



USAID OIG AFGHANISTAN AND PAKISTAN OVERSIGHT REPORT

April – June 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 the following report quarterly to increase transparency about our work and observations regarding assistance programs in these countries. This edition of the report describes OIG's oversight program in Afghanistan and Pakistan and highlights our activities from April to June 2012. During this period, OIG completed 5 performance audits and reviews, issued 9 financial audits, and closed 13 investigations relating to Afghanistan and Pakistan.

Michael G. Carroll
Deputy Inspector General

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USAID Office of Inspector General Oversight

Established pursuant to the Inspector General Act, as amended, Public Law 95-452 (October 12, 1978), the Office of Inspector General (OIG) is an independent oversight organization within USAID. 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 staff include 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.

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 head of the agency fully and currently informed about related problems and deficiencies and the need for and progress of corrective actions.

Some of OIG's work is mandated by statute or regulation. Other OIG work is performed 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.

Financial Returns 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 \$28.1 million on oversight activities in Afghanistan and Pakistan since FY 2003, our audit and investigative work has yielded \$359.3 million in returns to the U.S. Government in the form of audit and investigative savings and recoveries. This amounts to a \$12.77 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 auditors, certified public accountants, and program analysts design and conduct 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 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 accounts for program risks 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 represents the culmination of 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. The organizations contract with public accounting firms vetted by OIG to conduct the audits, which focus specifically on USAID funds and follow OIG's Guidelines for Financial Audits Contracted by Foreign Recipients. For routine audits, the organization awards the audit contract using a standard statement of work developed 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 performs quality control reviews that include visits to the audit firms, an examination of 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 that receive awards are also subject to financial audits. USAID conducts annual risk assessments of for-profit entities to decide when a for-profit entity should be audited. Financial audits of for-profit organizations examine the direct and indirect costs incurred under

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: transition.usaid.gov/oig/hotline/hotline.htm

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. They 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 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 reported 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.

In order to promote fraud reporting, OIG works to establish or link to existing country-specific hotlines in high-risk environments such as conflict and postcrisis settings. Recently established hotlines like the Anti-Fraud Hotline in Pakistan are 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.

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.

Whistleblower Protections

Whistleblower protections are available to federal employees and applicants who report information that is reasonably believed to provide evidence of violations of law, rule, or regulation; gross mismanagement; gross waste of funds; abuse of authority; or a substantial and specific danger to public health or safety (unless disclosure of such information is specifically prohibited by law and such information is specifically required by executive order to be kept secret in the interest of national defense or the conduct of foreign affairs). Retaliation against an employee or applicant for making a protected disclosure is prohibited by law. Managers are strictly prohibited from taking, failing to take, or threatening to take or not take a personnel action on an employee or applicant because of the employee's or applicant's disclosure of covered information.

OIG protects the confidentiality of complainants' identity pursuant to Section 7(b) of the Inspector General Act. This provision prohibits the disclosure of the identity of an employee who reports an allegation without first obtaining the employee's consent unless OIG determines that disclosure is unavoidable during the course of the investigation.

USAID OIG works with other law enforcement agencies including the Federal Bureau of Investigation's 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.

When OIG identifies fraud, waste, or abuse in foreign assistance programs, we seek to neutralize this activity by all legal means at our disposal. 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 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 Office of Inspector General for the Department of State, DCAA, the Government Accountability Office, the Special Inspector General for Afghanistan Reconstruction, 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 has taken a leadership role in working to harmonize audit standards among international donors, working initially with eight bilateral donors. We work extensively with supreme audit institutions and public accounting firms overseas and endeavor to expand and deepen those relationships wherever they would be 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. 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. In the past, building constraints have limited our ability to deploy personnel and provide them with appropriate work space.

OIG's human capital footprint is structured to address core oversight requirements. OIG has sought to build a staff surge capacity to address short- to medium-term oversight requirements. An important part of OIG's success in conflict and postcrisis settings has been the organization's temporarily enhanced hiring authority. The Supplemental Appropriations Act of 2010, Public Law 111-212 (July 29, 2010), gave OIG the authority to waive compensation restrictions for reemployed annuitants so that they can earn pay for their services while receiving retirement benefits. This authority has enabled OIG to hire experienced personnel with the specialized skills required to respond to emerging oversight needs. OIG has used this authority in both Afghanistan and Pakistan. This OIG authority will expire at the end of FY 2012 unless Congress acts to extend it.



Flood plain cultivation is shown with the Pamir Mountains as a backdrop in Wakhan, Afghanistan. (Photo by John Winnie Jr., Wildlife Conservation Society-Afghanistan, 2011)

Afghanistan Oversight Program and Activities

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 our regional office in the Philippines. In 2009, we established a permanent, on-the-ground presence in Kabul. As of June 30, 2012, our Country Office in Afghanistan had 13 personnel.

OIG spent approximately \$18.5 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 \$230.7 million in returns for the U.S. Government.

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.

In recent years, OIG has covered a wide array of 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 100 financial audits, performance audits, and reviews of Afghanistan-related assistance efforts. These reports made 355 recommendations for improvements to USAID programs and activities.

Performance Audits and Reviews

USAID OIG has issued 52 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 the need for improvements in a range of management and performance areas. Six in ten reports have identified contract or project management deficiencies and noncompliance with relevant procedures or regulations. Four in ten have found internal control weaknesses, and more than a third have noted risks to project sustainability and that security problems hampered project implementation or monitoring.



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

OIG completed two performance audits in Afghanistan during the quarter:

- **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 Development Alternatives Inc. (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 Corp 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 Corp 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 who 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.

OIG made 18 recommendations to address these problems. Management decisions have been made on 14 recommendations, and final action has been taken on 4.

- **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."¹ In 2011, USAID/Afghanistan paid more than \$2 million in involuntary separate maintenance allowance (ISMA)² 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

¹ Department of State Standardized Regulations, Section 260, "Separate Maintenance Allowance."

² Involuntary separate maintenance allowance is used when the employee is assigned to a post where he or she is unable to bring family members.

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.

OIG made eight recommendations to correct these problems. Management decisions have been reached on five recommendations, and final action has been taken on two.

Three additional OIG performance reviews and audits were under way on June 30, 2012:

- **Review of USAID/Afghanistan’s Use of the Commander’s Emergency Response Program (CERP) Funds for Selected Projects.** The objectives of this review are to determine (1) whether CERP 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 CERP-funded projects were reasonable, allowable, and allocable.
- **Review of USAID/Afghanistan’s Monitoring and Evaluation System.** This review will assess whether the USAID mission in Afghanistan has a monitoring and evaluation system in place to manage program activities effectively.
- **Audit of USAID/Afghanistan’s Kandahar Power Initiative.** This audit will determine whether the Kandahar Power Initiative is meeting its goal of increasing the supply and distribution of electrical power from Afghanistan's South East Power System.

In addition to these performance audits, OIG has six others planned for FY 2012. They will address the following topics:

- The Regional Afghan Municipalities Program for Urban Populations for Regional Platforms
- Transition plans
- Internal controls for payroll
- Contracts and cooperative agreements
- Use of third-country national employees
- Follow-up on selected OIG recommendations

Financial Audits

In addition to organization-wide audits of U.S.-based firms operating in Afghanistan, OIG has overseen 48 financial audits of Afghanistan-based programs and activities since FY 2003. These financial audits have covered more than \$1.168 billion in funds and identified approximately \$150.1 million in questioned costs. Of this total, USAID had sustained more than \$34.7 million in questioned costs 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 June 30, 2012, USAID OIG had a roster of 14 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.

From April 1 to June 30, 2012, OIG issued one financial audit in Afghanistan:

- **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 (Report No. F-306-12-006-N).** This audit covered approximately \$96 million in local costs incurred under a program designed to rehabilitate roads in southern and eastern Afghanistan. Auditors did not question any program costs, but faced significant impairments in their work. They were unable to physically verify road rehabilitation activities or compliance with terms and conditions of relevant agreements because security conditions prevented them from making planned visits to work sites. The auditors noted, however, that an independent evaluation of the program found that International Relief and Development's quality assurance system—a key control that the firm relied on in paying its subcontractors—was weak. The evaluation also concluded that USAID did not receive value for its money given the number of kilometers of road completed under the program. In light of this conclusion and the scope impairments faced by auditors in assessing the reasonableness of costs charged by subcontractors, OIG recommended that USAID determine whether costs incurred were reasonable in relation to program goals and objectives.

As of June 30, 2012, 12 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, USAID 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 USAID Cooperative Agreement No. 306-A-00-08-00525-00, for the Period July 1, 2009, to December 31, 2010.**
- **Closeout Financial Audit of Costs Incurred and Billed by Oasis International Schools Inc. for the Establishment of the International School of Kabul Under USAID Agreement No. 306-A-00-05-00522-00, for the Period May 27, 2005, to December 31, 2010.**
- **Concurrent Financial Audit of Local Costs Incurred and Paid in Afghanistan by Louis Berger Group Inc. / Black & Veatch Joint Venture Special Projects Corp. Under USAID Contract No. 306-I-00-06-00S17, for the Period October 1, 2010, to August 25, 2011.**
- **Financial Audit of Costs Incurred in Afghanistan by CNFA Under the Afghanistan Farm Services Alliance Program, USAID Award No. 306-A-00-08-00517-00, for the Period January 1, 2010, to September 30, 2011.**
- **Closeout Financial Audit of USAID Resources Managed by Creative Associates International Inc. Under the Ambassador's Small Grants Program, USAID 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 Under USAID Contract No. 306-EEM-I-04-07-00005 With Deloitte Consulting 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, USAID 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, USAID 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 the Independent Directorate of Local Governance Under the District Delivery Program, USAID Award No. 306-IL-10-04-01, for the Period April 1, 2010, to March 20, 2012.**
- **Closeout Financial Audit of USAID Resources Managed by the Ministry of Communications and Information Technology to Implement Policy Capacity Initiative Activity Under USAID Award No. 306-IL-09-12-0004-00, for the Period October 1, 2010, to March 31, 2011.**

- **Closeout Financial Audit of the Fund Accountability Statement of USAID Resources Managed by the Government of the Islamic Republic of Afghanistan through the Ministry of Transport and Civil Aviation Under the Regional Airports Project, USAID Award No. 306-IL-11-05-17, for the Period January 9, 2011, to July 31, 2012.**

Thirty-five 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 2012.

Investigations

As of June 30, 2012, USAID OIG had 62 ongoing investigations pertaining to Afghanistan. During the reporting period, OIG investigators opened 6 cases in Afghanistan and closed 11 others. Since FY 2003, OIG has initiated 188 investigations related to Afghanistan. These investigations have been associated with a range of different types of allegations. In most cases, underlying allegations have pertained to program fraud (37 percent) or bribery and kickbacks (24 percent).

During the April 1 through June 30, 2012, reporting period, one OIG investigation led to the termination of a local USAID employee, and another resulted in the debarment of an employee of a USAID implementing partner in Afghanistan:

Investigative Outcomes

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

- 38 referrals for civil or criminal prosecution
- 13 arrests
- 13 indictments
- 11 convictions and pleadings
- 102 administrative actions (e.g., contract and employee terminations)
- \$163 million in savings and recoveries

- **Afghan National Employee Terminated for Theft.** A local employee of USAID/Afghanistan was terminated after an OIG investigation revealed that he had stolen cell phone cards valued at approximately \$2,000. The terminated employee was responsible for purchasing and distributing cards to other Afghans working for USAID for use with their government cell phones. The investigation also revealed USAID/Afghanistan had weak internal controls related to phone card accountability. After receiving a referral memorandum from OIG, USAID/Afghanistan improved its internal controls in this area to prevent similar incidents from occurring in the future.
- **Implementing Partner’s Employee Debarred for Theft of More Than \$250,000.** An Afghan employee of a contractor implementing several USAID programs in Afghanistan was debarred by USAID after stealing more than \$250,000. The employee was a member of the USAID contractor’s local staff and was part of a team responsible for providing logistical support to several USAID projects. The employee altered a check written for approximately \$200 and redeemed it at a local bank for more than \$250,000 in cash. The USAID contractor detected the theft and did not pass the cost on to USAID, instead reporting the matter to OIG for further

investigation. While the employee has not been located, USAID used information provided by OIG to debar him from participation in future U.S.-funded projects.

Outreach and Coordination

OIG investigators conduct fraud awareness briefings to alert participants—employees, contractors, grantees, and subrecipients—to fraudulent practices and schemes and to provide guidance on how to report fraud. OIG has provided 124 fraud awareness briefings in Afghanistan to 2,460 participants since FY 2003. During the reporting period, special agents in Afghanistan delivered six fraud awareness briefings attended by 167 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.³ 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 Office of Acquisitions and Assistance (OAA) and to local prosecutors when appropriate. OIG continues to collaborate with OAA by referring entities for possible suspension or debarment and meeting regularly to review referrals. As this process becomes more robust, it will become increasingly difficult for individuals to prey on multiple USAID projects. Since FY 2011, OAA has taken suspension or debarment actions against 40 individuals and firms based on OIG referrals related to Afghanistan.

USAID OIG coordinates audit plans and ongoing activities with other oversight bodies through the Inspector General Shura, a body made up of the OIGs for USAID and the Departments of State and Defense, the Special Inspector General for Afghanistan Reconstruction, and GAO.

³ Overseas contingency operations are operations in which members of the armed forces have been or may become involved in military actions, operations, or hostilities against an enemy, or for which active duty members of the uniformed services have been called to order or retained (10 U.S.C. §101(a)(13)).

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This field was cultivated under USAID's Agricultural Recovery Project in Khyber Pakhtunkhwa, Pakistan. (Photo by USAID/Pakistan, March 2011)

Pakistan Oversight Program and Activities

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 regional office in the Philippines. In 2009, we established a permanent, on-the-ground presence in Islamabad. As of June 30, 2012, OIG's Pakistan Country Office had 14 permanent staff supplemented by a staff member on temporary duty.

OIG spent approximately \$9.7 million to provide oversight for Pakistan from FY 2003 through the third quarter of FY 2012. USAID OIG oversight activities there during the same period produced \$128.5 million in returns to the U.S. Government.

The U.S. Government reopened the USAID mission in Islamabad in 2002. From FY 2002 through the third quarter of FY 2012, USAID provided approximately \$5.9 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.

In recent years, OIG has covered an array of USAID programs in Pakistan, for relief and stabilization, reconstruction, sustainable development, education, and health care. Since the start of FY 2003, USAID OIG has issued 84 financial audits, performance audits, and reviews of Pakistan-related assistance efforts. These reports made 152 recommendations for improvements to USAID programs and activities.

Performance Audits and Reviews

USAID OIG has issued 23 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 the need for improvements in a range of management and performance areas. Most have identified contract or project management deficiencies, and more than four in ten have found internal control weaknesses and noncompliance with relevant procedures or regulations.



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

From April 1 to June 30, 2012, OIG completed two performance audits and one review.

- **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.⁴ 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, and that a USAID-commissioned survey documented that 98 percent of randomly sampled beneficiaries had

⁴ 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.

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.

Management decisions were made on all three report recommendations, and final action has been taken on two.

- **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 concept⁵ 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

⁵ 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.

delays in implementing the project. Specifically, the project undertook 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.

In addition, the program 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 program was achieving its overall goal of substantially increasing their incomes. The report made two recommendations to address related issues.

The report made two recommendations to address these issues, and management decisions have reached on both.

- **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.

As of June 30, 2012, USAID OIG had three performance audits in progress.

- **Audit of USAID/Pakistan’s Reconstruction Activities in Earthquake-Affected Areas.** The objective of this audit is to determine whether USAID/Pakistan’s reconstruction activities in earthquake-affected areas are being implemented effectively.
- **Audit of USAID/Pakistan’s Assessment and Strengthening Program for Local Organizations and Government of Pakistan Entities.** This audit will determine whether the

program is improving the capacity of local organizations and Government of Pakistan entities to manage USAID funds responsibly.

- **Audit of USAID/Pakistan’s Gomal Zam Multipurpose Dam Project.** This audit will determine whether USAID/Pakistan’s funding to complete the Gomal Zam Multipurpose Dam contributed to achieving overall project goals related to power generation, irrigation, and flood control.

OIG has plans to conduct two other performance audits during FY 2012. They will assess USAID/Pakistan’s design for sustainability in the Jamshoro Thermal Power Station Repair and Maintenance Activity and its Monitoring and Evaluation Program.

Financial Audits

In addition to organization-wide audits of U.S.-based firms operating in Pakistan, OIG has overseen 61 financial audits of Pakistan-based programs and activities since FY 2003. These financial audits have covered more than \$844.2 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, such as the Auditor General of Pakistan, to help strengthen the accountability environment. OIG’s memorandum of understanding with the Auditor General permits that organization’s audits to be accepted as meeting the requirement for annual audits of Pakistani Government entities implementing USAID-funded programs. Before accepting Auditor General audits as meeting this requirement, however, OIG reviews them to verify that they were performed in accordance with OIG guidelines. 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 June 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 April 1 to June 30, 2012, USAID OIG issued six financial audits and two quality control reviews:

- **Financial Audit of the USAID Resources Managed by the National Rural Support Programme (NRSP), for the Period July 1, 2010, to June 30, 2011 (Report No. G-391-12-008-R, April 3, 2012).** The audit covered total revenues of \$10,200,917 and costs of \$9,942,572 under USAID agreements and subagreements managed by NRSP. The audit concluded that, with the exception of the effects of questioned ineligible costs of \$39,745, 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 bank balances that had not been refunded to USAID. The audit firm did not identify any material weakness in internal control, but identified two material instances of noncompliance—one associated with the questioned costs, and the other related to the recipient's not fully complying with the requirement to vet vendors to deter terrorism financing. The report made two recommendations.

- **Financial Audit of the Monitoring and Evaluation Project, USAID/Pakistan Contract No. 391-C-00-10-01138-00, and Assessment and Strengthening Program, USAID/Pakistan Cooperative Agreement No. 391-C-00-10-01203-00, Managed by Associates in Development (Private) Limited, for the Period January 1, 2010, to June 30, 2011 (Report No. G-391-12-009-R, April 17, 2012).** The audit covered total revenues of \$2,564,077 and costs of \$2,560,600. Of this total, OIG questioned \$316,937. OIG also identified ten significant deficiencies in internal control—including the failure to perform conflict-of-interest checks and the use of unreasonable rates in compensating personnel—and a number of material instances of noncompliance. The report made three recommendations to address these matters.
- **Financial Audit of the Pakistan Children's Television Project, USAID/Pakistan Agreement No. 391-A-00-10-01161-00, Managed by the Rafi Peer Theatre Workshop, for the Period May 7, 2010, to June 30, 2011 (Report No. G-391-12-010-R, April 17, 2012).** This audit covered total revenues of \$2,630,336 and costs of \$906,523. Auditors concluded that, with the exception of the effects of unsupported costs of \$15,629, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. These unsupported costs pertained to equipment and other direct program expenses for which the auditee did not provide bills, invoices, or other adequate documentation. OIG questioned an additional \$595,394 in personnel costs because of a lack of personnel activity reports and the cumulative effect of associated weaknesses and deficiencies in internal controls. Auditors also questioned \$121,523 in costs claimed as part of the cost-sharing arrangement with USAID. Some of these costs were ineligible for reimbursement by USAID, and others lacked any supporting documentation.

Auditors also identified numerous internal control weaknesses and several instances of noncompliance. OIG concluded that 15 internal control weaknesses found by auditors were material. These weaknesses included issues with the recruitment, hiring, and payment of personnel; integrity of financial records; and improper classification of costs. OIG determined that 11 instances of noncompliance identified by auditors were also material, including the auditee's lack of a conflict-of-interest policy, omission of mandatory contract clauses, and failure to broadcast television productions within prescribed time frames. The report made five recommendations.

- **Financial Audit of Projects Managed by Lahore University of Management Sciences: Foreign Recipient-Contracted Audit of the Assessment and Strengthening Program**

Under Cooperative Agreement No. 391-A-00-11-01202-00, and Subrecipient-Contracted Audit of the Merit and Needs-Based Scholarship Program Under Grant Agreement No. 391-G-00-04-01023-00, for the Year Ended June 30, 2011 (Report No. G-391-12-011-R, April 24, 2012). This audit covered total revenues of \$197,619 and costs of \$281,774. Auditors concluded that the fund accountability statement presented fairly, in all material respects, revenues and costs incurred under the agreements for the period audited. Auditors did not identify any significant deficiencies or material weaknesses in internal control, but found four material instances of noncompliance relating to the hiring of key staff, unsigned agreements, deficiencies in internal procedures, and incomplete monitoring and evaluation plans. The audit made one recommendation to address these issues.

- **Financial Audit of USAID/Pakistan Grant Agreement No. 391-IL-00-08-01111-00 Managed by the Health Service Academy, for the Period July 1, 2010, to June 30, 2011 (Report No. G-391-12-012-R, May 10, 2012).** The audit covered total revenues of \$569,115 and costs of \$565,021 associated with a USAID-funded project to develop and strengthen Pakistani institutional capacity in public health training and research. Auditors concluded that, except for the effects of \$4,989 in unsupported costs, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the cooperative agreement for the period audited. Some procurement costs were questioned because required documentation supporting the procurement decisions was not available. The audit also found two material weaknesses in internal control associated with the questioned costs. The audit made three recommendations.
- **Financial Audit of the Gender Equity Program, USAID/Pakistan Agreement No. 391-A-00-10-01162-00, Managed by the Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011 (Report No. G-391-12-013-R, June 12, 2012).** The audit covered total revenues of \$1,044,234 and costs of \$1,044,234 and concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. However, auditors identified a material weakness in internal control related to the failure to implement an internal audit plan, and found a significant deficiency related to the implementation of the project monitoring system. The report made one recommendation to address these issues.
- **Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Avais Hyder Liaqut Nauman of the Anti-Corruption Program in Pakistan, USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and the Anti-Fraud Hotline Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-10-01194-00, Managed by Transparency International–Pakistan, for the Year Ended June 30, 2011 (Report No. G-391-12-002-Q, April 3, 2012).** USAID OIG auditors examined audit documentation to determine whether the audit firm performed the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and OIG Guidelines for Financial Audits Contracted by Foreign Recipients. The review revealed

nine instances in which the audit firm did not fully comply with audit documentation requirements. While the audit work generally met requirements, based on the findings of this quality control review, OIG continued to designate the audit firm as having only conditional approval to perform audits of USAID awards.

- **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, USAID/Pakistan Cooperative Agreement No. 391-A-000-10-011622-00, Managed by Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011 (Report No. G-391-12-003-Q, June 12, 2012).** USAID OIG auditors examined audit documentation to determine whether the audit firm performed the subject audit in accordance with applicable auditing standards and guidance. The review concluded that the audit firm complied with relevant requirements, but identified other areas in which the audit firm could improve compliance in future audits of USAID awards.

As of June 30, 2012, USAID OIG had 13 financial audits and 2 agreed-upon procedures engagements 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 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 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 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 USAID Funds Managed by the Higher Education Commission Under the Merit and Needs-Based Scholarship Program, USAID Activity No. 391-G-00-04-01023-00, for the Year Ended June 30, 2011.**
- **Agreed Upon Procedures Review of USAID/Pakistan Resources Managed by the Rural Support Programs 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.**
- **Agreed-Upon Forensic Procedures Review of USAID/Pakistan Resources Managed by the Rafi Peer Theatre Workshop Under Agreement No. 391-A-00-10-01161-00 for the Pakistan Children's Television Project, for the Period May 7, 2010, to May 30, 2012.**

In addition to the above, OIG plans to conduct a financial audit of USAID/Pakistan's financial statements as part of its overall USAID financial statement audit for FY 2012.

Investigations

As of June 30, 2012, USAID OIG had 25 ongoing investigations pertaining to Pakistan. During the reporting period, OIG investigators opened one case in Pakistan and closed two others. Since FY 2003, OIG has initiated 85 investigations related to Pakistan. These investigations have been associated with a range of different types of allegations. In most cases, underlying allegations have pertained to program fraud (32 percent) or bribery and kickbacks (32 percent).

During the April 1 through June 30, 2012, reporting period, an OIG investigation resulted in the termination of a USAID contract and the proposed debarment of a USAID implementing partner:

Investigative Outcomes

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

- 6 referrals for civil or criminal prosecution
- 1 civil judgment
- 37 administrative actions (e.g., contract and employee terminations)
- \$102 million in savings and recoveries

- **USAID Ends \$20 Million Pakistan Children's Television Project.** In late 2011, OIG initiated an investigation into the Pakistan Children's Television Project implemented by the Rafi Peer Theater Workshop, after receiving numerous complaints regarding the project through the Anti-Fraud Hotline. To date, the OIG investigation has revealed significant violations of USAID procurement policies and standards. In May 2012, OIG referred its initial findings to the USAID mission in Pakistan. Later that month, USAID agreed with the Rafi Peer Theater Workshop to end their \$20 million cooperative agreement. OIG's investigation is ongoing.
- **USAID Proposes Sindh Rural Support Organization for Debarment.** In February 2012, OIG referred the Sindh Rural Support Organization to USAID for debarment based on a year-long investigation of alleged mismanagement, theft, and corruption associated with its participation in several USAID-funded projects. To date, the investigation has resulted in the termination of 23 of the organization's personnel. Two individuals were terminated in April 2012 after the OIG investigation revealed that they had harassed a group of villagers who had filed complaints with the Anti-Fraud Hotline and ultimately had the villagers sign falsified documentation indicating that they had received payment under a USAID project when they had not. The investigation revealed that the organization's CEO sent the employees to the village and that the falsified documents were submitted as an official response to the ongoing OIG investigation. USAID proposed the Sindh Rural Support Organization for debarment in early May 2012. Based on the findings of a related forensic audit conducted by the World Food Programme (WFP) in conjunction with USAID OIG, WFP permanently suspended the organization from participation in future projects in late March 2012.

- **OIG Investigation Results in Employee Termination and Referral for Debarment.** An OIG investigation related to the \$50 million Small Grants and Ambassador’s Fund Program implemented by the National Rural Support Programme revealed that an NRSP employee conspired with a program grantee to falsify project-related financial documentation. The investigation revealed that the grantee, the Peshawar-based Khushal Welfare Organization (KWO) fabricated documentation indicating that workers had been paid as part of an \$86,000 agricultural rehabilitation grant when, in fact, they had not. The falsified documentation was submitted to substantiate claims that KWO met its cost-sharing requirements under the grant. During the OIG investigation, an NRSP employee admitted to knowingly certifying the falsified documentation. NRSP terminated the employee involved in the misconduct in March 2012. USAID OIG has referred the NRSP employee and KWO to USAID for possible suspension or debarment.

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 [tenth 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 an antifraud 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.

Accessing the Hotline

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

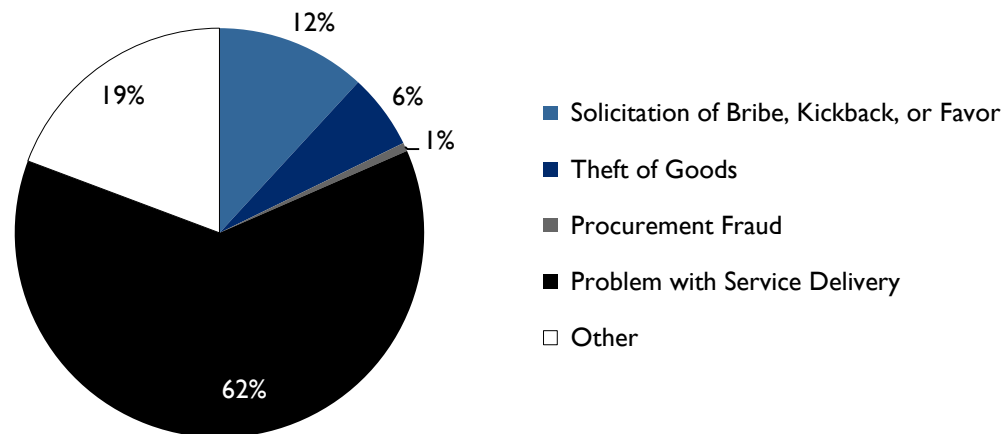
Complaints may be made to the hotline via a toll-free number (0800-84700), online (www.anti-fraudhotline.com), by mail or fax, or in person.

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 591 complaints.

As in the previous three quarters, most hotline complaints originated from Sindh Province in southeastern Pakistan, the seat of Pakistan’s largest city and site of flooding last fall. During this quarter, total complaints by province were as follows: Sindh 454 (77 percent), Punjab 55 (9 percent), Balochistan 32 (5 percent), and Khyber Pakhtunkhwa 18 (3 percent). Other provinces and administrative areas in Pakistan combined to account for 5 percent of complaints.

As shown in the following graphic, the majority 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 April 1 to June 30, 2012, OIG referred 186 hotline complaints to outside entities, including WFP, the U.N. Children’s’ Fund, the U.N. Development Programme, the U.N. Office for Project Services, the U.N. Food and Agriculture Organization, Pakistan’s Benazir Income Support Program, Save the Children, Mercy Corps, 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 National Accountability Bureau (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 the Federally Administered Tribal Areas (FATA). OIG has coordinated efforts with NAB since early 2010 and collaborates with it on investigations.

OIG investigators also conduct fraud awareness briefings to alert participants—employees, contractors, grantees, and subrecipients—to fraudulent practices and schemes and to provide guidance on how to report fraud. OIG has provided 46 fraud awareness briefings in Pakistan to 1,183 participants since FY 2003. During the reporting period, special agents in Pakistan delivered seven fraud awareness briefings attended by 128 participants.

OIG also provides training on standards and requirements for financial audits of U.S. Government funds. During the quarter, 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 June 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 | | |
| Cameron, Ian | 02/24/12 | 02/24/13 |
| Peel, Ian | 03/12/12 | 03/12/13 |
| 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. | 04/25/12 | 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 |
| Pepe, Salvatore | 07/15/11 | 01/11/14 |
| Samimi, Mohammed Qaseem | 02/09/12 | 11/15/12 |
| Sediqi, Ahman Samim | 01/12/11 | 01/11/14 |
| SERVCOR, LLC | 07/05/11 | 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. When Agency officials agree with an OIG recommendation and present a plan of action with milestones that would fully address the recommendation, OIG determines that a management decision has been reached.

The following OIG recommendations were pending management decisions as of June 30, 2012. USAID management decisions were pending on 13 recommendations related to Agency programs in Afghanistan and on 12 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 | | |
| 02/15/12 | Financial Audit of Local (non-U.S.) Costs (Costs Incurred and Paid in Afghanistan) Under USAID 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) | <ol style="list-style-type: none"> Determine the allowability of and recover, as appropriate, questioned costs of \$2,196,583 identified in the fund accountability statement. Ensure that the Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp. (LBGI/B&V) corrects the 20 material weaknesses and 8 significant deficiencies identified in the report. Ensure that LBGI/B&V corrects the four material instances of noncompliance identified in the report. |
| 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) | <ol style="list-style-type: none"> Determine whether the costs incurred by International Relief and Development Inc. under the Strategic Provincial Roads—Southern and Eastern Afghanistan during the period October 1, 2009, to September 30, 2010, were reasonable in relation to the program goals and objectives. |

| Report Date | Report Title* | Recommendation |
|-------------|---|--|
| 06/25/12 | Audit of USAID/Afghanistan's Internal Controls in the Administration of the Involuntary Separate Maintenance Allowance (F-306-12-003-P) | <ol style="list-style-type: none"> <li data-bbox="803 300 1445 520">1. Develop, implement, and document controls to help confirm that the involuntary separate maintenance allowance applications approved for personal service contractors are properly authorized and comply with Section 260 of the Department of State Standardized Regulations. <hr/> <li data-bbox="803 531 1445 678">4. Reassess controls over involuntary separate maintenance allowance payments and make any adjustments necessary to strengthen the effectiveness of those controls in preventing improper payments. <hr/> <li data-bbox="803 688 1445 867">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. <hr/> <li data-bbox="803 877 1445 1056">9. Develop, implement, and document controls to help prevent the authorization of Foreign Service benefits that are incompatible with involuntary separate maintenance allowance for mission employees' family members. <hr/> <li data-bbox="803 1066 1445 1287">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. |
| 06/29/12 | Audit of USAID/Afghanistan's Incentives Driving Economic Alternatives for the North, East, and West Program (F-306-12-004-P) | <ol style="list-style-type: none"> <li data-bbox="803 1308 1445 1528">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. <hr/> <li data-bbox="803 1539 1445 1602">5. Develop and implement a risk-based monitoring plan for the program that includes periodic site visits. |

| 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. |
| 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) | <p>1. Determine the allowability of and recover, as appropriate, ineligible questioned costs of \$290,823 identified in the fund accountability statement.</p> <hr/> <p>2. Determine the allowability of and recover, as appropriate, questioned costs of \$26,114 identified in the management letter.</p> <hr/> <p>3.1. Ensure that Associates in Development (Private) Limited corrects the significant deficiencies in internal controls identified in the audit report and management letter.</p> <hr/> <p>3.2. Ensure that Associates in Development (Private) Limited corrects the material instances of noncompliance identified in the audit report and management letter.</p> |

| Report Date | Report Title* | Recommendation |
|-------------|---|--|
| 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) | <ol style="list-style-type: none"> <li data-bbox="789 306 1453 422">1. Determine the allowability of and recover, as appropriate, unsupported questioned costs of \$15,629 in the fund accountability statement. <hr/> <li data-bbox="789 432 1453 611">2. Determine the allowability of and recover, as appropriate, unsupported questioned costs of \$595,394 identified in this memorandum and associated with findings of the audit report and management letter. <hr/> <li data-bbox="789 621 1453 737">3.1. Ensure that the Rafi Peer Theatre Workshop corrects the material weaknesses in internal controls identified in the audit report and management letter. <hr/> <li data-bbox="789 747 1453 842">3.2. Ensure that the Rafi Peer Theatre Workshop corrects the significant deficiencies in internal controls identified in the audit report. <hr/> <li data-bbox="789 852 1453 968">3.3. Ensure that the Rafi Peer Theatre Workshop corrects the material instances of noncompliance identified in the audit report and management letter. <hr/> <li data-bbox="789 978 1453 1087">4. Determine the allowability of and recover, as appropriate, questioned cost-sharing contributions of \$121,523 identified in the cost-sharing schedule. |
| 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) | <ol style="list-style-type: none"> <li data-bbox="789 1098 1453 1270">1. Ensure that the Aurat Publication and Information Service Foundation corrects the material weakness/significant deficiency in internal control identified in the audit report and material instance of noncompliance detailed in the management letter. |

* Hyperlinks are provided to the OIG performance audits and reviews referenced in this table and the tables in the following two 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 we have agreed to the course of action USAID managers have proposed to address an OIG recommendation, we track the implementation of the actions. When the Agency confirms that corrective actions have been taken, we consider that USAID has taken final action on the recommendation and that it is closed. 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 June 30, 2012. In particular, final action had been pending for 6 months or more on 22 recommendations related to USAID programs in Afghanistan and on 3 relating to Pakistan. Target action dates that have been revised since management decisions were reached are indicated in italics below. Those that have passed without final action are indicated in red. Recommendations that have been pending final action longest are listed first.

| Date | Report | Recommendation | Target Action Date |
|--------------------------|---|--|--------------------|
| Afghanistan | | | |
| USAID/Afghanistan | | | |
| 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) | 7. Establish procedures and criteria for determining the reasonableness of security costs charged by implementing partners. | <i>08/30/12</i> |
| 08/23/11 | Financial Audit of Technologist Inc.'s Costs Incurred/Billed Under USAID Task Order No. 306-O-00-04-00539-00, for the Afghanistan Industrial Estate Development Program for the Period May 24, 2004, Through 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>08/30/12</i> |
| 08/31/11 | Review of USAID/Afghanistan's Afghan Civilian Assistance Program (F-306-11-005-S) | 2. Determine the allowability of and recover as appropriate from the International Organization for Migration the cost of stored food that is no longer fit for human consumption, which we estimate at up to \$2,660,924. | <i>08/15/12</i> |

| Date | Report | Recommendation | Target Action Date |
|----------|---|--|--------------------|
| | | 4. Determine the allowability of and recover, as appropriate, the \$1,360,800 in shelter assistance grants in Helmand Province that could not be verified. | 08/15/12 |
| | | 5. Arrange for a financial audit of the Afghan Civilian Assistance Program to help ensure that the costs charged to USAID are reasonable, allowable, and allocable. | 08/15/12 |
| | | 6. Determine the allowability of and recover, as appropriate, \$180,000 that was reportedly embezzled from the program. | 08/15/12 |
| | | 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. | 08/15/12 |
| 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) | 3. In collaboration with the Ministry of Public Health, develop a plan to (1) identify a pool of qualified civil service employees who would benefit from capacity-building training to sustain the ministry's capacity for managing the Partnership Contracts for Health Services Program and (2) provide the training. | 08/30/12 |
| | | 4. Work with the Ministry of Public Health and the Ministry of Finance to streamline the payment process to accelerate payments to nongovernmental organization contractors and health workers. | 08/30/12 |
| | | 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. | 08/30/12 |
| | | 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. | 08/30/12 |

| Date | Report | Recommendation | Target Action Date |
|----------|---|---|--------------------|
| | | 7. Review internal administrative procedures, such as the processing of implementation letters, to ensure the smooth and timely flow of the payment process for on-budget assistance agreements. | 08/30/12 |
| | | 8. Issue a mission order to provide an organizational framework with clearly defined roles and responsibilities of all mission offices responsible for managing on-budget assistance activities. | 08/30/12 |
| | | 9. Provide a formal designation letter similar to an officer's technical representative designation letter to staff members monitoring implementation of on-budget assistance agreements. | 08/30/12 |
| | | 13. In collaboration with the Ministry of Public Health, implement a plan to confirm and document accurate GPS coordinates for the ministry's health facilities. | 08/30/12 |
| 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, Through 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. | 08/31/12 |
| 10/31/11 | Financial Audit of the Ministry of Finance Salary Support Program, USAID/Afghanistan Project Implementation Number 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 one material instance of noncompliance identified in the report. | 08/30/12 |
| 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 |

| Date | Report | Recommendation | Target Action Date |
|-----------------------|---|--|---|
| 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) | <p>3. Determine the allowability of \$2,019,036 in questioned costs related to services procured without full and open competition and recover from Development Alternatives Inc. any amounts determined to be unallowable.</p> <hr/> <p>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.</p> <hr/> <p>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.</p> | <p>06/05/12</p> <hr/> <p>08/30/12</p> <hr/> <p>09/30/12</p> |
| Pakistan | | | |
| USAID/Pakistan | | | |
| 12/10/10 | Audit of USAID/Pakistan's Livelihood Development Program in the Lower Region of the Federally Administered Tribal Areas (G-391-11-001-P) | 4. Make a management decision regarding the allowability of \$767,841 in questioned costs identified in the financial review and recover those costs determined to be unallowable. | 06/05/12 |
| 11/03/11 | Audit of USAID/Pakistan's Firms Project (G-391-12-001-P) | 5. Verify that Chemonics has corrected all procurement deficiencies identified in this report. | 06/30/12 |
| 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. | 06/30/12 |

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

Financial audits examine designated funds over a given period of time. The dollar value of the funds audited, regardless of whether they are defined in terms of costs, expenditures, or revenues, is the amount audited.⁶ As shown in the following table, OIG has presided over financial audits of more than \$2.0 billion in USAID funds since FY 2003.

Financial audits, like performance audits and reviews, sometimes identify questioned costs and recommend that funds to 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 the 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 questioned costs that they sustain. 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 | – | – |

⁶ Because performance audits and reviews do not apply the same procedures as financial audits, we do not compute an amount audited for that work.

| Date | Report Title and Number | | | | |
|----------|--|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 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 | – | – | – | – |
| 03/15/12 | 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 (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 USAID 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 | – | – | – |
| 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 | 4,859,042 | – | – | – |
| 10/13/11 | Financial Audit of the Ministry of Finance Salary Support Program, USAID/Afghanistan 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. for the Small and Medium Enterprise Development Activity Under 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 | – | – | – |

| Date | Report Title and Number | | | | |
|----------|---|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 10/03/11 | Financial Audit of the Partnership Contracts for Health Services Program, USAID/Afghanistan 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, Through 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, USAID/Afghanistan 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 09, 2009, Through September 30, 2010 (F-306-11-003-N) | | | | |
| | 450,138 | 118,478 | – | – | – |
| 08/31/11 | Review of USAID/Afghanistan's Afghan Civilian Assistance Program (F-306-11-005-S) | | | | |
| | N/A | 8,379,055 | 5,142,039 | – | – |
| 08/23/11 | Financial Audit Report of Technologist Inc.'s Costs Incurred/Billed Under USAID Task Order No. 306-O-00-04-00539-00, for the Afghanistan Industrial Estate Development Program for the Period May 24, 2004, Through 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, USAID/Afghanistan 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, USAID/Afghanistan 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 |
| 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 Concurred |
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 | – | – |

| Date | Report Title and Number | | | | |
|----------|--|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 09/29/09 | Financial Audit of the Regenerating Murad Khane and Restoring, Refurbishing, and Revitalizing the Old City Program, USAID/Afghanistan 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. USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 | - | - |

| Date | Report Title and Number | | | | |
|----------|--|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 11/27/07 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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 | - | - | - | - |
| 06/27/07 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 | - | - |

| Date | Report Title and Number | | | | |
|----------|--|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concluded |
| 06/28/06 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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 | - | - | - | - |
| 03/21/06 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 | - | - |

| Date | Report Title and Number | | | | |
|----------|---|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 03/14/05 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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 | - | - | - | - |
| 12/09/04 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 | - | - |

| Date | Report Title and Number | | | | |
|--------------------------|---|--------------------|-------------------|-------------------------------|-------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 01/23/04 | Financial Audit of Local Costs Incurred by Louis Berger Group Inc. to Implement the Rehabilitation of Economic Facilities and Services Program, USAID/Afghanistan 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 | – | – |
| Afghanistan Total | | | | | |
| | 1,168,090,227 | 175,473,850 | 42,211,883 | 36,668,153 | 25,568,153 |
| Pakistan | | | | | |
| 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 |
| 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 | – | – | – |
| 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 | – | – | – |
| 04/03/12 | Financial Audit of the USAID Resources Managed by National Rural Support Programme (NRSP), 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 | – | – | – | – |

| Date | Report Title and Number | | | | |
|----------|--|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 03/06/12 | Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan Agreement No. 391-G-00-04-01023-00, for the Period July 2, 2004, to June 30, 2010, Managed by the Higher Education Commission (G-391-12-005-R) | | | | |
| | 6,055,675 | 428,144 | - | - | - |
| 01/13/12 | Financial Audit of the Anti-Corruption Program Pakistan, USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and the Anti-Fraud Hotline Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/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, USAID/Pakistan 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 | - | - | - | - |

| Date | Report Title and Number | | | | |
|----------|---|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 09/21/11 | Financial Audit of the Business Revitalization Program, USAID/Pakistan 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, USAID/Pakistan 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 | - | - | - | - |
| 05/10/11 | Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan 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, USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00, and the Financial Audit of Links to Learning Education Support to Pakistan Program, Subaward Under USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 | - | - | - | - |

| Date | Report Title and Number | | | | |
|-------------|---|-------------------------|-------------------------|--------------------------------------|-------------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 08/04/10 | Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 | - | - |
| 03/24/10 | Closeout Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 | - | - | - | - |

| Date | Report Title and Number | | | | |
|----------|---|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/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 | - | - |
| 09/26/08 | Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 | - | - | - | - |

| Date | Report Title and Number | | | | |
|----------|---|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 08/27/08 | Closeout Financial Audit of the Rewarding Innovation at the District Level Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 | – | – | – | – |
| 04/15/08 | Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, USAID/Pakistan 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, USAID/Pakistan 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 | – | – |

| Date | Report Title and Number | | | | |
|----------|---|------------------|------------------|-------------------------------|------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 07/25/07 | Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 | - | - | - | - |
| 09/27/06 | Financial Audit of the Developing Non-Bankable Territories for Financial Services Project, USAID/Pakistan 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 | - | - | - | - |

| Date | Report Title and Number | | | | |
|-----------------------|---|-------------------------|-------------------------|--------------------------------------|-------------------------|
| | Amount Audited (\$) | Questioned Costs | Amount Sustained | Funds to Be Put to Better Use | Amount Concurred |
| 05/11/06 | Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, USAID/Pakistan 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 | | | | | |
| | 844,150,931 | 9,891,279 | 3,499,382 | 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 | Title |
|--------------------|--------------------------------|---|
| Afghanistan | | |
| FY 2012 | | |
| 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 USAID 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 |
| 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, USAID/Afghanistan 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. for the Small and Medium Enterprise Development Activity Under 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, USAID/Afghanistan 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, Through 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, USAID/Afghanistan 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, Through 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 USAID Task Order No. 306-O-00-04-00539-00, for the Afghanistan Industrial Estate Development Program for the Period May 24, 2004, Through December 31, 2007 |
| 07/21/11 | F-306-11-001-N | Financial Audit of the Civilian Technical Assistance Program, USAID/Afghanistan 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, USAID/Afghanistan 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 |
| 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 |
| 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 |

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|----------------|--------------------------------|---|
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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), USAID/Afghanistan 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, USAID/Afghanistan Contract No. 306-I-00-06-00517-00, for the Period October 1, 2007, to September 30, 2008 |
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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. USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 |
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan Contract No. 306-C-00-02-00500-00, for the Period April 1 to June 30, 2006 |
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 |

| | | |
|----------------|-------------------------------------|--|
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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, USAID/Afghanistan 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 |

| | | |
|-----------------|---------------------------------|---|
| 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, USAID/Afghanistan 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, USAID/Afghanistan 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 | | |
| 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 |
| 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 |
| 04/17/12 | 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 (NRSP), 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 |

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|----------------|--------------------------------|---|
| 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission, for the Period July 2, 2004, to June 30, 2010 |
| 02/17/12 | G-391-12-005-R | Financial Audit of the Merit and Needs-Based Scholarship Project, USAID/Pakistan 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, USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and Anti-Fraud Hotline Pakistan, USAID/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, USAID/Pakistan 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, USAID/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, USAID/Pakistan 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, USAID/Pakistan 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 |

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| 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan Grant Agreement No. 391-G-00-06-10730, Managed by the Competitiveness Support Fund, for the Period July 1, 2009, to June 30, 2010 |
| 05/10/11 | G-391-11-003-R | Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan 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 USAID/Pakistan 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, USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00, and Financial Audit of Links to Learning Education Support to Pakistan Program, Subaward Under USAID/Pakistan 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 , USAID/Pakistan 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 |

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| 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 |
| 04/30/10 | 5-391-10-029-R | Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 |

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| 04/30/09 | 5-391-09-008-R | Financial Audit of the College Improvement Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/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 |
| FY 2008 | | |
| 09/26/08 | 5-391-08-035-R | Financial Audit of the Improved Pakistani Family Planning and Reproductive Health Services Program, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 |

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| 07/02/08 | 5-391-08-027-R | Financial Audit of the Aga Khan University Examination Board, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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 |
| 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan 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, USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Period October 1, 2003, to December 31, 2004 |

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| 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, USAID/Pakistan 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 |
| 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, USAID/Pakistan 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, March 31, 2012. Report summaries are presented by country with the most recent performance audits and reviews noted first.

Afghanistan

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 (ATVI) and the Kunar Vocational Organization (KVO).

By funding operational costs, the project has enabled ATVI and KVO to continue conducting vocational training. In addition, the project has trained staff at ATVI and KVO in financial management, procurement, and reporting. However, after 16 months, there was little evidence that the project has 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 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 less likely 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. Development Alternatives Inc. (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 International Inc. (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' 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' 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 \$180,000 embezzled by field staff had not been properly reimbursed to USAID.

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 a combined 15 to 20 percent, or \$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. [F-306-11-002-P](#), March 27, 2011)

To help respond to unmet 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 schedule to achieve its main goals. Construction fell significantly behind schedule. The program was approximately 18 months behind schedule and was making slow progress toward achieving its goals. Cost and security issues reduced the scope of new construction. Achievement of the original goals of the agreement was hindered by funding limitations. 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, which 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 the fraud.

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 represented about 42 percent of USAID/Afghanistan's total active awards (\$3.4 billion) and included 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. Using an OIG risk assessment of USAID/Afghanistan's contractors and grantees, we evaluated internal controls over cash disbursements, performed a walk-through of the process for cash voucher payment, 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, OIG auditors determined that 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 proactively 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. [E-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 agricultural 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, is 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 adoption of the technologies remained in the future.

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 also established the development of an institutional framework for effective management of the country's limited water resources as a key objective. 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 that 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 calendar year 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., the existence of widespread impunity or the ability of high-level officials to interfere with law enforcement institutions and processes).

OIG found a need for more testing to see whether internal control procedures were followed. In addition, more coverage of controls over fixed assets and payroll and attendance was required. Reviewers needed more guidance on how to assess compliance with applicable laws and regulations, and more extensive USAID supervisory review of assessment reports was also required.

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, AUAF 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, which was making it less 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 was not offering its teachers basic training to ensure that their students received a quality education. Results reported on this and other program areas also were not adequately supported. In addition, efforts to integrate the program's primary classes into the Ministry of Education system were not always implemented effectively.

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 located 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.

The program was not fully achieving all of its core objectives, however. One area in which program efforts fell short was teacher training, the primary means of ensuring that program-supported students receive a quality education.

An examination of the records for four tested provinces also disclosed that data reported under several performance measures relating to teacher training and other activities were not adequately supported, partly because of record-keeping deficiencies.

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 is conducting an investigation with members of the International Contract Corruption Task Force, including the Special Inspector General for Afghanistan Reconstruction 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 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.⁷ The audit found that the program was behind schedule, and it recommended that the mission develop a new implementation plan.

⁷ "Audit of USAID/Afghanistan's School and Clinic Reconstruction Program," Report No. [5-306-05-003-P](#), March 14, 2005.

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 50 buildings to verify their physical existence and observe how they were being used. Overall, KPMG found that 48 of the 50 facilities 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 school and health clinic buildings. 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 those 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 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 implementing the statutory requirements 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 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, USAID/Afghanistan had no standard grant award provision related to security, so 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 capacity building 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, OIG’s audit concluded that the project was making progress in helping to 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 is being implemented through a \$27 million, 3-year cooperative agreement (April 2007 to April 2010) with the International Organization for Migration. OIG's audit found that the program—which is intended to provide help to Afghan families and communities that have 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—a farmer might receive a tractor or livestock and a grocer might receive merchandise to restock his store. At the midpoint of the program, just over 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.

The audit concluded that, because of construction delays, USAID had not increased reliable power supplies to these two areas within the planned timeframes. For the Kabul Power Plant, the delays were caused by an initial inability to obtain adequate title to land for the power plant, an ambiguous statement of work 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 more competitive.

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 is selected. USAID had to continue paying the fixed costs of securing and maintaining the facility until work on the plant can be resumed. These fixed costs amount to an estimated \$1 million per month, even though none of the 35 extra megawatts of power had been delivered.

Pakistan

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 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 manages the program with a staff of seven located at USAID/Pakistan.

OIG confirmed that the program is a quick, efficient mechanism to deliver projects that the local communities want—like the suspension bridge pictured on the next page—and it has 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. For example, 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 is 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, if funding stops, 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 with 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 International 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. This is in part because of shifts in the mission's strategy that resulted in the cancellation of these activities. In addition, the mission did not set realistic targets. For example, though Chemonics was tasked with working with the Government of Pakistan to enact regulatory reform, they are not expected to achieve this 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 activities around increasing sales and production of mangoes, but these activities were a year behind schedule. Further, the implementer intended to supply processing equipment to the mango farmers, but did not deliver them on schedule. One farmer did receive all of the equipment promised, but was unable to operate it because a design flaw prevented its assembly.

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 over 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 (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 supply, 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 toward achieving any of the main goals of the project. Although 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. Specifically, more than 2 years after signing the agreement, the mission had completed only four minor renovations of universities, six career centers, two design projects, and conducted two feasibility studies and the procurement of 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 also employed subcontractors. 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 the institute did not have the funding to support the operations of 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, an internal control was often bypassed to approve projects above \$500,000, which according to the project's activity approval document, required written consent. When the new mission director did not want to authorize the projects, the mission established an unwritten policy to bypass this step and approved nearly \$13 million in projects that did not follow the program's objectives. Furthermore, the mission approved cost-sharing contributions from the project 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 that provided a commitment 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 (i.e., 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 issues 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 infrastructure projects, and both will 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 work with local leaders 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's audit on USAID/Pakistan's management of preaward assessments found that 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 and determining which of the 250 weaknesses should or should not be prioritized.

Many weaknesses resulted from the mission not including in the recipients' agreements information on the recipients' payment mechanisms and systems for procurement, accounting and overall monitoring and assessment.

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. To answer the audit objective, we reviewed mission documentation related to managing and monitoring the program, including implementation plans, implementing partner agreements, performance measures, and performance results.

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 food hampers and hygiene kit tokens to each household. 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)

FATA has high unemployment, widespread poverty, and separate legal structures. Located in northwestern Pakistan, FATA shares its rugged and mountainous border with Afghanistan. Extremist and terrorist groups take advantage of the geographic and social isolation and lack of governing systems to exert their influence on the people of this region. Development in FATA has become vital to Pakistan's progress in fighting insurgents.

The main goal of the Livelihood Development Program is to provide social and economic stabilization in FATA to counter the growing influence of extremist groups. The program has three components: 1) creating jobs, increasing incomes, and teaching employable skills with a focus on unemployed youth, 2) revitalizing community infrastructure and essential services, and 3) supporting established businesses and developing new sustainable businesses.

After a review of the first 2 years of activities, OIG found that the program has 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. The implementer stated that program activities were delayed because the implementer had to counter these allegations and because of additional tiers of oversight 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.

The audit showed that performance deteriorated when USAID/Pakistan staff overrode management controls and bypassed organizational structures. Much time and funding went toward disaster response and emergency relief efforts, draining resources from the planned Livelihood Development Program activities. In addition, allowing outside pressures to take precedence over important management controls contributed to poor program results.

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)

Pakistan's mountainous FATA is located on the border with Afghanistan. FATA is one of the most underdeveloped regions in Pakistan, where only 17 percent of the overall population is literate. FATA's weak economy, widespread unemployment, lack of social services, and ineffective government make it susceptible to the spread of extremism. According to USAID/Pakistan, countering extremist influences in FATA will require a robust economic development program. In response to this need, USAID/Pakistan established the FATA Livelihood Development Program.

The main goal of the program is to provide social and economic stabilization in FATA to counter the growing influence of extremist groups. To measure progress in attaining this goal, the mission established outcome measures and targets for each measure. Targets for the program include creating 29,375 long-term jobs and reaching a goal of 55 percent of FATA citizens expressing satisfaction with the basic public services by March 2013.

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 USAID/Pakistan had made little progress in reaching annual targets. The main cause for the program achieving so little was 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 and the mission's request to provide humanitarian assistance activities. In September 2009, the U.S. Government's strategy shifted toward greater involvement of Pakistani organizations in implementing U.S. assistance programs. As a result, the mission began to rethink its strategy of providing the bulk of its program assistance through U.S.-based implementers.

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 was spent on direct program activities, \$2.7 million of that going to humanitarian assistance activities.

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 (FALAH). FALAH is a 5-year, \$60.4 million program intended 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 FALAH 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 were 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 FALAH districts had trained providers for family planning counseling and services in their facilities. Furthermore, FALAH 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 nongovernmental organization. The program hoped to expand the number of Greenstar health-care providers to 1,000 in the program's 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 serviced 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 nongovernmental organization, 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 public health service and management system performance, (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 facilities that offer a higher level of health care when patients’ conditions could not be treated at primary health-care facilities.

To promote wider access to such services, 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—at the time of the audit—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 the FATA displaced over 400,000 Pakistani households. While many displaced persons took shelter with host families, the remaining families took shelter in official Pakistani Government-run camps. As the internally displaced persons (IDPs) crisis escalated in May 2009, USAID and other U.S. Government agencies responded quickly by providing humanitarian assistance to Pakistani IDPs. 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 in Pakistan, USAID responded immediately to provide rapid assistance through 21 nongovernmental organizations, 5 U.N. 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 in their home areas had diminished.

Although USAID carried out numerous displaced persons programs 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 the FATA of Pakistan. The FATA region, 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 yet 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 years of its 3-year planned lifespan, and it had not made significant progress with two of the program's main goals: improving institutions' capacity to govern, and improving the capacity of NGOs to promote good governance.

Some of the problems could be attributed to the fact that the program had gotten off to a slow start. During the first year, the contractor focused its resources on working out best approaches to designing and implementing activities, building up relationships with FATA institutions, and developing work plans. Also, the deteriorating security situation in Peshawar and the 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 a few activities to address FATA NGO weaknesses, the few FATA-based NGOs that existed 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 as to whether the DAI contract would undertake early demobilization and termination or, if terminated, what program implementation mechanisms would replace the U.S.-based contractor.

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 up 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 the life cycle of development projects—have not been completed, and they may not be completed until June 2010.

Abbreviations

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| AACC | Ahsan Aman Construction Company |
| AED | Academy for Educational Development |
| ATVI | Afghanistan Technical Vocational Institute |
| AUAF | American University of Afghanistan |
| CERP | Commander's Emergency Response Program |
| DAB | Afghanistan Central Bank |
| DAI | Development Alternatives Inc. |
| DCAA | Defense Contract Audit Agency |
| DOD | Department of Defense |
| EDC | Education Development Center Inc. |
| FALAH | Family Advancement for Life and Health Program |
| FATA | Federally Administered Tribal Areas |
| FY | fiscal year |
| GAO | Government Accountability Office |
| IDP | internally displaced person |
| IEP | Increased Electoral Participation in Afghanistan |
| IOM | International Organization for Migration |
| ISMA | involuntary separate maintenance allowance |
| KVO | Kunar Vocational Organization |
| KWO | Khushal Welfare Organization |
| LBGI/B&V | Joint Venture Louis Berger Group Inc./Black & Veatch Special Projects Corp. |
| LGCD | Local Governance and Community Development |
| MoPH | Ministry of Public Health, Government of the Islamic Republic of Afghanistan |

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| 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 Acquisitions and Assistance, U.S. Agency for International Development |
| OIG | Office of Inspector General, U.S. Agency for International Development |
| 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 |
| STEP | Support to the Electoral Process |
| USAID | U.S. Agency for International Development |
| WFP | World Food Programme |

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