



*Office of Inspector General*

November 30, 2011

**MEMORANDUM**

**TO:** USAID/Iraq Mission Director, Alex Dickie

**FROM:** Office of Inspector General/Iraq, Director, Darren Roman /s/

**SUBJECT:** Survey of USAID/Iraq's Awards and Subawards  
(Report No. E-267-12-001-S)

This memorandum transmits our final report on the subject survey. While it is not an audit report and we made no recommendations, we request that you keep us apprised of your progress in implementing the required audits identified by the survey.

I want to thank you and your staff for the cooperation and courtesies extended to us during this survey.

# SUMMARY

Each year, federal agencies award over a trillion dollars in contracts and financial assistance. The Federal Funding Accountability and Transparency Act of 2006 (Public Law 109–282, September 26, 2006) was enacted to increase the transparency of federal government expenditures by providing access to information on federal awards through a single, searchable, publicly available Web site. The act required the federal government to provide more user-friendly and detailed information about government spending. Over 15 months, the act required the Office of Management and Budget (OMB) to establish a public Web site that included data on federal awards and subawards.<sup>1</sup> In addition, the State Department issued the 2010 Quadrennial Diplomacy and Development Review, outlining several new initiatives for USAID, including to “make our aid more transparent by creating a new Web-based ‘dashboard’ that will publish data on State and USAID foreign assistance.”

From March 2003 to June 2011, USAID/Iraq managed a portfolio of \$6.72 billion that included:

- 24 expired awards with total estimated costs of \$4.95 billion
- 15 awards active as of June 30, 2011, with total estimated costs of \$1.77 billion

The objectives of this survey were to (1) compile and report data on USAID/Iraq awards, (2) compile and report data on USAID/Iraq-funded subawards, and (3) determine whether recipients of USAID awards have complied with applicable audit requirements for their subawardees.

The scope and methodology appear in Appendix I. In its management comments, the mission confirmed that it will follow up on the implementation of required audits in two USAID programs. The full text of management comments appears in Appendix II.

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<sup>1</sup> The Web site is USASpending.gov. Data is entered through a different Web site: FederalReporting.gov. Individual transactions below \$25,000 were excluded. In addition, the act exempted any entity with gross income not exceeding \$300,000 in the previous tax year from the requirement to report subawards. Although technically USAID’s Automated Directives System limits the use of the terms “awards and subawards” to assistance in the form of grants or cooperative agreements, in this report we use the terms “awards and subawards” to include all acquisition and assistance whether in the form of contracts, grants, cooperative agreements, or subcontracts and subgrants.

# SURVEY RESULTS

## USAID/Iraq Awards

As of June 30, 2011, USAID/Iraq managed a \$1.76 billion program portfolio of 14 awards (Table 1).<sup>2</sup>

Characteristics of the portfolio on that date included the following:

- Contracts outnumbered cooperative agreements.
  - Nine contracts had estimated total costs of \$1.34 billion.
  - Five cooperative agreements had estimated total costs of \$421 million.
- All of the USAID/Iraq implementers were U.S.-based organizations.
- The awards were provided for the following program areas—economic growth, democracy and governance, and capacity building.
- Democracy and governance programs predominated. Of the 14 awards, 8 supported democracy and governance programs in local governance, community action, elections support, legislative strengthening, and access to justice.

**Table 1. USAID/Iraq’s Active Awards as of June 30, 2011 (unaudited)**

No.	Program Area and Title	Implementer	Type of Award	Estimated Total Costs (\$ million)	Obligations (\$ million)	Start and End Dates
<b>Economic Growth</b>						
1	Provincial Economic Growth	Louis Berger Group	Contract	174	138	01/2008 01/2013
2	Agribusiness	Louis Berger Group	Contract	170	150	05/2007 08/2011
3	Financial Development	AECOM International Development	Contract	53	32	07/2010 07/2015
<b>Democracy and Governance</b>						
4	Local Governance	Research Triangle Institute (RTI) International	Contract	241	211	01/2009 06/2011
5	Community Action	ACDI/VOCA	Cooperative Agreement	87	74	10/2008 09/2012
6	Community Action	Cooperative Housing Foundation (CHF) International	Cooperative Agreement	84	71	10/2008 09/2012

<sup>2</sup> We excluded from our analysis a \$12 million contract to the QED Group because it focused on monitoring and evaluation as opposed to program implementation.

No.	Program Area and Title	Implementer	Type of Award	Estimated Total Costs (\$ million)	Obligations (\$ million)	Start and End Dates
7	Community Action	International Relief and Development (IRD)	Cooperative Agreement	91	74	10/2008 09/2012
8	Community Action	Mercy Corps	Cooperative Agreement	56	47	10/2008 09/2012
9	Elections Support	International Foundation for Electoral Systems (IFES)	Cooperative Agreement	103	103	09/2004 09/2011
10	Legislative Strengthening	AECOM International Development	Contract	73	47	10/2008 03/2014
11	Access to Justice	DPK Consulting	Contract	63	30	10/2010 09/2013
<b>Capacity Building</b>						
12	National Capacity Development	Management Systems International	Contract	339	339	07/2006 07/2011
13	Administrative Reform	Management Systems International	Contract	151	50	06/2011 06/2015
14	Primary Health Program	University Research Co.	Contract	75	39	03/2011 03/2015
<b>Total</b>				<b>1,760</b>	<b>1,405</b>	

## USAID-Funded Subawards

Implementers of 10 of the 14 USAID-funded programs provided data on subawards (subcontracts and subgrants) used to implement their programs.<sup>3</sup> The descriptions of programs are based on USAID/Iraq information. The item “other life support” in the tables in this section refers to awards provided for operational support other than security in maintaining working and living arrangements for implementer staff—for example, housing, food, and water.

### *Provincial Economic Growth Program*

The Provincial Economic Growth Program has several components. One component supports nine indigenous and three international microfinance institutions with loan capital, training, technical assistance, and other capacity building. A second component provides incentives to private banks for lending to small and medium-sized enterprises nationwide. A third component established 11 new small business development centers that provide training in business management, budgeting, strategic planning, and other professional skills. The program also launched an initiative to provide business and financial services to underserved youth. Another

<sup>3</sup> We excluded four USAID/Iraq awards from our subaward analysis because they were recent, and implementers would have had limited time to provide subawards: (1) a \$53 million contract to AECOM International Development for financial development awarded in July 2010, (2) a \$63 million contract to DPK Consulting for improving access to justice awarded in September 2010, (3) a \$151 contract to MSI for administrative reform awarded in June 2011, and (4) a \$75 million contract to University Research Co. for primary health care awarded in March 2011.

component, to strengthen the business enabling environment, builds the Government of Iraq's capacity to develop and implement trade policies that meet international standards and treaty obligations. The Provincial Economic Growth Program in Iraq is implemented by the Louis Berger Group.

Characteristics of the fiscal year (FY) 2010 program subawards (Table 2) included the following:

- The program's subawards were composed primarily of subgrants to microfinance institutions.
- The program did not employ consultants during FY 2010.
- The program had a security subcontract for \$17.9 million with Sallyport Global Services, a U.S.-based company.

**Table 2. Subawards of the Provincial Economic Growth Program Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants*	0	NA	NA	NA	0	0	0	0
						0%	0%	0%
Program subcontracts	34	1,861,781	408,152	Firm-fixed-price contracts	21	15	3	3
						71%	14%	14%
Program subgrants	12	34,670,000	6,000,000	Standard	12	12	0	0
						100%	0%	0%
Security	1	17,868,351	17,868,351	Fixed-fee, time and materials contract	1	0	0	1
						0%	0%	100%
Other life support†	0	NA	NA	NA	0	0	0	0
						0%	0%	0%

\* Individuals hired for direct program implementation activities, rather than support activities.

† Data excluded 38 purchase orders under \$10,000 totaling \$200,437.

## Agribusiness Program

USAID's primary activity in the Iraqi agricultural sector was the Agribusiness Program. The goal of the program was to increase the competitiveness of Iraqi agriculture by demonstrating the potential for profitable commercial agribusiness enterprises. The focus was on commodities with the greatest potential to increase employment and gross revenue of farmers and agribusiness. The Agribusiness Program was implemented by the Louis Berger Group.

Characteristics of the FY 2010 program subawards (Table 3) included the following:

- Of 21 subcontract recipients, 14 were Iraqi entities, as were all 29 subgrant recipients.
- The program did not provide awards for consultants during FY 2010.
- Program subgrants and subcontracts were about equally employed.
- The program had one primary security subcontract for \$17.2 million with Sallyport Global Services. The program's life support subcontract for \$4.6 million was also with Sallyport Global Services.

**Table 3. Subawards of the Agribusiness Program Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	0	NA	NA	NA	0	0	0	0
						0%	0%	0%
Program subcontracts	35	27,282,773	6,915,094	32 of the 35 subcontracts were firm fixed price	21	14	3	4
						67%	14%	19%
Program subgrants	32	26,687,248	5,057,631	2 fixed-obligation grants; 30 grants	29	29	0	0
						100%	0%	0%
Security	1	17,166,451	17,166,451	Cost-plus-fixed-fee subcontract	1	0	1	0
						0%	100%	0%
Other life support	1	4,627,440	4,627,440	Cost-plus-fixed-fee subcontract	1	0	1	0
						0%	100%	0%

## Local Governance Program

The third phase of the Local Governance Program supported implementation of Iraq's new Provincial Powers Act. The program was designed to build the capacity and strengthen the performance of local government institutions in representing citizen priorities, planning for public investment in the provinces, executing provincial budgets, and holding service providers accountable. The Local Governance Program III in Iraq was implemented by RTI International.

Characteristics of FY 2010 program subawards (Table 4) included the following:

- The program had four subcontracts, each valued at between \$1 million and \$2 million, with International City/County Management Association, Creative Associates International, MSI, and VNG International; the first three are American companies, and VNG International is from the Netherlands. MSI is also a prime contractor for USAID/Iraq, implementing the National Capacity Development Program.
- The program had one security subcontract for \$23.4 million with G4S Risk Management Limited, a company from the United Kingdom.

**Table 4. Subawards of the Local Governance Program Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	2	68,942	66,742	1 consulting agreement; 1 purchase order	2	0 0%	1 50%	1 50%
Program subcontracts	4	5,404,697	1,929,053	Time and materials contracts	4	0 0%	3 75%	1 25%
Program subgrants	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Security*	1	23,407,089	23,407,089	Time and materials contracts	1	0 0%	0 0%	1 100%
Other life support†	6	2,088,141	762,954	Fixed-price contracts	5	2 40%	1 20%	2 40%

\* Data excluded fixed-price subcontracts totaling \$1,905,650 for the rental of armored vehicles from various suppliers.

† Data excluded \$4.4 million in facility leases and food and water purchases. Most subcontractors were Iraqi firms, and most contracts were fixed-price contracts.

## Community Action Program

The Community Action Program facilitates the creation and training of community action groups responsible for identifying and prioritizing community needs, mobilizing community and other resources, and monitoring project implementation. The program also strengthens the capacity of the lowest levels of local government to draw on the Government of Iraq's own resources to meet community-identified needs. The Community Action Program also assists victims of military operations in Iraq through the congressionally mandated Marla Ruzicka Iraqi War Victims Fund. The Community Action Program is implemented by four organizations: ACIDI-VOCA, CHF, IRD, and Mercy Corps.

**ACDI-VOCA Subawards.** Characteristics of the FY 2010 program subawards for ACIDI-VOCA (Table 5) included the following:

- A predominate portion of the program was being implemented through subcontracts provided to Iraqi firms for small-scale infrastructure and supply-type projects.
- The one large subgrant of \$1.7 million was provided to the International City/County Management Association for training of local government officials and community leaders.

**Table 5. ACIDI-VOCA Subawards Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	44	838,050	36,020	All fixed-price contracts	44	41 93%	1 2%	2 5%
Program subcontracts*	201	15,086,808	99,500	All fixed-price contracts	194	193 99%	0 0%	1 1%
Program subgrants	1	1,726,597	1,726,597	Cost-reimbursable grant	1	0 0%	1 100%	0 0%
Security <sup>†</sup>	11	1,599,449	404,400	All fixed-price contracts	6	1 17%	0 0%	5 83%
Other life support <sup>‡</sup>	5	219,221	71,820	All fixed-price contracts	1	0 0%	1 100%	0 0%

\* Data excluded 135 subcontractors with the contract amount below \$10,000.

<sup>†</sup> Data excluded seven security contracts with the contract amount below \$25,000.

<sup>‡</sup> Data excluded 122 subcontractors with the contract amount below \$25,000.



**Cooperative Housing Foundation Subawards.** Characteristics of the FY 2010 program subawards for CHF International (Table 6) included the following:

- A predominate portion of the program was being implemented through subcontracts provided to Iraqi firms for small-scale infrastructure and supply-type projects.
- The program did not employ consultants during FY 2010.
- The one large subgrant of \$1.3 million was provided to the International City/County Management Association for training of local government officials and community leaders.
- The one large security subcontract for \$16.5 million was to the Unity Resources Group, an Australian company.

**Table 6. CHF International Subawards Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality					
						Iraqi	U.S.	Other			
Program consultants	0	0	NA	NA	0	0	0	0%	0%	0%	
Program subcontracts*	220	9,183,099	123,042	All subcontracts	123	123	0	0	100%	0%	0%
Program subgrants	1	1,343,918	1,343,918	Subgrant	1	0	1	0	0%	100%	0%
Security	1	16,533,098	16,533,098	Modified time and materials contract	1	0	0	1	0%	0%	100%
Other life support	4	439,984	174,780	All subcontracts	4	2	0	2	50%	0%	50%

\* Data excluded 50 subcontracts below \$10,000, totaling \$422,068.

**International Relief and Development Subawards.** Characteristics of the FY 2010 program subawards for IRD (Table 7) included the following:

- A predominate portion of the program was being implemented through subcontracts provided to Iraqi firms for small-scale infrastructure and supply-type projects.
- The program did not employ consultants during FY 2010.
- The two large security subcontracts active during FY 2010 were provided to Sabre International, an Iraq-based company, for \$34.4 million and to Sallyport Global Services for \$1.6 million.

**Table 7. IRD Subawards Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	0	NA	NA	NA	0	0	0	0
						0%	0%	0%
Program subcontracts	472	22,474,357	1,882,000	All subcontracts	102	101	1	0
						99%	1%	0%
Program subgrants	2	188,332	96,832	Subgrants	2	2	0	0
						100%	0%	0%
Security	2	35,984,924	34,406,149	1 indefinite-quantity contract; 1 firm-fixed-price contract	2	1	1	0
						50%	50%	0%
Other life support	10	402,649	89,250	All leases	6	6	0	0
						100%	0%	0%

**Mercy Corps Subawards.** Characteristics of the FY 2010 program subawards for Mercy Corps (Table 8) included the following:

- A predominate portion of the program was being implemented through subcontracts provided to Iraqi firms for small-scale infrastructure and supply-type projects.
- The program did not employ consultants during FY 2010 with one minor exception.
- The program did not employ a security subcontractor.

**Table 8. Mercy Corps Subawards Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards	Largest Individual Award	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	1	19,270	19,270	Supply	1	1 100%	0 0%	0 0%
Program subcontracts*	209	14,043,439	451,087	All subcontracts	150	148 99%	0 0%	2 1%
Program subgrants	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Security	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Other life support†	17	450,281	95,899	6 service contracts; 11 leases	13	11 85%	0 0%	2 15%

\* Data excluded 13 contracts below \$10,000 totaling \$88,886.

† Data excluded four lease agreements below \$10,000 totaling \$29,601 and three preferred supplier agreements totaling \$12,684.

## ***Elections Support Program***

The Elections Support Program focused on providing long-term technical electoral assistance to Iraq's Independent High Electoral Commission to strengthen the institution's responsiveness and implementation capacity. This assistance included drafting election laws and regulations; developing voter registration processes and procedures; improving the quality of information technology and data; expanding management capabilities; training national and governorate elections staff; assisting with ballot design and production; and facilitating election logistics, planning, and operations. The Elections Support Program in Iraq was implemented by IFES.

The program had very few subawards (Table 9), with the exception of a security subcontract for \$27.3 million provided to GardaWorld, a Canadian company.

**Table 9. Subawards of the Elections Support Program Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	2	33,534	18,000	Services subcontracts	2	1 50%	0 0%	1 50%
Program subcontracts	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Program subgrants	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Security	1	27,260,271	27,260,271	Time and materials subcontract	1	0 0%	0 0%	1 100%
Other life support	2	195,175	104,457	Fixed-price contracts	1	0 0%	1 100%	0 0%

## Legislative Strengthening Program

Established at the request of senior leaders of the Government of Iraq's Council of Representatives, the USAID Legislative Strengthening Program was designed to increase the capacity of the staff and members of the Council of Representatives. Specifically, the program builds capacity to debate laws in a formal constructive environment, form and run parliamentary committees, analyze and properly consider proposed legislation, improve the functioning of the Council of Representatives' Presidency Council, improve the ability of parliament to oversee the executive branch, review and analyze the national budget, and bring the national government closer to constituents in the provinces. The Legislative Strengthening Program in Iraq is implemented by AECOM International Development.

The program's subawards (Table 10) included eight consultant agreements totaling nearly \$500,000; two subcontracts totaling \$2.4 million (\$2.3 million was to MSI); and one security subcontract for \$4.9 million provided to Sallyport Global Services.

**Table 10. Subawards of the Legislative Strengthening Program Active During FY 2010 (unaudited)**

Purpose	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants	8	497,856	119,967	Consultant agreements	8	0 0%	4 50%	4 50%
Program subcontracts	2	2,370,161	2,311,817	1 fixed-price subcontract; 1 cost-plus-fixed-fee subcontract	2	0 0%	2 100%	0 0%
Program subgrants	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Security	1	4,894,765	4,894,765	Time and materials, fixed-price contract	1	0 0%	1 100%	0 0%
Other life support	0	NA	NA	NA	0	0 0%	0 0%	0 0%

## ***National Capacity Development Program***

The National Capacity Development Program sought to increase the effectiveness of government ministries through reforming internal operational systems and instituting best practices and international standards. The program developed public management skills, improved operating systems, and institutionalized training activities at the national and provincial levels. Core public administration areas included contract and procurement management, human resource management, project management, leadership and communication, strategic planning, and information technology. The program worked with 11 ministries and Government of Iraq Executive Offices, including the Presidency Council, the Prime Minister's Office, the Offices of the Deputy Prime Ministers, and the General Secretariat for the Council of Ministers. The program worked in collaboration with the Ministry of Planning to facilitate the completion of Iraq's National Development Plan. The National Capacity Development Program was implemented by MSI.

Characteristics of the FY 2010 program subawards for MSI (Table 11) included the following:

- Seven subcontracts were valued at over \$1 million.
  - \$11.1 million to Cardno Emerging Markets USA
  - \$8.5 million to Louis Berger Group
  - \$8.4 million to American-Mideast Educational and Training Services, Inc. (AMIDEAST)
  - \$5.4 million to RTI International
  - \$3.3 million to The Kaizen Company
  - \$1.8 million to Telecom Telematique
  - \$1.5 million to National Academy of Public Administration
- The subcontracts valued at over \$1 million all went to U.S.-based companies. Three of the companies—Cardno Emerging Markets USA, Louis Berger Group, and RTI International—are also prime contractors for USAID/Iraq.
- The program had one primary security subcontract for \$76 million provided to Sallyport Global Services, along with a small subcontract awarded to a local organization. The program's life support subcontract for \$43.5 million was also provided to Sallyport Global Services.

**Table 11. Subawards of the National Capacity Development Program  
Active During FY 2010 (unaudited)**

Type	Number of Awards	Total of Awards (\$)	Largest Individual Award (\$)	Type of Awards	Number of Awardees	Nationality		
						Iraqi	U.S.	Other
Program consultants*	25	901,405	93,500	Subcontracts <sup>†</sup>	19	1 5%	12 63%	6 32%
Program subcontracts <sup>‡</sup>	74	52,248,453	11,139,791	57 of 74 subcontracts were firm fixed price	43	17 40%	16 37%	10 23%
Program subgrants	0	NA	NA	NA	0	0 0%	0 0%	0 0%
Security	2	75,984,784	75,972,184	1 small firm-fixed-price contract; 1 time and materials contract for \$76 million	2	1 50%	1 50%	0 0%
Other life support	1	43,526,635	43,526,635	Time and materials contract	1	0 0%	1 100%	0 0%

\* Data excluded one subcontract with a value of \$8,526.

† MSI characterized the subcontracts as “agreements of understanding based on not-to-exceed level of effort workdays.”

‡ Data excluded 42 subcontracts below \$10,000 with a total value of \$216,878.

## Compliance With Audit Requirements for Subgrants

USAID Automated Directives System (ADS) 591.3.2.1 states that “foreign nonprofit organizations, host governments, and subrecipients that expend \$300,000 or more in USAID awards (i.e., organizations that receive USAID funds either directly or through a prime contractor or recipient) during their fiscal year, must have an annual audit conducted of those funds.” As stated in ADS 591.3.3.2, USAID Contract Information Bulletin 90–12 requires that all awards in excess of \$500,000 be subject to a final closeout audit. As shown in Table 12, implementers of five of the ten<sup>4</sup> USAID-funded programs included in this survey awarded subgrants during FY 2010. However, only two of the USAID programs—Provincial Economic Growth and Agribusiness, both implemented by the Louis Berger Group—provided grants to Iraqi nonprofit organizations of amounts that necessitated audits. According to information provided by the implementer, the programs are in the process of implementing these audit requirements.

The Provincial Economic Growth Program contractor identified 11 grants (out of 12) that required audits. The program’s implementation team in Iraq anticipates completing the audits by early 2012. For the Agribusiness Program, the contractor identified 21 grants (out of 32) that required audits. In October 2011, the program’s implementation team reported that it had contracted an audit firm based in Cairo to carry out the audits.

**Table 12. USAID-Funded Subgrants During Fiscal Year 2010 (unaudited)**

No.	Program Area and Title	Implementer	Number of Subgrants	Total Grant Amount (\$)	Nationality	Audit Required
<b>Economic Growth</b>						
1	Provincial Economic Growth	Louis Berger Group	12	34.7 million	Iraqi	Yes
2	Agribusiness	Louis Berger Group	32	26.7 million	Iraqi	Yes
<b>Democracy and Governance</b>						
3	Local Governance	RTI International	0	NA	NA	NA
4	Community Action	ACDI/VOCA	1	1.7 million	U.S.	No*
5	Community Action	CHF International	1	1.3 million	U.S.	No
6	Community Action	IRD	2	188,332	Iraqi	No
7	Community Action	Mercy Corps	0	NA	NA	NA
8	Elections Support	IFES	0	NA	NA	NA

<sup>4</sup> As in the previous section, we excluded four USAID/Iraq awards from our subaward analysis because they were recent, and implementers would have had limited time to provide subawards: (1) the \$53 million contract to AECOM International Development for financial sector development awarded in July 2010, (2) a \$63 million contract to DPK Consulting for access to justice awarded in September 2010, (3) a \$151 contract to MSI for administrative reform awarded in June 2011, and (4) the \$75 million contract to University Research Co. for primary health care awarded in March 2011.



No.	Program Area and Title	Implementer	Number of Subgrants	Total Grant Amount (\$)	Nationality	Audit Required
9	Legislative Strengthening	AECOM International Development	0	NA	NA	NA
<b>Capacity Building</b>						
10	National Capacity Development	MSI	0	NA	NA	NA

\* U.S.-based nonprofit organizations undergo annual entitywide audits under the requirements of OMB Circular No. A-133. The circular sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of nonprofit organizations expending federal awards.

# SCOPE AND METHODOLOGY

The Office of Inspector General/Iraq conducted this survey in accordance with the evidence and documentation standards in *Government Auditing Standards*,<sup>5</sup> Paragraph 7.55 and Paragraphs 7.77 through 7.84. Those standards require that we obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our review objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of this survey was to (1) compile and report data on USAID/Iraq awards, (2) compile and report data on USAID/Iraq-funded subawards, and (3) determine whether recipients of USAID awards have complied with applicable audit requirements for their subawardees. During the review, we performed the following steps:

- Identify and analyze all mission prime active awards as of June 30, 2011.
- Request from all of the mission's prime implementing partners (both contracts and cooperative agreements) a list of all subawards active in FY 2010 that meet the audit thresholds set by ADS.
- For all subawards that meet the audit threshold, inquire what the implementing partners have done and will do to ensure that the required subaudits are completed.
- Collect subcontract and subgrant data for FY 2010 from USAID/Iraq's prime recipients (both contracts and cooperative agreements), breaking out the data by consultants, other program implementation, security, and other life support.

For each subaward (subcontractor or subgrantee), we collected the following information: name; nationality; address or DUNS<sup>6</sup> number; subaward date; subcontract type; subaward amount; subaward final cost; subaward name and purpose; area of operations (province and district); start and end dates; status; and whether the subaward approval was in the prime award or the award modification, or received subsequent USAID approval.

- Determine requirements stemming from the Federal Funding Accountability and Transparency Act of 2006, Public Law 109–282.

We did not review information on the operations and expenses of maintaining the USAID/Iraq mission. In addition, we did not review information on awards and subawards provided through USAID's Office of Foreign Disaster Assistance. Survey fieldwork was performed at the USAID/Iraq Mission in the International Zone of Baghdad.

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<sup>5</sup> Government Accountability Office, July 2007 (GAO-07-731G).

<sup>6</sup> The Data Universal Numbering System (DUNS) number is a unique nine-digit identification number provided by Dun and Bradstreet. The federal government requires that all applicants (other than sole proprietors) for federal grants and cooperative agreements have a DUNS number. The federal government uses the DUNS number to identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems.

# MANAGEMENT COMMENTS



November 7, 2011

**MEMORANDUM**  
**UNCLASSIFIED**

**TO:** Darren Roman, Office of the Inspector General/Iraq

**FROM:** Alex Deprez, A/Mission Director

**SUBJECT:** Management Comments in Response to Draft Report on Information Survey of USAID/Iraq's Awards and Subawards (Report Number E-267-12-00x-S)

**REFERENCE:** Office of Inspector General (OIG)/Iraq Draft Report entitled "Information Survey of USAID/Iraq's Awards and Subawards".

Thank you for the opportunity to comment on the referenced draft report. USAID/Iraq concurs with the results of the draft report and appreciates the value of the information survey as an aid to mission management.

As indicated in the draft report, two USAID programs (Provincial Economic Growth and Agribusiness) provided grants to local Iraq nonprofit organizations that necessitated audits, and these organizations are in the process of implementing audit requirements. USAID/Iraq will follow up the implementation of these two audits to ensure compliance of these organizations with the audit requirements.

USAID/Iraq extends its thanks to OIG/Iraq for the thoroughness and cooperation exhibited throughout the production of this report.