



USAID OIG AFGHANISTAN AND PAKISTAN OVERSIGHT REPORT

July – September 2012



Message From the Deputy Inspector General

The U.S. Agency for International Development (USAID) Office of Inspector General (OIG) is responsible for providing oversight of USAID programs and activities. Our work promotes the integrity of USAID's programs and activities and the efficiency and effectiveness of its assistance efforts around the world. Provided limited oversight resources, OIG takes a targeted approach to executing its mission, prioritizing oversight activities in high-risk settings of particular interest to Congress and the administration.

The challenging operating environment in Afghanistan and Pakistan exposes USAID programs and activities to increased risks of fraud, waste, and abuse. Because the large-scale programs in these countries support U.S. national security interests as well as reconstruction, stabilization, and development goals, oversight of them is the top priority for OIG.



OIG has been providing oversight of USAID activities in Afghanistan and Pakistan since the Agency reopened its missions there in 2002. Our oversight covers the full spectrum of USAID programs and helps ensure that taxpayer dollars are being spent wisely.

We publish this quarterly report to increase transparency about our work and observations regarding assistance programs in these countries. This edition describes OIG's oversight program in Afghanistan and Pakistan and highlights our activities from July to September 2012. During this period, OIG completed four performance audits and reviews, issued six financial audits and one forensic procedures report, and closed two investigations relating to Afghanistan and Pakistan.

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Deputy Inspector General

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USAID Office of Inspector General Oversight

The Office of Inspector General is an independent oversight organization within USAID established pursuant to the Inspector General Act, as amended, Public Law 95-452 (October 12, 1978). Responsible for oversight of approximately \$31 billion in foreign assistance funds, OIG received \$51 million in fiscal year (FY) 2012 appropriations.

OIG executes its mission to protect and enhance the integrity of U.S. Government foreign assistance programs through audit and investigative efforts. OIG maintains a staff of approximately 195 direct-hire employees and 38 other personnel such as Foreign Service Nationals and reemployed annuitants. OIG's staff includes auditors, certified public accountants, investigators, and program analysts, as well as specialists in management, budget, information technology, and personnel operations.

Approximately 70 direct-hire OIG positions are based overseas, and the remaining workforce is stationed in Washington, D.C. OIG has overseas offices in Baghdad, Cairo, Dakar, Islamabad, Kabul, Manila, Port-au-Prince, Pretoria, San Salvador, and Tel Aviv.

Some of OIG's work is mandated by statute or regulation. OIG performs other work after considering risks associated with program activities and assessing internal control vulnerabilities. OIG places a high priority on oversight of foreign assistance efforts in Afghanistan and Pakistan and balances these oversight requirements with other important responsibilities around the world.

Inspector General Act of 1978

The Inspector General Act establishes OIGs as independent, objective units responsible for conducting and supervising audits and investigations of agency programs and activities. It directs OIGs to provide leadership and coordination and recommend policies to promote economy, efficiency, and effectiveness and prevent and detect fraud and abuse. The act also requires inspectors general to keep Congress and the heads of agencies fully and currently informed about related problems and deficiencies and the need for and progress of corrective actions.

Financial Return on OIG Work in Afghanistan and Pakistan, FYs 2003–2012



OIG's approach to oversight in these settings has produced dividends for taxpayers. Whereas we have expended \$32.5 million on oversight activities in Afghanistan and Pakistan since FY 2003, our audit and investigative work has returned \$367.8 million to the U.S. Government in the form of audit and investigative savings and recoveries. This amounts to an \$11.32 return on each dollar spent on USAID OIG oversight in these countries. In addition to these direct savings and recoveries, USAID OIG prevents a significant amount of waste, fraud, and abuse, and contributes to future economies and efficiencies through investigative and audit work.

Audit Program

OIG conducts audits and reviews to determine whether USAID programs and operations are working as envisioned. Audit activities include performance audits of programs, financial statement audits, audits related to the financial accountability of grantees and contractors, and audits of information technology systems.

Performance Audits and Reviews

OIG performance audits and reviews provide an independent assessment of the performance and management of USAID systems, programs, activities, and functions against objective criteria, best practices, and other information. Performance audits and reviews address a wide variety of objectives, including those related to program effectiveness and results, economy and efficiency, internal controls, and adherence to legal and other requirements and standards.

OIG engages in an extensive planning process to determine where to focus performance audit and review work. This planning process takes program risks into account and is intended to identify topics of interest to OIG customers and stakeholders. OIG provides particularly intensive oversight of programs in high-risk settings such as Afghanistan and Pakistan, where program success or failure can have national security implications. OIG's [annual plan](#), which caps the yearly planning cycle, provides information on audits and reviews scheduled for the following fiscal year. OIG adjusts these plans throughout the year as circumstances warrant.

Financial Audits

USAID OIG uses different approaches to audit USAID funds expended by different types of organizations.

USAID requires foreign nonprofit organizations that receive USAID awards and expend \$300,000 per year or more in USAID funds to undergo an annual financial audit. These audits focus specifically on USAID funds and follow the rules and procedures contained in USAID's [Guidelines for Financial Audits Contracted by Foreign Recipients](#). For routine audits, the recipient awards the audit contract using a standard statement of work developed by OIG. The audits are performed by public accounting firms vetted by OIG. OIG reviews final audit reports and transmits them to USAID for action. These audits are called recipient-contracted audits. For a subset of these audits, OIG also visits the audit firms, examines audit documentation, and interviews the auditors responsible for the work.

USAID may also award audit contracts directly. For Agency-contracted audits, OIG is involved in the audit from the outset, approving the audit program, attending entrance and exit briefings, and approving draft and final audit reports. OIG is responsible for the quality of all recipient-contracted and Agency-contracted audits.

U.S.-based nonprofit organizations that receive federal awards and expend \$500,000 or more annually under the awards are required to be audited under the provisions of the Single Audit Act, Public Law 98-502 (October 19, 1984), as amended, and Office of Management and Budget Circular A-133. These A-133 audits cover a sample of expenditures under federal awards.

For-profit entities are also subject to financial audits. USAID conducts annual risk assessments of for-profit entities that have received awards to decide when the entity should be audited. Financial audits of for-profit organizations examine the direct and indirect costs incurred under the awards to determine the allowable direct costs and recommend indirect cost rates. These audits are performed by the Defense Contract Audit Agency (DCAA) or a public accounting firm.

Audits often identify questioned costs and sometimes recommend that funds be put to better use. Auditors question as ineligible any costs that are not reasonable, allowable under the terms of the underlying contract or grant, or allocable to the program to which they were charged. Auditors question as unsupported any costs that lack evidence, such as bidding documents, invoices, or receiving reports, that the auditors would need to examine to determine whether the costs are reasonable, allowable, and allocable. USAID contracting or agreement officers make final determinations on questioned costs and seek reimbursement for any sustained questioned costs. Funds recommended to be put to better use are funds that could be used more efficiently if managers take action to implement OIG recommendations. Unnecessary expenditures that can be avoided in the future and costs that will not be incurred if operational changes are made in response to OIG recommendations are examples of funds put to better use.

Investigations

OIG conducts investigations into possible violations of federal laws, rules, and regulations to preserve and protect the integrity of the programs and activities that we oversee. OIG investigations of criminal, civil, and administrative violations cover all facets of USAID programs and operations.

Most OIG investigations are conducted in response to allegations of wrongdoing on the part of Agency personnel or implementing partners. However, OIG also conducts proactive investigations into programs and activities vulnerable to fraud.

Complaints regarding USAID programs and activities may be made through the OIG hotline or in person to OIG personnel. Contractor reports of credible allegations of fraud made in accordance with Federal Acquisition Regulation requirements may be made through the OIG Web site.

To promote fraud reporting, OIG works to establish or link to hotlines in high-risk environments such as conflict and postcrisis settings. The Anti-Fraud Hotline in Pakistan is supported by local marketing efforts, translation services, and top-of-the-line security controls, vetting, and analytical capabilities.

When our investigations confirm allegations of wrongdoing, OIG special agents collaborate with U.S. and local law enforcement and prosecutors, other federal agencies and offices, and implementing partners to put a stop to the prohibited activity.

OIG special agents are sworn law enforcement officers with the authority to carry firearms, execute search warrants, and make arrests.

Fraud Reporting

USAID implementing partners are responsible for reporting allegations of fraud related to USAID projects pursuant to the Federal Acquisition Regulation and USAID requirements. USAID award recipients can use this [form](#) on USAID OIG's Web site to satisfy the requirement that they notify OIG whenever they have credible evidence that a principal, employee, agent, or subcontractor of USAID has violated the Civil False Claims Act or a federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations in connection with a federal award or the performance or closeout of a contract or any related subcontract.

Members of the public, USAID employees, and employees of USAID contractors and grantees are encouraged to use the OIG hotline to report fraud, waste, or abuse in USAID programs or activities:

- E-mail: IG.Hotline@usaid.gov
- Phone: 1-800-230-6539 or 202-712-1023
- Web form: oig.usaid.gov/content/oig-hotline

Outreach and Coordination

Outreach and coordination are important elements of the oversight process, and OIG extensively engages in these activities. OIG investigators conduct fraud awareness briefings to alert participants to fraudulent practices and schemes and to provide guidance on how to report fraud if it is encountered. OIG auditors provide training to Agency personnel, host-government audit authorities, and local audit firms on cost principles and federal audit and accountability procedures and requirements.

USAID OIG works with other law enforcement agencies including the International Contract Corruption Task Force, the National Procurement Fraud Task Force, the Financial Crimes Enforcement Network, and U.S. embassies' legal attaché offices to coordinate investigative work,

eliminate duplication, and maximize the efficient use of government resources.

OIG routinely works with prosecutors from the U.S. Department of Justice to put an end to civil and criminal violations and frequently works with other U.S.-based and foreign prosecutorial authorities to bring perpetrators to justice. Investigative findings on administrative matters are referred to Agency management for action. OIG also works with USAID implementing partners to resolve investigative matters with a bearing on their activities.

OIG continues to collaborate with USAID's Office of Acquisition and Assistance (OAA) by referring entities for possible suspension or debarment and meeting regularly to review referrals. As this process continues, it will become more difficult for individuals and organizations to sidestep responsibility for past misdeeds by simply shifting to work with a different USAID or U.S. Government project.

OIG auditors work closely with Agency managers to address our findings and identify appropriate corrective actions to be taken in response to our recommendations. We also routinely collaborate and consult with other oversight organizations. We work with DCAA in conducting audits, reviews, and preaward surveys related to foreign assistance programs. USAID OIG employees regularly meet with representatives from the OIGs of the Departments of State and Defense to coordinate plans, reports, and activities of mutual interest. We also work with the Government Accountability Office (GAO) in developing our audit plans to prevent duplication and ensure effective coordination.

OIG is also a key participant in the Southwest Asia Joint Planning Group. The group, which is led by the Department of Defense OIG, helps coordinate oversight of U.S. Government activities in Southwest Asia. Representatives from the Department of State OIG, DCAA, GAO, the Special Inspector General for Afghanistan Reconstruction (SIGAR), and the Special Inspector General for Iraq Reconstruction also participated in the group. The group issues an annual [coordinated oversight plan](#) for the region that includes planned and ongoing oversight activities by the member organizations.

OIG coordinates with international donors on audit standards and investigations and works extensively with supreme audit institutions and public accounting firms overseas. OIG endeavors to expand and deepen those relationships wherever they are mutually beneficial.

Oversight Challenges

OIG oversight activities in Afghanistan and Pakistan are not without challenge. Delays in visa approvals and the limited tours of duty that correspond to hardship posts have affected plans for audit work. Furthermore, Agency personnel managing programs under review frequently change, complicating OIG access to needed information. Travel requirements imposed by host governments and security-related restrictions on the movement of U.S. Government employees have sometimes limited our ability to perform site visits. Similarly, the drawdown of U.S. military personnel in Afghanistan may affect OIG's ability to conduct fieldwork. It continues to be a challenge to provide OIG staff with appropriate work space.

OIG's long-term human capital footprint is structured to address core oversight requirements. To respond to short- to medium-term oversight requirements in conflict and post-crisis settings, Congress provided OIG with temporary authority to waive compensation restrictions for reemployed annuitants so that they could earn pay for their services without suffering a reduction in retirement pay. This authority, which expired at the end of FY 2012, contributed to OIG's success in Afghanistan and Pakistan by enabling the office to hire experienced personnel with the specialized skills required to respond to oversight needs in these countries.

In Afghanistan, OIG is one of several oversight organizations monitoring USAID's programs and operations. Although OIG and other oversight organizations participate in several forums and joint

planning processes to deconflict oversight plans, there is a danger that requests by multiple oversight organizations could take time and attention away from program management tasks.



USAID has established eight milk collection and processing centers in the northern provinces of Afghanistan with hand-operated equipment for converting milk into value-added dairy products like yogurt and cheese. (Photo by USAID/Afghanistan, October 25, 2012)

Afghanistan Oversight Program and Activities

The U.S. Government reopened the USAID mission in Kabul in 2002. Since FY 2002, USAID has provided approximately \$14.0 billion to increase Afghan stability, provide humanitarian assistance, and address needs in education, health, economic growth, and governance.

USAID OIG provides oversight of USAID activities in Afghanistan through an intensive program of audits, investigations, and outreach and coordination activities. To execute this program as effectively as possible, OIG has expanded its presence in Afghanistan in recent years. In the past, OIG provided oversight remotely using personnel based in Washington, D.C., and in our Philippines regional office. In 2009, we established a permanent, on-the-ground presence in Kabul. As of September 30, 2012, our Afghanistan Country Office had 13 personnel.

OIG spent approximately \$21.2 million to provide oversight for Afghanistan from FY 2003 through the third quarter of FY 2012. USAID OIG oversight activities there during the same period produced \$229.3 million in returns for the U.S. Government.

OIG has provided audit coverage of the full range USAID programs in Afghanistan, including those for relief and stabilization, reconstruction, economic growth, education, and health care. Since the start of FY 2003, USAID OIG has issued 102 financial audits, performance audits, and reviews of Afghanistan-related assistance efforts. These reports made 371 recommendations for improvements to USAID programs and activities.

Performance Audits and Reviews

USAID OIG has issued 53 performance audits and reviews relating to USAID programs and activities in Afghanistan since FY 2003. Performance audits and reviews conducted in recent years have noted needed improvements in several management and performance areas. More than six in ten of our reports have identified contract or project management deficiencies and noncompliance with relevant procedures or regulations. Nearly four in ten have found internal control weaknesses, and a little less than a third have noted risks to project sustainability and found that security problems hampered project implementation or monitoring.



Map of Afghanistan. (Central Intelligence Agency World Factbook, 2011.)

OIG completed one review in Afghanistan during the quarter:

- **Review of USAID/Afghanistan’s Monitoring and Evaluation System (Report No. [F-306-12-002-S](#), September 26, 2012).** A significant and continuing constraint to USAID/Afghanistan’s program monitoring and evaluation is the security situation in Afghanistan. The country remains a high-threat environment, and security concerns often limit the mission’s ability to implement and monitor projects. USAID/Afghanistan has repeatedly identified this impediment in annual reports to USAID/Washington. In addition, the constant staff turnover at the mission erodes the staff knowledge base, leaving managers and subordinate staff members unfamiliar with the projects under their purview.

As of March 2012, the mission reported having 95 active awards with \$4.5 billion in obligations and \$3.6 billion in disbursements. Besides involving large dollar amounts, these programs—in agriculture, economic growth, infrastructure, democracy and governance, health, education, and stability—are widely dispersed geographically and often implemented in active war zones. While the mission has implemented several elements of an effective monitoring and evaluation system, the system can be strengthened.

The mission did not issue guidance on monitoring and does not have a current mission order addressing monitoring generally or its onsite monitoring program in particular. Further, no mission order details the roles and responsibilities of mission staff members in monitoring on-budget assistance. One office director noted that clarification is needed on the roles and responsibilities of agreement and contracting officer representatives (AOR/CORs) who manage projects and of the onsite monitors who are to oversee those projects. Further, some AORs/CORs do not believe that all onsite monitors have the technical skills necessary to monitor their projects properly.

OIG also observed weaknesses in the mission's collection and reporting of performance information. The mission uses an information system called Afghan Info to collect performance information on its projects and to provide performance reports to stakeholders. Nevertheless, OIG found that implementers of two projects with a combined budget of \$73 million were not using Afghan Info to report on their activities, and mission staff members indicated that other implementers might not be using Afghan Info. Moreover, several AORs and CORs were not validating the data in reports submitted by their implementing partners. In fact, one AOR said he expected OIG to validate his data during the course of its audits and reviews.

OIG made ten recommendations to address these issues. Management decisions were made on all ten and final action was taken on three.

Five additional OIG performance audits were under way on September 30, 2012:

- **Audit of USAID/Afghanistan's Performance Based Governors' Fund.** This audit was designed to determine whether the fund is meeting its primary goal of providing financial and technical assistance to governors and their teams so that they are better able to meet community outreach needs, enhance their relationships with citizens, and improve their overall management capacity.
- **Audit of USAID/Afghanistan's Kandahar Helmand Power Project.** This audit will determine whether the Kandahar Power Initiative is meeting its goal of increasing the supply and distribution of electrical power in Afghanistan's South East Power System.
- **Review of USAID/Afghanistan's Use of the Commander's Emergency Response Program Funds for Selected Projects.** The objectives of this review are to determine (1) whether program funds provided to USAID by U.S. Forces-Afghanistan for specific projects were used for their intended purposes and in compliance with applicable laws and regulations, and (2) whether costs charged to funded projects were reasonable, allowable, and allocable.
- **Audit of USAID/Afghanistan's Transition Plans.** This audit will assess whether the USAID mission in Afghanistan has plans to address contingencies related to the U.S. Government's transition in Afghanistan.

- **Audit of USAID/Afghanistan’s Management Controls Over Premium Pay.** This audit will determine whether the USAID mission in Afghanistan has adequate management controls over the submission, authorization, approval, and certification of premium pay benefits for its staff in accordance with federal time and attendance policies and procedures.

In addition to these performance audits, OIG has 11 performance audits and reviews planned for FY 2013. They will address the following topics:

- Electoral Reform and Civic Advocacy Program
- Land Reform in Afghanistan Program
- Gardez-Khost National Highway Project
- Financial Assistance for Investing in the Development of Afghanistan Project
- Commercial Horticulture and Agriculture Marketing Program
- Agricultural Credit Enhancement Program
- Sherberghan Gas Development Project
- On-budget portion of the Basic Education, Literacy, and Technical Vocational Training Project
- Gender-related activities in selected USAID/Afghanistan programs
- The financial sustainability of USAID/Afghanistan’s Energy sector programs
- USAID/Afghanistan’s contracts and cooperative agreements

Financial Audits

In addition to organization-wide audits of U.S.-based firms operating in Afghanistan, OIG has overseen 49 financial audits of Afghanistan-based programs and activities since FY 2003. These financial audits have covered more than \$1.178 billion in funds and identified approximately \$150.8 million in questioned costs. Of this total, USAID had sustained more than \$34.9 million by the end of the reporting period.

OIG works with private accounting firms to conduct financial audits in Afghanistan. Before using any private accounting firms for this type of work, OIG assesses their capability to perform the work. As of September 30, 2012, USAID OIG had a roster of 13 eligible audit firms to call on in Afghanistan.

In addition to required audits of local recipients and U.S.-based nongovernmental organizations (NGOs) and for-profit entities operating in Afghanistan, USAID funds audits of all locally incurred costs to enhance accountability for its programs.

OIG did not issue any financial audits relating to Afghanistan during the reporting period, but as of September 30, 2012, nine financial audits of USAID funds were in progress in Afghanistan:

- **Concurrent Financial Audit of the Costs Incurred in the United States by Louis Berger Group Inc. Under the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-P-00-10-00505-00, for the Period August 25, 2006, to September 30, 2008.**
- **Financial Audit of Costs Incurred by the American University of Afghanistan Under Cooperative Agreement No. 306-A-00-08-00525-00, for the Period July 1, 2009, to June 30, 2011.**
- **Closeout Financial Audit of Costs Incurred and Billed by Oasis International Schools Inc. for the Establishment of the International School of Kabul Under Agreement No. 306-A-00-05-00522-00, for the Period May 27, 2005, to December 31, 2010.**
- **Financial Audit of Costs Incurred in Afghanistan by CNFA Under the Afghanistan Farm Services Alliance Program, Award No. 306-A-00-08-00517-00, for the Period January 1, 2010, to December 31, 2011.**
- **Closeout Financial Audit of USAID Resources Managed by Creative Associates International Inc. Under the Ambassador's Small Grants Program, Cooperative Agreement No. 306-A-00-09-00517-00, for the Period July 2, 2009, to January 31, 2012.**
- **Financial Audit of the Local Costs Incurred and Paid in Afghanistan by Deloitte Consulting LLP Under the Economic Growth and Governance Initiative, Contract No. 306-EEM-I-04-07-00005, for the Period August 15, 2009, to September 30, 2010.**
- **Financial Audit of Costs Incurred in Afghanistan by the Asia Foundation Under the Afghan Public Opinion Survey Program, Award No. 306-A-00-09-00514-00, for the Period June 23, 2009, to September 30, 2011.**
- **Closeout Financial Audit of USAID Resources Managed by the International Organization for Migration Under the Afghan Civilian Assistance Program, Cooperative Agreement No. 306-A-00-07-00516-00, for the Period June 5, 2007, to November 30, 2011.**
- **Financial Audit of USAID Resources Managed by Turquoise Mountain Trust Under the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-09-00503-00.**

Seventeen other financial audits of USAID funds in Afghanistan were in the planning stage at the end of the quarter. In addition to these audits, OIG plans to audit USAID/Afghanistan's financial statements as part of its overall USAID financial statement audit for FY 2013.

Investigations

As of September 30, 2012, USAID OIG had 71 ongoing investigations pertaining to Afghanistan. During the reporting period, OIG investigators opened ten cases in Afghanistan and closed one. Since FY 2003, OIG has initiated 198 investigations related to Afghanistan. These investigations have been associated with several types of allegations. In most cases, underlying allegations have pertained to program fraud (37 percent) or to bribery and kickbacks (24 percent).

During the July 1 through September 30, 2012, reporting period, one OIG investigation led to the termination and debarment of one USAID contractor's employee, while another resulted in the debarment of an employee of a different USAID implementing partner:

Investigative Outcomes

Since FY 2003, OIG investigations in Afghanistan have resulted in:

- 39 referrals for civil or criminal prosecution
- 13 arrests
- 14 indictments
- 12 convictions
- 105 administrative actions (e.g., contract and employee terminations)
- \$163 million in savings and recoveries

- **Cooperation Between USAID Contractor and OIG Results in Employee Termination and Debarment.** Chemonics reported to OIG that one of its employees in Afghanistan embezzled approximately \$7,600 from the Regional Afghan Municipalities Program for Urban Populations—South. Chemonics terminated the employee after concluding an internal investigation. OIG, in turn, examined Chemonics's internal report of investigation, bank records, and personnel files, and referred the employee to USAID for debarment. In September, USAID acted on OIG's referral and debarred the former Chemonics employee.
- **Former Employee of USAID Contractor Debarred.** Development Alternatives Inc. (DAI) alerted OIG to allegations that one of its employees had committed fraud in connection with a USAID-funded economic development program in Afghanistan. OIG's investigation revealed that the DAI employee had solicited and received a kickback from the president of a firm that received a grant from DAI under the program. The employee was arrested by Afghan authorities and sentenced to 3 years' imprisonment with a \$10,000 fine. In response to an OIG referral, USAID debarred the DAI employee in August.

Outreach and Coordination

Since FY 2003, OIG investigators have provided 139 briefings on fraud awareness in Afghanistan to 2,692 participants. During the reporting period, special agents in Afghanistan delivered 15 such briefings attended by 232 participants.

OIG conducts many of its investigations in association with other law enforcement agencies, often in association with the International Contract Corruption Task Force to detect, investigate, and

dismantle corruption and contract fraud resulting from U.S. contingency operations.¹ When cases involving Afghan nationals are declined for prosecution by the U.S. Department of Justice, the matters are presented to the local public prosecutor, with whom OIG has developed a successful working relationship.

OIG also has a close working relationship with USAID/Afghanistan, and investigators regularly brief the mission's contracting personnel on fraud detection and prevention. OIG provides an orientation to all incoming USAID staff members in Afghanistan on their role in helping promote effectiveness and accountability in USAID projects and programs, as well as on the operating environment in Afghanistan, fraud indicators, and the OIG's audit and investigative programs.

OIG has also established working relationships with many implementing partners and regularly provides fraud awareness briefings for their staff. OIG also supports implementing partners in their efforts to identify and address allegations of fraud by quickly referring cases to USAID's OAA and to local prosecutors when appropriate.

USAID OIG coordinates audit plans and ongoing activities with other oversight authorities through a body made up of the OIGs for USAID and the Departments of State and Defense, SIGAR, and GAO.

¹ Overseas contingency operations are (a) military operations designated by the Secretary of Defense in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or an opposing military force, or (b) military operations for which active duty members of the uniformed services have been called, ordered, or retained during a war or national emergency declared by the President or Congress (10 U.S.C. Section 101(a)(13)).

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USAID supports Pakistan's date industry through investments in farm and processing infrastructure designed to maximize and standardize outputs for export markets. (Photo by USAID/Pakistan, July 26, 2012)

Pakistan Oversight Program and Activities

The U.S. Government reopened the USAID mission in Islamabad in 2002. Through FY 2012, USAID had provided approximately \$5.1 billion to address needs in education, health, economic growth, and good governance and to help with reconstruction and recovery after earthquakes, floods, and armed conflict.

USAID OIG provides oversight of USAID activities in Pakistan through rigorous audit and investigative work and extensive outreach and coordination. To execute this program as effectively as possible, OIG has expanded its presence in Pakistan in recent years. In the past, OIG provided oversight remotely using personnel based in Washington, D.C., and our Philippines regional office. In 2009, we established a permanent, on-the-ground presence in Islamabad. As of September 30, 2012, OIG's Pakistan Country Office had 14 permanent staff supplemented by a staff member on temporary duty.

OIG spent approximately \$11.2 million to provide oversight for Pakistan from FY 2003 through FY 2012. USAID OIG oversight activities there during the same period produced \$138.6 million in returns to the U.S. Government.

OIG has provided oversight coverage of the full range of USAID programs in Pakistan, including those for relief and stabilization, reconstruction, sustainable development, education, and health care. Since the start of FY 2003, USAID OIG has issued 94 financial audits, performance audits, and reviews of Pakistan-related assistance efforts. These reports made 166 recommendations for improvements to USAID programs and activities.

Performance Audits and Reviews

USAID OIG has issued 25 performance audits and reviews relating to USAID programs and activities in Pakistan since FY 2003. Performance audits and reviews conducted in recent years have noted needed improvements in several management and performance areas. Half have identified contract

or project management deficiencies, and more than four in ten have found internal control weaknesses. About one in three reports have noted failures to meet performance targets or noncompliance with relevant procedures or regulations.

From July 1 to September 30, 2012, OIG completed three performance audits.

- **Audit of USAID/Pakistan’s Assessment and Strengthening Program (Report No. [G-391-12-009-P](#), September 30, 2012).** USAID/Pakistan launched the Assessment and Strengthening Program in October 2010 to (1) assist potential Pakistani partners (governmental and nongovernmental organizations) in increasing their capacity to manage and account for U.S. Government development assistance funds, (2) reduce the vulnerability of funds to waste and misuse, and (3) increase the speed and efficiency of delivering USAID development resources to intended beneficiaries. To achieve the program’s goals, the mission awarded separate cooperative agreements to the Rural Support Programmes Network, LUMS, and Associates in Development totaling \$44 million for the period October 2010 to October 2015. As of May 31, 2012, cumulative obligations under the program had reached approximately \$13.4 million, and disbursements totaled \$5.3 million.

Between October 2010 and May 2012, the program initiated 38 institutional capacity-building programs, completed 5 preaward assessments, and carried out capacity-building activities. Activities for the governmental organizations included establishing planning documents, developing policies and procedures manuals, providing training classes to 278 participants, and completing a research project.



Map of Pakistan. (Central Intelligence Agency World Factbook, 2011)

Despite these accomplishments, the program faced difficulties in increasing the capacity of local organizations and the Government of Pakistan. By May 2012, implementers had not finished any of the 46 programs planned for completion. In addition, program planning was insufficient. A results framework and preliminary performance management plan were not established until a year after the program began, and the USAID/Pakistan office managing the program lacked experience designing, planning, and implementing programs that, like this one, seek to build capacity in areas other than finance. The report made three recommendations to address these issues.

- **Audit of USAID/Pakistan's Gomal Zam Multipurpose Dam Project (Report No. [G-391-12-008-P](#), August 24, 2012).** In January 2011, USAID/Pakistan entered into a fixed-amount reimbursement agreement with Pakistan's Water and Power Development Authority according to which USAID reimburses the water authority for expenses only after agreed-upon milestones have been certified by monitoring firms hired by USAID. USAID agreed to provide \$40 million to the water authority to complete the Gomal Zam Dam, which was 88 percent complete at the time. In October 2011, USAID/Pakistan added \$40 million to the agreement to fund an irrigation component, which was then 23 percent complete and included a main canal, distributaries, a barrage, and floodwater channels. As of July 2012, USAID/Pakistan had obligated approximately \$80 million and spent \$55 million for the project.



Water from the reservoir pours through the dam. (Photo by OIG, June 2012)

The main objectives of the project are to help the Government of Pakistan meet more demand for electricity by adding power to the national power grid, store water to provide a reliable source for irrigation, and provide for flood control. When complete, the project is expected to use the water resources of the Gomal and Zhob Rivers to provide electricity to 25,000 households, irrigate 163,000 acres of land to support economic activity, and control flooding.

The audit confirmed that USAID's timely funding of Gomal Zam Multipurpose Dam was contributing to achieving the project goals of power generation, irrigation, and flood control. The dam was 98 percent complete, and the irrigation component was 45 percent complete and on schedule. Notwithstanding this progress, completion of the dam was at least 3 months behind schedule because of delays in the assembly of a key component and a payment dispute between the project implementer and its subcontractor. These delays have cost an estimated \$10.55 million in labor, engineering, and security fees. The report made one recommendation to help ensure timely completion of the dam.

- **Audit of USAID/Pakistan's Reconstruction Program in Earthquake-Affected Areas (Report No. [G-391-12-007-P](#), August 16, 2012).** USAID/Pakistan awarded a 5-year, \$120 million contract to the construction firm Camp Dresser and McKee, International Inc. to implement this program, and reconstruction activities have made progress. As of May 2012, the contractor had completed work on 51 of the 77 targeted facilities (36 schools and 15 health-care facilities) and turned them over to the Government of Pakistan. Government officials inspected the completed buildings to verify that they met technical specifications and issued certificates transferring ownership. The contractor turned the facilities over to the Government of Pakistan within the estimated time and budget, and the Government was using most for their intended purposes. Construction was under way on 21 buildings (20 schools and a district hospital), and the contractor was bidding on sites for 5 additional structures.

However, several problems needed to be addressed. OIG observed that a two-story health-care facility built by the implementer was not in use and had deteriorated without maintenance. OIG noted damage to the roof tiles, a high-voltage electrical cable running across the roof of the building, a broken window, no running water or electricity, and mold on the interior walls.



This health-care facility in Bagh is not in use and has deteriorated since it was turned over to the Government of Pakistan. As shown above, roof tiles are damaged. (Photo by OIG, April 16, 2012)

According to the contractor, the Government of Pakistan had not occupied the new facility because it did not want to abandon an old facility that was the subject of a land dispute. As a result, local residents could not use the new facility for which USAID/Pakistan had spent \$864,000.

Meanwhile, damaged roof tiles were apparent at many other completed facilities. Contractor representatives said that damaged roof tiles would be replaced with better tiles at no cost to USAID.

The audit made four recommendations to address these issues.

As of September 30, 2012, USAID OIG had two performance audits in progress.

- **Audit of USAID/Pakistan’s Monitoring and Evaluation Program.** The audit will determine whether USAID/Pakistan is using results from its monitoring and evaluation program to manage its portfolio.
- **Audit of USAID/Pakistan’s Design for Sustainability in the Jamshoro Thermal Power Station Repair and Maintenance Activity.** This audit will determine whether

USAID/Pakistan has built sustainability into the repair and maintenance of the Jamshoro Thermal Power Station.

OIG has plans to conduct nine other Pakistan-related performance audits during FY 2013. They will address the following projects and programs:

- Gender Equity Program
- Federally Administered Tribal Areas (FATA) Secretariat Capacity Building Program, Phase II
- Smallholder Dairy Project
- Agribusiness Project
- Entrepreneurs Project
- Power Distribution Improvement Project
- Sindh Basic Education Program
- Small Grants and Ambassador's Fund Program
- Government-to-Government Assistance Program

Financial Audits

In addition to organization-wide audits of U.S.-based firms operating in Pakistan, OIG has overseen 69 financial audits of Pakistan-based programs and activities since FY 2003. These financial audits have covered more than \$867.7 million in funds and identified approximately \$7.8 million in questioned costs. Of this total, USAID has sustained almost \$3.2 million in questioned costs.

OIG has developed relationships with local institutions to help strengthen the accountability environment. OIG's memorandum of understanding with the Auditor General of Pakistan permits that organization's audits to be accepted by USAID as meeting the requirement for annual audits of Pakistani Government entities implementing USAID-funded programs. Under this arrangement, OIG reviews individual Auditor General audits to ensure that they are performed in accordance with OIG guidelines before accepting them as meeting the annual audit requirement. OIG recently provided a financial audit training session with a segment on fraud awareness to the Auditor General's staff.

OIG also uses local accounting firms to conduct financial audits in Pakistan. Before using any local firms for this type of work, OIG assesses their capability to perform the work. As of September 30, 2012, USAID OIG had a roster of 28 eligible audit firms in Pakistan to call on. OIG has nearly doubled the size of this roster since the start of FY 2010.

From July 1 to September 30, 2012, USAID OIG issued six financial audits and one forensic procedures report:

- **Closeout Financial Audit of USAID Resources Managed by the Pakistan Poverty Alleviation Fund, for the Period August 12, 2010, to June 30, 2011 (Report No. G-391-12-014-R, July 10, 2012).** The audit covered total revenues and costs of \$3,950,666 and \$2,697,398, respectively. The audit concluded that, except for the effects of the questioned costs of \$1,146, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreements for the period audited. The questioned costs pertained to interest earned on a bank balance by a subrecipient that had not been refunded to USAID. The audit was concluded without any recommendations because the identified ineligible questioned costs had been raised in a previous audit (Report No. G-391-12-008-R).
- **Financial Audit of USAID Resources Managed by Khushhali Bank Limited, for the Year Ended December 31, 2011 (Report No. G-391-12-015-R, July 12, 2012).** The audit covered total revenues and costs of \$2,603,275 and \$2,161,710, respectively, under the USAID agreement managed by Khushhali Bank. The audit concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreements for the period audited. The audit did not identify any material weakness in internal controls or any material instance of noncompliance. The audit was concluded without any recommendations.
- **Closeout Financial Audit of the Pakistan Competitiveness Support Fund, Limited Scope Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2011, to March 31, 2012 (Report No. G-391-12-016-R, July 20, 2012).** The audit covered total revenues and costs of \$1,062,236 under the agreement. The audit concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The audit did not question any costs and did not identify any material weakness in internal control. However, the audit identified three material instances of noncompliance related to levels of financial contributions on the part of program counterparts and the failure to hold required meetings. No recommendations were made to address these issues because the program has ended. However, the audit made a recommendation to recover \$9 million in cost-sharing shortfalls.
- **Closeout Financial Audit of Aga Khan University's Flood Response Program, Agreement No. 391-G-00-10-01188-00, and National Nutrition Survey Supplement Program, Grant No. 391-G-11-00001-00, Managed by Aga Khan University, for the Period January 1, 2011, to February 29, 2012 (Report No. G-391-12-017-R, September 13, 2012).** The audit covered combined program revenues and expenditures of \$5,667,991 and \$5,139,351, respectively. The audit concluded that the fund accountability statement for the programs presented fairly, in all material respects, program revenues and costs incurred under the agreements for the period audited. The audit did not identify any questioned costs, material

weaknesses in internal controls, or material instances of noncompliance. No recommendations were made.

- **Financial Audit of USAID Funds Managed by the Higher Education Commission Under the Merit and Needs-Based Scholarship Program, Activity No. 391-G-00-04-01023-00, for the Year Ended June 30, 2011 (Report No. G-391-12-018-R, September 25, 2012).** The audit, which covered revenues and costs of \$1,195,129 and \$1,029,213, respectively, found that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited. Auditors did not question any costs, but did question the validity of the equivalent of \$1,326,000 in cost sharing claimed by the recipient. In addition, auditors identified 13 material instances of noncompliance with the agreement and related policies and procedures. OIG made two recommendations to address these issues.
- **Financial Audit of the Emergency Relief and Early Recovery for Flood Affectedes Across Pakistan Program, Agreement No. 391-A-00-11-01204-00, Managed by the Rural Support Programmes Network, for the Period October 15, 2010, to June 30, 2011. (Report No. G-391-12-019-R, September 26, 2012).** The audit covered revenues and costs of \$8,089,284 and \$7,965,014 respectively, under the USAID agreement. Auditors questioned \$2,664,903 in costs pertaining to a subrecipient that was not audited as required. They concluded that, with the exception of the effects of these questioned costs, the fund accountability statement presented fairly, in all material respects, program revenues and costs. Auditors identified an additional \$2,511 in questioned costs pertaining to interest earned on bank balances that was not refunded to USAID. OIG made two related recommendations.
- **Report on Agreed-Upon Forensic Procedures Performed on Procurement Costs Incurred by Rafi Peer Theatre Workshop to Implement the Pakistan Children’s Television Project, Agreement No. 391-A-00-10-01161-00, for the Period May 7, 2010, to May 31, 2012 (Report No. G-391-12-001-O, July 31, 2012).** This report covered procurement costs of \$2,675,275 and identified questioned costs of \$2,030,417. These costs were questioned because proper authorizations and documentation were not available or because related procurements were not made in a competitive fashion. The report identified several weaknesses in internal controls and instances of noncompliance and noted instances of potentially fraudulent transactions. One recommendation was made to determine the allowability of and recover, as appropriate, the unsupported questioned costs. However, no procedural recommendations were made because the project was being terminated.

As of September 30, 2012, USAID OIG had 17 financial audits and 1 agreed-upon procedures engagement in progress:

- **Financial Audit of USAID Funds Managed by the Ministry of Economic Affairs and Statistics (Economic Affairs Division) Under the Cash Transfer Grant Agreement, Activity No. 391-012-IL-03 for University and Technical Education in FATA Through the Pakistan Higher Education Commission, for the Period September 30, 2009, to June 30, 2010.**
- **Financial Audit of USAID Funds Managed by the Water and Power Development Authority Under Agreement No. 391-TDR-FARA-002-00 for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Water and Power Development Authority Under Agreement No. 391-PEPA-ENR-GOMAL-PIL-001, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Water and Power Development Authority Under Agreement No. 391-PEPA-ENR-SATPARA-PIL-001, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by Jamshoro Power Company Limited Under Agreement No. 391-JAM-FARA-003-00, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by Northern Power Generation Company Limited Under Agreement No. 391-MUZ-FARA-004-00, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Provincial Reconstruction, Rehabilitation, and Settlement Authority Under Agreement Nos. 391-MLK-FARA-001-00 and 391-MLK-FARA-002-00 for the Reconstruction of Schools, for the Period April 9, 2010, to June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Ministry of Economic Affairs and Statistics (Economic Affairs Division) Under the Assistance Agreement, Activity No. 391-011 for Implementation of Assistance Programs for the Population of Conflict-Affected Areas, Managed by the Provincial Disaster Management Authority, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-SWA-FARA-001-00 for the Widening and Improvement of the Jandola-Kotkai-Sararogha Road, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-AAG-011-SWA-TANK for the Tank-Kaur and Kaur-Jandola Road, for the Year Ended June 30, 2011.**

- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-013-002 for the Kaur-Gomal-Tanai-Wana Road, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-013-001 for the Reactivation and Rehabilitation of Damaged Transformers, 33-Kilovolt High-Tension and 11-Kilovolt Low-Tension Lines, for the Period March 10 to June 30, 2011.**
- **Financial Audit of the Assessment and Strengthening Program for Civil Society Organizations and the Government of Pakistan, Agreement No. 391-A-00-11-01201-00, Managed by the Rural Support Programmes Network, for the Period October 12, 2010, to June 30, 2011.**
- **Closeout Financial Audit of the Emergency Relief Items to Communities Affected by Floods in Pakistan Program, Agreement No. 391-A-00-10-01187-00, Managed by the Rural Support Programmes Network, for the Period August 13, 2010, to June 30, 2011.**
- **Financial Audit of the Government of Pakistan's Receipts and Disbursements of Special Rupee Accounts Under USAID-Funded Agreements.**
- **Financial Audit of USAID Resources Managed by the Rural Support Programmes Network as a Subrecipient of the Population Council Under the Family Advancement for Life and Health Program, Agreement No. 391-A-00-07-01092-00, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Resources Managed by the Rural Support Programmes Network as a Subrecipient of the National Rural Support Programme Under the Small Grants and Ambassador's Fund Program, Contract No. 391-C-00-10-01189-00, for the Period August 31, 2010, to June 30, 2011.**
- **Agreed Upon Procedures Review of USAID Resources Managed by the Rural Support Programmes Network Under Agreement No. 391-A-00-11-01213-00 for the Sindh Agricultural Recovery Project, for the Period November 13, 2010, to July 31, 2011.**

Investigations

As of September 30, 2012, USAID OIG had 28 ongoing investigations pertaining to Pakistan. During the reporting period, OIG investigators opened four cases in Pakistan and closed one. Since FY 2003, OIG has initiated 89 investigations related to Pakistan. These investigations have been associated with several types of allegations. In most cases, underlying allegations have pertained to bribery and kickbacks (31 percent) or to program fraud (30 percent).

During the July 1 through September 30, 2012, reporting period, OIG investigations resulted in the suspension of an NGO from participation in U.S. Government awards, the proposed debarment of a senior NGO executive, and the terminations of five employees associated with assistance efforts:

- **OIG Investigation Leads to Suspension of NGO and Proposed Debarment of Senior NGO Executive.**

A previously reported OIG investigation related to the \$50 million Small Grants and Ambassador's Fund Program revealed that an employee of the program implementer (the National Rural Support Programme, NRSP) accepted a bribe from a grant recipient (the Khushal Welfare Organization) in exchange for a favorable grant closeout report. NRSP terminated its implicated employee in April 2012. In response to an OIG referral, in September 2012 USAID suspended the Khushal Welfare Organization from receiving future federal awards and proposed one of its senior executives for debarment.

- **Two Local Employees of the Embassy Housing Office Terminated for Soliciting and Receiving Kickbacks.**

USAID and State Department OIG conducted a joint investigation into allegations of fraudulent activity in Embassy Islamabad's Housing Office. The investigation confirmed allegations of misconduct, solicitation, and acceptance of bribes from property owners by two local Housing Office employees in exchange for favorable lease terms. Both employees were terminated in July 2012. In September 2012, the case was referred to Pakistan's National Accountability Bureau (NAB) to pursue local prosecution.

- **Three Provincial Education Officials Terminated for Theft of Food Items.**

In April 2012, community members from northern Sindh Province contacted the Anti-Fraud Hotline to report theft and diversion of cooking oil and energy biscuits from a school-based food-for-education program implemented by the World Food Programme (WFP). OIG subsequently referred the matter to the WFP Beneficiary Feedback Team, which conducted an inquiry into the allegations. The inquiry found large amounts of these food items in the local market and substantiated allegations that three school employees sold food items designated for the program to local vendors. After the matter was referred to the Sindh Department of Education, all three employees were terminated.

Investigative Outcomes

Since FY 2003, OIG investigations in Pakistan have resulted in:

- 6 referrals for civil or criminal prosecution
- 1 civil judgment
- 41 administrative actions (e.g., contract and employee terminations)
- \$112 million in savings and recoveries

Outreach and Coordination

USAID OIG collaborates with the OIGs for the Departments of State and Defense to prepare a quarterly report on the progress and oversight of the U.S. Government's civilian assistance program in Pakistan. Now in its [eleventh edition](#), this report provides information on

developments related to the full scope of U.S. civilian assistance programs and activities in Pakistan. The report informs stakeholders about progress achieved to date, problems encountered during program implementation, and actions taken to address them.

With the aim of increasing reporting on fraud, waste, and abuse in assistance programs, OIG and USAID/Pakistan collaborated to establish a hotline in Pakistan. The Anti-Fraud Hotline became fully operational in February 2011. This 5-year project is funded by a cooperative agreement between USAID/Pakistan and Transparency International-Pakistan in partnership with OIG.

OIG is solely responsible for handling complaints received through the hotline. During the reporting period, USAID OIG also continued to work closely with the hotline to vet and investigate incoming complaints. This quarter, the hotline received 395 complaints.

As in previous quarters, most hotline complaints originated from Sindh Province in southeastern Pakistan. During this quarter, total complaints were distributed across Pakistan’s regions as follows: Sindh 285 (72 percent), Punjab 41 (10 percent), Balochistan 23 (6 percent), Khyber Pakhtunkhwa 16 (4 percent), and FATA 16 (4 percent). Other provinces and administrative areas in Pakistan combined to account for 4 percent of complaints.

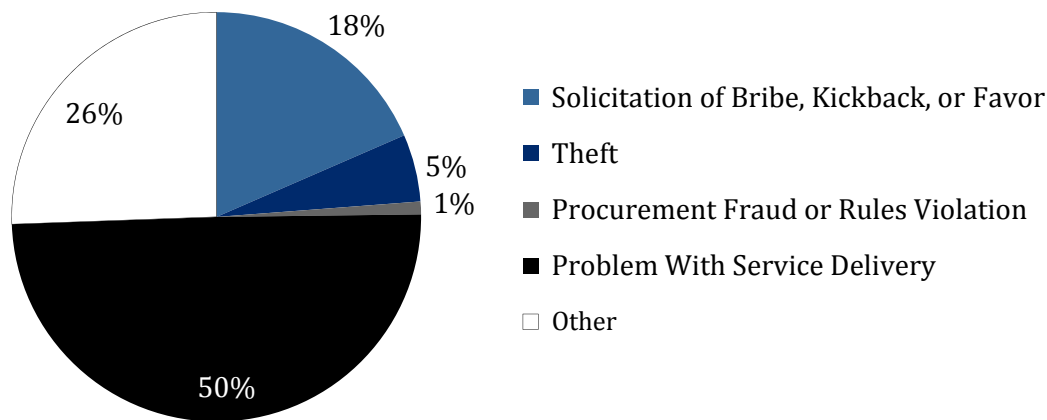
Accessing the Hotline

The Anti-Fraud Hotline operates 24 hours a day and accepts allegations in English, Urdu, Pashto, Baloch, and Punjabi.

Complaints may be made to the hotline via a toll-free number (0800-84700), online (www.anti-fraudhotline.com), by mail or fax, or in person.

As shown in the following graphic, about half of complaints received during the reporting period related to service delivery.

Distribution of Hotline Complaints by Type



Source: Transparency International–Pakistan.

Since its introduction in February 2011, the Anti-Fraud Hotline has been widely advertised on television, radio, newspaper, and billboards. As the only one of its kind in Pakistan, the hotline has received a large volume of complaints related to programs implemented by other agencies. USAID OIG refers these complaints to the appropriate agency for further review and investigation. From July 1 to September 30, 2012, OIG referred 80 hotline complaints to outside entities, including WFP, UNICEF, the United Nations (UN) Development Programme, the UN Office for Project Services, the World Bank, Pakistan's Benazir Income Support Program, Save the Children, and NRSP.

OIG also works closely with hotline personnel to monitor and address complaints regarding violations of the Pakistan Public Procurement Rules (PPR) of 2004 in the tendering of USAID-funded projects being carried out by the Government of Pakistan. Allegations of PPR violations received through the hotline are handled in accordance with the procedures set forth in the PPR, which require the tendering government agency to review and respond to the complaint within a set period. When a violation of the PPR has occurred, the tendering agency is required to cancel or correct the procurement. If the issue is not properly resolved by the tendering agency, the Pakistan Public Procurement Regulatory Agency and the Supreme Court of Pakistan can intervene.



A billboard advertises the Anti-Fraud Hotline to passersby in Pakistan's Punjab Province. (Photo by OIG, 2011)

OIG has established a working relationship with Pakistan's NAB, the primary law enforcement agency in Pakistan responsible for investigating white-collar crime and public corruption and the only national law enforcement agency authorized to conduct investigations in FATA. OIG has coordinated efforts with NAB since early 2010 and collaborates with it on investigations.

Since FY 2003, OIG investigators have conducted 49 briefings on fraud awareness in Pakistan for 1,209 participants. During the reporting period, special agents in Pakistan delivered three such briefings attended by 26 participants.

OIG outreach efforts to prevent fraud during the quarter targeted organizations implementing the \$155 million Sindh Basic Education Program. OIG personnel conducted site visits and provided fraud awareness presentations to implementer staff. OIG also continued to monitor the implementation of the government-to-government portion of the project, which will be executed by the Sindh Department of Education in accordance with the Sindh Public Procurement Rules of 2010. The Department of Education agreed to include contact information for the Anti-Fraud Hotline on all tenders for construction projects funded by the Sindh Basic Education Program so that bidders and members of the public will know how to report inappropriate activity in the bidding process.

OIG also provides training on standards and requirements for financial audits of U.S. Government funds. During FY 2012, OIG provided this training to 73 participants from NGOs, 13 Pakistani government officials, and 19 staff members at USAID/Pakistan. In FY 2012, USAID OIG also provided this training to 13 employees of Pakistan's Office of the Auditor General and 55 participants from 24 local public accounting firms.

Appendix 1 – Suspension and Debarment Exclusions Resulting From OIG Investigations

OIG works with USAID’s OAA to prevent individuals and organizations that are not presently responsible from receiving federal awards. OIG gives information to OAA to assist with Agency determinations on whether to suspend or debar individuals and organizations, thereby preventing them from receiving federal contracts, grants, cooperative agreements, and other awards. In some cases, information from OIG contributes to determinations by other agencies to exclude entities from participating in federal awards.

OIG investigations in Afghanistan and Pakistan have been an important source of information for USAID in making suspension and debarment decisions. The following individuals and organizations were ineligible for federal awards as of September 30, 2012, following determinations made pursuant to Afghanistan- and Pakistan-related information that was developed by our office.

Excluded Entity	Action Date	End Date
Suspensions		
Afridi, Rehman	09/24/12	<i>Indefinite</i>
Alam, Maqsood (Maksood)	09/24/12	<i>Indefinite</i>
Cameron, Ian	02/24/12	02/24/13
Khushal Welfare Organization	09/24/12	<i>Indefinite</i>
Peel, Ian	03/12/12	03/12/13
Spier, Barbara	08/06/12	<i>Indefinite</i>
Spier, Delmar	08/06/12	<i>Indefinite</i>
Wolff, Derish	12/22/11	<i>Indefinite</i>
Debarments		
Ahsan Aman Construction Company (AACC)	08/01/11	05/24/14
Burrows, Bryan Lee	06/02/10	05/27/13
Campbell, Neil P.	10/18/10	10/18/13
Masud, Atif	08/27/10	08/27/13
McMonigle, Ryan Scott	05/07/10	05/07/13
Mehr, Behzad	12/13/11	09/27/14
Mohammad, Raz (Roz)	08/01/11	05/24/14
Pellettieri, Precy	07/15/11	01/11/14

Excluded Entity	Action Date	End Date
Pepe, Salvatore	07/15/11	01/11/14
Ramin, Din Mohammad	08/23/12	07/03/15
Rehmati, Rehmatullah	09/04/12	06/26/15
Samimi, Mohammed Qaseem	11/16/11	11/15/12
Sediqi, Ahman Samim	01/12/11	01/11/14
SERVCOR, LLC	12/16/10	12/15/13
Ziarmal, Akhtar Nawaz	06/27/12	06/26/15
Other Exclusions		
Walker, Scott Anthony*	02/05/10	02/04/15

* Prohibited from serving in a management or supervisory capacity on any Department of Defense (DOD) contract or first-tier subcontract; serving on the board of directors, or as a consultant, agent, or representative for any DOD contractor or first-tier subcontractor; or serving in any other capacity with the authority to influence, advise, or control the decisions of any DOD contractor or subcontractor with regard to any DOD contract or first-tier subcontract.

Appendix 2 – Recommendations Pending Management Decisions

USAID OIG establishes the basis for audit findings and recommendations to persuade Agency officials that recommended corrective actions are warranted. Agency officials communicate their agreement or disagreement with OIG recommendations upon review of draft OIG reports.

The following OIG recommendations were pending management decisions as of September 30, 2012. USAID management decisions were pending on six recommendations related to Agency programs in Afghanistan and on seven relating to Pakistan. The following table lists these recommendations by country and by the USAID office to which the recommendation was directed. Recommendations that have been pending management decisions longest are listed first.

Report Date	Report Title*	Recommendation
Afghanistan		
USAID/Afghanistan		
06/25/12	Audit of USAID/Afghanistan's Internal Controls in the Administration of the Involuntary Separate Maintenance Allowance (F-306-12-003-P)	<p>8. Calculate and recover the home leave travel costs paid for dependent family members of the two U.S. direct-hire employees who already had involuntary separate maintenance allowance authorized for those dependents.</p> <hr/> <p>10. Review all employees receiving involuntary separate maintenance allowance in FYs 2010, 2011, and 2012 to determine whether those employees or their dependent family members received incompatible Foreign Service benefits, and recover any incompatible benefits paid.</p>
06/29/12	Audit of USAID/Afghanistan's Incentives Driving Economic Alternatives for the North, East, and West Program (F-306-12-004-P)	<p>1. Assess the focus and location of program activities, as necessary, to maximize the program's contribution to dissuading Afghans from growing poppies, and define and use intermediate results, performance indicators, baselines, and targets to assess progress toward that underlying objective.</p> <hr/> <p>5. Develop and implement a risk-based monitoring plan for the program that includes periodic site visits.</p>

Report Date	Report Title*	Recommendation
		<p>9. Require its implementing partner to develop and implement a formal monitoring system that includes the development and execution of annual monitoring plans covering the programmatic and financial aspects of the program; reporting and analysis against those plans; the inclusion of subimplementers in those monitoring plans, reporting, and analysis; and the verification of reported results, including supporting documentation.</p> <hr/> <p>18. Develop mission-wide policies and procedures governing cash-for-work and community-constructed infrastructure projects. These policies and procedures should include the employment of minors, safety of workers, and responding to injuries in compliance with Afghan labor law.</p>
Pakistan		
USAID/Pakistan		
11/03/11	Audit of USAID/Pakistan's Firms Project (G-391-12-001-P)	5. Determine the allowability of \$1,359,337 in unsupported questioned costs and recover those costs determined to be unallowable.
07/31/12	Report on Agreed-Upon Forensic Procedures Performed on Procurement Costs Incurred by Rafi Peer Theatre Workshop to Implement the Pakistan Children's Television Project, Agreement No. 391-A-00-10-01161-00, for the Period May 7, 2010, to May 31, 2012 (G-391-12-001-O)	1. Determine the allowability of and recover, as appropriate, unsupported questioned costs of \$2,030,417 identified in the report.
08/16/12	Audit of USAID/Pakistan's Reconstruction Program in Earthquake-Affected Areas (G-391-12-007-P)	4. Determine the allowability of and recover, as appropriate, unsupported questioned costs of \$2,030,417 identified in the report.
09/25/12	Financial Audit of USAID Funds Managed by the Higher Education Commission Under the Merit and Needs-Based Scholarship Program, Agreement No. 391-G-00-04-01023-00, for the Year Ended June 30, 2011 (G-391-12-018-R)	<p>1. Make a determination on the validity of the \$1,326,000 in cost sharing claimed by the recipient and ensure that the recipient provides the required cost sharing contribution per the agreement.</p> <hr/> <p>2. Ensure that the Higher Education Commission corrects the material instances of noncompliance mentioned in the report.</p>

Report Date	Report Title*	Recommendation
09/26/12	Financial Audit of the Emergency Relief and Early Recovery for Flood Affectees Across Pakistan Program Managed by the Rural Support Programmes Network Under Agreement No. 391-A-00-11-01204-00,, for the Period October 15, 2010, to June 30, 2011 (G-391-12-019-R)	<ol style="list-style-type: none"> <li data-bbox="850 296 1487 415">1. Determine the allowability of and recover, as appropriate, ineligible questioned costs of \$2,511 identified in the Fund Accountability Statement. <li data-bbox="850 422 1487 562">2. Ensure that the Rural Support Programmes Network corrects the material instance of noncompliance related to the failure to perform a sub-recipient audit identified in the audit report.

* Hyperlinks are provided to the OIG performance audits and reviews referenced in this table and the tables in the following three appendixes. OIG does not normally publish financial audits because they frequently contain proprietary financial information; hyperlinks are not available for these reports as a result.

Appendix 3 – Recommendations Pending Final Action After 6 Months

After USAID managers have decided on a course of action to address an OIG recommendation, implementation of the actions is tracked. In some cases, we conduct follow-up audits and reviews to verify that corrective actions were taken and that they have had the intended effect of improving Agency programs and operations.

Final action had been pending for 6 months or longer on the following recommendations as of September 30, 2012. In particular, final action had been pending for 6 months or more on 13 recommendations related to USAID programs in Afghanistan and on 5 related to Pakistan. Target action dates that have been revised since management decisions were reached are indicated in italics below. Recommendations that have been pending final action the longest are listed first.

Date	Report	Recommendation	Target Action Date
Afghanistan			
USAID/Afghanistan			
08/23/11	Financial Audit of Technologist Inc.'s Costs Incurred/Billed Under Task Order No. 306-O-00-04-00539-00, for the Afghanistan Industrial Estate Development Program for the Period May 24, 2004, to December 31, 2007 (F-306-11-001-D)	1. Determine the allowability of and recover, as appropriate, questioned costs of \$6,563,050 detailed in the report.	<i>09/30/12</i>
08/31/11	Review of USAID/Afghanistan's Afghan Civilian Assistance Program (F-306-11-005-S)	7. Determine the allowability of and recover, as appropriate, the \$3,437,000 that the International Organization for Migration spent to buy used vehicles without USAID approval.	<i>03/31/13</i>
09/29/11	Audit of USAID/Afghanistan's On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Services Program (F-306-11-004-P)	5. Work with the Ministry of Public Health and the Ministry of Finance to (1) implement written policies and procedures that clearly define the roles, responsibilities, and approval authorities for the payment process and (2) provide further training on the advance/liquidation mode of payment process.	<i>10/31/12</i>

Date	Report	Recommendation	Target Action Date
		6. Work with the Ministry of Public Health and the Ministry of Finance to implement procedures limiting the frequency of changes made to the payment process and providing sufficient notification and clear instructions to nongovernmental organization contractors on any changes.	10/31/12
10/03/11	Financial Audit of the Partnership Contracts for Health Services Program Managed by the Ministry of Public Health, for the Period July 20, 2008, to September 22, 2010 (F-306-12-001-N)	1. Determine the allowability of and recover, as appropriate, questioned costs of \$1,328,310 detailed in the report.	10/31/12
10/31/11	Financial Audit of the Ministry of Finance Salary Support Program, Project Implementation No. 306-IL-10-01, Managed by the Ministry of Finance, for the Period June 6 to September 30, 2010 (F-306-12-003-N)	3. Ensure that the Ministry of Finance Salary Support Program corrects the material instance of noncompliance identified in the report.	10/31/12
11/13/11	Audit of USAID/Afghanistan's Afghanistan Stabilization Initiative for the Southern Region (F-306-12-001-P)	13. (1) Identify the districts in which it intends to implement post-transition development projects, (2) develop transition plans for districts in which it plans to implement future projects, and (3) develop closeout plans for districts where it will not implement new projects.	12/31/12
12/20/11	Independent Financial Audit of Black & Veatch Special Projects Corporation's Direct Costs Incurred and Billed on Contract No. 306-I-00-06-00517-00 From August 25, 2006, to September 30, 2008 (F-306-12-001-D)	1. Determine the allowability of and recover, as appropriate, unsupported questioned costs of \$32,198,382.	10/15/12
12/26/11	Review of Responses to Internal Audit Findings on the Local Governance and Community Development Project (F-306-12-001-S)	6. Determine the allowability of \$4,782 in questioned costs related to fees for unapproved seating upgrades charged to the Local Governance and Community Development Project and recover from Development Alternatives Inc. any amounts determined to be unallowable.	10/31/12

Date	Report	Recommendation	Target Action Date
		7. Contract for a financial audit of Development Alternatives Inc.'s Local Governance and Community Development Project to determine whether all the costs charged to USAID were reasonable, allowable, and allocable.	10/31/12
02/15/12	Financial Audit of the Local (Non-U.S.) Costs (Costs Incurred and Paid in Afghanistan) Under Contract No. 306-I-00-06-00517-00 With the Joint Venture Louis Berger Group Inc./Black & Veatch Corp., for the Period October 1, 2009, to September 30, 2010 (F-306-12-004-N)	1. Determine the allowability of and recover, as appropriate, questioned costs of \$2,196,583 identified in the report.	12/31/12
		2. Ensure that the Joint Venture Louis Berger Group, Inc./Black & Veatch Special Projects Corp. corrects the 20 material weaknesses and 8 significant deficiencies identified in the report.	12/31/12
		3. Ensure that the Joint Venture Louis Berger Group, Inc./Black & Veatch Special Projects Corp. corrects the four material instances of noncompliance identified in the report.	12/31/12
Pakistan			
USAID/Pakistan			
11/03/11	Audit of USAID/Pakistan's Firms Project (G-391-12-001-P)	6. Verify that Chemonics has corrected all procurement deficiencies identified in this report.	12/31/12
11/23/11	Audit of USAID/Pakistan's Energy Efficiency and Capacity Program (G-391-12-002-P)	1. Discontinue the tube well program under the Energy Efficiency and Capacity Program at the end of the contract period unless the mission develops an action plan to reach program goals.	12/31/12
02/03/12	Audit of USAID's Pakistan Transition Initiative Program (G-391-12-003-P)	1. Develop and document a coordinated strategy that links the short-term stabilization program with subsequent, complementary medium- and long-term development programs in FATA and Khyber Pakhtunkhwa.	12/31/12
02/17/12	Financial Audit of the Merit and Needs-Based Scholarship Project, Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission, for the Period July 2, 2004, to June 30, 2010 (G-391-12-005-R)	3. Ensure that the Higher Education Commission corrects the 13 material instances of noncompliance mentioned in the report.	09/30/12
		5. Determine whether the Higher Education Commission provided the cost-sharing contribution per the terms of the agreement and, if not, recover any shortfall.	09/30/12

Appendix 4 – Audited Amounts, Questioned Costs, and Funds Recommended to Be Put to Better Use

OIG has issued financial audits covering more than \$2.0 billion in USAID funds—\$1.2 billion in Afghanistan and \$840 million in Pakistan—since FY 2003.

Financial audits, as well as performance audits and reviews, sometimes identify questioned costs and recommend that funds be put to better use. Questioned costs are costs determined not to be allowable, allocable, or reasonable, or costs for which auditors could not make a determination of allowability, allocability, or reasonableness because documentation or other evidence to support the costs was not available for auditors’ review. USAID contracting or agreement officers make final determinations on identified questioned costs and seek reimbursement for any sustained questioned costs (those costs they agree should not have been charged to the government). Funds recommended to be put to better use are funds that could be used more efficiently if managers take action to implement OIG recommendations. When Agency managers agree to implement related OIG recommendations, the Agency is regarded as having agreed that the funds could be put to better use.

The following table provides information on dollars audited during the course of financial audits. It also lists all financial audits, performance audits, and reviews that identified questioned costs or funds recommended to be put to better use since FY 2003. This information is presented alongside Agency determinations regarding these funds—i.e., determinations to sustain questioned costs or agree that funds could be put to better use. The corresponding audit reports are listed by country and presented in reverse chronological order.

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
Afghanistan					
06/25/12	Audit of USAID/Afghanistan's Internal Controls in the Administration of the Involuntary Separate Maintenance Allowance (F-306-12-003-P)				
	N/A	3,833	3,833	–	–
05/12/12	Financial Audit of Local Costs Incurred by International Relief and Development Inc. Under the Strategic Provincial Roads—Southern and Eastern Afghanistan Program, Cooperative Agreement No. 306-A-00-08-00509-00, for the Period October 1, 2009, to September 30, 2010 (F-306-12-006-N)				
	95,940,175	–	–	–	–

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
03/15/12	Financial Audit of Costs Incurred in Afghanistan Under Contract No. 306-DOT-I-01-08-00033-00 With Chemonics International Inc. for the Period October 1, 2009, to September 30, 2010 (F-306-12-005-N)				
	13,839,901	-	-	-	-
02/15/12	Financial Audit of the Local (Non-U.S.) Costs (Costs Incurred and Paid in Afghanistan) Under Contract No. 306-I-00-06-00517-00 With the Joint Venture Louis Berger Group Inc./Black & Veatch Corp., for the Period October 1, 2009, to September 30, 2010 (F-306-12-004-N)				
	10,779,108	2,196,583	194,242	-	-
12/26/11	Review of Responses to Internal Audit Findings on the Local Governance and Community Development Project (F-306-12-001-S)				
	N/A	2,939,360	4,782	-	-
12/20/11	Independent Financial Audit of Black & Veatch Special Projects Corporation, Direct Costs Incurred and Billed on Contract No. 306-I-00-06-00517-00, From August 25, 2006, to September 30, 2008 (F-306-12-001-D)				
	136,000,000	32,198,382	32,198,382	-	-
11/13/11	Audit of USAID/Afghanistan's Afghanistan Stabilization Initiative for the Southern Region (F-306-12-001-P)				
	N/A	4,859,842	-	-	-
10/13/11	Financial Audit of the Ministry of Finance Salary Support Program, Project Implementation No. 306-IL-10-01, Managed by the Ministry of Finance, for the Period June 6 to September 30, 2010 (F-306-12-003-N)				
	1,000,000	356,469	-	-	-
10/10/11	Financial Audit of Local Costs Incurred by Development Alternatives Inc. Under the Small and Medium Enterprise Development Activity, Contract No. 306-C-00-07-00503-00, for the Period October 1, 2009, to September 30, 2010 (F-306-12-002-N)				
	18,631,159	88,650	-	-	-
10/03/11	Financial Audit of the Partnership Contracts for Health Services Program, Grant Agreement No. 306-08-IL-06-00, Managed by the Ministry of Public Health, for the Period From Program Inception on July 20, 2008, to September 22, 2010 (F-306-12-001-N)				
	32,812,937	1,328,310	5,167	-	-
09/29/11	Financial Audit of the Policy Capacity Initiative Activity Project, Grant Agreement No. 306-IL-09-12-0004.00, Managed by the Ministry of Communication and Information Technology, for the Period From Program Inception on April 9, 2009, to September 30, 2010 (F-306-11-003-N)				
	450,138	118,478	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
08/31/11	Review of USAID/Afghanistan's Afghan Civilian Assistance Program (F-306-11-005-S)				
	N/A	8,379,055	3,440,321	-	-
08/23/11	Financial Audit Report of Technologist Inc.'s Costs Incurred/Billed Under Task Order No. 306-O-00-04-00539-00, for the Afghanistan Industrial Estate Development Program for the Period May 24, 2004, to December 31, 2007 (F-306-11-001-D)				
	21,463,590	6,563,050	493,444	-	-
07/21/11	Financial Audit of the Civilian Technical Assistance Program, Grant Agreement No. 306-09-CTAP-0001, Managed by the Ministry of Finance, for the Period September 30, 2009, to September 30, 2010 (F-306-11-001-N)				
	5,500,000	2,045	77	-	-
07/14/11	Financial Audit of the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period From January 1 to December 31, 2010 (F-306-11-003-R)				
	2,551,558	-	-	-	-
06/19/11	Audit of USAID/Afghanistan's Support to the Electoral Process (STEP) and Support for Increased Electoral Participation in Afghanistan (IEP) Programs (F-306-11-003-P)				
	N/A	6,350,319	-	1,000,000	1,000,000
06/09/11	Review of USAID/Afghanistan's Portion of the Embassy Air Program (F-306-11-004-S)				
	N/A	525,467	31,902	9,440,000	9,440,000
04/12/11	Financial Audit of Costs Incurred by New Mexico State University Under USAID's Afghanistan Water, Agriculture and Technology Transfer Program for the Period March 31, 2008, to September 30, 2010 (0-000-11-001-N)				
	9,787,896	728,257	-	-	-
03/27/11	Audit of USAID/Afghanistan's Construction of Health and Education Facilities Program (F-306-11-002-P)				
	N/A	50,029	40,829	762,153	762,153

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
12/20/10	Financial Audit of Fiduciary Support to the American University of Afghanistan (AUAF), Subgrant Under Asia Foundation Award No. 306-G-00-05-00525-00, and USAID Direct Support to AUAF, Cooperative Agreement No. 306-A-00-08-00525-00, for the Period July 1, 2008, to June 30, 2009 (F-306-11-002-R)				
	9,539,090	685,643	116,273	–	–
11/16/10	Financial Audit of Local Costs Incurred by the Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp., to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period October 1, 2008, to September 30, 2009 (5-306-11-002-N)				
	10,773,130	2,292,891	76,046	–	–
10/26/10	Financial Audit of the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period January 1, 2009, to December 31, 2009 (F-306-11-001-R)				
	2,501,824	–	–	–	–
09/28/10	Financial Audit of Cost Incurred and Billed for the Human and Institutional Capacity Building for Afghanistan Energy and Natural Resources Sector Project, Task Order No. DOT-I-04-04-00022-00, Cooperative Agreement No. 306-P-00-10-00514-00, Managed by Advanced Engineering Associates International, for the Period July 3, 2008, to June 30, 2009 (5-306-10-002-D)				
	3,523,452	12,115	12,115	–	–
03/30/10	Financial Audit of the Afghanistan First Loss Reserve Fund, Cooperative Agreement No. 306-A-00-05-00512-00, Managed by Deutsche Investitions und Entwicklungsgesellschaft mbh, for the Period February 4, 2005, to December 31, 2008 (5-306-10-001-D)				
	1,281,561	56,974	1,952	–	–
02/25/10	Financial Audit of Local Costs Incurred by the Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp., to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period October 1, 2007, to September 30, 2008 (5-306-10-002-N)				
	5,594,190	46,912	4,200	–	–
11/10/09	Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program (5-306-10-002-P)				
	N/A	2,078,426	2,078,426	–	–
09/29/09	Financial Audit of the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-00-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period November 2 to December 31, 2008 (5-306-09-021-R)				
	421,310	17,781	17,781	–	–

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
09/29/09	Financial Audit of the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-00-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period November 2 to December 31, 2008 (5-306-09-021-R)				
	421,310	17,781	17,781	-	-
08/19/09	Financial Audit of Costs Incurred and Billed by BearingPoint Inc. Under Contract No. 306-C-00-03-00001-00, for the Period November 1, 2002, to December 15, 2005 (5-306-09-002-D)				
	95,817,000	95,817,000	-	-	-
06/25/09	Financial Audit of Local Costs Incurred by the Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp. to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period August 25, 2006, to September 30, 2007 (5-306-09-005-N)				
	2,268,126	267,556	254,526	-	-
06/18/09	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1, 2007, to May 31, 2008 (5-306-09-001-D)				
	18,579,476	3,142,521	264,651	-	-
09/30/08	Audit of USAID/Afghanistan's Capacity Development Program (5-306-08-012-P)				
	N/A	-	-	11,100,000	-
08/08/08	Audit of USAID/Afghanistan's Accelerating Sustainable Agriculture Program (5-306-08-009-P)				
	N/A	210,006	172,433	-	-
05/16/08	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to December 31, 2006 (5-306-08-003-D)				
	39,274,703	846,872	51,014	-	-
04/25/08	Closeout Financial Audit of the Business Advisory Services to Small and Medium-Sized Enterprises in Afghanistan Project, Cooperative Agreement No. 306-A-00-04-00570-00, Managed by Acap Management Limited, for the Period September 30, 2004, to March 29, 2007 (5-306-08-019-R)				
	925,459	695,374	695,374	-	-
11/27/07	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2007 (5-306-08-001-N)				
	1,262,209	-	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
06/27/07	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2007 (5-306-07-008-N)				
	1,299,053	-	-	-	-
05/25/07	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to June 30, 2006 (5-306-07-002-D)				
	53,702,753	581,418	124,108	-	-
04/18/07	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2006 (5-306-07-006-N)				
	1,488,612	-	-	-	-
12/11/06	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-00500-00, for the Period July 1 to September 30, 2006 (5-306-07-004-N)				
	1,740,855	-	-	-	-
10/16/06	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2006 (5-306-07-001-N)				
	2,121,214	-	-	-	-
08/10/06	Financial Audit of Treatment of Specified Costs Incurred by Camp, Dresser, & McKee Constructors Inc. Under the Afghanistan Water and Sanitation Program, Contract No. 306-C-00-04-00568-00, for the Period September 30, 2004, to February 25, 2006 (5-306-06-004-D)				
	261,390	221,509	31,509	-	-
08/02/06	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to December 31, 2005 (5-306-06-003-D)				
	181,086,841	528,239	36,248	-	-
06/28/06	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2006 (5-306-06-005-N)				
	3,097,361	-	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
03/21/06	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2005 (5-306-06-004-N)				
	2,144,967	-	-	-	-
12/21/05	Audit of Funds Earmarked by Congress to Provide Assistance for Displaced Persons in Afghanistan (9-306-06-004-P)				
	N/A	-	-	14,366,000	14,366,000
12/19/05	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1, 2004, to March 31, 2005 (5-306-06-002-D)				
	125,286,559	348,122	3,399	-	-
12/08/05	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2005 (5-306-06-002-N)				
	2,114,250	-	-	-	-
08/29/05	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2005, Including Contract Line Item No. 2 Costs, for the Period July 1, 2004, to June 30, 2005 (5-306-05-009-N)				
	2,944,192	-	-	-	-
06/30/05	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2005, Including Contract Line Item No. 2 Costs, for the Period April 1 to June 30, 2004 (5-306-05-008-N)				
	1,606,343	-	-	-	-
04/19/05	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1, 2003, to June 30, 2004 (5-306-05-006-D)				
	185,440,813	1,049,881	98,146	-	-
03/14/05	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2004 (5-306-05-006-N)				
	1,525,711	-	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
12/09/04	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2004 (5-306-05-002-N)				
	1,539,697	3,056	779	–	–
09/16/04	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2003 (5-306-04-003-D)				
	40,486,450	109,186	91,678	–	–
08/23/04	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2004 (5-306-04-006-N)				
	2,039,979	14,112	–	–	–
07/09/04	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2004 (5-306-04-005-N)				
	1,578,442	137,596	9,127	–	–
05/17/04	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2003 (5-306-04-004-N)				
	863,610	115,136	44,738	–	–
05/17/04	Audit of the Application of Agreed-Upon Procedures on Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period September 30, 2002, to June 30, 2003 (5-306-04-002-D)				
	23,096,297	92,983	90,022	–	–
03/26/04	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2003 (5-306-04-003-N)				
	666,841	114,020	13,001	–	–
01/23/04	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period September 30, 2002, to June 30, 2003 (5-306-04-001-N)				
	1,227,901	29,449	3,882	–	–

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
Afghanistan Total					
	1,177,878,123	176,202,907	40,704,407	36,668,153	25,568,153
Pakistan					
09/26/12	Financial Audit of the Emergency Relief and Early Recovery for Flood Affectedes Across Pakistan Program, Agreement No. 391-A-00-11-01204-00, Managed by the Rural Support Programmes Network, for the Period October 15, 2010, to June 30, 2011 (G-391-12-019-R)				
	8,089,284	2,511	-	-	-
09/25/12	Financial Audit of the Merit and Need-Based Scholarship Project, Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission for the Year Ended June 30, 2011 (G-391-12-018-R)				
	1,195,129	1,326,000	-	-	-
09/13/12	Closeout Financial Audit of the Aga Khan University Flood Response Program, Agreement No. 391-G-00-10-01188-00, and National Nutrition Survey Supplement Program, Grant No. 391-G-11-00001-00, Managed by The Aga Khan University, for the Period January 1, 2011, to February 29, 2012 (G-391-12-017-R)				
	5,667,991	-	-	-	-
07/31/12	Report on Agreed-Upon Forensic Procedures Performed on Procurement Costs Incurred by Rafi Peer Theatre Workshop to Implement Pakistan Children's Television Project, Agreement No. 391-A-00-10-01161-00, for the Period May 7, 2010, to May 31, 2012 (G-391-12-001-O)				
	2,675,275	2,030,417	-	-	-
07/20/12	Closeout Financial Audit of the Pakistan Competitiveness Support Fund, Limited Scope Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2011, to March 31, 2012 (G-391-12-016-R)				
	1,062,236	9,104,618	-	-	-
07/12/12	Financial Audit of USAID Resources Managed by Khushhali Bank Limited, for the Year Ended December 31, 2011 (G-391-12-015-R)				
	2,161,720	-	-	-	-
07/10/12	Closeout Financial Audit of USAID Resources Managed by the Pakistan Poverty Alleviation Fund, for the Period August 12, 2010, to June 30, 2011 (G-391-12-014-R)				
	2,697,398	-	-	-	-
06/18/12	Review of USAID/Pakistan's Cost Estimates for Shipping and Storage (G-391-12-001-S)				
	N/A	-	-	3,053,259	3,053,259

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
06/12/12	Financial Audit of the Gender Equity Program Managed by the Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011 (G-391-12-013-R)				
	1,044,234	-	-	-	-
05/10/12	Financial Audit of the USAID/Pakistan Grant Agreement Managed by the Health Service Academy, for the Period July 1, 2010, to June 30, 2011 (G-391-12-012-R)				
	565,021	4,989	-	-	-
04/24/12	Financial Audit of Projects Managed by Lahore University of Management Sciences: the Foreign Recipient Contracted Assessment and Strengthening Program and Subrecipient Contracted Merit and Needs-Based Scholarship Program, for the Year Ended June 30, 2011 (G-391-12-011-R)				
	281,774	-	-	-	-
04/19/12	Financial Audit of the Pakistan Children's Television Project Managed by the Rafi Peer Theatre Workshop, for the Period May 7, 2010, to June 30, 2011 (G-391-12-010-R)				
	906,523	732,546	12,807	-	-
04/17/12	Financial Audit of the Monitoring and Evaluation Project and Assessment and Strengthening Program Managed by Associates in Development (Private) Limited, for the Period January 1, 2010, to June 30, 2011 (G-391-12-009-R)				
	2,560,600	316,937	25,599	-	-
04/03/12	Financial Audit of the USAID Resources Managed by National Rural Support Programme, for the Period July 1, 2010, to June 30, 2011 (G-391-12-008-R)				
	9,942,572	39,745	36,745	-	-
03/20/12	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period October 1, 2009, to September 30, 2011 (G-391-12-001-N)				
	859,543	-	-	-	-
03/06/12	Financial Audit of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2010, to June 30, 2011 (G-391-12-007-R)				
	2,197,662	-	-	-	-
02/24/12	Financial Audit of Budgetary Support, Program Assistance Agreement No. 391-012, Implementation Letter No. 1, Managed by the Economic Affairs Division of the Government of Pakistan, for the Period June 8, 2009, to June 15, 2011 (G-391-12-006-R)				
	44,000,000	-	-	-	-
02/17/12	Financial Audit of the Merit and Needs-Based Scholarship Project, Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission, for the Period July 2, 2004, to June 30, 2010 (G-391-12-005-R)				
	6,055,675	428,144	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
01/13/12	Financial Audit of the Anti-Corruption Program Pakistan, Cooperative Agreement No. 391-A-00-09-01117-00, and the Anti-Fraud Hotline Program, Cooperative Agreement No. 391-A-00-10-01194-00, Managed by Transparency International-Pakistan, for the Year Ended June 30, 2011 (G-391-12-004-R)				
	387,825	-	-	-	-
01/06/12	Financial Audit of Aga Khan University's Flood Response Program, Cooperative Agreement No. 391-G-00-10-01188-00, for the Period August 30 to December 31, 2010, Managed by Aga Khan University (G-391-12-003-R)				
	1,057,045	-	-	-	-
11/23/11	Audit of USAID/Pakistan's Energy Efficiency and Capacity Program (G-391-12-002-P)				
	N/A	-	-	20,000,000	20,000,000
11/03/11	Audit of USAID/Pakistan's Firms Project (G-391-12-001-P)				
	N/A	1,359,337	-	-	-
11/03/11	Financial Audit of Budgetary Support to the Government of Pakistan, Program Assistance Agreement No. 391-005-ES-07, Managed by the Ministry of Finance, for the Year Ended June 30, 2008 (G-391-12-002-R)				
	200,000,000	-	-	-	-
10/26/11	Financial Audit of Budgetary Support, Program Assistance Agreement No. 391-AAG-012-IL-02, Managed by the Benazir Income Support Program, for the Period September 30, 2009, to March 31, 2011 (G-391-12-001-R)				
	85,000,000	-	-	-	-
09/21/11	Financial Audit of the Business Revitalization Program, Cooperative Agreement No. 391-A-00-10-01145-00, Managed by Khushhali Bank, for the Period February 6 to December 31, 2010 (G-391-11-005-R)				
	8,443,128	-	-	-	-
06/23/11	Closeout Financial Audit of the Forman Christian College, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, for the Period July 1, 2009, to March 31, 2010 (G-391-11-004-R)				
	1,974,491	122,515	90,655	-	-
05/26/11	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period October 1, 2006, to September 30, 2009 (G-391-11-001-N)				
	1,511,547	-	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
05/10/11	Financial Audit of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-1073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2009, to June 30, 2010 (G-391-11-003-R)				
	2,184,844	2,822	-	-	-
04/08/11	Closeout Financial Audit of the Interactive Teaching and Learning Project, Cooperative Agreement No. 391-A-00-06-01075-00, and the Financial Audit of Links to Learning Education Support to Pakistan Program, Subaward Under Cooperative Agreement No. 391-A-00-08-01100-00, Managed by Children's Global Network Pakistan Limited, for the Period July 1, 2008, to February 26, 2010 (G-391-11-002-R)				
	1,315,348	12,669	-	-	-
12/30/10	Closeout Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period January 1 to September 30, 2009 (G-391-11-001-R)				
	450,607	-	-	-	-
12/10/10	Audit of USAID/Pakistan's Livelihood Development Program in the Lower Region of the Federally Administered Tribal Area (G-391-11-001-P)				
	N/A	767,841	336,603	-	-
11/08/10	Financial Audit of Costs Incurred Under the School Enhancement Program Component of the Pakistan Education Sector Reform Assistance Program, Cooperative Agreement No. 391-A-00-03-01000-00, Managed by RTI International, for the Period December 4, 2002, to December 31, 2007 (G-391-11-001-D)				
	14,432,228	-	-	-	-
08/04/10	Financial Audit of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period February 3, 2006, to June 30, 2009 (G-391-10-001-R)				
	5,637,011	355,471	-	-	-
05/18/10	Financial Audit of the College Improvement Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period July 1, 2007, to June 30, 2009 (5-391-10-033-R)				
	394,255	-	-	-	-
04/30/10	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Year Ended December 31, 2008 (5-391-10-029-R)				
	1,653,377	89,934	65,652	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
03/24/10	Closeout Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1 to December 31, 2007 (5-391-10-026-R)				
	2,146,908	-	-	-	-
02/10/10	Closeout Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period January 1 to December 31, 2007 (5-391-10-020-R)				
	1,853,975	63,367	63,367	-	-
12/22/09	Financial Audit of USAID Funds Managed by Children's Global Network Pakistan (Guarantee) Limited, for the Year Ended June 30, 2008 (5-391-10-012-R)				
	1,863,786	376,942	242	-	-
08/13/09	Financial Audit of the Budgetary Support, Program Assistance Agreement Nos. 391-005-ES-05 and 391-005-ES-06, Managed by the Ministry of Finance, Government of Pakistan, for the Years Ended June 30, 2006, and 2007 (5-391-09-006-N)				
	400,000,000	-	-	-	-
06/25/09	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period January 1 to December 31, 2007 (5-391-09-013-R)				
	1,776,113	-	-	-	-
05/11/09	Financial Audit of USAID/Pakistan's Rupee Trust Fund for Operating Expenses, for Fiscal Years Ended September 30, 2005, and 2006 (5-391-09-002-N)				
	979,028	-	-	-	-
04/30/09	Financial Audit of the College Improvement Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period August 23, 2004, to June 30, 2007 (5-391-09-008-R)				
	2,631,254	1,163,564	56,008	-	-
04/29/09	Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period January 1 to December 31, 2006 (5-391-09-007-R)				
	979,040	-	-	-	-
12/15/08	Financial Audit of the Interactive Teaching and Learning Program in Pakistan, Cooperative Agreement No. 391-A-00-06-01075-00, Managed by Children's Resources International Pakistan (Guarantee) Limited, for the Period March 1, 2006, to June 30, 2007 (5-391-09-006-R)				
	1,557,736	763,449	158	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
09/26/08	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1, 2006, to June 30, 2007 (5-391-08-035-R)				
	4,295,177	–	–	–	–
09/25/08	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1, 2005, to June 30, 2006 (5-391-08-034-R)				
	5,399,408	–	–	–	–
09/19/08	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1, 2004, to June 30, 2005 (5-391-08-032-R)				
	5,707,948	–	–	–	–
08/27/08	Closeout Financial Audit of the Rewarding Innovation at the District Level Program, Cooperative Agreement No. 391-A-00-03-01015-00, for the Period July 1, 2005, to March 31, 2006, and the Establishing Tent Schools and Cash for Work Program, Grant Agreement No. 391-G-00-06-0169-00, for the Period December 9, 2005, to June 15, 2006, Managed by the Rural Support Programmes Network (5-391-08-030-R)				
	2,847,871	222,294	222,294	–	–
08/20/08	Financial Audit of the Technical Assistance and Training to Improve Project and Financial Management of Provincial and District Health and Population Welfare Services in Pakistan Project, Limited Scope Grant Agreement No. 391-G-00-04-01020-00, Managed by Options Consultancy Services Limited—Technical Assistance Management Agency, for the Period January 1, 2004, to March 31, 2006 (5-391-08-005-N)				
	697,058	–	–	–	–
08/15/08	Closeout Financial Audit of the Enterprise Development Facility Program, Cooperative Agreement No. 391-A-00-03-01010-00, Managed by the Pakistan Poverty Alleviation Fund, for the Period July 1, 2006, to September 30, 2007 (5-391-08-029-R)				
	734,597	–	–	–	–
07/02/08	Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period January 1 to December 31, 2005 (5-391-08-027-R)				
	902,755	–	–	–	–

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
04/15/08	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period January 1, 2005, to December 31, 2006 (5-391-08-017-R)				
	2,662,527	82,126	66,916	-	-
09/28/07	Financial Audit of the 4-Year Bachelor's Degree Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period July 1, 2005, to June 30, 2006 (5-391-07-024-R)				
	769,134	-	-	-	-
08/22/07	Financial Audit of the Enterprise Development Facility Program, Cooperative Agreement No. 391-A-00-03-01010-00, Managed by the Pakistan Poverty Alleviation Fund, for the Period July 1, 2005, to June 30, 2006 (5-391-07-023-R)				
	1,160,768	951,400	921,512	-	-
07/25/07	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period November 7, 2003, to June 30, 2004 (5-391-07-020-R)				
	1,805,257	34,804	-	-	-
05/03/07	Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period July 1, 2003, to December 31, 2004 (5-391-07-014-R)				
	771,546	-	-	-	-
02/22/07	Financial Audit of the Fulbright-USAID Scholarship Program, Grant Agreement No. 391-G-00-04-01035-00, Managed by the United States Educational Foundation in Pakistan, for the Period September 1, 2004, to August 31, 2005 (5-391-07-010-R)				
	234,757	-	-	-	-
01/12/07	Financial Audit of the Enterprise Development Facility Program, Cooperative Agreement No. 391-A-00-03-01010-00, Managed by the Pakistan Poverty Alleviation Fund for the Period October 1, 2003, to June 30, 2005 (5-391-07-007-R)				
	3,194,633	1,999,553	1,639,230	-	-
01/12/07	Financial Audit of the 4-Year Bachelor's Degree Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period August 23, 2004, to June 30, 2005 (5-391-07-006-R)				
	764,472	-	-	-	-

Date	Report Title and Number				
	Amount Audited (\$)	Questioned Costs	Amount Sustained	Funds to Be Put to Better Use	Amount Agreed To
09/27/06	Financial Audit of the Developing Non-Bankable Territories for Financial Services Project, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period October 1, 2003, to December 31, 2004 (5-391-06-033-R)				
	1,853,591	-	-	-	-
09/26/06	Financial Audit of the Rural Support Programmes Network, USAID Grant Rewarding Innovations at the District Level, Agreement No. 391-A-00-03-01015-00, for the Period Ended June 30, 2005 (5-391-06-032-R)				
	997,500	-	-	-	-
09/13/06	Financial Audit of the Rural Support Programmes Network USAID Grant Rewarding Innovations at the District Level, Agreement No. 391-A-00-03-01015-00, for the 9-Month Period Ended June 30, 2004 (5-391-06-031-R)				
	471,255	-	-	-	-
05/11/06	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period November 7, 2003, to June 30, 2004 (5-391-06-020-R)				
	1,805,257	830	-	-	-
01/10/06	Financial Audit of USAID/Pakistan's Rupee Trust Fund for Operating Expenses, for Fiscal Years Ended September 30, 2002, 2003, and 2004 (5-391-06-003-N)				
	432,270	-	-	-	-
Pakistan Total					
	867,699,954	22,354,825	3,537,788	23,053,259	23,053,259

Note: A dash indicates a value of zero. NA means not available.

Appendix 5 – Completed Audit Reports

The following table provides a listing of Afghanistan- and Pakistan-specific OIG audits by the country they pertain to and fiscal year in which they were issued. For purposes of this report, the term “financial audit” refers to both financial audits and quality control reviews. As it is used in this report, the term “performance audit and review,” in turn, refers to other audits, reviews, risk assessments, and survey reports.

Date	Number ²	Title
Afghanistan		
FY 2012		
09/26/12	F-306-12-002-S	Review of USAID/Afghanistan’s Monitoring and Evaluation System
06/29/12	F-306-12-004-P	Audit of USAID/Afghanistan's Incentives Driving Economic Alternatives for the North, East, and West Program
06/25/12	F-306-12-003-P	Audit of USAID/Afghanistan's Internal Controls in the Administration of the Involuntary Separate Maintenance Allowance
05/12/12	F-306-12-006-N	Financial Audit of Local Costs Incurred by International Relief and Development Inc. Under the Strategic Provincial Roads—Southern and Eastern Afghanistan Program, Cooperative Agreement No. 306-A-00-08-00509-00, for the Period October 1, 2009, to September 30, 2010
03/15/12	F-306-12-005-N	Financial Audit of Costs Incurred in Afghanistan Under USAID Contract No. 306-DOT-I-01-08-00033-00 With Chemonics International Inc. for the Period October 1, 2009, to September 30, 2010
02/07/12	F-306-12-002-P	Audit of USAID/Afghanistan’s Skills Training for Afghan Youth Project
02/15/12	F-306-12-004-N	Financial Audit on the Local (Non-U.S.) Costs (Costs Incurred and Paid in Afghanistan) Under Contract No. 306-I-00-06-00517-00 With the Joint Venture Louis Berger Group Inc./Black & Veatch Corp., for the Period October 1, 2009, to September 30, 2010
12/26/11	F-306-12-001-S	Review of Responses to Internal Audit Findings on the Local Governance and Community Development Project
12/20/11	F-306-12-001-D	Independent Financial Audit of Black & Veatch Special Projects Corporation Direct Costs Incurred and Billed on Contract No. 306-I-00-06-00517-00 From August 25, 2006, to September 30, 2008

² Hyperlinks are provided to the OIG performance audits and reviews referenced in this table. OIG does not normally publish financial audits because they frequently contain proprietary financial information; hyperlinks are not available for these reports as a result.

Date	Number	Title
11/13/11	F-306-12-001-P	Audit of USAID/Afghanistan's Afghanistan Stabilization Initiative for the Southern Region
10/13/11	F-306-12-003-N	Financial Audit of the Ministry of Finance Salary Support Program, Project Implementation Number 306-IL-10-01, Managed by the Ministry of Finance, for the Period June 6 to September 30, 2010
10/10/11	F-306-12-002-N	Financial Audit of Local Costs Incurred by Development Alternatives Inc. Under the Small and Medium Enterprise Development Activity, Contract No. 306-C-00-07-00503-00, for the Period October 1, 2009, to September 30, 2010
10/03/11	F-306-12-001-N	Financial Audit of the Partnership Contracts for Health Services Program, Grant Agreement No. 306-08-IL-06-00, Managed by the Ministry of Public Health, for the Period From Program Inception on July 20, 2008, to September 22, 2010
FY 2011		
09/29/11	F-306-11-004-P	Audit of USAID/Afghanistan's On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Services Program
09/29/11	F-306-11-003-N	Financial Audit of the Policy Capacity Initiative Activity Project, Grant Agreement No. 306-IL-09-12-0004.00, Managed by the Ministry of Communication and Information Technology, for the Period From Program Inception on April 9, 2009, to September 30, 2010
08/31/11	F-306-11-005-S	Review of USAID/Afghanistan's Afghan Civilian Assistance Program
08/23/11	F-306-11-001-D	Financial Audit of Technologist Inc.'s Costs Incurred/Billed Under Task Order No. 306-O-00-04-00539-00, for the Afghanistan Industrial Estate Development Program for the Period May 24, 2004, to December 31, 2007
07/21/11	F-306-11-001-N	Financial Audit of the Civilian Technical Assistance Program, Grant Agreement No. 306-09-CTAP-0001, Managed by the Ministry of Finance, for the Period September 30, 2009, to September 30, 2010
07/14/11	F-306-11-003-R	Financial Audit of the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period From January 1 to December 31, 2010
06/19/11	F-306-11-003-P	Audit of USAID/Afghanistan's Support to the Electoral Process (STEP) and Support for Increased Electoral Participation in Afghanistan (IEP) Programs
06/09/11	F-306-11-004-S	Review of USAID/Afghanistan's Portion of the Embassy Air Program
04/12/11	0-000-11-001-N	Financial Audit of Costs Incurred by New Mexico State University Under USAID's Afghanistan Water, Agriculture and Technology Transfer Program for the Period March 31, 2008, to September 30, 2010
03/27/11	F-306-11-002-P	Audit of USAID/Afghanistan's Construction of Health and Education Facilities Program
03/16/11	F-306-11-003-S	Review of USAID/Afghanistan's Bank Supervision Assistance Activities and the Kabul Bank Crisis

Date	Number	Title
03/07/11	F-306-11-002-S	Review of Cash Disbursement Practices Employed by Selected USAID/Afghanistan Contractors and Grantees
02/13/11	F-306-11-001-P	Audit of USAID/Afghanistan's Agriculture, Water, and Technology Transfer Program
12/20/10	F-306-11-002-R	Financial Audit of the Fiduciary Support to the American University of Afghanistan (AUAf) Program, Subgrant Under Asia Foundation Award No. 306-G-00-05-00525-00, and USAID Direct Support to AUAF, Cooperative Agreement No. 306-A-00-08-00525-00, for the Period July 1, 2008, to June 30, 2009
11/16/10	5-306-11-002-N	Financial Audit of Local Costs Incurred by the Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp. to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period October 1, 2008, to September 30, 2009
11/06/10	F-306-11-001-S	Review of USAID/Afghanistan's Ministerial Assessment Process
11/05/10	5-306-11-002-P	Audit of USAID/Afghanistan's Support to the American University of Afghanistan
10/28/10	5-306-11-001-P	Audit of USAID/Afghanistan's Partnership for Advancing Community-Based Education in Afghanistan Program
10/26/10	F-306-11-001-R	Financial Audit of the Regenerating Murad Khane, Restoring Refurbishing and Revitalizing the Old City, Program, Cooperative Agreement No. 306-A-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period January 1 to December 31, 2009
FY 2010		
09/29/10	5-306-10-002-S	Review of Security Costs Charged to USAID Projects in Afghanistan
09/28/10	5-306-10-002-D	Financial Audit of Cost Incurred and Billed for the Human and Institutional Capacity Building for Afghanistan Energy and Natural Resources Sector Project (Task Order No. DOT-I-04-04-00022-00), Cooperative Agreement No. 306-P-00-10-00514-00, Managed by Advanced Engineering Associates International, for the Period July 3, 2008, to June 30, 2009
07/29/10	5-306-10-011-P	Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West
06/24/10	5-306-10-002-O	Review of School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program
05/21/10	5-306-10-009-P	Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan
05/18/10	5-306-10-001-Q	Quality Control Review of the Financial Audit Conducted by KPMG Afghanistan Limited of the Local Costs Incurred by the Louis Berger Group Inc./Black & Veatch Special Projects Joint Venture to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period October 1, 2007, to September 30, 2008

Date	Number	Title
04/20/10	5-306-10-008-P	Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture Program
03/31/10	5-306-10-007-P	Audit of USAID/Afghanistan's Human Resources and Logistical Support Program
03/30/10	5-306-10-001-D	Financial Audit of the Afghanistan First Loss Reserve Fund, Cooperative Agreement No. 306-A-00-05-00512-00, Managed by the Deutsche Investitions und Entwicklungsgesellschaft mbh, for the Period February 4, 2005, to December 3, 2008
02/25/10	5-306-10-002-N	Financial Audit of Local Costs Incurred by the Louis Berger Group Inc./Black & Veatch Special Projects Joint Venture to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period October 1, 2007, to September 30, 2008
01/29/10	5-306-10-006-P	Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project
12/15/09	5-306-10-004-P	Audit of USAID/Afghanistan's Afghan Civilian Assistance Program
11/10/09	5-306-10-002-P	Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program
FY 2009		
09/29/09	5-306-09-021-R	Financial Audit of the Regenerating Murad Khane, Restoring, Refurbishing and Revitalizing the Old City Program, Cooperative Agreement No. 306-A-00-09-00503-00, Managed by the Turquoise Mountain Trust, for the Period November 2 to December 31, 2008
08/19/09	5-306-09-002-D	Financial Audit of Costs Incurred and Billed by BearingPoint Inc. Contract No. 306-C-00-03-00001-00, for the Period November 1, 2002, to December 15, 2005
06/25/09	5-306-09-005-N	Financial Audit of Local Costs Incurred by the Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp. to Implement the Afghanistan Infrastructure Rehabilitation Program, Contract No. 306-I-00-06-00517-00, for the Period August 25, 2006, to September 30, 2007
06/18/09	5-306-09-001-D	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1, 2007, to May 31, 2008
06/08/09	5-306-09-004-P	Audit of USAID/Afghanistan's Land Titling and Economic Restructuring in Afghanistan Project
05/11/09	5-306-09-003-P	Audit of USAID/Afghanistan's Local Governance and Community Development Project in Southern and Eastern Regions of Afghanistan
12/04/08	5-306-09-002-P	Audit of USAID/Afghanistan's Higher Education Project
FY 2008		
09/30/08	5-306-08-012-P	Audit of USAID/Afghanistan's Capacity Development Program
08/08/08	5-306-08-009-P	Audit of USAID/Afghanistan's Accelerating Sustainable Agriculture Program

Date	Number	Title
06/23/08	5-306-08-006-P	Audit of USAID/Afghanistan's Small and Medium Enterprise Development Activity
05/16/08	5-306-08-003-D	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to December 31, 2006
04/25/08	5-306-08-019-R	Closeout Financial Audit of the Business Advisory Services to Small and Medium-Sized Enterprises in Afghanistan Project, Cooperative Agreement No. 306-A-00-04-00570-00, Managed by Acap Management Limited, for the Period September 30, 2004, to March 29, 2007
03/17/08	5-306-08-003-P	Audit of USAID/Afghanistan's Alternative Development Program-Southern Region
01/22/08	5-306-08-001-P	Audit of USAID/Afghanistan's Agriculture, Rural Investment and Enterprise Strengthening Program
11/27/07	5-306-08-001-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2007
FY 2007		
08/31/07	5-306-07-009-P	Audit of Selected Follow-On Activities Under USAID/Afghanistan's Economic Program
06/27/07	5-306-07-008-N	Financial Audit of Local Costs incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2007
06/07/07	5-306-07-006-P	Audit of USAID/Afghanistan's Urban Water and Sanitation Program
05/25/07	5-306-07-002-D	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to June 30, 2006
05/21/07	5-306-07-004-P	Audit of Critical Power Sector Activities Under USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program
04/18/07	5-306-07-006-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2006
02/13/07	5-306-07-002-P	Audit of USAID/Afghanistan's Alternative Livelihoods Program-Eastern Region
12/11/06	5-306-07-004-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-00500-00, for the Period July 1 to September 30, 2006
10/16/06	5-306-07-001-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2006

Date	Number	Title
FY 2006		
08/18/06	5-306-06-008-P	Audit of USAID/Afghanistan's School and Health Clinic Reconstruction Activities
08/16/06	5-306-06-007-P	Audit of USAID/Afghanistan's Rural Expansion of Afghanistan's Community-Based Healthcare Program
08/10/06	5-306-06-004-D	Financial Audit of Treatment of Specified Costs Incurred by Camp, Dresser & McKee Constructors Inc. Under the Afghanistan Water and Sanitation Program, Contract No. 306-C-00-04-00568-00, for the Period September 30, 2004, to February 25, 2006
08/02/06	5-306-06-003-D	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to December 31, 2005
06/28/06	5-306-06-005-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2006
05/18/06	5-306-06-005-P	Audit of USAID/Afghanistan's Reconstruction of the Kandahar-Herat Highway Under the Rehabilitation of Economic Facilities and Services Program
03/28/06	5-306-06-002-P	Audit of USAID/Afghanistan's Rebuilding Agricultural Markets Program
03/21/06	5-306-06-004-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2005
01/10/06	5-306-06-001-P	Audit of USAID/Afghanistan's Cashiering Operations
12/21/05	9-306-06-004-P	Audit of Funds Earmarked by Congress to Provide Assistance for Displaced Persons in Afghanistan
12/19/05	5-306-06-002-D	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1, 2004, to March 31, 2005
12/08/05	5-306-06-002-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2005
FY 2005		
08/29/05	5-306-05-009-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2005, Including Contract Line Item No. 2 Costs for the Period July 1, 2004, to June 30, 2005
06/30/05	5-306-05-008-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2005, Including Contract Line Item No. 2 Costs for the Period April 1 to June 30, 2004

Date	Number	Title
04/19/05	5-306-05-006-D	Financial Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1, 2003, to June 30, 2004
04/14/05	5-306-05-005-P	Audit of USAID/Afghanistan's Primary Education Program
03/14/05	5-306-05-003-P	Audit of USAID/Afghanistan's School and Clinic Reconstruction Program
03/14/05	5-306-05-006-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2004
12/09/04	5-306-05-002-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2004
FY 2004		
09/21/04	5-306-04-006-P	Audit of the Kabul to Kandahar Highway Reconstruction Activities Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program
09/16/04	5-306-04-003-D	Audit of Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2003
08/23/ 04	5-306-04-006-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2004
08/17/04	5-306-04-005-P	Audit of the Sustainable Economic Policy and Institutional Reform Support Program at USAID/Afghanistan
07/09/04	5-306-04-005-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period January 1 to March 31, 2004
05/17/04	5-306-04-004-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period October 1 to December 31, 2003
05/17/04	5-306-04-002-D	Audit of the Application of Agreed-Upon Procedures on Costs Incurred in the United States by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period September 30, 2002, to June 30, 2003
05/11/04	5-306-04-001-F	Audit of USAID/Afghanistan's Cashiering Operations
04/15/04	5-306-04-002-S	Risk Assessment of Major Activities Managed by USAID/Afghanistan
03/31/04	RIG Memo 04-003	Second Review of the Road Project Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program

Date	Number	Title
03/26/04	5-306-04-003-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period July 1 to September 30, 2003
01/23/04	5-306-04-001-N	Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, Contract No. 306-C-00-02-00500-00, for the Period September 30, 2002, to June 30, 2003
11/13/03	RIG Memo 04-002	Review of the Road Project Financed by USAID/Afghanistan's Rehabilitation of Economic Facilities and Services Program
FY 2003		
03/11/03	5-306-03-001-S	Risk Assessment of Major Activities Managed by USAID/Afghanistan
Pakistan		
FY 2012		
09/30/12	G-391-12-009-P	Audit of USAID/Pakistan's Assessment and Strengthening Program
09/26/12	G-391-12-019-R	Financial Audit of the Emergency Relief and Early Recovery for Flood Affectees Across Pakistan Program, Agreement No. 391-A-00-11-01204-00, Managed by the Rural Support Programmes Network, for the Period October 15, 2010, to June 30, 2011
09/25/12	G-391-12-018-R	Financial Audit of the Merit and Need-Based Scholarship Project, Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission for the Year Ended June 30, 2011
09/13/12	G-391-12-017-R	Closeout Financial Audit of the Aga Khan University Flood Response Program, Agreement No. 391-G-00-10-01188-00, and National Nutrition Survey Supplement Program, Grant No. 391-G-11-00001-00, Managed by The Aga Khan University, for the Period January 1, 2011, to February 29, 2012
08/24/12	G-391-12-008-P	Audit of USAID/Pakistan's Gomal Zam Multipurpose Dam Project
08/16/12	G-391-12-007-P	Audit of USAID/Pakistan's Reconstruction Program in Earthquake-Affected Areas
07/31/12	G-391-12-001-O	Report on Agreed-Upon Forensic Procedures Performed on Procurement Costs Incurred by Rafi Peer Theatre Workshop to Implement Pakistan Children Television Project, Agreement No. 391-A-00-10-01161-00, for the Period May 7, 2010, to May 31, 2012
07/20/12	G-391-12-016-R	Closeout Financial Audit of the Pakistan Competitiveness Support Fund, Limited Scope Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2011, to March 31, 2012
07/12/12	G-391-12-015-R	Financial Audit of the USAID Resources Managed by Khushhali Bank Limited, for the Year Ended December 31, 2011
07/10/12	G-391-12-014-R	Closeout Financial Audit of USAID Resources Managed by Pakistan Poverty Alleviation Fund for the Period August 12, 2010, to June 30, 2011
06/18/12	G-391-12-001-S	Review of USAID/Pakistan's Cost Estimates for Shipping and Storage
06/12/12	G-391-12-013-R	Financial Audit of the Gender Equity Program Managed by the Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011

Date	Number	Title
06/12/12	G-391-12-003-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Ernst & Young Ford Rhodes Sidat Hyder of the Gender Equity Program, Managed by Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011
05/21/12	G-391-12-006-P	Audit of USAID/Pakistan's Support to the Benazir Income Support Program
05/10/12	G-391-12-012-R	Financial Audit of the USAID/Pakistan Grant Agreement Managed by the Health Service Academy, for the Period July 1, 2010, to June 30, 2011
04/24/12	G-391-12-011-R	Financial Audit of Projects Managed by Lahore University of Management Sciences: the Foreign Recipient Contracted Assessment and Strengthening Program and Subrecipient Contracted Merit and Needs-Based Scholarship Program, for the Year Ended June 30, 2011
04/20/12	G-391-12-005-P	Audit of USAID/Pakistan's Entrepreneurs Project
04/19/12	G-391-12-010-R	Financial Audit of the Pakistan Children's Television Project Managed by the Rafi Peer Theatre Workshop, for the Period May 7, 2010, to June 30, 2011
04/17/12	G-391-12-009-R	Financial Audit of the Monitoring and Evaluation Project and Assessment and Strengthening Program Managed by Associates in Development (Private) Limited, for the Period January 1, 2010, to June 30, 2011
04/03/12	G-391-12-008-R	Financial Audit of the USAID Resources Managed by National Rural Support Programme, for the Period July 1, 2010, to June 30, 2011
04/03/12	G-391-12-002-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Avais Hyder Liaqut Nauman of Anti-Corruption Program Pakistan and the Anti-Fraud Hotline Program Managed by Transparency International-Pakistan, for the Year Ended June 30, 2011
03/20/12	G-391-12-001-N	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period October 1, 2009, to September 30, 2011
03/16/12	G-391-12-004-P	Audit of USAID/Pakistan's Pre-Service Teacher Education Program
03/06/12	G-391-12-007-R	Financial Audit of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2010, to June 30, 2011
02/24/12	G-391-12-006-R	Financial Audit of Budgetary Support, Program Assistance Agreement No. 391-012, Managed by the Economic Affairs Division of the Government of Pakistan, for the Period June 8, 2009, to June 15, 2011
02/03/12	G-391-12-003-P	Audit of USAID's Pakistan Transition Initiative Program
02/17/12	G-391-12-001-Q	Quality Control Review of the Financial Audit Conducted by the Directorate General Audit, Federal Government, Department of the Auditor General of Pakistan, of the Merit and Needs-Based Scholarship Project, Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission, for the Period July 2, 2004, to June 30, 2010

Date	Number	Title
02/17/12	G-391-12-005-R	Financial Audit of the Merit and Needs-Based Scholarship Project, Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission, for the Period July 2, 2004, to June 30, 2010
01/13/12	G-391-12-004-R	Financial Audit of Anti-Corruption Program Pakistan, Cooperative Agreement No. 391-A-00-09-01117-00, and Anti-Fraud Hotline Pakistan, Cooperative Agreement No. 391-A-00-10-01194-00, Managed by Transparency International-Pakistan, for the Year Ended June 30, 2011
01/06/12	G-391-12-003-R	Financial Audit of the Aga Khan University Flood Response Program, Cooperative Agreement No. 391-G-00-10-01188-00, for the Period August 30 to December 31, 2010
11/23/11	G-391-12-002-P	Audit of USAID/Pakistan's Energy Efficiency and Capacity Program
11/03/11	G-391-12-001-P	Audit of USAID/Pakistan's Firms Project
11/03/11	G-391-12-002-R	Financial Audit of Budgetary Support to the Government of Pakistan, Program Assistance Agreement No. 391-005-ES-07, Managed by the Ministry of Finance, for the Year Ended June 30, 2008
10/26/11	G-391-12-001-R	Financial Audit of Budgetary Support, Program Assistance Agreement No. 391-AAG-012-IL -02, Managed by the Benazir Income Support Program, for the Period September 30, 2009, to March 31, 2011
FY 2011		
09/21/11	G-391-11-005-R	Financial Audit of the Business Revitalization Program, Cooperative Agreement No. 391-A-00-10-01145-00, Managed by Khushhali Bank, for the Period February 6 to December 31, 2010
08/29/11	G-391-11-006-P	Audit of USAID/Pakistan's Community Rehabilitation Infrastructure Support Program
06/23/11	G-391-11-003-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by A.F. Ferguson, of the Forman Christian College, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, for the Period July 1, 2009, to March 31, 2010
06/23/11	G-391-11-004-R	Closeout Financial Audit of the Development of a 4-Year Bachelor Degree Program and Strengthening Programs in Basic Science and Information Technology, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, for the Period July 1, 2009, to March 31, 2010
06/20/11	G-391-11-005-P	Audit of USAID/Pakistan's Road Rehabilitation and Reconstruction Activities Under the Quick Impact Projects in South Waziristan
05/26/11	G-391-11-001-N	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period October 1, 2006, to September 30, 2009
05/10/11	G-391-11-002-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Nasir Javaid Maqsood Imran of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-10730, Managed by the Competitiveness Support Fund, for the Period July 1, 2009, to June 30, 2010

Date	Number	Title
05/10/11	G-391-11-003-R	Financial Audit of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period July 1, 2009, to June 30, 2010
05/06/11	G-391-11-004-P	Audit of USAID/Pakistan's Management of Preaward Assessments
04/08/11	G-391-11-001-Q	Quality Control Review of the Audit Report and Audit Documentation for Financial Audits Conducted by Khalid Majid Rahman Sarfraz Rahim Iqbal Rafiq of the Interactive Teaching and Learning Project Managed by Children's Global Network Pakistan Limited Under Cooperative Agreement No. 391-A-00-06-01075-00, for the Period July 1, 2008, to February 26, 2010
04/08/11	G-391-11-002-R	Closeout Financial Audit of the Interactive Teaching and Learning Project, Cooperative Agreement No. 391-A-00-06-01075-00, and Financial Audit of Links to Learning Education Support to Pakistan Program, Subaward Under Cooperative Agreement No. 391-A-00-08-01100-00, Managed by Children's Global Network Pakistan Limited, for the Period July 1, 2008, to February 26, 2010
01/24/11	G-391-11-003-P	Audit of USAID/Pakistan's Flood Relief Efforts as Administered by Local Nongovernmental Organizations
12/30/10	G-391-11-001-R	Closeout Financial Audit of the Developing Non-Bankable Territories for Financial Services Program , Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank Limited, for the Period January 1 to September 30, 2009
12/10/10	G-391-11-002-P	Audit of USAID/Pakistan's Livelihood Development Program for the Upper Region of the Federally Administered Tribal Areas
12/10/10	G-391-11-001-P	Audit of USAID/Pakistan's Livelihood Development Program for the Lower Region of the Federally Administered Tribal Areas
11/08/10	G-391-11-001-D	Financial Audit of Costs Incurred Under the School Enhancement Program Component of the Education Sector Reform Assistance Program, Cooperative Agreement No. 391-A-00-03-01000-00, Managed by RTI International, for the Period December 4, 2002, to September 30, 2007
FY 2010		
08/31/10	5-391-10-012-P	Audit of USAID/Pakistan's Family Advancement for Life and Health Program
08/04/10	G-391-10-001-R	Financial Audit of the Pakistan Competitiveness Support Fund, Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period February 3, 2006, to June 30, 2009
06/28/10	5-391-10-010-P	Audit of USAID/Pakistan's Primary Healthcare Revitalization, Integration and Decentralization in Earthquake-Affected Areas Project
06/28/10	5-391-10-001-S	Review of USAID's Internally Displaced Persons Programs in Pakistan
05/18/10	5-391-10-033-R	Financial Audit of the College Improvement Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period July 1, 2007, to June 30, 2009

Date	Number	Title
04/30/10	5-391-10-029-R	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Year Ended December 31, 2008
03/24/10	5-391-10-026-R	Closeout Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1 to December 31, 2007
02/11/10	5-391-10-020-R	Closeout Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period January 1 to December 31, 2007
01/28/10	5-391-10-005-P	Audit of USAID/Pakistan's Capacity Building for the Federally Administered Tribal Areas Development Program
12/22/09	5-391-10-012-R	Financial Audit of USAID Funds Managed by Children's Global Network Pakistan (Guarantee) Limited for the Year Ended June 30, 2008
FY 2009		
08/13/09	5-391-09-006-N	Financial Audit of Budgetary Support, Program Assistance Agreement Nos. 391-005-ES-05 and 391-005-ES-06, Managed by the Ministry of Finance, Government of Pakistan, for the Years Ended June 30, 2006, and 2007
06/25/09	5-391-09-013-R	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period January 1 to December 31, 2007
05/11/09	5-391-09-002-N	Financial Audit of USAID/Pakistan's Rupee Trust Fund for Operating Expenses, for Fiscal Years Ended September 30, 2005, and 2006
04/30/09	5-391-09-008-R	Financial Audit of the College Improvement Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period August 23, 2004, to June 30, 2007
04/30/09	5-391-09-001-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by A.F. Ferguson & Co. of the College Improvement Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period August 23, 2004, to June 30, 2007
04/29/09	5-391-09-007-R	Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period January 1 to December 31, 2006
12/15/08	5-391-09-006-R	Financial Audit of the Interactive Teaching and Learning Program in Pakistan, Cooperative Agreement No. 391-A-00-06-01075-00, Managed by the Children's Resources International Pakistan (Guarantee) Limited, for the Period March 1, 2006, to June 30, 2007
11/25/08	5-391-09-001-P	Audit of USAID/Pakistan's Earthquake Reconstruction Activities

Date	Number	Title
FY 2008		
09/26/08	5-391-08-035-R	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1, 2006, to June 30, 2007
09/25/08	5-391-08-034-R	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1, 2005, to June 30, 2006
09/19/08	5-391-08-032-R	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1, 2004, to June 30, 2005
08/27/08	5-391-08-030-R	Closeout Financial Audit of the Rewarding Innovation at the District Level Program, Cooperative Agreement No. 391-A-00-03-01015-00, for the Period July 1, 2005, to March 31, 2006, and the Establishing Tent Schools and Cash for Work Program, Grant Agreement No. 391-G-00-06-0169-00, for the Period December 9, 2005, to June 15, 2006, Managed by Rural Support Programmes Network
08/20/08	5-391-08-005-N	Financial Audit of the Technical Assistance and Training to Improve Project and Financial Management of Provincial and District Health and Population Welfare Services in Pakistan Project, Limited Scope Grant Agreement No. 391-G-00-04-01020-00, Managed by the Options Consultancy Services Limited-Technical Assistance Management Agency, for the Period January 1, 2004, to March 31, 2006
08/15/08	5-391-08-029-R	Closeout Financial Audit of the Enterprise Development Facility Program, Cooperative Agreement No. 391-A-00-03-01010-00, Managed by the Pakistan Poverty Alleviation Fund, for the Period July 1, 2006, to September 30, 2007
07/02/08	5-391-08-027-R	Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period January 1 to December 31, 2005
04/15/08	5-391-08-017-R	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period January 1, 2005, to December 31, 2006
03/28/08	5-391-08-004-P	Audit of USAID/Pakistan's Education Sector Reform Assistance Program
FY 2007		
09/28/07	5-391-07-024-R	Financial Audit of the 4-Year Bachelor's Degree Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period July 1, 2005, to June 30, 2006

Date	Number	Title
08/22/07	5-391-07-023-R	Financial Audit of the Enterprise Development Facility Program, Cooperative Agreement No. 391-A-00-03-01010-00, Managed by the Pakistan Poverty Alleviation Fund, for the Period July 1, 2005, to June 30, 2006
07/25/07	5-391-07-020-R	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period November 7, 2003, to June 30, 2004
05/23/07	5-391-07-005-P	Audit of Selected Activities Under USAID/Pakistan's Basic Health Program
05/03/07	5-391-07-014-R	Financial Audit of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period July 1, 2003, to December 31, 2004
02/22/07	5-391-07-010-R	Financial Audit of the Fulbright-USAID Scholarship Program, Grant Agreement No. 391-G-00-04-01035-00, Managed by the United States Educational Foundation in Pakistan, for the Period September 1, 2004, to August 31, 2005
01/12/07	5-391-07-007-R	Financial Audit of the Enterprise Development Facility Program, Cooperative Agreement No. 391-A-00-03-01010-00, Managed by the Pakistan Poverty Alleviation Fund, for the Period October 1, 2003, to June 30, 2005
01/12/07	5-391-07-006-R	Financial Audit of the 4-Year Bachelor's Degree Program, Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore, for the Period August 23, 2004, to June 30, 2005
10/06/06	5-391-07-001-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by KPMG Taseer Hadi & Co. of the Aga Khan University Examination Board, Cooperative Agreement No. 391-A-00-03-01003-00, for the Period July 1, 2003, to December 31, 2004
FY 2006		
09/27/06	5-391-06-033-R	Financial Audit of the Developing Non-Bankable Territories for Financial Services Project, Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period October 1, 2003, to December 31, 2004
09/26/06	5-391-06-003-Q	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Ford Rhodes Sidat Hyder & Co., Pakistan, of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period November 7, 2003, to June 30, 2004
09/26/06	5-391-06-032-R	Financial Audit of the Rural Support Programmes Network USAID Grant Rewarding Innovations at the District Level, Agreement No. 391-A-00-03-01015-00, for the Period Ended June 30, 2005

Date	Number	Title
09/13/06	5-391-06-031-R	Financial Audit of the Rural Support Programmes Network USAID Grant Rewarding Innovations at the District Level, Agreement No. 391-A-00-03-01015-00, for the 9-Month Period Ended June 30, 2004
05/11/06	5-391-06-020-R	Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, Cooperative Agreement No. 391-A-00-03-01016-00, Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period November 7, 2003, to June 30, 2004
01/10/06	5-391-06-003-N	Financial Audit of USAID/Pakistan's Rupee Trust Fund for Operating Expenses, for Fiscal Years Ended September 30, 2002, 2003, and 2004
FY 2004		
10/30/03	5-391-04-001-S	Risk Assessment of Major Activities Managed by USAID/Pakistan
FY 2003		
01/07/03	0-000-03-001-F	Audit of USAID's Bureau for Asia and the Near East Monitoring of the Government of Pakistan's Compliance With the Provisions of USAID Grant No. 391-K-005

Appendix 6 – Summaries of Performance Audit and Review Findings, FYs 2010-2012

The following pages provide summaries of OIG performance audit and review findings from October 1, 2009, to the end of the last reporting period, June 30, 2012. Report summaries are presented by country with the most recent performance audits and reviews noted first.

Afghanistan

Audit of USAID/Afghanistan’s Incentives Driving Economic Alternatives for the North, East, and West Program (Report No. [F-306-12-004-P](#), June 29, 2012)

USAID/Afghanistan’s Incentives Driving Economic Alternatives for the North, East, and West is a \$150 million, 5-year program that began in March 2009 and is implemented through a consortium led by DAI, with Mercy Corps and ACDI/VOCA as subimplementers. The program, which was designed to dissuade Afghans from growing poppy plants by increasing access to legal, commercially viable, alternative sources of income, was achieving only mixed results. For example, in 2010 and 2011, the program reported repairing or constructing only 80 of the 161 miles of transportation infrastructure targeted.

Changes in program focus and staff turnover slowed progress. Beginning in 2009, the focus of the program shifted away from communities where poppies were cultivated. Continual change in staff at the mission, its Office of Agriculture, and among implementing partners was another hindrance. Since the inception of the program, DAI has had five project directors, while the mission has had six directors and three agreement officer’s technical representatives (now called agreement officer’s representatives). Incoming personnel came with different visions of the program, had varying priorities and operating styles, and in many cases did not document changes to the program.

The mission’s monitoring and documentation were inadequate. Mission staff had not made any documented site visits after the program’s inception. In fact, both Mercy Corps and DAI project directors commented that the OIG auditors were the first USAID staff who had ever visited the project. Further, although the program agreement officer’s representative was receiving quarterly and annual progress reports, he was neither analyzing those reports nor confirming the accuracy of reported data. The progress reports submitted by DAI included mathematical errors and other inconsistencies that could have been identified by basic checks. The financial status of the subawards was also not monitored. For example, Mercy Corps had spent 86 percent of its program budget with more than 2 years left in the program.

Involvement of the host government in planning is an important component of fostering sustainability; however, officials in several of Afghanistan’s Directorate of Agriculture, Irrigation, and Livestock offices said that they were not asked for their input into the design and planning of projects. In addition, activities had a disproportionate number of men, demonstrating that a gender balance was not maintained as required.

The program’s cash-for-work projects lacked policies on worker hours, ages, and safety. Minors were illegally performing heavy labor—including one 13-year-old we interviewed—and implementers confirmed

that hiring minors is a common practice. Further, implementing partners did not consistently provide basic personal safety equipment to the workers.

Audit of USAID/Afghanistan’s Internal Controls in the Administration of the Involuntary Separate Maintenance Allowance (Report No. [F-306-12-003-P](#), June 25, 2012)

The separate maintenance allowance is a nontaxable cost-of-living allowance that USAID may provide to “assist an employee to meet the additional expenses of maintaining members of family elsewhere than at the employee’s foreign post of assignment.”³ In 2011, USAID/Afghanistan paid more than \$2 million in involuntary separate maintenance allowance (ISMA)⁴ to 212 people.

OIG determined that the mission had not established internal controls to help ensure that ISMA applications complied with applicable laws and regulations and that compliance was documented. Staff members responsible for reviewing and approving ISMA applications admitted they did not have a defined set of internal controls to apply when reviewing ISMA applications. In fact, the former supervisory executive officer said she assumed someone had reviewed ISMA applications before sending them to her for approval.

OIG also determined that although the mission had established internal controls to help ensure that ISMA payments complied with applicable laws and regulations, those controls did not prevent improper payments. In several cases, the mission made ISMA payments for dependents who had reached or passed the age of 21 and who were not eligible for those payments. In addition, the mission incorrectly underpaid one employee and delayed a \$13,000 payment by more than 20 months. These incorrect payments occurred because the mission did not have written procedures or tools, such as checklists, to guide its staff and because employees involved in the payment process were not familiar with the ISMA guide.

Audit of USAID/Afghanistan’s Skills Training for Afghan Youth Project (Report No. [F-306-12-002-P](#), February 7, 2012)

In April 2010, USAID awarded the Education Development Center Inc. (EDC) a \$49.9 million, 3-year cooperative agreement to design and implement the Skills Training for Afghan Youth Project. An important element of the project is providing financial and technical assistance to two Afghan vocational skills training centers: the Afghanistan Technical Vocational Institute and the Kunar Vocational Organization.

By funding operational costs, the project has enabled the centers to continue conducting vocational training. In addition, the project has trained staff at the centers in financial management, procurement, and reporting. However, after 16 months, there was little evidence that the project had made progress toward strengthening the overall technical capacity of these institutions or empowering youth.

The design and build strategy used for the project, which was incorporated in the cooperative agreement’s program description, allowed EDC to design and present its implementation plan to USAID for approval after the award. However, the description included in the cooperative agreement was loosely defined and

³ Department of State Standardized Regulations, Section 260, “Separate Maintenance Allowance.”

⁴ Involuntary separate maintenance allowance is used when the employee is assigned to a post where he or she is unable to bring family members.

largely illustrative, and there was little to demonstrate that USAID and EDC agreed on key elements of the design. Further, USAID and EDC differed on whether the design had been approved and on what specific activities were to be implemented during the second phase. OIG determined that without a clearly defined program description outlining USAID's expectations for results and a mutual understanding of an approved design, the project was unlikely to implement activities that contribute to the overall goals of the mission.

The program description also did not clearly communicate the project's purpose, goals, objectives, priorities, and activities. In fact, a report by an education specialist who assessed the project in May 2011 noted that the mission could aid program progress by clearly articulating its priorities to EDC and that it should address key issues such as what deliverables are of critical importance, what targets are acceptable, and which program areas should be prioritized for implementation.

Review of Responses to Internal Audit Findings on the Local Governance and Community Development Project (Report No. [F-306-12-001-S](#), December 26, 2011)

Launched in October 2006, the Local Governance and Community Development Project sought to promote stability in Afghanistan, focusing on Kandahar City and the Maywand District. DAI implemented the project through a contract that ended in August 2011.

The project had many successes, including the completion of more than 2,500 community stabilization projects; generation of immediate short-term employment totaling 1.5 million employment days through cash-for-work activities; and completion of significant and lasting improvements in rural infrastructure, including gravel roads, footbridges, and irrigation systems. However, in March 2011, OIG received a copy of a DAI internal audit report detailing financial and internal control problems occurring from August 2008 through August 2009. DAI had not provided this report to USAID or returned any funds related to questioned expenditures identified in the report.

Procurements for the project, including service contracts, fuel supply, and building and vehicle leases had several deficiencies. For instance, analysis of payment vouchers and the associated procurement documents revealed \$2,019,036 in noncompetitive procurements. In addition, OIG's review of leases for office space and guesthouses, at an amount of \$6.7 million over 4½ years, revealed that project personnel had entered into several leases without the required competition and without required approvals. In addition, some rental payments were apparently made to the project cashier, instead of to the lessors identified in the lease agreements. DAI staff explained that because many of the property owners did not have bank accounts, lease payments needed to be in cash. OIG found no documentation showing that the lessors had signed for receipt of their monthly rents.

Furthermore, OIG determined the contract files for three vehicle leasing companies lacked preaward documents, bid solicitations, other vendors' quotations, and approvals from DAI procurement managers. In one incident, a bid submitted for one procurement (to provide armored and unarmored vehicles) was copied and included as proof of competitive bidding in another procurement, and correction fluid had been used to obscure relevant information. DAI staff members were also unable to locate the contract file, payment vouchers, or project receipts for fuel purchases totaling \$3,424,400 from Khyber Afghan Petroleum, one of DAI's suppliers. DAI staff had no explanation for this lack of documentation.

Audit of USAID/Afghanistan's Afghanistan Stabilization Initiative for the Southern Region (Report No. [F-306-12-001-P](#), November 13, 2011)

In June 2009, USAID's Office of Transition Initiatives (OTI) signed a 3-year, \$159.6 million contract with Chemonics to implement the Afghanistan Stabilization Initiative for the Southern Region. Under the initiative, Chemonics implemented project activities through grants in districts and municipalities in Kandahar and Helmand Provinces.

OIG was unable to reach a conclusion about whether the program as a whole was achieving its goal because of multiple weaknesses in program implementation: a lack of formal work plans, inadequate OTI oversight, staffing difficulties, and poor-quality subcontractors. In addition, Chemonics did not properly manage its budget and began running out of funds in the first quarter of FY 2011.

Some security costs incurred for the initiative were questionable. Chemonics paid \$1.2 million for personal security details for staff members who lived on military bases and traveled exclusively in military convoys, even though no other contractor incurred this type of cost when the contractor's staff members resided on a military installation.

Furthermore, Chemonics had leased 13 armored vehicles because officials in the company felt the vehicles were needed to provide sufficient security. However, Chemonics's security personnel prohibited expatriate staff from traveling into the field, and to maintain a low profile, local staff members were using unarmored vehicles. In addition, vehicle leasing costs were unreasonably high.

The long-term benefits of the initiative were also undercut by a lack of planning. Although some key districts were ready for longer-term development projects, no comprehensive plans were in place to guide this transition. Without a comprehensive transition plan to prepare for longer-term development, key districts may not be able to sustain gains in stability, as district governors may not have the resources to meet the needs of their communities.

Financial controls were also problematic. For example, Chemonics used cash to make large tax payments to the Afghan Government, increasing the risk that a payment could be stolen. In May 2011, an employee sent to a bank in Lashkar Gah with \$62,398 to pay taxes to the Ministry of Finance disappeared with the money. Although most of the money was ultimately recovered, this incident exposed weaknesses in Chemonics's internal controls.

Audit of USAID/Afghanistan's On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Services Program (Report No. [F-306-11-004-P](#), September 29, 2011)

In 2008, USAID signed an implementation letter with the Government of the Islamic Republic of Afghanistan to provide the mission's first core-budget funding assistance to the Ministry of Public Health (MoPH) in support of the Partnership Contracts for Health Services Program. Under this program, the mission planned to provide MoPH with up to \$236 million in budget assistance over 5 years to support the delivery of standardized health services in more than a dozen target provinces. In 2009, MoPH awarded \$80 million in contracts to ten NGOs. These NGOs were responsible for providing standardized health services in more than 500 health facilities and 5,500 health posts throughout the target provinces.

OIG's audit found that sustainability of the program was a concern. The government's extremely low contribution to health care raises questions about the long-term viability of health services. With shrinking donor support in the foreseeable future, the Afghan Government's ability to increase health-care coverage to 90 percent of the population appears unlikely, while its ability to sustain the current level of coverage remains uncertain. Unless the Afghan Government is able to generate sufficient revenue to cover its health-care costs, the health sector's dependency on donor support will continue.

Although the program has contributed to increasing access to and use of health services, OIG noted deficiencies in quality at all health facilities visited. Doctors and staff at several facilities complained that the volume of patients was up to double their capacity to handle. Patients sometimes waited up to 5 hours before receiving medical services, and others went home without receiving treatment. Some of the health facilities had old equipment that needed repair or replacement. One health facility had a newly donated anesthesia machine, but the responsible NGO ignored repeated staff requests for training on the equipment. Several of the buildings were in poor condition, requiring repairs, renovation, and painting.

Program management also needs to be tightened. Confusion over who responds to MoPH's technical inquiries has led to delayed responses or inadequate feedback from USAID. In addition, the mission has limited experience in managing on-budget assistance activities. In fact, when trying to resolve the problem of consistently late payments to the NGOs, Ministry and USAID staff had difficulty explaining the lengthy and complicated process, and OIG could not find anyone who could explain the process from start to finish. Staff attempted to explain the process within their own areas of responsibility, but they contradicted one another, and most were not sure what happened outside of their own areas.

Review of USAID/Afghanistan's Afghanistan Civilian Assistance Program (Report No. [F-306-11-005-S](#), August 31, 2011)

The Afghan Civilian Assistance Program was designed to assist Afghan families and communities that have suffered losses as a result of military operations against insurgents and the Taliban. The program is implemented through a \$76 million, 4½-year cooperative agreement with the International Organization for Migration (IOM). Program beneficiaries receive in-kind assistance, often in the form of kits that include food, household items, school supplies, or tools and equipment for agriculture or small business activities.

IOM did not properly manage commodities under the program. Large quantities of flour, beans, rice, tomato sauce, and cooking oil that had expired were found, some with dates as far back as 2004. Rats had gnawed open dozens of food bags, and auditors noted feces inside and around the bags. Further, expired and contaminated food items were not segregated from food that was fit for use. Other items, such as wheelbarrows and shovels, were stored in disorganized piles or even kept outside.

In addition to problems with commodities, there were also difficulties with verifying beneficiaries. A report commissioned by IOM to confirm assistance concluded that at least 34 percent of the beneficiaries in two districts could not be verified, most likely because of fraud. Moreover, the report's authors believed that program personnel were actively working to undermine the results of their investigation. Additionally, other funds were misspent when IOM used more than \$3.6 million in program funds to purchase cars for beneficiaries without USAID's approval. Furthermore, OIG determined that USAID had not been reimbursed for \$180,000 embezzled by field staff.

Audit of USAID/Afghanistan’s Support to the Electoral Process (STEP) and Support for Increased Electoral Participation in Afghanistan (IEP) Programs (Report No. [F-306-11-003-P](#), June 19, 2011)

To help strengthen Afghanistan’s electoral system, USAID/Afghanistan has provided assistance through the STEP program implemented under a contract with the International Foundation for Electoral Systems and the IEP program implemented through a cooperative agreement with the Consortium for Election and Political Process Strengthening.

The STEP program has achieved many short term objectives—in particular, those dealing with civic education and outreach, training, and staffing of the Independent Election Commission and the Electoral Complaints Commission. The program has helped increase the capacity of both commissions to administer elections and has contributed to the credibility of the elections themselves.

The IEP program has also performed well, training tens of thousands of Afghans who participated in elections as political party or coalition members and election observers. Furthermore, the program implemented civil and voter education programs that reached hundreds of thousands of people.

Despite these accomplishments, no persuasive evidence exists that these short-term results have produced increased citizen awareness of the electoral process or a stronger democratic political party system. In fact, auditors reported on a number of longer-term issues that need to be addressed to better ensure credible elections, including legal reforms to protect the independence of the Electoral Commission and Electoral Complaints Commission, reform of the single nontransferable vote system of representation in favor of a system in which votes and electoral results have a more predictable and proportional relationship, actions to make Afghanistan’s electoral system more sustainable, and a more reliable voter registry.

Moreover, costs could have been reduced by consolidating consortium expenses. Specifically, each consortium participant had its own Kabul-based home office, living quarters, and support functions such as security, human resources, and information technology. Combining these costs would have saved the mission \$6 million to \$8 million.

Review of USAID/Afghanistan’s Portion of the Embassy Air Program (Report No. [F-306-11-004-S](#), June 9, 2011)

On January 4, 2010, USAID awarded Aircraft Charter Solutions Inc. a 2-year, \$361 million contract to supply air transportation in Afghanistan. The contractor provided aircraft, personnel, equipment, tools, material, maintenance, spare parts, and supervision for transportation to and from various locations in the country. The aircraft provided by the contractor included seven 18-passenger Beechcraft 1900s, three 8-passenger Beechcraft Super King Air 200s, two Bell 412 helicopters, and four MI-8 helicopters.

OIG’s review found that the USAID-funded portion of the Embassy Air Program was providing safe and reliable air service in support of provincial reconstruction teams and other U.S. Government development assistance programs in Afghanistan; however, the review identified many opportunities for improvement. For instance, between February 2010 and January 2011, 20 percent of passengers (almost 10,000 people) with reservations on Embassy Air did not appear for their flights. These passengers did not cancel 24 hours in advance as required but incurred no penalty; with a cancellation system in place, these seats could have

been offered to others. Additionally, unapproved international travel by Aircraft Charter Solutions personnel led to more than \$525,000 in questioned costs.

Furthermore, Aircraft Charter Solutions did not provide the mission with required work plans, performance management plans, or progress reports that would detail problems encountered or resolved, best practices, flights or activities completed, or performance standards. Without these reports, the mission was unable to monitor the program effectively.

OIG also noted that USAID markings were missing from all of the aircraft and that environmental requirements for the contract were ambiguous and needed to be updated.

Audit of USAID/Afghanistan’s Construction of Health and Education Facilities Program (Report No. [E-306-11-002-P](#), March 27, 2011)

To help meet health and education needs in Afghanistan, USAID/Afghanistan entered into a \$57 million cooperative agreement with IOM in January 2008, effective through January 2011, to implement the Construction of Health and Education Facilities Program. The agreement was subsequently extended through June 2012.

The objective of the audit was to determine whether USAID/Afghanistan’s program was achieving its main goals of strengthening the Government of the Islamic Republic of Afghanistan’s ability to provide health services to its citizens and train competent teachers by constructing provincial hospitals, midwife training centers, and provincial teacher training colleges.

While the mission had realized some successes—for example, in strengthening the capacity of local construction companies and adhering to the international building code—the program was not on track to achieve its main goals. The program was approximately 18 months behind schedule and was making slow progress. Cost and security issues reduced the scope of new construction, and funding limitations hindered achievement of the original goals of the agreement. Federal requirements also were violated when the mission approved the building of religious structures. IOM’s technical proposal clearly indicated that these religious structures would be incorporated into the designs of the provincial teacher training colleges, but USAID staff failed to recognize these structures as being ineligible for USAID funding.

The audit disclosed several instances of noncompliance with IOM’s quality control manual, which is incorporated into the cooperative agreement and approved by the mission. The manual required specific tests of construction materials to be performed at specified intervals, but in some cases there was no evidence that required tests had been performed. For example, of 49 cases auditors reviewed in which 7-day concrete compression strength tests were required, IOM could only provide evidence that 35 were performed.

Additionally, facility sustainability was questionable. The ability of the Ministries of Education and Public Health to maintain completed structures was questionable because of competing priorities for ministry funds, a problem that could further hinder achievement of the program’s main goals.

Review of USAID/Afghanistan’s Bank Supervision Assistance Activities and the Kabul Bank Crisis
(Report No. [F-306-11-003-S](#), March 16, 2011)

Since 2003, USAID/Afghanistan has supported a number of capacity-building activities at the Afghanistan Central Bank (DAB) to help DAB regulate the banking sector. Deloitte provided DAB technical assistance in bank supervision and examination through a \$92 million task order under the Economic Growth and Governance Initiative. The purpose of the task order was to increase Afghanistan's ability to develop and implement sound economic and regulatory policies that provide the foundation for private sector growth in a market economy. According to Deloitte's work plan, one of the main goals was to assist DAB in fulfilling its statutory responsibilities—to promote the stability and contribution to economic growth of the financial sector and to prevent avoidable losses. Deloitte provided onsite technical advisers at DAB’s Directorate for Financial Supervision.

After depositors’ run on Kabul Bank, senior officials in the U.S. Embassy raised concerns about Deloitte’s performance. Specifically, they were concerned that Deloitte staff did not warn the U.S. Government about looming problems at Kabul Bank before the first news reports broke in February 2010. They also questioned Deloitte’s effectiveness and performance because Deloitte staff had provided bank supervision assistance to DAB for 7 years, yet DAB supervisors were unable to prevent the near collapse of Afghanistan's largest bank. In January 2011, USAID/Afghanistan requested OIG assistance in determining whether USAID or Deloitte staff members were negligent in failing to report Kabul Bank fraud.

In response to USAID/Afghanistan’s request, OIG conducted this review to determine what opportunities USAID and contractor staff members had to learn of fraudulent activities at Kabul Bank through USAID’s Economic Growth and Governance Initiative and its predecessor, the Economic Growth and Private Sector Strengthening Activity. The review also sought to determine how staff members learned of the fraud and what actions they took once they became aware of it.

The audit found that BearingPoint and Deloitte advisers who were embedded at DAB encountered indications of fraud at Kabul Bank on a number of occasions over a span of 2 years before the run on Kabul Bank in early September 2010. However, they did not aggressively follow up on these indications. Also, Deloitte advisers did not report fraud indicators at Kabul Bank to USAID, and the mission did not have a policy requiring contractors and grantees to report indications of fraud in host-government institutions or possible problems that could reasonably be considered to be of foreign policy interest to USAID and the U.S. Government. OIG auditors also concluded that USAID/Afghanistan’s management of its task order with Deloitte was weak. If senior program managers and technical experts had been on staff at the mission, USAID would have had greater capacity to detect deficiencies in Deloitte’s technical assistance activities, to question Deloitte advisers’ written and oral reports, and to delve more deeply into those reports, rather than accepting them at face value.

In hindsight, Deloitte’s lead adviser acknowledged that Deloitte should have taken more aggressive actions in November 2009, such as resuming participation by Deloitte’s advisers in onsite bank examinations alongside the DAB examiners. This practice was suspended in November 2008 because an adviser received death threats. The lead adviser said that if Deloitte’s onsite assistance had restarted in November 2009, the fraud could have been detected earlier, and the magnitude of losses would have been smaller.

Review of Cash Disbursement Practices Employed by Selected USAID/Afghanistan Contractors and Grantees (Report No. [F-306-11-002-S](#), March 7, 2011)

In late 2001, following decades of conflict, the financial and banking systems of Afghanistan were devastated. Afghanistan had six licensed, state-owned commercial banks that were almost entirely based in Kabul and, to a large extent, inactive. Besides lacking connectivity and reliable information on assets and liabilities, the banks did not follow generally accepted accounting standards. Vital functions of the central bank were not defined or carried out, and Afghanistan lacked a credible, formal payment system. Lack of confidence in the banking system and uncertainties and difficulties faced by the population and the business sector led them to rely almost exclusively on the *hawala* money transfer system, an informal network of cash brokers who operate based on trust and reputation.

OIG examined the cash disbursement practices of ten USAID contractors and grantees. Selected contractors and grantees account for about 42 percent of USAID/Afghanistan's total active awards (\$3.4 billion) and provided program services in six of the mission's program areas: infrastructure, democracy and governance, education, health, economic growth, and stabilization in support of the U.S. Government's counterinsurgency strategy. We evaluated internal controls over the implementer's cash disbursements, performed a walk-through of the process for cash voucher payments, reviewed a judgmental sample of cash vouchers and supporting documents, identified areas for improvement, and noted best practices employed.

According to information provided by the selected implementing partners, they made \$13.5 million in cash payments in 2010, representing 7 percent of the \$181.1 million in total costs they incurred in Afghanistan. For individual implementing partners, cash payments as a percentage of total costs incurred in Afghanistan ranged from 2 to 69 percent. The types of costs paid in cash included office supplies, local travel, prepaid phone cards, utilities, and maintenance. The implementing partners that had a higher percentage of costs paid in cash also used cash for programmatic activities such as small grants, cash-for-work programs, and microfinance loans.

Overall, audited cash expenditures were reasonable, allocable, and allowable. However, no controls can completely eliminate the risk of fraud, loss, and personal harm to staff associated with handling and transporting cash in a war zone. And, following the review, five of the ten selected implementing partners took steps to reduce their cash exposure risk by seeking ways to make payments through electronic funds transfers, check, or *hawala* transfers. The selected implementing partners also implemented a number of best practices for managing cash disbursements that other USAID/Afghanistan implementing partners should consider adopting.

Audit of USAID/Afghanistan's Agriculture, Water, and Technology Transfer Program (Report No. [F-306-11-001-P](#), February 13, 2011)

According to USAID/Afghanistan, nearly 80 percent of Afghans earn their living from agriculture. USAID/Afghanistan's active agriculture and alternative livelihoods programs, with reported obligations of \$701 million and disbursements of \$494 million as of September 30, 2010, were designed to create jobs and increase incomes in the agriculture sector and increase Afghans' confidence in their government, particularly in the Ministry of Agriculture, Irrigation and Livestock. One such program, the Afghanistan Agriculture, Water, and Technology Transfer Program, was implemented through a \$20 million cooperative agreement with New Mexico State University (NMSU).

The objective of this audit was to determine whether the program was achieving its main goals, which dealt with irrigation water management, agricultural technology transfer, and institution building. Two-and-a-half years into the 3-year program, NMSU had achieved a number of successes in introducing new agricultural and water technologies, and many farmers were participating in on-farm demonstrations of these technologies. Auditors found some evidence of demand for these new technologies—such as laser-guided equipment for leveling land for surface irrigation—but their adoption was limited.

Financial records for the program showed that about 61 percent of spending was in Afghanistan, while the other 39 percent was in the United States. Officials connected with the program raised concerns that the high proportion of expenditures in the United States left fewer resources available for activities in Afghanistan and raised other questions about the financial management of the program. To address these issues, OIG contracted with an audit firm to conduct financial audits of NMSU and its partner universities in the United States and issued a separate report with audit results.

USAID's cooperative agreement with NMSU required the development of an institutional framework for effective management of the country's limited water resources. NMSU demonstrated a number of water-conserving technologies and successfully stimulated demand for some of them. However, farmers had not adopted these technologies for wider use, and NMSU placed relatively little emphasis on improving distribution of irrigation water resources.

NMSU's efforts had not yet resulted in a more equitable, community-based system for managing irrigation water. NMSU officials noted that the water-conserving technologies they introduced could make more water available for farmers at the tail of irrigation canals. For this to occur, however, the technologies must be widely adopted, and evidence of adoption of these technologies was lacking.

Review of USAID/Afghanistan's Ministerial Assessment Process (Report No. [F-306-11-001-S](#), November 6, 2010)

The U.S. Government planned to deliver 50 percent of its development aid to Afghanistan through the government's core budget by the end of 2011. With this expectation, USAID/Afghanistan conducted a series of preaward assessments of Afghan ministries to see whether they could responsibly manage U.S. Government resources. A preaward assessment (sometimes called a preaward survey or preaward audit) involves inquiries, observations, and tests to see whether the assessed entity has the requisite procedures, internal controls, experienced personnel, and other resources needed to manage U.S. Government funds responsibly.

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

OIG found that testing to see whether internal control procedures were followed was not as thorough as it could have been. In addition, assessments did not fully cover controls over fixed assets or payroll and attendance. Reviewers lacked adequate guidance on how to assess compliance with applicable laws and regulations, and USAID supervisory review of assessment reports was limited.

Audit of USAID/Afghanistan's Support to the American University of Afghanistan (Report No. [5-306-11-002-P](#), November 5, 2010)

The Afghan Constitution and Civil Code, which took effect in July 2004, chartered the American University of Afghanistan to provide a high-quality education that meets international standards and emphasizes a liberal arts curriculum and higher education for the professions (e.g., offering courses in business English, information technology, leadership, and business management). The university began offering undergraduate courses and professional programs in September 2006.

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

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

The audit found that the university was also behind schedule in reforming its undergraduate program to be more competitive with other private universities in Afghanistan. Furthermore, the University's Professional Development Institute had poor attendance because students lacked interest, and most of the reviewed course syllabi contained no written completion requirements. Because the university had not submitted required planning documents, including its second-year budget, the mission was withholding additional funding. Further, the university was unlikely to meet its goal of increasing enrollment of women to 30 percent; Afghan cultural norms make families unwilling to send girls to an American higher education facility because of the stigma of associating with people from other countries.

In addition to documenting funding and curriculum problems, OIG found that the university did not follow environmental procedures in construction of the new campus or in renovations of existing facilities.

Audit of USAID/Afghanistan's Partnership for Advancing Community-Based Education in Afghanistan (Report No. [5-306-11-001-P](#), October 28, 2010)

This 5-year program was designed to expand quality learning and life opportunities for marginalized communities and their children in Afghanistan. The program's core objectives were to expand access to community-based schools, strengthen community structures and processes that support basic education,

and improve the quality of community-based education. Program activities were expected to directly benefit a total of 93,240 students—of whom at least 60 percent were to be girls or women—in over 1,000 communities in 90 districts and 20 provinces.

Although the majority of program activities involved primary education classes covering Grades 1 through 6, the program also offered other types of classes, including early childhood development and adult literacy, for learners younger or older than primary school age (7 to 12 years old).

The audit determined that the program was partially achieving its goals but had weaknesses in three areas. It had not offered its teachers basic training to ensure that their students received a quality education, not adequately supported reported results, and not effectively integrated the program's primary classes into the Ministry of Education system.

According to a progress report for the quarter ending March 31, 2010, program activities had resulted in the establishment of 3,695 classes attended by 98,212 students—the majority of whom were girls—in a total of 1,672 communities in 97 districts and 19 provinces, meeting or exceeding at least some of the program's targets. The program had also made progress in facilitating the integration of 51 percent of its primary classes into the Ministry of Education system.

Review of Security Costs Charged to USAID Projects in Afghanistan (Report No. [5-306-10-002-S](#), September 29, 2010)

USAID/Afghanistan relies on private security contractors (PSCs) to supply an array of security services for contractors and grantees that implement USAID-funded projects in Afghanistan. PSCs free up military forces for their core missions and provide protection to USAID's implementing partners in hostile environments. USAID/Afghanistan's practice has been to delegate responsibility and oversight for security to its implementing partners and factor the cost of security into their program budgets. These implementing partners typically subcontract their security services to PSCs. USAID indirectly pays for PSCs when the implementing partners submit their invoices, which include the cost of security services, for payment.

In the past year, news reports have said that U.S. Government funds paid to contractors for reconstruction projects were being siphoned off to Taliban insurgents in exchange for "protection" to prevent attacks. For example, one news article reported that USAID funds were ending up in the hands of the Taliban through a protection racket for contractors. Another article said that in southern Afghanistan, no contract could be implemented without the Taliban taking a cut, sometimes at various steps along the way. Other news reports said that PSCs were involved in the negotiations with insurgents. OIG staff met with one of the reporters involved to obtain additional details.

OIG conducted a review of Edinburgh International's security costs charged to the following three USAID-funded projects in Afghanistan implemented by Development Alternatives Inc.:

- Afghanistan Small and Medium Enterprise Development
- Incentives Driving Economic Alternatives for the North, East, and West
- Local Governance and Community Development (LGCD)

The review found no indication that Edinburgh International had misused USAID funds to pay the Taliban or others in exchange for protection. However, there were indications that Afghan subcontractors working on the LGCD project had paid insurgents for protection in remote and insecure areas of Afghanistan. The payments allegedly were made as part of a security arrangement with local communities that very likely included the Taliban or groups that support them.

OIG also found indications of pervasive fraud in DAI's LGCD office in Jalalabad and indications of endemic corruption in Nangarhar Province, where Jalalabad is located. It conducted an investigation with members of the International Contract Corruption Task Force, including SIGAR and the Federal Bureau of Investigation, as well as with the local Afghanistan prosecutor's office and the Afghanistan Major Crimes Task Force. In June 2010, DAI terminated ten LGCD employees who were involved in the fraud scheme.

Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West (Report No. [5-306-10-011-P](#), July 29, 2010)

The production and trafficking of illicit narcotics in Afghanistan breed corruption and provide resources to the Taliban, drug lords, and other terrorist groups. The U.S. Government has supported the Afghan Government's counternarcotics strategy of providing farmers incentives to stop growing opium poppy through alternative development projects; supporting strong disincentives in the form of provincial governor-led eradication, interdiction, and law enforcement; and spreading the antinarcotics message.

USAID awarded a contract to Associates in Rural Development to implement a 3-year, \$75 million program to counter illicit poppy cultivation by providing alternative development programs, improved economic opportunities, and diverse regional economic growth.

The program made progress. A 32 percent decrease in poppy production between 2008 and 2009 was attributed to strong antipoppy messages from provincial governors, increased interdiction activities, an overproduction of poppy in prior years that suppressed market prices, and provision of alternative economic opportunities in targeted districts in each province. The implementer established 45 cash-for-work projects that included road, canal, and market rehabilitations. One project provided employment to 220 workers, while another project targeted 30 disadvantaged women, mainly widows. The program also assisted local farmers with sales of produce totaling nearly \$3.8 million. Further, it helped the Farah Farmer's Union, a cooperative of 8,700 growers, identify business opportunities and develop the Farah Agricultural Center, which will provide an all-inclusive hub for market expansion and business development.

Despite the program's progress, the audit disclosed problems. First, continued reductions in poppy cultivation may not be sustainable because a critical southern province was not included in the program, and no follow-on alternative development program had been approved beyond March 2011. Second, the program experienced delays in implementation, partly because of security issues. Also, a new embassy-led annual program review process, the restructuring of the regional commands, and the mission's plan to implement regional platforms presented challenges that could hamper program implementation if not properly managed.

Review of School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program (Report No. [5-306-10-009-P](#), June 24, 2010)

In September 2002, USAID/Afghanistan began to build and reconstruct schools and health clinics throughout Afghanistan under the Schools and Clinics Construction and Refurbishment Program. During the following 4 years, the mission increased the number of structures the program would work on from fewer than 100 to 776. Similarly, the number of implementing partners grew to more than a half dozen, and disbursements under the program amounted to more than \$105 million.

In October 2004, OIG audited school and health clinic reconstruction activities.⁵ The audit found that the program was behind schedule, and recommended that the mission develop a new implementation plan.

OIG contracted with KPMG Afghanistan—whose staff could travel more easily within Afghanistan—to conduct site visits for this review. OIG provided KPMG a statistical sample of 50 buildings—30 schools and 20 clinics—from the 776 schools and clinics completed across Afghanistan under the program. The review had two objectives: (1) to determine whether schools and clinics constructed under the program were being used for their intended purposes and (2) to measure the impact of the program on the provision of education and health services to the people of Afghanistan.

KPMG visited and inspected the 50 buildings to verify their existence and observe how they were being used. Overall, KPMG found that 48 of them were being used for their intended purposes. The two exceptions were due to security concerns in the surrounding area and one building's inability to accommodate area students.

However, KPMG noted numerous physical deficiencies in the condition of the schools and health clinics. These deficiencies included structural problems, poor hardware, lack of electrical supply (because buildings were located in areas where electrical service was unavailable), deficient (or nonexistent) water service and plumbing, and toilet problems. However, KPMG could not determine whether the deficiencies were attributable to work performed under the program or to a subsequent lack of maintenance.

KPMG noted that the deficiencies created an environment that was not conducive to quality education and health services and might sicken or endanger the students, patients, and staff working in the buildings. In addition, the report noted operational problems in the schools and clinics. These problems included poor maintenance, inadequate personnel, and lack of furniture and equipment. These conditions, however, were the responsibility of the Afghan Government.

To measure the impact of the program on providing educational and health services to the people of Afghanistan, KPMG scheduled its field visits when the schools and clinics were in use and reviewed records and documentation maintained at each location. KPMG found that the 30 schools visited were staffed with 1,385 teachers providing instruction to 57,744 students. The 20 health clinics visited employed 109 clinical staff and provided medical treatment to approximately 39,500 patients a month. KPMG concluded, however, that these figures did not provide a meaningful indication of the completed buildings' impact on

⁵ "Audit of USAID/Afghanistan's School and Clinic Reconstruction Program," Report No. [5-306-05-003-P](#), March 14, 2005.

the provision of education and health services in Afghanistan because baseline information was not available for comparison.

Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan (Report No. [5-306-10-009-P](#), May 21, 2010)

USAID program implementers rely on PSCs to protect their operations in hostile environments. However, the murder of 4 PSCs in Iraq in 2004 and the killing of 17 Iraqi civilians by PSCs in 2007 raised concerns about failures to supervise PSCs adequately and to properly investigate alleged killings by security contractors. In January 2008, Congress enacted detailed oversight requirements for PSCs in combat operation areas, to be implemented by DOD regulation and the Federal Acquisition Regulation.

OIG examined the reporting of serious security incidents, the steps USAID implementing partners took to subcontract with responsible firms, the costs of these services, and the oversight of those costs. We found that USAID had not implemented detailed statutory oversight requirements intended to cover both non-DOD and DOD PSCs in Afghanistan because the chief of mission had not issued mission-wide instructions in accordance with the DOD implementing regulation. As a result, USAID PSCs did not report certain serious security incidents (e.g., persons killed or injured as a result of PSC conduct) that they otherwise would have been required to report had mission-wide instructions been issued. The mission-wide instructions also would have incorporated statutorily mandated procedures to ensure PSCs in Afghanistan were qualified and responsible. The report found such procedures were not in place.

USAID/Afghanistan provided only limited oversight and direction regarding standards and requirements for security and could not ensure that only responsible security firms were employed. The audit found that two PSCs were not licensed with the Afghan Government and that USAID/Afghanistan did not provide subcontracting consent for 17 private security firms or include in its contracts a clause requiring various security measures. Moreover, because USAID/Afghanistan had no standard grant award provision related to security, about one-third of its awards with subcontracted PSCs had no standard security requirements. With respect to security costs, prime implementing partners reported that they had charged about \$167 million for subcontracted PSC services during the review period. On average, these services accounted for 8.3 percent of award disbursements.

Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture Program (Report No. [5-306-10-008-P](#), April 20, 2010)

This program was initially designed to provide wheat seed and fertilizer to drought-affected subsistence farmers to help them increase wheat production in targeted areas of the country.

The audit found that the program had contributed to the country's increase in wheat production; however, the extent of the program's role in this increase was unclear, since the audit determined that some of the reported results were not reliable. In addition, the program's stabilization activities in the country's southern region were not being implemented as widely as originally planned.

The audit identified several other problems. In addition to the lack of reliable data to measure program results, the program suffered from insufficient oversight. The implementer could not retain staff, in part because of death threats, and project staff members were overburdened by requests for information and

briefings from officials outside of USAID. In some cases, materials did not reach beneficiaries (a finding referred to OIG's Office of Investigations). Moreover, the audit noted that up to \$50 million in unspent program funds could be reprogrammed for other activities.

Audit of USAID/Afghanistan's Human Resources and Logistical Support Program (Report No. [5-306-10-007-P](#), March 31, 2010)

USAID/Afghanistan launched its Human Resources and Logistical Support Program in February 2007 to help design, monitor, and support the activities of USAID-funded contractors. The program intended to (1) enhance capacity at selected ministries, (2) identify USAID-constructed buildings that did not meet seismic standards, and (3) provide quality assurance and engineering oversight for mission construction projects. USAID awarded a 5-year, \$72 million contract to International Relief and Development Inc. to implement the program.

The audit found that the program had made progress in building capacity in selected Afghan ministries, identified defective USAID-built structures, and provided engineering oversight for mission construction projects.

In support of its first goal, the program provided the Afghan Government with additional capacity. Technical consultants hired under the program assisted Ministry of Mines personnel in preparing a proposal for the rehabilitation of gas fields to generate electrical power for the country. Meanwhile, at the Ministry of Public Works, program advisers initiated the development of a pilot program to teach ministry staff how to implement and monitor road construction projects and provide them with a more efficient means of managing and maintaining roads in the future. At the Ministry of Energy and Water, the program contractor provided a transboundary water-rights adviser to help the ministry develop water policies for negotiations with neighbors in other countries.

With regard to the second goal—evaluating and identifying USAID-built structures that did not meet seismic standards—the program was successful in establishing a process for identifying structures that were not earthquake resistant. The mission had a database of 1,474 USAID-built structures, but the database was not complete. As of October 2009, the program had completed preliminary assessments of 468 of these structures and detailed structural seismic evaluations of 35. At that point, the program had found 15 structures to be unsafe for occupancy.

With regard to the third goal, of providing quality assurance and engineering oversight on USAID construction projects, the program had succeeded in providing these services for projects initiated by the mission's Office of Infrastructure, Engineering and Energy. However, the mission had not been so successful in providing quality-assurance services for construction projects initiated by other program offices in the mission.

Despite the program's progress in addressing its three main goals, it had serious issues to address. The most critical issue was to identify the many defective structures remaining among the estimated 1,474 mission-built structures. The total number of defective structures was to be determined with the completion of the remaining preliminary assessments and any subsequent detailed seismic evaluations. The mission anticipated that the contractor would complete 200 seismic evaluations by the end of the contract. In addition, significant defects in five buildings reported in a prior Office of Inspector General audit report

("Audit of USAID/Afghanistan's Accelerating Sustainable Agriculture Program," Report No. [5-306-08-009-P](#), August 8, 2008) had yet to be corrected.

Unless defective structures are identified and repaired or rebuilt, a catastrophic earthquake could destroy them and cause many injuries and deaths.

Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project (Report No. [5-306-10-006-P](#), January 29, 2010)

Almost 4 years into a \$94 million, 5-year contract with Creative Associates International Inc. to implement USAID's Building Education Support Systems for Teachers Project, the project was making progress in helping improve the quality of education in Afghanistan but had not achieved its two main goals: improving teaching through teacher training, and institutionalizing ministry structures and systems that support high-quality teaching.

Afghanistan has one of the highest illiteracy rates in the world. More than 11 million Afghans over the age of 15 cannot read or write. In rural areas, where three-fourths of all Afghans live, 90 percent of the women and over 60 percent of the men are illiterate. Under the Taliban, girls were not allowed to go to school, fewer than 900,000 boys were enrolled, and many received religious education in lieu of academics. The implications of this lack of education can be felt in all domains of life. Afghans have little access to information about good health practices, and most of the country's judges and civil servants do not have more than a high school diploma. Today more than 5.7 million students attend school. However, the Afghan Government is striving to improve education for its people, and the Ministry of Education worked with USAID and other donors to implement a 5-year National Education Strategic Plan (2006–2010).

The audit found that much of the training of teachers had been completed. For example, 50,600 of the target of 54,000 teachers in the 11 provinces had received in-service training for teachers already working for the Ministry of Education. Although the project had not attempted to measure the extent to which teaching had actually been improved, teachers we spoke with expressed satisfaction with the training they had received. And much of the technical assistance to the Ministry of Education had been completed. For example, Creative Associates had assisted in recruiting and selecting most of the 444 candidates who were expected to help the Ministry of Education develop its capacity to improve the quality of teaching.

In addition, the audit found that district teacher training teams had been established to help conduct training in all 11 provinces. This approach used a cascading process of training existing teachers as instructors who in turn would train other teachers. The project teamed with subcontractors to select and hire 181 team leaders, 1,361 team members, and 8 provincial project monitoring officers, all by December 2007. Moreover, the project developed (1) an action plan for the Ministry of Education's 5-year strategic plan, (2) a human resources policy manual, (3) a training curriculum for management skills, and (4) an action plan for the integration of the Human Resources Department and the Reform Implementation and Management Unit at the Ministry of Education.

Notwithstanding these accomplishments, the audit found that some significant tasks and activities included in the project's contract and work plan had not been completed. For example, the project had not completed the curriculum development and related in-service teacher training or the accelerated program for teachers who did not meet Ministry of Education teaching qualifications for their specific subject/grade level, as

planned under Component 1 of the project. The project also did not complete some activities planned under Component 2—for example, technical assistance intended for the Ministry of Education’s Human Resources Department, such as development of a curriculum and staff training on a human resource database; creation of a training manual for the payroll database for budget staff; and preparation of at least one workshop on pedagogical methods for faculty at each provincial teacher training college. The contractor hoped to complete these efforts by the contract’s end.

Audit of USAID/Afghanistan’s Civilian Assistance Program (Report No. [5-306-10-004-P](#), December 15, 2009)

The Civilian Assistance Program was being implemented through a \$27 million, 3-year cooperative agreement (April 2007 to April 2010) with IOM. OIG’s audit found that the program—intended to help Afghan families and communities that suffered losses because of military operations—was not on target to assist eligible program beneficiaries.

Assistance under the program was generally provided in the form of goods and services to those who have suffered losses. For example, a farmer might receive a tractor or livestock, and a grocer might receive merchandise to restock his store. At the midpoint of the program, approximately 800 of the more than 6,000 eligible families in the program were receiving assistance, about 13 percent. As of January 22, 2009, the implementer reported that it had assisted only about 40 percent of families included in its revised recovery plan, which had been submitted just after the implementation midpoint.

In addition, until the program was halfway through, USAID officials had very limited involvement in the program and little information about its progress. Officials had not followed up regularly on the status of the implementer’s implementation plan, monitoring and evaluation plan, or quarterly program reports. The mission also had not made sufficient site visits to evaluate the program’s progress and had not properly monitored the staffing of positions for the implementing organization.

Security concerns contributed to the program’s understaffing, which continued to be a challenge at the time of the audit. As of January 2009, a subcontractor for the implementer had hired only 56 of the 86 employees that it believed necessary to meet program targets; at the time of the audit, the implementer’s documents indicated that its subcontractor was still in the process of hiring 30 staff members for the six regional offices where the program was being implemented. In addition, the implementer had not taken advantage of opportunities to improve the effectiveness and efficiency of the program, such as limiting the program’s eligibility period and requiring beneficiaries to present Afghan national identification cards.

Audit of USAID/Afghanistan’s Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program (Report No. [5-306-10-002-P](#), November 10, 2009)

Providing electrical power to the Afghan population is crucial to Afghanistan’s development. As a key to political stability, sufficient, reliable electrical power is especially important for both the capital city of Kabul and the southern agricultural provinces of Helmand and Kandahar. To improve the availability of electricity in these areas, USAID/Afghanistan awarded two major task orders under its Afghanistan Infrastructure Rehabilitation Program to the Louis Berger Inc./Black and Veatch Special Projects Corp. Joint Venture.

OIG's audit report highlighted problems faced by two power projects in Afghanistan—building a 105-megawatt plant in Kabul and making improvements in the Kajakai Dam—which were intended to supply power to key cities and provinces.

Because of construction delays, USAID had not increased reliable power supplies to these two areas on time. For the Kabul Power Plant, the delays were caused by an initial inability to obtain adequate title to land for the power plant, an ambiguous statement of work resulting in poor planning and implementation, subcontractor performance problems, a lack of onsite quality assurance, and problems clearing equipment and material through customs. For the Kajakai Dam project, deteriorating security in southern Afghanistan and inconsistent contractor performance contributed to the delay.

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

The audit also found that the host government might not be able to afford to operate the Kabul Power Plant because of the rising cost of diesel fuel and the government's inability to collect revenue for the generated electricity. Further complicating operation of the power plant is the configuration of the Kabul transmission system, which does not allow for the use of other power sources at times of year when those power sources are cheaper.

With regard to subcontractor performance on the Kabul power plant, the audit found that the contractor had charged USAID for subcontractor costs that the contractor had not paid. The contractor had not paid these costs because of disputes and questionable claims in subcontractor invoices. The total amount the contractor received from USAID for these questionable costs (including contractor overhead, fixed fees, and imputed interest) amounted to an overbilling of USAID by \$2.1 million.

As for the Kajakai Dam project, the original subcontractor left after its personnel received kidnapping threats, and the project could not be completed until a new subcontractor was selected. USAID had to continue paying the fixed costs of securing and maintaining the facility until work on the plant resumed. These fixed costs amounted to an estimated \$1 million per month, even though none of the 35 extra megawatts of power had been delivered.

Pakistan

Review of USAID/Pakistan's Cost Estimates for Shipping and Storage (Report No. [G-391-12-001-S](#), June 18, 2012)

Employees transferring to Pakistan are eligible to ship personal effects of up to 2,000 pounds by sea and 1,000 pounds by air. They are also entitled to ship one vehicle and to place items in storage. To cover the shipping and storage expenses associated with these transfers, USAID/Pakistan obligates an estimated amount, typically \$25,000, though sometimes more. Mission officials did not know how their predecessors

had arrived at this estimate, so OIG conducted a review to develop a more reasonable estimate for obligating funds for the shipping and storage of goods for USAID employees assigned to Pakistan.

By reducing the standard obligation conservatively to \$15,000, OIG found that the mission could put approximately \$480,000 annually—or \$2.4 million over 5 years—to better use. The report also recommended that the mission review \$860,000 in unliquidated shipping and storage-related obligations for possible deobligation. In response to the recommendations, the mission reduced the standard shipping and storage obligation to \$15,000 and completed its review of unliquidated obligations, resulting in a total deobligation of \$653,259.

Audit of USAID/Pakistan’s Support to the Benazir Income Support Program (Report No. [G-391-12-006-P](#), May 21, 2012)

The Government of Pakistan launched the Benazir Income Support Program in 2008 to provide a permanent cash support mechanism for families in poverty. To support this effort, USAID/Pakistan signed an \$85 million cash transfer grant agreement with the Government of Pakistan. The Government of Pakistan and USAID/Pakistan signed an amendment to the agreement in June 2010, providing \$75 million in additional funding and bringing the total amount to \$160 million.⁶ Under the terms of the agreement, upon receiving the USAID cash transfer, the Pakistani Government is supposed to deposit the equivalent amount of Pakistani rupees immediately in a special local currency account to support program payments to eligible families. The mission must approve disbursements of funds from the U.S. dollar account to the program, and the mission’s program office is responsible for monitoring the agreement.

OIG found that the first installment of \$85 million transferred to Pakistan in February 2010 was disbursed by the program to approximately 480,000 beneficiaries. A USAID-commissioned survey documented that 98 percent of randomly sampled beneficiaries had received payments. OIG’s review of a statistically valid sample of program records found that recipients’ names, addresses, and payments were accurate.

However, OIG found problems with the second installment of \$75 million. As of March 2012, the mission had not authorized the Government of Pakistan to transfer the money to the program because mission officials were unable to verify that the program had implemented an effective monitoring and evaluation plan. The mission requested documentation of an effective monitoring and evaluation plan multiple times; however, the Government of Pakistan had not yet complied with these requests. USAID/Pakistan had also not received any bank statements from the Government of Pakistan since the program’s inception in 2009. Consequently, when the Pakistani Government transferred funds from the authorized special local currency account and comingled them in a general budget account in September 2010, the mission was not aware of the transfer. Mission officials indicated that staff turnover had contributed to the difficulties in obtaining information. Over the previous 20 months, four mission program managers had supervised the program, and similar turnover had occurred among Government of Pakistan officials.

⁶ The Benazir Income Support Program is not a USAID program; it is a Government of Pakistan program receiving budget support from USAID through Agreement No. 391-012-01.

Audit of USAID/Pakistan's Entrepreneurs Project (Report No. [G-391-12-005-P](#), April 20, 2012)

USAID's 5-year, \$30 million cooperative agreement with Mennonite Economic Development Associates is designed to increase the incomes of predominantly female owners of microenterprises in Pakistan. The project provided local partners with training on USAID financial management, procurement, and human resource requirements as well as technical instruction on the value chain concept⁷ to help owners of microenterprises increase output and improve their commodities' quality and marketability. Local partners assisted in developing value chains in four sectors: dairy, embellished fabrics, medicinal and aromatic plants, and honey.

OIG found that the project trained more entrepreneurs than expected in business development and achieved 80 percent of its target for providing training in business management and marketing. However, efforts to build capacity in developing value chains did not start until May 2011, almost 2 years after the award. Two factors contributed to the delays. First, USAID/Pakistan used project resources to provide assistance to people in the Swat Valley displaced as a result of conflict and floods in 2010. Mission officials acknowledged this work diverted time and resources from the project's activities, as no additional funding was provided to cover the costs. Second, local partners' lack of awareness of the value chain concept caused delays in implementing the project. The project had to undertake a laborious process to select and train local partners before work could begin to help owners of microenterprises. As a result, as of December 2011, only \$6.6 million had been allocated to helping microenterprise owners develop value chains.

Besides delays, there were other problems. The project made little progress in developing one of its target sectors—the honey sector—because the mission took longer than expected to approve the local partner's grant application and then required an additional feasibility study before proceeding. Finally, because USAID/Pakistan had not yet started tracking changes in beneficiaries' incomes, it was not possible to determine whether the project was achieving its overall goal of substantially increasing their incomes.

Audit of USAID/Pakistan's Pre-Service Teacher Education Program (Report No. [F-306-11-003-P](#), March 16, 2012)

To improve teacher education in Pakistan, in September 2008 USAID/Pakistan awarded a \$37 million cooperative agreement to the Academy for Educational Development (AED) to implement the Pre-Service Teacher Education Program (Pre-STEP). After the Government of Pakistan terminated its memorandum of understanding with AED, USAID canceled the cooperative agreement as well and awarded the program to EDC.

In its first 3 years, the program made progress toward achieving improved teacher education by developing and helping the Pakistani Government implement education policy reforms. The Higher Education Commission approved two new education degree programs based in part on Pre-STEP recommendations. These programs, introduced with USAID's support, should ultimately affect teacher training colleges and universities throughout Pakistan and help improve the overall quality of education. In part because of Pre-STEP's efforts, 16 Pakistani teaching institutions have adopted the new degree programs. Pre-STEP plans to

⁷ A value chain includes the full range of activities required to bring a product or service from concept to end use. Value chains include activities such as design, production, marketing, and distribution.

increase the number of colleges and universities offering the new degrees over the next 2 years by supporting their implementation at target colleges and universities and expanding the number of students enrolled in the new degree programs.

Despite the progress in developing and implementing policy reforms at the provincial and national levels, the program did not achieve most of its targets. For example, USAID funded only 410 of 2,297 planned scholarships to students enrolled in the new teaching curriculum and distributed only 10 of 36 planned research grants with an average value of \$9,000 to teaching institutions in 2011. These shortfalls occurred in part because key personnel hired to manage the program did not have the necessary management skills. Another contributing factor was the change in implementers. Even though the mission awarded the new agreement the day after terminating the AED agreement, EDC still needed time to hire additional staff, find new office space, develop work plans, and establish internal controls.

In addition, the mission's technical office had many competing priorities and lacked time to provide adequate oversight. During the period under review, the mission assigned one agreement officer's representative to manage Pre-STEP's \$75 million agreement. This individual was assigned to manage three other projects whose average budget was \$9 million. This situation contributed to the missed targets.

Audit of USAID's Pakistan Transition Initiative Program (Report No. [G-391-12-003-P](#), February 3, 2012)

Assisting the Government of Pakistan in bringing peace and security to the unstable regions of Pakistan—FATA and Khyber Pakhtunkhwa—is pivotal to U.S. foreign policy objectives and national security. To achieve this goal, USAID awarded a 3-year, \$102 million contract in September 2009 to implement a portion of the Pakistan Transition Initiative in FATA and Khyber Pakhtunkhwa. USAID's OTI managed the program with a staff of seven located at USAID/Pakistan.

OIG confirmed that the program was a quick, efficient mechanism to deliver projects that the local communities sought. Further, it allowed the Government of Pakistan to cultivate trust and confidence in its services. Key accomplishments include 48,000 meters of streets paved, 22,800 meters of drainage and sanitation piping constructed, and 7,000 meters of retaining walls built to withstand flooding.

The program formed committees for each project that were made up of community representatives who then conducted inspections and evaluations throughout project implementation. The audit team interviewed the community members who had overseen the installation of a water supply system. They explained that, after extremists destroyed portions of their water system, villagers had been forced to get water from a distant well, exposing themselves to danger along the path. After the Pakistani military cleared the area, the program installed a new water tank and pumps.

An overarching goal of the program was to improve relations between the Government of Pakistan and communities in FATA and Khyber Pakhtunkhwa, thereby reducing violence and extremism. In addition to the infrastructure projects, the program rehabilitated 92 educational facilities, including the Government Girls' High School. After the school closed for several months to house displaced persons during military operations and sustained significant damage, the program rehabilitated the school and provided school supplies.

However, OIG found that the mission had not developed a formal written plan with clear criteria linking the implementation of program activities with long-term activities planned for FATA and Khyber Pakhtunkhwa. As a result, OTI officials agreed that, without continued funding, the program would collapse.

Audit of USAID/Pakistan's Energy Efficiency and Capacity Program (Report No. [G-391-12-002-P](#), November 23, 2011)

To help address power blackouts and other severe supply shortages, USAID/Pakistan awarded a 3-year, \$23.5 million contract in March 2009 to the International Resources Group to focus on training in the energy sector and on a variety of conservation activities throughout Pakistan. In April 2010, in response to a shift in U.S. Government strategy, the mission modified the program's goal to focus on reducing energy demand through an activity to improve the efficiency of tube wells. This activity was designed to replace irrigation pumps used by farmers with more energy-efficient models.

In the first year of the program, OIG found that the mission had not achieved the majority of its targets. It had not helped any distribution companies implementing conservation strategies or any energy companies evaluating energy efficiency, upgrading equipment, or formulating energy conservation plans. It also had trained less than half the energy sector individuals intended.

After the shift in strategy, the mission planned to install 11,000 energy-efficient irrigation pumps. Although a pilot phase determined that the activity was unlikely to succeed, the mission proceeded with the program. By September of 2011, less than 1,000 pumps, or 9 percent, had been installed. This was the result of multiple problems, including the mission setting unrealistic goals and budgets. For instance, the mission budgeted almost \$1,500 per pump, but in actuality paid almost \$9,000. In addition, partners and beneficiaries often did not participate as intended. The regional energy distribution company, a key partner, did not fully support the program, and farmers would not pay the additional cost of installing the pumps, including the costs of masonry and electrical work.

Audit of USAID/Pakistan's Firms Project (Report No. [G-391-12-001-P](#), November 3, 2011)

To help improve Pakistan's economic stability, USAID/Pakistan awarded a 4-year, \$89.8 million contract to Chemonics to implement the Firms Project. In 2010, 14 months after the project began, USAID modified the project goal to promote economic development in vulnerable areas as an alternative to extremism.

Despite the mission's attempt to increase sales and employment in a number of sectors—leather, livestock, textile, dates, and mangoes—project activities did not increase sales or employment. Efforts to boost sales and jobs were stalled, and activities to improve competitiveness through economic policy reform were behind schedule. Part of the problem was that shifts in the mission's strategy resulted in the cancellation of these activities. In addition, the mission did not set realistic targets. For example, although Chemonics was tasked with working with the Government of Pakistan to enact regulatory reform by 2013, according to Chemonics, long-term reform is a 10- to 12-year process because of all of the stakeholders involved.

The mission also focused on increasing sales and production of mangoes, but these activities were deficient. The implementer intended to supply processing equipment to the mango farmers, but did not deliver them on schedule. One farmer who received all of the equipment promised, was unable to operate it because a design flaw prevented its assembly.

Oversight was inadequate. Although a performance management plan was approved by the mission, it did not comply with Agency standards. As a result, sales and employment figures were overstated and methods for collecting data were inconsistent and unreliable. In addition, the contracting officer's technical representative did not provide sufficient monitoring and oversight, in particular for the procurement process. For instance, the contracting officer's technical representative did not conduct any site visits to the project and approved more than 20 invoices without knowing whether the material ordered had been received. Consequently, the mission did not discover multiple problems in the process.

Audit of USAID/Pakistan's Community Rehabilitation Infrastructure Support Program (Report No. [G-391-11-006-P](#), August 29, 2011)

One of the many problems facing Pakistan is poor infrastructure for delivering basic human services such as education, health care, water, sanitation, electricity, and transportation. To address these issues, USAID/Pakistan signed a 5-year, \$150 million cooperative agreement with Winrock International to implement the Community Rehabilitation Infrastructure Support Program.

OIG found that the program had made very little progress in achieving any of its main goals. Tasked with rebuilding or renovating up to 2,000 schools and constructing up to 350 small to medium-sized infrastructure projects, the program was far behind schedule. More than 2 years into the agreement, the program had completed only four minor renovations of universities, six career centers, and two design projects; conducted two feasibility studies; and procured furniture and equipment for a children's health institute.

Part of the program's lack of progress was due to poor program design. Although Winrock is the main implementer, 70 percent of the award's budget was implemented by subcontractors, who in turn employed contractors. Employing multiple subcontractors led to duplicate layers of construction oversight. According to the mission, Winrock did not have the staff or technical expertise to monitor subcontractors' management of the projects effectively. In the few cases where projects were completed, the mission often did not consider whether the project could be sustained. For instance, \$900,000 worth of furniture and equipment was delivered to the Khyber Institute of Child Health in Peshawar, but a year after its delivery, most of the material remained in storage, unused. The institute's director said that it did not have the funding to operate the facility, adding that he could not even pay the monthly electric bill. By not ensuring that the institute was viable, the mission spent more than \$900,000 that could have been put to better use.

Moreover, mission officials often bypassed an internal control to approve projects above \$500,000, which required written consent. When the new mission director did not want to authorize the projects, the mission established an unwritten policy to bypass written consent and approved nearly \$13 million in projects that did not follow the program's objectives. Furthermore, the mission approved cost-sharing contributions to the projects that cannot be supported.

Audit of USAID/Pakistan's Road Rehabilitation and Reconstruction Activities Under the Quick Impact Projects in South Waziristan (Report No. [G-391-11-005-P](#), June 20, 2011)

In 2009, the Governments of Pakistan and the United States signed a strategic agreement to help generate broad-based economic growth through infrastructure development. According to the agreement, USAID is

providing \$55 million directly to the FATA Secretariat to implement quick impact projects (e.g., to rebuild roads, develop water infrastructure, and improve power systems).

OIG conducted an audit of these activities in South Waziristan, part of FATA. Despite some difficulties OIG noted with mission operations, auditors determined that the road rebuilding efforts were on track. Two sections of road totaling 215 kilometers were completed to specifications and had met all requirements for reimbursement by USAID. Although security problems caused some delays, work progressed on schedule. Multiple site visits by officials from the local satellite office in Peshawar strengthened the management of the road activities, and the use of fixed-amount reimbursement agreements reduced financial risk to the program.

The FATA Secretariat hired the Frontier Works Organization (Frontier Works) of Pakistan to carry out road activities. For additional support, Frontier Works subcontracted with the Pakistani engineering firm National Engineering Services Pakistan Limited (NESPAK). Both Frontier Works and NESPAK have extensive experience building roads and other types of infrastructure, and both were expected to work on all of the quick impact projects in South Waziristan, including the water infrastructure and power systems. OIG found that these two entities contributed to the initial success of the road activities.

Despite early successes, however, OIG found room for improvement. The scope of work for the contractor to build the capacity of the FATA Secretariat was too broad, and subsequent changes caused deliverables to be far behind schedule. Contract files were missing critical documentation such as branding and marking plans; site visit reports; meeting notes' and correspondence with contractors, including documentation related to extensions and justifications. Environmental assessments did not meet regulations and caused delays of up to 5 months. In addition, although no ethical problems arose, neither the mission nor the contractor had ethics procedures or policies in place, as required, to ensure that employees working on projects were aware of the USAID's ethical standards and its position on conflicts of interest.

Audit of USAID/Pakistan's Management of Preaward Assessments (Report No. [G-391-11-004-P](#), May 6, 2011)

The Enhanced Partnership with Pakistan Act of 2009 (Public Law 111-73) authorized \$7.5 billion in U.S. Government assistance over 5 years to promote an enhanced strategic partnership with Pakistan and its people. In authorizing these funds, the act encourages the use of Pakistani firms and nongovernmental organizations to build local capacity. To facilitate this strategy, USAID estimated that approximately 50 percent of fiscal year 2010 funding, or \$750 million, would go through Pakistani federal and provincial agencies and local organizations.

With the implementation of the strategy to build Pakistani capacity, concerns have been raised in the media and the U.S. Government that providing too much money to Pakistani recipients too quickly could jeopardize U.S. funds. USAID/Pakistan recognized the challenges and took proactive steps to address the risks. A key step taken by the mission was to contract with international and local accounting firms to conduct preaward assessments of potential first-time recipients. The intent of these assessments is to determine whether the recipients can effectively manage and account for these funds.

OIG found that the mission's preaward process provided a reasonable basis for identifying significant financial management vulnerabilities; however, the audit noted weaknesses in the mission's management of

the preaward process. The mission did not prioritize or follow up on significant vulnerabilities identified in assessments. Of the 28 assessment reports completed during fiscal year 2010, the 8 selected for testing noted over 250 weaknesses in the potential recipients' ability to manage funds properly. The mission included 55 of the reported weaknesses in the recipients' agreements and stipulated that the weaknesses should be adequately addressed before or after the initial disbursement of funds. The mission did not include or otherwise address the remaining 195 weaknesses because it did not have a comprehensive plan for prioritizing weaknesses. Many weaknesses resulted from the mission having excluded information on recipients' payment mechanisms and systems for procurement, accounting and overall monitoring and assessment from its agreements.

Audit of USAID/Pakistan's Flood Relief Efforts as Administered by Local Nongovernmental Organizations (Report No. [G-391-11-003-P](#), January 24, 2011)

Heavy rainfall in multiple regions of Pakistan led to devastating flooding in July 2010. The flooding affected 82 of Pakistan's 122 districts and displaced 12 million people, half of whom required humanitarian assistance.

USAID/Pakistan committed \$10 million for emergency flood relief efforts through cooperative agreements. Five million dollars was awarded to two Pakistani NGOs: the Pakistan Poverty Alleviation Fund (PPAF) and Rural Support Programmes Network.

The two NGOs were to provide immediate relief in the provinces of Balochistan, Punjab, Sindh, and Khyber Pakhtunkhwa in the form of food hampers and hygiene kits, and medical supplies to an affected population of 190,058 people.

OIG conducted this audit to determine whether USAID/Pakistan's flood relief efforts were meeting the immediate needs of the flood victims. Auditors found that USAID/Pakistan's implementing partners delivered food hampers, hygiene kits, and medical supplies to meet the immediate needs of the flood victims. As of November 15, 2010, the two implementers reported distributing food and hygiene kits to 80,098 households and administering medical supplies and treatment to an affected population of 159,620 people and 307,116 livestock.

Auditors observed that PPAF issued tokens to households that could be redeemed for food hampers and hygiene kits. PPAF established separate teams for token registration, token distribution, and distribution of the relief items. In establishing a distribution policy, PPAF gave priority to households that had not received any aid from other donors.

Auditors observed that PPAF teams followed the organization's distribution policy. First, the team responsible for distribution of the relief items matched recipients' tokens and Pakistani national identity cards to recipients' names on the master token distribution list. Second, the team directed recipients to a counter where they exchanged their tokens for food hampers and hygiene kits. Lastly, the team collected recipients' signatures or thumb impressions to record the transaction.

Audit of USAID/Pakistan's Livelihood Development Program for the Upper Region of the Federally Administered Tribal Areas (Report No. [G-391-11-002-P](#), December 10, 2010)

The main goal of the Livelihood Development Program was to provide social and economic stabilization in FATA to counter the growing influence of extremist groups. The program had three components: (1) increasing employment and employability, especially of youth, (2) revitalizing community infrastructure and essential services, and (3) supporting established and new businesses.

After a review of the first 2 years of activities, OIG found that the program had not achieved its main goal of social and economic stabilization to counter the growing influence of extremist and terrorist groups in upper FATA. The mission had no baseline data to determine progress toward countering the influence of these groups. In addition, the program had executed only 53 percent of planned activities, and program outcomes were weak.

Security issues were the main cause of the delays and poor performance. Specific incidents included the assassination of the chief of party for the implementer working in lower FATA, the kidnapping of an aid worker, and threats to monitoring teams. Allegations of wrongdoing also impeded progress. Program activities were reportedly delayed by the implementer as it sought to counter the allegations and because additional tiers of oversight were put in place to ensure greater accountability. Moreover, program activities stopped for 6 months until security measures were improved and a new chief of party was appointed.

Two additional factors contributed to program delays. First, USAID/Pakistan used program resources to provide humanitarian and disaster assistance to flood victims and internally displaced persons fleeing conflict areas of FATA. The assistance began in August 2008, only months after the upper FATA program started, and continued until the implementer's termination. Mission officials acknowledged that the work diverted time and resources from Livelihood Development Program activities. Second, in September 2009 the U.S. Department of State (State Department) initiated a shift in strategy toward using more Pakistani institutions to implement USAID programs. During this time, all USAID/Pakistan incremental funding requests went through the State Department for approval. The delays in incremental funding created more budgetary problems for the program.

Despite some successes, overall progress for program activities was slow, largely because of the intervening factors already mentioned. Although some factors were beyond the mission's control, USAID/Pakistan needed to address the following problems that were within its control. USAID/Pakistan staff did not follow management controls. Technical staff in the mission addressed contractual matters that should be handled only by the agreement officer or took action without proper approvals. Additionally, USAID/Pakistan relied on contractors to perform services closely related to inherently governmental functions. A third-party contractor's conflict of interest in overseeing another contractor's work created risks when the mission did not address the gap in services created by the conflict.

Audit of USAID/Pakistan's Livelihood Development Program for the Lower Region of the Federally Administered Tribal Areas (Report No. [G-391-11-001-P](#), December 10, 2010)

OIG audited the program to determine whether it was achieving its main goal of social and economic stabilization in the lower FATA region.

The audit found that the program had made little progress on annual targets because of the hostile environment in FATA. The implementing partner experienced kidnappings, harassments, and the tragic assassination of its chief of party in November 2008; consequently, program activities stopped for 6 months until security measures were improved and a new chief of party took office. During this time, the implementing partner relocated its country office from Peshawar to Islamabad.

Although the hostile situation contributed to the program's limited results, the mission did not ensure adequate monitoring and oversight to achieve program goals. In addition, the program's ability to achieve planned results was hindered by a strategic shift in U.S. Government strategy toward greater involvement of Pakistani institutions in implementing U.S. assistance programs and by the mission's request to provide humanitarian assistance activities.

As a result of the setbacks and shifts in implementation, program funds were not used efficiently. For example, according to the implementing partner, it expended \$29.2 million in the first 2 years of the program; however, only \$7.6 million went to direct program activities, \$2.7 million of which was spent on humanitarian assistance.

Audit of USAID/Pakistan's Family Advancement for Life and Health Program (Report No. [5-391-10-012-P](#), August 31, 2010)

In 2007, USAID/Pakistan signed a cooperative agreement with the Population Council, a U.S.-based nongovernmental organization, to implement the Family Advancement for Life and Health Program. The 5-year, \$60.4 million program was designed to increase demand for and use of birth spacing and family planning services in 26 districts in Pakistan. The country has a relatively high rate of population growth, and in 2009 the estimated Pakistani population was about 181 million—the sixth largest in the world.

OIG's audit found that the program was achieving its main goals. Among its accomplishments were:

- *An increased demand for family planning services.* Program implementers provided family planning information to more than 2 million men and women. In addition, program messages on birth spacing and family planning services blanketed the media. Almost 28,000 commercials aired during November and December 2009 alone.
- *Improved family planning services in the public sector.* Program implementers placed a team of master trainers in each of the 26 program districts. The trainers were expected to support group meetings in the community and help public health-care providers better serve their clients. Fifty-nine percent of all public service delivery points in the targeted districts had trained providers for family planning counseling and services in their facilities. The program planned to equip 80 percent of public service delivery points in program districts to provide appropriate family planning services by the end of the program.
- *Improved family planning services in the private sector.* Improved family planning services in the private sector were being led by Greenstar Social Marketing, a Pakistani NGO. The program hoped to expand the number of Greenstar health-care providers to 1,000 in selected rural areas. As of December 31, 2009, Greenstar had established 557 new providers and completed training for more than 4,000 health-

care providers overall. Greenstar also conducted meetings at factories and other workplaces to discuss the benefits of birth spacing and was operating a national hotline staffed by its physicians.

Audit of USAID/Pakistan’s Primary Healthcare Revitalization, Integration and Decentralization in Earthquake-Affected Areas Project (Report No. [5-391-10-010-P](#), June 28, 2010)

On October 8, 2005, a magnitude 7.6 earthquake in northern Pakistan claimed more than 74,000 lives and left 3.5 million people homeless. More than half of the deaths occurred in the Mansehra District in the North-West Frontier Province (subsequently renamed Khyber Pakhtunkhwa) and the Bagh Districts of Azad Jammu and Kashmir. Thousands of teachers, health-care providers, and civil servants were among those killed or badly injured. Public systems that had supported essential services, including logistics and administration for health care, no longer existed. In response to this disaster, USAID/Pakistan designed the Primary Healthcare Revitalization, Integration, and Decentralization in Earthquake-Affected Areas Project and awarded a \$28.5 million cooperative agreement to the International Rescue Committee, a U.S.-based NGO, to provide technical support to the public sector health system in the earthquake-affected districts of Mansehra and Bagh through a consortium of implementers including Management Sciences for Health, Jhpiego, and the Population Council. The project’s three main goals were to (1) improve the performance of the public health service and management systems, (2) increase access to primary health-care services, and (3) promote healthier behaviors and community participation in health services.

The audit found that the project had contributed to improving the quality of primary health-care services, but much work needed to be done to improve access to these services—particularly with regard to referring patients to higher-level facilities.

The project had planned to strengthen the patient referral system. However, the preliminary planning for improving the referral system was completed a year later than anticipated, and an improved system had not yet been implemented. Delays were attributed to the lack of availability of Government of Pakistan staff scheduled to work with the project implementer. Moreover, other project activities took precedence over revamping the patient referral system.

Review of USAID’s Internally Displaced Persons Programs in Pakistan (Report No. [5-391-10-001-S](#), June 28, 2010)

Between August 2008 and September 2009, conflict between the Government of Pakistan and militant groups in the North-West Frontier Province (subsequently renamed Khyber Pakhtunkhwa) and FATA displaced more than 400,000 Pakistani households. While many displaced persons took shelter with host families, the rest took shelter in official Pakistani Government-run camps. As the crisis for internally displaced persons escalated in May 2009, USAID and other U.S. Government agencies responded quickly. USAID obligated more than \$285 million in humanitarian assistance for the crisis, of which more than half was for food aid.

Despite the deteriorating security situation, USAID responded immediately to provide rapid assistance through 21 nongovernmental organizations, 5 UN organizations, a contractor, and the Government of Pakistan. USAID’s programs consisted of support for the immediate needs of people who were displaced and for people returning to their areas of origin after the conflict had diminished.

Although USAID carried out numerous programs for displaced persons in Pakistan, OIG found that monitoring and evaluation methods needed improvement. Specifically, USAID's alternative monitoring methods—used to monitor activities in dangerous and insecure areas like FATA—needed to be strengthened. In addition, USAID had not implemented monitoring controls that were meant to provide reasonable assurance that \$44 million in cash-transfer funds had actually reached 140,000 displaced families as intended.

USAID/Pakistan's Capacity Building Program for the Federally Administered Tribal Areas Development Program (Report No. [5-391-10-005-P](#), January 28, 2010)

This audit pointed to several implementation difficulties in USAID's capacity-building programs in FATA. FATA, which is the most economically depressed area of the country, has a population with a literacy rate estimated at only 17 percent, and 66 percent of people live below the national poverty line.

Local Pakistani institutions responsible for overall governance, health care, education, and public works projects lack the capacity to manage services and development resources effectively. In an attempt to remedy this problem, in 2008 USAID awarded a 3-year, \$46 million contract to Development Alternatives Inc. to increase the capacity of these institutions.

OIG's audit found that, although the program had provided training, taken initial steps to automate FATA institutions, and completed some media activities, little had been achieved to build the capacity of FATA governmental institutions and NGOs responsible for providing services. The program had been in place for nearly 2 of its 3 years and had not made significant progress on its two main goals: improving institutions' capacity to govern and improving the capacity of NGOs to promote good governance.

The program got off to a slow start for several reasons. During the first year, the contractor focused its resources on working out best approaches to designing and implementing activities, building relationships with FATA institutions, and developing work plans. Also, the deteriorating security situation in Peshawar and the November 2008 assassination of the chief of party of another USAID program delayed progress in the FATA capacity-building program.

Moreover, although the program had implemented some activities to address FATA NGO weaknesses, the few FATA-based NGOs lacked the human and financial resources to promote good governance effectively. In most instances, FATA NGOs needed to strengthen their proposal preparation skills, financial management practices, and monitoring and evaluation capabilities before they could start to promote good governance.

Because of a high-level change of emphasis in U.S. Government strategy toward greater involvement of Pakistani organizations in implementing assistance programs, the mission began to rethink its strategy of providing the bulk of its program assistance through U.S.-based implementers such as DAI. As a result, in June 2009 the mission refrained from fully funding a DAI incremental funding request of \$15.3 million and, 4 months later, approved only \$4.7 million in additional funds. In October 2009, the mission asked DAI to consider preparing a 90-day demobilization plan. However, as of mid-November 2009, no final decision had been made about demobilizing or terminating the DAI contract.

In addition to the difficulties associated with the transition to a new implementation strategy, the audit found that overall capacity building in automation had achieved little success, and most of the computer

hardware purchased for the program remained boxed and unused. Furthermore, monitoring and reporting systems for managing development projects—such as a geographic information system that enables project information to be represented on maps and a database system to document development projects—had not been completed.

Abbreviations

AACC	Ahsan Aman Construction Company
AED	Academy for Educational Development
AOR	Agreement Officer Representative
AUAF	American University of Afghanistan
COR	Contracting Officer Representative
DAB	Afghanistan Central Bank
DAI	Development Alternatives Inc.
DCAA	Defense Contract Audit Agency
DOD	Department of Defense
EDC	Education Development Center Inc.
FATA	Federally Administered Tribal Areas
FY	fiscal year
GAO	Government Accountability Office
IEP	Increased Electoral Participation in Afghanistan
IOM	International Organization for Migration
ISMA	involuntary separate maintenance allowance
LGCD	Local Governance and Community Development
MoPH	Ministry of Public Health, Government of the Islamic Republic of Afghanistan
NAB	National Accountability Bureau, Government of Pakistan
NESPAK	National Engineering Services Pakistan Limited
NGO	nongovernmental organization
NMSU	New Mexico State University
NRSP	National Rural Support Programme

OAA	Office of Acquisition and Assistance, U.S. Agency for International Development
OIG	Office of Inspector General
OTI	Office of Transition Initiatives, U.S. Agency for International Development
PPAF	Pakistan Poverty Alleviation Fund
PPR	Pakistan Public Procurement Rules of 2004
Pre-STEP	Pre-Service Teacher Education Program
PSC	private security contractor
SIGAR	Special Inspector General for Afghanistan Reconstruction
STEP	Support to the Electoral Process
USAID	U.S. Agency for International Development
UN	United Nations
WFP	World Food Programme

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