFDA’s programs in Iraq.¹⁴

OFDA began issuing designation letters in July 2008—12 months after the issuance of our report—but did not issue new AOTR designation letters for the five awards listed in table 2, since those awards had expired or were expiring. Had OFDA taken action to address our audit recommendation sooner, four of the five unauthorized commitments could have been prevented.

We are not making a recommendation for OFDA to designate AOTRs for the five awards in question, because those awards have since expired. However, we are recommending that OFDA perform an immediate review of its current portfolio of Iraq awards to determine whether each award, as applicable, has a designated and up-to-date AOTR. In addition, we are recommending that OFDA prepare action memorandums to the Director, Office of Acquisition and Assistance, requesting ratification of the \$10 million in identified unauthorized commitments.

Recommendation 7. *We recommend that the USAID Office of Foreign Disaster Assistance perform an immediate review of its portfolio of awards in Iraq and ensure that each award, as appropriate, has an up-to-date, designated agreement officer’s technical representative.*

¹⁴ “Audit of the Office of Foreign Disaster Assistance Program in Iraq,” OIG Audit Report E-267-07-006-P, July 11, 2007.

Recommendation 8. We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$3,150,751 in costs billed by the Agency for Technical Cooperation and Development during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00106-00.

Recommendation 9. We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$455,151 in costs billed by International Medical Corps during the period from March 31 to July 31, 2007, under Grant No. DFD-A-00-05-00030-00.

Recommendation 10. We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$1,864,831 in costs billed by International Medical Corps during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00026-00.

Recommendation 11. We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$2,219,896 in costs billed by International Relief and Development, Inc., during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00028-00.

Recommendation 12. We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$2,305,033 in costs billed by Mercy Corps during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00027-00.

OFDA Did Not Address a Prior OIG Audit Recommendation

Summary. In July 2007, we issued an audit report of OFDA's activities in Iraq. Recommendation 1 stated: "We recommend that the USAID Office of Foreign Disaster Assistance develop and implement a system to ensure that performance data provided by its implementing partners is supported by documentation that is readily available." OFDA agreed with the recommendation and made a management decision to implement it. On September 30, 2008, USAID officials concluded that OFDA had completed final action on the July 2007 OIG audit recommendation. This determination of final action was largely based on the establishment of a projects monitoring database to document and monitor the performance of implementing partners. However, the establishment of a project monitoring database, without a process to verify that its data is supported by documentation, did not sufficiently address our audit recommendation.

In July 2007, we issued an audit report on OFDA's activities to assist internally displaced persons and vulnerable populations in Iraq. Recommendation 1 stated: "We

recommend that the USAID Office of Foreign Disaster Assistance develop and implement a system to ensure that performance data provided by its implementing partners is supported by documentation that is readily available.”

When that report had been issued, OFDA agreed with the recommendation and made a management decision to implement it. In March 2008, OFDA hired a contractor (International Business and Technical Consultants, Inc.) to perform monitoring and data quality activities on behalf of OFDA and to independently verify the performance of various OFDA-funded activities in Iraq. Upon completion of its work on May 1, 2008, the contractor issued three reports marked “draft final” and which contained a total of 31 recommendations to strengthen OFDA’s program. Four days later, on May 5, 2008, USAID/Iraq’s Program Office issued the reports to OFDA officials for their comments on the reports’ recommendations. However, despite repeated requests, OFDA did not provide its comments until June 2009—1 year later. On the basis of OFDA’s comments, the contractor finalized the reports on August 19, 2009.

Although the contractor reports were not finalized until August 2009, on September 30, 2008, OFDA prepared a memorandum requesting closure of OIG’s July 2007 audit recommendation on the basis of (1) the contractor’s final report of findings and (2) OFDA’s determination to establish a database to document and monitor the performance of implementing partners. To evidence the establishment of the project-monitoring database, OFDA attached a copy of a spreadsheet prepared by International Medical Corps. The spreadsheet contained a description of International Medical Corps activities, start and end dates for each activity, the cost of each activity, the number of beneficiaries, and other information needed to monitor the activities. That same day, USAID’s Audit Performance and Compliance Division¹⁵ concurred with OFDA’s request and concluded that final action had been taken on the audit recommendation.

We disagree with the conclusion of OFDA and the Audit Performance and Compliance Division that final action had occurred on the recommendation. First, the project-monitoring database, which OFDA cites as having been established on the basis of the contractor’s report, was already being implemented by one OFDA partner in April 2008—before the contractor had issued its report. Second, the establishment of a project-monitoring database, without a process to verify that its data is supported by documentation, did not sufficiently address our audit recommendation. For example, the number of beneficiaries reported by OFDA’s partners in the project-monitoring database is questionable, as discussed earlier in this report. Although OFDA did not complete final action on the recommendation, we are not reopening it. Instead, we are making a new recommendation, which addresses the need for OFDA to increase its monitoring of awards in Iraq to ensure that implementing partners have support for claimed performance results. See recommendation 1 on page 8.

¹⁵ The Audit Performance and Compliance Division, within the Office of the Chief Financial Officer, manages USAID’s audit management and followup program, which serves as the focal point for the analysis, tracking, and followup of OIG audits and other reports and reviews.

EVALUATION OF MANAGEMENT COMMENTS

In its comments on the draft report and our 12 recommendations, USAID's Office of U.S. Foreign Disaster Assistance (OFDA) indicated acceptance of 2 recommendations, did not respond to 4 recommendations, and disagreed with 6 recommendations. On the basis of the management comments, we consider that both a management decision and final action have occurred on one recommendation, management decisions have been reached on two additional recommendations, and that management decisions have not been reached on nine recommendations. The status of each recommendation is shown below.

Recommendation 1. OFDA concurred with the recommendation and presented a list of actions completed and planned to address the recommendation. OFDA planned to complete all actions by the end of fiscal year 2010. The actions included completing standardized program reporting guidance, completing requirements for implementing partners to periodically report on the progress of program activities and performance, ongoing development of standard reporting indicators for OFDA programs, ongoing development of a Web-based online database system to improve program results data, and the continued development of third-party services to provide field monitoring and evaluation of program activities. On the basis of the management comments provided by OFDA, a management decision has been reached on recommendation 1. Final action can occur once OFDA has completed the planned actions as indicated in their response.

Recommendations 2–5. OFDA provided no response to the four recommendations to have OFDA's agreement officer(s) determine the allowability and collect, as appropriate, \$766,490 in total questioned ineligible costs related to matters under review by the Office of Inspector General's Office of Investigations. Therefore, management decisions have not been made on recommendations 2, 3, 4, and 5. However, discussions with the Office of Investigations led us to conclude that action can now be taken on recommendations 2, 3, 4, and 5 to determine the allowability and collect, as appropriate, the questioned ineligible costs. Management decisions can occur once determinations by the agreement officer(s) have been completed.

Recommendation 6. OFDA concurred with recommendation 6 and stated their recognition of the need for improved data quality related to beneficiary counting and reporting. As a result, development of step-by-step guidance for counting individual beneficiaries is underway by OFDA with an anticipated dissemination during fiscal year 2010. Consequently, a management decision has been reached on recommendation 6. Final action can occur once the improved guidance on counting beneficiaries is completed and disseminated.

Recommendation 7. OFDA disagreed with the recommendation and considered the recommendation as unnecessary that an immediate review of its portfolio of awards in Iraq be completed to ensure that each award had an up-to-date designated agreement officer's technical representative (AOTR) because OFDA has a standard operating procedure that requires all grants and cooperative agreements to have appropriate AOTRs designated. Nevertheless, OFDA provided supporting documentation of AOTR

designation letters for all current grants and cooperative agreements in Iraq. On the basis of our review of these documents and comparison with the current portfolio of OFDA awards for Iraq, we consider that both a management decision and final action have been taken to address the recommendation.

Recommendations 8–12. OFDA disagreed with the five recommendations that asked OFDA to prepare action memorandums to the Director, Office of Acquisition and Assistance (OAA), requesting ratification of \$9,995,662 in costs billed under the five grants specified in the recommendations. The basis for disagreeing with the recommendations was 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 were officially 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 OAA Director. Therefore, management decisions have not yet been reached for recommendations 8, 9, 10, 11, and 12. Final action can be taken on the five recommendations once OFDA has prepared the action memorandums for the OAA Director's determination.

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General (OIG)/Iraq conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

The purpose of the audit was to determine whether USAID's Office of Foreign Disaster Assistance (OFDA) internally displaced persons and vulnerable population activities are achieving their main goals to save lives, alleviate human suffering, and reduce the social and economic impact of humanitarian emergencies. The audit covered OFDA activities from October 1, 2006, through September 30, 2008, but we also took into account activities subsequent to this period with respect to actions taken by OFDA to address prior recommendations from OIG and contractor.

During the period under audit, OFDA's activities were implemented by grants or cooperative agreements to the following seven organizations: International Medical Corps, International Organization for Migration, Mercy Corps, International Relief and Development, Inc., Agency for Technical Cooperation and Development, the United Nations Children's Fund, and the United Nations Office for the Coordination of Humanitarian Affairs. The value of the awards to these organizations totaled \$190 million.

Our audit focused on 73 of 645 activities implemented by International Medical Corps, International Relief and Development, and Mercy Corps. The value of the awards being implemented by these three partners during fiscal years 2007 and 2008 totaled \$115 million. Their expenditures during this period totaled \$51 million.

In planning and performing the audit, we gained an understanding of OFDA's existing management controls over its internally displaced persons activities. In addition, we tested partner performance in meeting the obligations established in their performance management plans and the reported results of their activities. Fieldwork was performed from March 9 to August 10, 2009, at the USAID compound within the International Zone in Baghdad, Iraq; at International Medical Corps office in Baghdad; and at the International Relief and Development office in Erbil, Iraq. Fieldwork also included site visits to nine water-related activities in Kirkuk, Iraq.

Methodology

To determine whether the program was achieving its intended goal, the audit team initially interviewed pertinent OFDA staff at USAID/Iraq and USAID/Washington to gain an understanding of the program and the reporting procedures and controls in place for monitoring the program. We also interviewed officials at International Medical Corps, International Relief and Development, and Mercy Corps.

In answering the audit objective, the audit was limited to an overall assessment of whether the program's stated goal was being achieved with respect to the 73 tested activities. This assessment was based on the audit team's review and analysis of documents on file with the implementing partners to determine whether (1) an activity had been completed and (2) the reported number of beneficiaries was supported. These documents included planning documents, procurement records, payment vouchers, handover documents, completion reports, signatures or fingerprints of beneficiaries, photos, and project evaluation reports. To assess the accuracy of beneficiary calculations, we used a materiality threshold of 90 percent.

During our review of fingerprints used to document beneficiaries, many of the fingerprints appeared to be the same. We elicited the assistance of a fingerprint expert in Baghdad, who confirmed that the fingerprints came from a limited number of individuals or different fingers from the same person.

The audit team also visited nine selected sites to perform a physical inspection and to verify that the activity had been completed. During the visits, we interviewed local Iraqis to solicit their views on the success of the activity.

Our sample of 73 of 645 activities was judgmentally selected from four sectors on the basis of higher risk and higher funding levels. The audit sample included 22 income generation activities, 21 water sanitation activities, 17 relief supply activities, and 13 health activities. The sample of activities cannot be statistically projected to the universe of 645 activities.

As part of our initial work, the audit team examined prior OFDA-related audits performed by OIG. In addition, we reviewed applicable guidance and policies, such as USAID's policy on assistance to internally displaced persons, OFDA guidelines on proposals and reporting, and pertinent policies contained in USAID's Automated Directives System.

MANAGEMENT COMMENTS



March 12, 2010

MEMORANDUM

TO: Lloyd J. Miller – Director, Office of Inspector General/Iraq (OIG)

FROM: Carol Chan – Acting Director, Office of U.S. Foreign Disaster Assistance (OFDA) /s/

SUBJECT: Audit of USAID’s Internally Displaced Persons Activities in Iraq (Report No. E-267-10-00x-P)

We would like to thank your office for its flexibility and willingness to extend the due date of this report on two occasions. Attached is our draft response to the subject audit. This report attempts to address the 12 recommendations made by the OIG.

To summarize:
OFDA accepts the following recommendations:

- 1 (implementation of a plan to provide improved performance monitoring and oversight)
- 6 (develop guidance for standard accurate accounting of beneficiaries)

OFDA rejects the following recommendations:

- 7 (ensure each OFDA award has an up to date designated AOTR)
- 8-12 (questionable approval and reimbursement of a number of costs billed during specific periods of these grants)

To support OFDA’s position we are providing OIG with AOTR designation letters and no-cost extension and/or modification letters signed by the designated CTO/AOTR at the time the modifications were requested.

As the issues related to recommendations 2-5 are still under investigation by the OIG, OFDA has not provided a response at this time.

We are ready to answer further questions related to this audit at your convenience.

Attachments:

As stated

USAID/Iraq Responsibilities and Procedures for Technical Team Response to Evaluation Recommendations

Evaluation is an important management tool, and in order for it to play its role, there needs to be careful consideration of evaluation recommendations as a basis for management decisions.

All USAID/Iraq evaluations will have a Technical Team response. The response should start off with brief comments on the findings and utility of the report, setting the tone for the remainder of the response. The technical team should then address each recommendation using the following format:

General Comments on the Report (s)

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
	<u>OFDA Needs to Strengthen Monitoring of Partner Performance</u>				
1	We recommend that USAID’s Office of Foreign disaster Assistance establish and implement a plan for both OFDA and partner staff to provide performance monitoring and oversight for its awards in Iraq. Such a plan should include, among other actions, regular reviews of partner reports, compliance with award requirements, and random checks to ensure that implementing	<u>Accept</u> Development of Guidelines for Unsolicited Proposals In recognition of a need for improved reporting and accountability toward improved oversight and program learning, the USAID Office of U.S. Foreign Disaster Assistance (USAID/OFDA) developed Guidelines for Unsolicited Proposals. This			

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
	partners have support for claimed results.	<p>guidance, developed for dissemination at the beginning of the 2009 fiscal year, standardizes program reporting for OFDA-funded activities in the field with a standard list of reporting indicators. Additional reporting guidance is currently being developed, which will include an indicator reference sheet for each of the standard reporting indicators, as well as further guidance and suggestions for data collection, data quality improvement, and a quarterly reporting format. A web-based on-line indicator reporting feature of the OFDA Abacus programming database is under development and should contribute significantly to improved reporting, access, and management of program indicator data and results.</p> <p><u>Reporting and Evaluation Requirements</u> OFDA agreements with its implementing partners binds the latter to financial reporting and performance monitoring and evaluation. There are obligatory requirements for quarterly and annual reports and requirements</p>	<p>Standardize Program Reporting</p> <p>Standard Indicator Reporting</p> <p>Develop Abacus Programming Database</p> <p>Reporting and Evaluation</p>	<p>Complete</p> <p>FY2010</p> <p>FY2010</p> <p>Complete</p>	<p>Complete</p> <p>Grants Working Group/Ongoing</p> <p>Abacus Team/Ongoing</p> <p>Complete</p>

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
		<p>specific program reviews, PERFORM will provide field monitoring and reporting and annual or end-of-grant evaluations.</p> <p><u>OFDA Staffing in Iraq</u> OFDA Iraq has a Senior Humanitarian Advisor and a Program Officer based in Baghdad. To ensure program integrity, they work with OFDA partners and U.N. officials, donors and other relevant actors. Though security restrictions can limit movements, they conduct field visits to monitor projects and understand humanitarian conditions and needs in Iraq.</p>	Maintain a two person field configuration in Iraq	Ongoing	Complete
2	We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$46,980 in questioned ineligible costs billed by International Medical Corps for Implementation Plan No. 11 under Cooperative Agreement No DFD-A-00-05-00030-00	<p><u>No Response</u> Activity is currently under investigation by the OIG's Office of Investigations.</p>	None	Unknown	OFDA will wait for OIG guidance prior to taking further action.
3	We recommend that OFDA's agreement officer determine the	<p><u>No Response</u></p>	None	Unknown	OFDA will wait for OIG guidance prior to taking

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
	allowability and collect, as appropriate, the \$168,080 in questioned ineligible costs billed by Mercy Corps for Project Code DY/145 under Grant No. DFD-G-00-05-00027-00	Activity is currently under investigation by the OIG's Office of Investigations.			further action.
4	We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$373,021 in questioned ineligible costs billed by Mercy Corps for Project Code DY/161 under Grant No. DFD-G-00-05-00027-00	<u>No Response</u> Activity is currently under investigation by the OIG's Office of Investigations.	None	Unknown	OFDA will wait for OIG guidance prior to taking further action.
5	We recommend that OFDA's agreement officer determine the allowability and collect, as appropriate, the \$178,409 in questioned ineligible costs billed by Mercy Corps for Project Code DY/171 under Grant No. DFD-G-00-05-00027-00	<u>No Response</u> Activity is currently under investigation by the OIG's Office of Investigations.	None	Unknown	OFDA will wait for OIG guidance prior to taking further action.
	<u>OFDA Needs to Provide Clear Guidance for Reporting to Beneficiaries</u>				

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
6	We recommend that USAID’s Office of Foreign Disaster Assistance provide clear guidance to its implementers on how to count beneficiaries	<p><u>Accept</u></p> <p>OFDA has recognized a need for improved data quality related to beneficiary counting and reporting. A step-by-step guidance for counting individual beneficiaries is currently under development, with anticipated dissemination to begin during the current fiscal year. The guidance provides checklists and a decision tree to guide implementing partners through the process of tabulating individual beneficiaries while avoiding double-counting. Additional steps are being taken to account for any overlap or double-counting across implementing partners within Iraq or particular regions of Iraq.</p> <p>A DRAFT copy of the guidance is available on request. It is anticipated that additional suggested monitoring guidance will be provided to implementing partners, as well as guidance offered in the course of ongoing field monitoring by regional and DC-based staff.</p>	Continue development of guidance for standard accurate accounting of beneficiaries	FY2010	Continue to coordinate this effort with OFDA’s Technical Advisory Group (TAG)
	<u>Unauthorized Commitments</u>				

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
	<u>Need to Be Ratified</u>				
7	We recommend that the USAID Office of Foreign Disaster Assistance perform an immediate review of its portfolio of awards in Iraq and ensure that each award, as appropriate, has an up to date, designated agreement officers technical representative.	<u>Reject</u> This is now standard operating procedure for all OFDA grants and cooperative agreements. All appropriate AOTR's have been assigned to all Iraq grants and cooperative agreements at this time.	Complete	Complete	Completed AOTR Designation Letters attached
8	We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$3,150,751 in costs billed by the Agency for Technical Cooperation and Development during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00106-00	<u>Reject</u> Section 1.2 of the Basic Award (PERIOD OF AWARD) grants authority to the CTO/AOTR to acknowledge and/or approve certain No-Cost Extensions (NCE's). Thus, since there was a designated CTO/AOTR (Section 1.11(a) POST AWARD AGREEMENT ADMINISTRATION), s/he was acting within the scope of his/her authority by acknowledging/approving the NCE's. Hence, there are no unauthorized commitments and, accordingly, no need to seek the M/OAA Director's ratification.	Complete	Complete	Completed No-cost extension and/or modification letter attached

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
9	We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$455,151 in costs billed by International Medical Corps during the period from March 31 to July 31, 2007, under Grant No. DFD-A-00-05-00030-00	<u>Reject</u> Section 1.2 of the Basic Award (PERIOD OF AWARD) grants authority to the CTO/AOTR to acknowledge and/or approve certain No-Cost Extensions (NCE's). Thus, since there was a designated CTO/AOTR (Section 1.11(a) POST AWARD AGREEMENT ADMINISTRATION), s/he was acting within the scope of his/her authority by acknowledging/approving the NCE's. Hence, there are no unauthorized commitments and, accordingly, no need to seek the M/OAA Director's ratification.	Complete	Complete	Completed No-cost extension and/modification letter attached
10	We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$1,864,831 in costs billed by International Medical Corps during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00026-00	<u>Reject</u> Section 1.2 of the Basic Award (PERIOD OF AWARD) grants authority to the CTO/AOTR to acknowledge and/or approve certain No-Cost Extensions (NCE's). Thus, since there was a designated CTO/AOTR (Section 1.11(a) POST AWARD AGREEMENT ADMINISTRATION), s/he was acting within the scope of his/her authority by acknowledging/approving the	Complete	Complete	Completed No-cost extension and/modification letter attached

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
		NCE's. Hence, there are no unauthorized commitments and, accordingly, no need to seek the M/OAA Director's ratification.			
11	We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$2,219,896 in costs billed by International Relief and Development, Inc., during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00028-00	<u>Reject</u> Section 1.2 of the Basic Award (PERIOD OF AWARD) grants authority to the CTO/AOTR to acknowledge and/or approve certain No-Cost Extensions (NCE's). Thus, since there was a designated CTO/AOTR (Section 1.11(a) POST AWARD AGREEMENT ADMINISTRATION), s/he was acting within the scope of his/her authority by acknowledging/approving the NCE's. Hence, there are no unauthorized commitments and, accordingly, no need to seek the M/OAA Director's ratification.	Complete	Complete	Completed No-cost extension and/modification letter attached
12	We recommend that the USAID Office of Foreign Disaster Assistance prepare an action memorandum to the Director, Office of Acquisition and Assistance, requesting the ratification of \$2,305,033 in costs billed by Mercy	<u>Reject</u> Section 1.2 of the Basic Award (PERIOD OF AWARD) grants authority to the CTO/AOTR to acknowledge and/or approve certain No-Cost Extensions (NCE's). Thus,	Complete	Complete	Completed No-cost extension and/modification letter attached

	Recommendation	USAID Response In your response, indicate whether you Accept, Partially Accept or Reject the recommendation and provide a brief explanation	Action to be taken		
			Action	Timeline	Follow-Up/Status
	Corps during the period from June 30 to September 30, 2008, under Grant No. DFD-G-00-05-00027-00.	since there was a designated CTO/AOTR (Section 1.11(a) POST AWARD AGREEMENT ADMINISTRATION), s/he was acting within the scope of his/her authority by acknowledging/approving the NCE's. Hence, there are no unauthorized commitments and, accordingly, no need to seek the M/OAA Director's ratification.			

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue NW
Washington, DC 20523
Tel.: 202-712-1150
Fax: 202-216-3047
www.usaid.gov/oig