

# Office of Inspector General

U.S. Agency for International Development

## OIG OVERSIGHT PLAN FOR FISCAL YEAR 2021



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## MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Office of Inspector General's (OIG) oversight plan for fiscal year 2021. This plan highlights OIG's priorities for our oversight of the foreign assistance agencies we monitor: the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), the U.S. African Development Foundation (USADF), and the Inter-American Foundation (IAF).

Through a rigorous process, our planning prioritizes our work based on risk, high-dollar investments, and crosscutting initiatives. We identify limitations and weaknesses that affect the agencies we oversee, including measuring, monitoring, and evaluating performance; and strengthening financial and information technology management.

Our work plan also considers our joint work with other U.S. agencies that oversee foreign assistance, including the OIGs for the Departments of State and Health and Human Services and the Peace Corps on an annual oversight plan for HIV/AIDS, tuberculosis, and malaria, and with the OIGs for the Departments of State and Defense on overseas contingency operations. In addition, we coordinate closely with the Special Inspector General for Afghanistan Reconstruction on oversight efforts in Afghanistan.

While the rigor we apply to our planning enables us to achieve high-impact outcomes, we maintain the flexibility to respond to allegations of fraud, waste, and abuse submitted to our hotline and to emerging Federal Government priorities. This built-in flexibility served us particularly well in 2020, as it allowed us to quickly modify our oversight portfolio to include a focus on the Government's COVID-19 response and the pandemic's effect on foreign assistance programs. We will continue to assess the impact of our work and consult with Congress, the agencies we oversee, and our other stakeholders as we identify new and evolving vulnerabilities and challenges.

My staff and I are committed to conducting our critical work on behalf of the American people to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight.

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## INTRODUCTION

OIG oversight work covers a broad range of high-risk, high-dollar programs and projects. They address large-scale programs and initiatives that provide assistance to host governments for reconstruction, development, and self-reliance, as well as innovative approaches to engage the public and private sectors. OIG audits assess the efficiency and effectiveness of agency programs and operations; isolate the root causes of identified fraud, waste, and abuse in development and humanitarian assistance programs; and make sound recommendations for addressing these vulnerabilities and improving foreign assistance programs and operations. OIG investigates allegations of fraud, waste, abuse, or other gross misconduct that affect the agencies OIG oversees, and, when warranted, refer cases for criminal, civil, and administrative actions to protect U.S. foreign assistance funds as well as the beneficiaries of those funds. USAID OIG also works with the OIGs from the Departments of Defense and State to provide oversight of overseas contingency operations. Ultimately, OIG work aims to help the entities OIG oversees effectively plan, monitor, and achieve sustainability of U.S.-funded development programs; advance accountability in programs, especially those that require complex interagency coordination; and maintain controls in agency core management functions.

OIG work is mandated by statute or other requirements, responsive to requests from congressional committees and members, or performed at OIG discretion. In keeping with OIG oversight mandates, OIG helps ensure accurate and transparent financial reporting, the security of information technology assets, and the proper use of travel and purchase cards. OIG verifies that agencies are complying with accountability requirements and upholding the principles that guide all Federal agencies.

When identifying and prioritizing its work, OIG considers many factors, including the following:

- Agency operations that closely tie to national security aims and foreign policy priorities.
- Stakeholders' needs and requests, identified through outreach with agency officials, congressional committees, relevant board members, and others.
- The source and amount of funds going to programs, countries, regions, and implementers, particularly those operating in high-risk, complex settings.
- Risks associated with agency programs and operations, including potential vulnerabilities in internal controls.
- OIG's strategic goals and the top management challenges facing the agencies OIG oversees.
- Results of prior audit and investigative work conducted by OIG office and other oversight bodies.

OIG's annual oversight plan describes ongoing and planned oversight activities (also listed in appendix 1) and aligns with OIG annual Top Management Challenges reports. Links to this report and other related plans and reports, including those on overseas contingency operations, as well as OIG's oversight approach are provided in appendix 2.

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## **ELEVATING OVERSIGHT OF GLOBAL HEALTH PROGRAMMING DURING A PANDEMIC**

USAID's international response to the coronavirus aims to protect the safety and health of its global workforce, ensure continuation of its mission across the world, and support partner countries' response to COVID-19. In addition to tracking COVID-19 response spending and balancing Agency resources with its other global health programming, USAID must continue to safeguard its investments in the global health supply chain and meet the goals of the U.S. Government's foreign assistance to combat HIV/AIDS, tuberculosis, and malaria.

### **BALANCING USAID'S COVID-19 RESPONSE WITH OTHER HEALTH PROGRAMS**

Congress provided more than \$2 billion in emergency appropriations for the Department of State and USAID to respond to the COVID-19 pandemic. While some of this funding was provided to support USAID operations, the bulk is intended to finance international assistance efforts. Congress provided USAID with access to \$435 million for health programs, \$558 million for international disaster assistance, and \$250 million to the Economic Support Fund to address "related economic, security, and stabilization requirements." Despite these additional resources, USAID is challenged to balance its response with ongoing and emerging health programs, many of which have been impacted by the pandemic.

OIG established a multi-disciplinary COVID-19 task team to gather, share, and coordinate information about Agency COVID-19 response and recovery efforts and related oversight, and to assist in developing and executing [OIG's COVID-19 oversight plan](#). OIG's related ongoing and planned work and activities for fiscal year 2021:

- **COVID-19 Information Briefs**  
To provide information on the progress of USAID's response to the pandemic and associated challenges, as well as related oversight plans and activities, OIG will issue information briefs on an as needed basis. The briefs aim to increase stakeholder knowledge and public transparency regarding USAID efforts and OIG oversight.
- **Audit of USAID Missions' Capability to Monitor During COVID-19**  
OIG will assess USAID missions' capacity to monitor programs impacted by COVID-19 and the steps USAID has taken to mitigate the effects on program monitoring.
- **Audit of the Role of Ventilators in USAID's COVID-19 Response**  
OIG will identify USAID's practices for assessing needs and prioritizing interventions during public health emergencies and to what extent, if any, the practices employed to determine the use and allocation of ventilators during the COVID-19 pandemic differ from these practices.
- **Audit of Oversight on USAID's Investment for Vaccination Efforts**  
USAID announced in February 2020 that the U.S. Government will commit \$1.16 billion over 4 years to Gavi, the Vaccine Alliance. In August 2020, USAID issued a new global award focused on vaccines and immunization and with capacity to support COVID-19

vaccine introduction and delivery at the country level. This audit may assess how USAID's support to Gavi and other vaccination implementers is strengthening the health system and building local capacity in the supported countries, and how the Agency oversees its vaccination activities to ensure effective coordination to prevent duplication of health efforts in the field.

- **Participation in COVID-19 Anti-Fraud Task Force**

OIG joined the Department of Justice Metropolitan Area COVID-19 Anti-Fraud Task Force on its formation in April 2020. As a coalition of local and Federal law enforcement agencies, including OIGs, the task force coordinates efforts to detect, interfere with, and deter fraud, price-gouging, hoarding schemes, and other wrongdoing aimed at exploiting the public health emergency. An OIG attorney serves as a Special Assistant U.S. Attorney (SAUSA) to prosecute USAID cases, and serves as formal liaison to this task force. OIG has received several allegations of fraud or other misconduct related to USAID's COVID-19 response, some of which are under review by OIG's SAUSA for potential prosecution.

## **SAFEGUARDING USAID'S GLOBAL HEALTH SUPPLY CHAIN**

USAID's Global Health Supply Chain–Procurement and Supply Management Project is a \$9.5 billion indefinite delivery, indefinite quantity contract that was awarded to Chemonics in January 2016. In fiscal year 2021, OIG plans to continue or undertake the following related work and activities:

- **Audit of USAID's Procurement and Management of Its Global Health Supply Chain Contract**

OIG is assessing how the Chemonics contract—the largest ever awarded by USAID—was designed and awarded and whether USAID's management of it provides for accurate and timely delivery of commodities to selected host countries. This audit responds to a request from the Senate Foreign Relations Committee.

- **Monitoring USAID's Global Health and Supply Chain**

OIG's Office of Investigations has prioritized deterring, detecting, and neutralizing criminal and terrorist syndicates that target life-saving medications and commodities in USAID's global health supply chain. This priority includes tracking complaints of theft and loss, developing trend analyses, pursuing investigations in the field, and maintaining collaborative relationships with implementers and USAID's Bureau of Global Health. With USAID designating the Global Health Supply Chain as the primary procurer for COVID-19 ventilators and accessories, the Office of Investigations is working with USAID and implementers to track any incidents of theft or diversion.

## **MEETING THE GOALS OF THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF (PEPFAR)**

OIG auditors and investigators coordinate closely with USAID, other U.S. Government agencies, international donors, and public international organizations that receive PEPFAR funds, such as the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria, to help ensure these funds are used as intended—to provide training, technical assistance, and commodities (including pharmaceuticals) to prevent and reduce transmission of communicable diseases and treat people living with them. The U.S.

Global AIDS Coordinator tasked U.S. agencies involved in PEPFAR with channeling at least 40 percent of their PEPFAR funding to host country governments or local organizations by the end of 2019, and 70 percent by the end of 2020. However, scaling up work with local partners to meet the ambitious benchmarks while maintaining appropriate safeguards and quality standards proved to be a challenge for USAID. OIG's ongoing and planned work in fiscal year 2021 will focus on these concerns.

- **Audit of Local Partner Participation in USAID's PEPFAR Programs in Africa**  
OIG will assess whether USAID's PEPFAR budget is on track to meet the 70 percent goal for local partner funding by 2020, and whether its agency-wide strategy has prepared the Agency to increase PEPFAR funding to local partners while addressing risks, as well as determine to what extent selected USAID missions in Africa followed Agency guidance designed to achieve the goal for PEPFAR local partner funding while addressing risks.
- **Audit of Data Quality in Selected PEPFAR Programs in Africa**  
OIG will assess USAID's internal controls for collecting, verifying, and reporting PEPFAR data, and its efforts to identify and mitigate the effects of the COVID-19 pandemic on its internal controls over PEPFAR data quality.
- **Inspectors General PEPFAR Coordination**  
The Inspectors General of USAID, the Department of State, Department of Health and Human Services, and Peace Corps meet quarterly to collaborate on audits and investigations on efforts to combat HIV/AIDS, tuberculosis, and malaria. The OIGs also prepared an annual oversight plan on foreign assistance, and the fiscal year 2021 plan was released in August 2020 and the fiscal year 2022 plan will be completed before the end of the fiscal year.

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## **FACILITATING COORDINATED OVERSIGHT OF THE DELIVERY OF HUMANITARIAN AND STABILIZATION ASSISTANCE**

USAID's work is often conducted in environments characterized by conflict, government instability, or cataclysmic natural events. Managing the risks inherent to responding to crises remains an ongoing challenge, especially when a short-term humanitarian response evolves into a protracted presence. OIG has identified vulnerabilities and weaknesses in USAID's planning and monitoring in these nonpermissive environments, demonstrating the need for improved risk assessment and identification, and rigorous planning to counter complex corruption schemes and mitigate the threat of funds diverted to sanctioned parties, including U.S.-designated terrorist organizations. Where USAID strives to overcome in these complex settings to ensure aid reaches those who need it most, OIG dedicates oversight resources to address these unique risks and challenges.

## PROVIDING OVERSIGHT IN NONPERMISSIVE ENVIRONMENTS

Nonpermissive environments make oversight more difficult due to access limitations, and the increased likelihood for corruption and fraud risks. OIG's work to provide oversight in nonpermissive environments includes:

- **Evaluation of USAID's Access to Areas in Need of Humanitarian Aid**  
Using USAID activities in Overseas Contingency Operations and other nonpermissive settings as case studies, OIG will explore the impact of access limitations and the different approaches that have been taken to address them. In this context, OIG will identify and review any lessons learned that USAID has documented on humanitarian access and highlight opportunities to remove barriers and improve processes.
- **Work to Neutralize Fraud and Corruption in Priority Countries**  
To protect USAID programs and operations from bad actors, OIG dedicates investigative and analytical resources to deterring, detecting, and neutralizing fraud and corruption in select high-risk countries: South Sudan, Afghanistan, Pakistan, Iraq, the West Bank and Gaza, and Yemen.
- **Fraud Awareness Outreach**  
OIG's investigative and legal teams have participated in several briefings to non-governmental organizations (NGOs) and public international organizations (PIOs) responsible for implementing foreign assistance programming in response to crises. These briefings discuss the importance of timely and transparent fraud reporting, with a specific focus on risks associated with cash transfer programs, preventing diversions to sanctioned entities, and the increased risk of sexual exploitation and abuse against the very beneficiaries that U.S. foreign aid is designed to help.

## STRATEGIC FOCUS: VENEZUELA

Deteriorating economic and political conditions in Venezuela since 2014 have contributed to a humanitarian crisis that drove more than 2.5 million Venezuelans into neighboring countries. Economic conditions inside Venezuela—which have resulted in widespread shortages of food, healthcare services, and medicine—are projected to worsen as hyperinflation continues to rise. USAID has been on the forefront of this crisis response, providing approximately \$50 million in humanitarian assistance for food assistance to displaced Venezuelans and ease the impact of Venezuelan refugees on adjacent countries, including Brazil, Colombia, Ecuador, and Peru. OIG ongoing and planned work and activities in fiscal year 2021 will focus on safeguarding these taxpayer funds.

- **Proactive, Coordinated Oversight Within OIG**  
OIG established a Venezuelan Crisis Oversight and Monitoring Working Group, comprised of OIG's Audit, Investigations, General Counsel, and Management Divisions to promote coordination and alignment of oversight work across the organization.

- **Audit of USAID’s Response to the Venezuela Regional Crisis**  
OIG is conducting an audit to assess the challenges USAID faces in responding to the Venezuela regional crisis and USAID’s management of fraud risks in its response to the regional crisis.

## **STRATEGIC FOCUS: SYRIA AND IRAQ**

Since 2011, USAID has provided over \$5 billion in humanitarian and stabilization assistance in Syria, and USAID assistance reaches 5 million Syrians every month, including those displaced to other countries by the crisis. In Iraq, USAID programs focus on governance, stabilization, humanitarian assistance, and genocide recovery and persecution response. OIG ongoing and planned work in 2021 will continue to target vulnerabilities in these programs.

- **Operation Inherent Resolve (OIR) Quarterly Reporting and Oversight Plan**  
OIR was launched in 2014 to defeat the Islamic State of Iraq and Syria and to set the conditions for follow-on operations to increase regional stability. Under the Lead IG framework, the Department of Defense IG, State IG, and USAID IG jointly issue an annual oversight report and quarterly reporting on the operation.
- **Deterring Diversion to Terrorists and Sanctioned Entities**  
OIG will continue to focus investigative and outreach efforts to effectively deter, detect, and neutralize efforts to provide or conceal material support to designated terrorist organizations and armed groups in Syria and Iraq.
- **Audit of USAID’s Oversight of Selected Implementers Delivering Humanitarian Assistance in Response to the Syria Crisis**  
This audit will assess USAID’s oversight of the International Rescue Committee’s (IRC) delivery of humanitarian assistance in Syria, with a focus on USAID’s and IRC’s response to fraud risks OIG identified in Syria cross-border activities and the effectiveness of their response.
- **Audit of USAID Activities in Iraq**  
OIG will assess USAID’s strategy for managing its \$1 billion assistance portfolio in Iraq, focusing on USAID’s transition strategy for providing humanitarian assistance in Iraq and its use of third-party monitoring to oversee humanitarian assistance and stabilization activities.
- **Iraq Religious and Ethnic Minority (REM) Assistance Evaluation**  
Over the past 3 years, USAID REM assistance with the aim of providing lifesaving and recovery support to persecuted ethnic and religious minorities in Iraq has been a focus of significant Administration attention. OIG will examine USAID’s internal processes surrounding related awards, including novel award mechanisms and staffing levels. As part of this effort, OIG plans to examine USAID’s procurement instruments and initiatives associated with REM, such as the use of Broad Agency Announcements and its New Partnership Initiative.

## STRATEGIC FOCUS: YEMEN

Yemen's ongoing civil war has created one of the gravest humanitarian crises in the world. The United Nations estimates that 80 percent of Yemen's population (22.2 million people) is in need humanitarian assistance. In fiscal year 2020, USAID provided over \$539 million in humanitarian assistance to ensure that the most vulnerable Yemenis receive lifesaving aid.

- **Investigative Outreach on Yemen**  
OIG continues to monitor in-country conditions and plans to conduct fraud awareness workshops for NGOs working in Yemen.
- **Audit of USAID's Management of the Humanitarian Crisis in Yemen**  
OIG will assess USAID's management of risks inherent to providing humanitarian assistance in Yemen, including how USAID is adapting to changing response conditions and how it organizes and funds those efforts.

## STRATEGIC FOCUS: THE SAHEL

In July 2020 the Lead Inspector General for overseas contingency operations in Africa<sup>1</sup> reported that activity by violent extremist organizations across the continent appears to be outpacing efforts by the United States and European and African nations to counter it, despite the COVID-19 pandemic. Insecurity has displaced individuals across the region, disrupting access to food, water, and health services in areas already challenged by drought and weak health systems. OIG ongoing and planned work and activities in 2021 will focus on assessing and informing USAID's efforts to provide humanitarian assistance and keep critical aid from falling into the wrong hands.

- **Audit of USAID's Resilience in the Sahel Enhanced (RISE) Program Activities**  
USAID launched RISE in 2012 to respond to years of severe drought, including those in the Horn of Africa and the Sahel in 2011 and 2012, which left more than 18 million people across the Sahel in need of humanitarian assistance. OIG is assessing the extent to which USAID designed and monitored the implementation of RISE I activities to align with its resilience policy goals and incorporated lessons learned from RISE I into RISE II.

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<sup>1</sup>East Africa Counterterrorism Operation and the North and West Africa Counterterrorism Operation.

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## **STRENGTHENING PLANNING, MONITORING, AND EVALUATION TO SUSTAIN U.S.-FUNDED DEVELOPMENT**

To support countries on their journey to self-reliance—USAID’s overarching goal—the Agency calls for investing in communities that have a stake in continuing activities and services after U.S. involvement ends; building the skills of local stakeholders; and planning for sustainability, which could include public- or private-sector participation and financial backing. Achieving this goal requires robust program planning, monitoring, and evaluation, areas that continue to challenge USAID despite improvements.

MCC has faced similar challenges in its development projects, which also emphasize country-led implementation and ownership. For both entities, the pandemic has complicated efforts to strengthen program management, particularly measures related to monitoring. In 2021, OIG will continue to assess the implementation and sustainability of development programs.

- **Audit of USAID’s Journey to Self-Reliance Initiative**

OIG is conducting an audit to determine the extent to which USAID incorporated self-reliance metrics into its development programming strategy and developed budgets that align with its Journey to Self-Reliance strategies.

- **Audit of USAID’s Use of Partnerships Through Private Sector Engagement**

OIG is identifying USAID’s approach to engaging the private sector in achieving U.S. foreign development goals, and any benefits that partners and stakeholders cite; identifying any external challenges that affect private sector engagement; and assessing USAID’s data, metrics, and guidance for implementing and tracking private sector engagements. This audit is being conducted at the request of the House Committee on Appropriations.

- **Audit of USAID’s Compliance with the Paul Simon Water for the World Act of 2014**

This act envisions that the U.S. Government will be a global leader in providing sustainable access to clean water and sanitation for the world’s most vulnerable populations. OIG will assess USAID’s compliance with the requirements and intent of the act as they relate to designating high-priority countries and allocating water, sanitation, and hygiene funding.

- **Audit of USAID’s Use of Third-Party Monitoring in Asia**

USAID missions worldwide often rely on third parties to conduct monitoring on behalf of the Agency, particularly in insecure and unstable environments. OIG will assess selected Asia Region missions’ use of monitoring information to manage and mitigate the risks in environments where their activities are being carried out.

- **Audit of USAID/Afghanistan’s Risk Management and Project Prioritization in Afghanistan**

In Afghanistan, which is the largest recipient of U.S. foreign aid, risk management and mitigation are crucial. Consideration of USAID/Afghanistan’s risk management and mitigation processes is particularly relevant as the mission faces significant reductions in staffing and project funding that will, in turn, prompt review and realignment of priorities.

OIG will assess the mission's efforts to identify and assess the risks of staff cuts to oversight and the risks of program cuts to sustainability, prepare responses to those risks, and communicate information regarding risks to Congress and key internal stakeholders.

- **Audit of the Impact of USAID/Egypt's Higher Education Program on Creating Capabilities Demanded by Egypt's Businesses**

Despite being one of the world's largest exporters of skilled laborers, Egypt faces a shortage of skilled technical and professional workers. Mission activities include funding centers for excellence to build Egyptian capacity in science, technology, and innovation and providing scholarships to women and men from underserved communities. OIG is assessing the effect of USAID/Egypt projects on improving the capabilities of Egypt's workers and institutions.

- **Audit of MCC's Policies and Procedures for Economic Analyses**

MCC analyzes its projects to determine their sustainability and economic rate of return (ERR) as well as whether they will generate adequate benefit streams to justify investments. These economic analyses have come under scrutiny, and since 2008 MCC has implemented several controls to improve their quality. OIG will identify and assess the policies and procedures MCC has implemented to address identified challenges and risks to the ERR process, as well as assess the ERR review process's ability to inform project selection and investment decisions in selected cases.

- **Audit of MCC's Implementation of the Threshold Program To Assess Potential Future Compact Partner Countries**

MCC's small, short-term (2 to 3 years) threshold programs are designed to assist candidate countries in becoming eligible to enter into compacts with the United States to support policies and programs that advance countries' progress in achieving lasting economic growth and poverty reduction. OIG will evaluate MCC's assessment of the progress of each country threshold program against the program's goals and objectives, and the performance information MCC's Threshold Program Office provides when selecting partner countries for compacts.

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## **ADVANCING ACCOUNTABILITY IN FOREIGN ASSISTANCE PROGRAMS INVOLVING MULTIPLE U.S. AGENCIES AND INTERNATIONAL STAKEHOLDERS**

U.S. foreign assistance aims to advance U.S. national security and economic prosperity while promoting global development objectives. Delivering this assistance involves multiple U.S. Government agencies and international stakeholders, which presents coordination challenges, particularly as they relate to reconciling priorities and short- and long-term U.S. Government objectives. OIG continues to provide oversight of these complex and dynamic efforts, seek accountability in areas of national strategic interests, and promote proactive outreach to ensure U.S. foreign assistance dollars are used efficiently and effectively to meet foreign assistance aims.

## **ADDRESSING NATIONAL SECURITY OBJECTIVES IN THE CONTEXT OF FOREIGN ASSISTANCE**

As the U.S. competes for global influence, different visions of foreign assistance are promoted by other countries; with Chinese and other aid tied to debt, relinquishing sovereignty, and rewarding corruption. USAID's role in the Great Power Competition has been to counter malign influences while advancing partner-nation sovereignty through economic development and democratic governance programming. Other efforts to counter malign influences include messaging and programs managed in close collaboration with the interagency to promote national security objectives.

- **Audit of USAID Efforts to Counter Malign Kremlin Influence**

Through modernized forms of subversive tactics, Russia continues to interfere in the domestic political affairs of other countries to destabilize democratic and pro-Western allies across Europe and Eurasia. OIG's audit of USAID's efforts to counter this influence will examine the application of risk management principles in the design of its framework for countering malign Kremlin influence in Europe and Eurasia and the integration of its approach into country strategies for Europe and Eurasia.

- **Quarterly Reporting on Operation Freedom's Sentinel (OFS)**

OFS—launched in 2015—has two components: (1) the U.S. counterterrorism mission against al Qaeda, the Islamic State of Iraq and Syria–Khorasan, and their affiliates in Afghanistan and (2) U.S. military participation in the NATO-led Resolute Support mission to develop the Afghan security ministries' capacity and to train, advise and assist Afghan security forces. Under the Lead IG framework, the Inspectors General from USAID and the Departments of Defense and State jointly issue an annual oversight report and quarterly reporting on the operation. USAID OIG also coordinates oversight with the Special Inspector General for Afghanistan Reconstruction.

- **Advancing Best Practices Under the Syria Investigations Working Group**

USAID OIG established the Syria Investigations Working Group in 2015 to enhance collaboration with bilateral and multilateral oversight counterparts to address foreign assistance concerns and investigations in Syria, with lessons learned being applicable to other nonpermissive environments. The working group consists of donors, such as the UK's Foreign Commonwealth and Development Office, and UN oversight bodies, such as the World Food Programme OIG. OIG is committed to continuing its international engagement with these partners, including work to enhance approaches to detect, deter, and investigate allegations of systemic fraud. In 2021, OIG will again host a virtual conference, as it did in October 2020.

## **PROTECTING BENEFICIARIES AND ASSISTANCE WORKERS AGAINST SEXUAL EXPLOITATION AND ABUSE (SEA)**

In response to accusations in 2018 of sexual misconduct against beneficiaries in Haiti by NGO staff, USAID took several measures geared toward preventing sexual exploitation and abuse against beneficiaries of foreign assistance. This included establishing a zero tolerance posture toward sexual exploitation, abuse, harassment, and misconduct in all forms by Agency staff and implementing partners, as well as establishing policies for the mandatory reporting of all SEA allegations.

- **Participation in International Forums on Detecting and Preventing Sexual Exploitation, Abuse, and Harassment in the Aid Sector**

OIG participates in a variety of forums with its national and international oversight and law enforcement counterparts to discuss and address common challenges in detecting and preventing sexual exploitation, abuse, and harassment and to share best practices for preventing the circulation of SEA perpetrators. USAID and the Netherlands Ministry of Foreign Affairs co-sponsored a global community of practice on SEA detection and prevention. In addition to OIG attorneys and investigators, participants included international donors, UN bodies, and NGOs. OIG's investigations and legal representatives also joined the Donor Safeguarding Investigations Group, spearheaded by the UK's Foreign Commonwealth and Development Office. OIG will continue to participate in these forums.

- **Audit of USAID's Initiative Against Sexual Exploitation and Abuse**

USAID established an Alliance for Preventing Sexual Misconduct, published a new policy, testified before congressional committees, initiated suspension and debarment actions, and developed mandatory training for all employees in response to 2018 allegations. OIG will evaluate USAID's SEA prevention actions and USAID's process for responding to specific allegations.

- **Continued Coordination to Improve Implementer Reporting**

OIG frequently engages from its legal and investigative fronts with USAID's Office of Compliance to ensure that implementers comply with mandatory reporting obligations, not obstruct investigative efforts, and that the U.S. Government can take appropriate action to prevent the circulation of SEA perpetrators across aid organizations receiving USAID funding.

## **REINFORCING OVERSIGHT THROUGH ONGOING ENGAGEMENT WITH COUNTERPARTS AND STAKEHOLDERS**

- **Participation in the Council of the Inspectors General on Integrity and Efficiency (CIGIE)**

As a member of CIGIE, USAID OIG participates on several CIGIE committees and working groups. The USAID Inspector General recently served as Vice Chair for the Audit Committee and is a current Audit Committee member; a USAID OIG Deputy Assistant Inspector General for Audit serves as CIGIE's liaison to the Council of Chief Financial Officers; and USAID OIG's General Counsel serves as the Vice-Chair of the Council of Counsels to the Inspector General, a working group of government-wide OIG attorneys.

USAID OIG also provides its audits and semiannual reports to Oversight.gov, CIGIE's online repository of reports from all OIGs.

- **Promoting Public International Organization (PIO) Reporting and Accountability**

On a quarterly basis, OIG meets with the Office of Development Cooperation in USAID's Bureau of Policy, Planning, and Learning (PPL) to discuss topics of joint interest, including USAID's progress on implementing OIG recommendations and other initiatives to promote PIO reporting and accountability. In furtherance of recommendations from OIG's PIO audit, OIG also established processes and protocols for OIG to continuously refer PIO disclosures of alleged fraud and misconduct to PPL, along with information obtained independently from OIG investigations.

- **Working With Bilateral Donors to Improve Oversight**

OIG participates in the international audit and integrity group, a group of bilateral donors, including the United States, that works to improve the transparency and accountability of multilateral organizations and taking on other issues of mutual interest. The group meets annually, and OIG attended the last virtual session in May 2020.

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## **IDENTIFYING AND ADDRESSING VULNERABILITIES IN AGENCY CONTROLS AND CORE MANAGEMENT FUNCTIONS**

Effective and reliable financial and information systems are vital to the stewardship of U.S. Government resources. OIG management oversight work focuses on agencies' ability to effectively administer and safeguard financial, information technology, and human capital resources and identifies risks that could impede their ability to operate in uncertain security settings, ensure adequate controls over computer systems, meet Governmentwide requirements for transparency in financial reporting and accountability, and effectively use finite financial and human resources.

### **OPERATIONS**

- **Audit of USAID's Branding and Marking Activities**

Section 641 of the Foreign Assistance Act of 1961, as amended, requires that all programs under the act be identified overseas as American aid. OIG will assess USAID's policies and procedures to ensure compliance with statutory branding and marking requirements, and its information and oversight to ensure implementers comply with these requirements. Given congressional interest amid the ongoing pandemic, this audit will consider the impact of COVID-19, as appropriate.

### **AWARD AND GRANT MANAGEMENT**

- **Audit of USAID's Contract Termination Practices**

USAID acquisition awards are subject to termination provisions that authorize USAID Contracting Officers to terminate an award, in whole or in part, for failure to comply with its terms and conditions or for the convenience of the Federal Government. This audit will

assess the process USAID uses to determine when to consider termination and the appropriate mechanism for terminating foreign assistance contracts.

- **Advisory on USAID Pre-Award Process Considerations**

This project builds on patterns noted in OIG audit, investigative, and legal work, regarding risks associated with incomplete information available for agreement officers to consider during the assistance pre-award phase, and a lack of clear guidance and centralized systems to conduct due diligence in the pre-award process for assistance awards.

- **Monitoring the Grants Oversight and New Efficiency (GONE) Act of 2016**

The goal of the GONE Act is to close out expired grants. Each Federal agency must report to Congress how many of its grants expired, what challenges delayed grant closeout, and why their 30 oldest Federal grants have not been closed out. For each agency with more than \$500 million in annual grant funding, the agency's OIG must conduct a risk assessment to determine whether an audit of the grant closeout process is warranted. USAID OIG, which contracts out this work for USAID and MCC and oversees the contractors' work, will monitor the Office of Management and Budget's (OMB) requirement for reporting in fiscal year 2021.

## **FINANCIAL MANAGEMENT**

- **Audit of Agency Financial Statements**

The Government Management and Reform Act, OMB Bulletin 19-03, and the Accountability of Tax Dollars Act of 2002 require OIG to perform an independent audit of the annual financial statements for the agencies under its jurisdiction. OIG must render an opinion on whether the financial statements are presented fairly in all material aspects; report on internal control; and report on compliance with laws, regulations, contracts, and grant agreements pertaining to the statements. OIG contracts out this work and oversees the contractors' work for USAID, USADF, IAF, and MCC.

- **Non-Federal Audit (NFA) Desk Reviews and Quality Control Reviews (QCRs)**

Federal regulations and internal policies require USAID and MCC to obtain appropriate and timely audits of its U.S. and foreign implementers. To complete these audits, USAID and MCC rely on independent accounting firms, the Defense Contract Audit Agency, and audit institutions of host governments. To meet its oversight responsibility, OIG determines whether these audits meet professional standards for reporting and other applicable laws, regulations, and requirements. OIG reviews the audits and makes recommendations to the respective agency to address any major concerns raised, including unsupported or unallowable costs identified, as well as internal control and compliance weaknesses or vulnerabilities. In addition to desk reviews, OIG also conducts Quality Control Reviews of the workpapers that support audit reports issued by the firms that perform audits of agency contractors and grantees.

- **Audit of Compliance With the Digital Accountability and Transparency Act of 2014 (DATA Act)**

In 2014, Congress enacted the Digital Accountability and Transparency Act (DATA Act) to advance transparency in U.S. Government spending. It requires agencies to disclose direct Federal agency expenditures and link Federal contract, loan, and grant spending

information to agency programs; establish Governmentwide data definition standards to make spending data consistent and reliable throughout Government; and improve data reported by Federal agencies. The DATA Act requires OIGs to review implementation of the act's requirements by the agencies they oversee. OIG contracts out the DATA Act audit for USAID, MCC, IAF, and USADF and oversees the contractors' work. All four audits are due November 2021.

- **Monitoring and Reporting on the Payment Integrity Information Act of 2019**

Enacted on March 2, 2020, this act replaces prior reporting requirements under the Improper Payments Elimination and Recovery Act of 2010, as amended, to review all programs and activities annually and identify those that may be susceptible to improper payments. In accordance with the new act, OIG will contract and oversee the contractor's work to review USAID's and MCC's assessments of the level of risk associated with their programs and the quality of their improper payment estimates and methodologies as well as their oversight or financial controls to identify and prevent improper payments.

- **Advisory on Financial Management in the Face of Rescission Risks**

This advisory will examine USAID's budget execution process for fiscal year 2019 with specific attention to Agency adaptations around the reapportionment of funds, which impacted fiscal year 2018 funds that were set to expire, and the fiscal year 2019 653(a) process. It will also identify the impact of external parties on the budget process, remaining challenges, and any resulting risks to the Agency.

- **Assessing Agency Compliance with the Government Charge Card Abuse Prevention Act of 2012**

The act requires OIG to conduct an annual risk assessment of agency purchase cards, travel cards, fleet cards, and convenience checks. It also requires OIG to submit a status report on purchase and travel card audit recommendations to the OMB Director 120 days after the end of each fiscal year. OIG will conduct this assessment for USADF and IAF and contract out the assessment for USAID and MCC. OIGs are also required to conduct periodic audits or reviews of travel programs in agencies with more than \$10 million in travel card spending. For USAID OIG, this applies only to USAID, and there is no mandatory due date for reporting. Although MCC does not meet this threshold, OIG will also conduct this review for MCC. OIG contracts out this work for USAID and MCC and oversees the contractors' work.

## **INFORMATION TECHNOLOGY MANAGEMENT**

To track budgets, manage award performance, connect staff and implementers around the world, and conduct other critical mission requirements, USAID needs sound information systems. USAID reports that its efforts to improve information systems and security have earned the Agency the highest ranking on the House Committee on Oversight and Reform's Federal Acquisition Reform Act Scorecard. However, expanded telework policies to protect the health and safety of staff increase risks—the Chief Information Officer reported in June 2020 a 400-percent increase in cyberattacks on USAID since the start of the pandemic—and call for additional diligence. OIG will continue to monitor USAID's information systems in 2021.

- Audit of Acquisition of the Development Information Solution (DIS)**  
 DIS is being developed as a common portfolio management platform for USAID missions and headquarters to capture program performance data. USAID estimates DIS will cost \$56.1 million with a total estimated cost savings of \$126.4 million. OIG contracted an audit to evaluate USAID’s progress in achieving selected DIS performance goals, including adopting a single program portfolio management platform for Washington and missions to retire redundant systems and creating a Portfolio Viewer that will enable advance reporting to improve evidence-based decision making. OIG will oversee this contracted audit.
- Audit of USAID’s Privacy Program**  
 OIG is conducting an audit to assess USAID’s implementation of select prior recommendations from OIG’s “Audit of USAID’s Implementation of Key Components of a Privacy Program for Its Information Technology Systems” (Report No. A-000-15-001-P, October 10, 2014), which reported weaknesses in USAID’s privacy program and made 34 recommendations, including one to determine whether the Agency’s privacy program should be considered a material weakness.
- Audit of Compliance With the Federal Information Security Management Act (FISMA)**  
 FISMA, amended by the Federal Information Security Modernization Act of 2014, requires OIG to perform an annual evaluation of agencies’ information security programs. OIG will contract audits for USAID, USADF, IAF, and MCC and oversee the contractors’ work.

## HUMAN CAPITAL MANAGEMENT

Staff vacancies and outdated workforce plans have challenged USAID to maintain a capable workforce. OIG’s performance audits have identified staffing or training as a factor that contributed to shortcomings that affect USAID’s ability to carry out its development and humanitarian assistance mission. The Agency’s ongoing structural transformation, initiated in 2017, and COVID-19 have exacerbated USAID’s workforce challenges.

- Audit of USAID’s Human Capital Hiring Mechanisms**  
 Since the hiring freeze for USAID lifted in March 2018, Congress has expressed interest in USAID’s human capital and its inability to hire up to fiscal year 2016 levels. The audit will identify any gaps in USAID’s policies, procedures, and plans that could affect its ability to meet congressionally mandated staffing goals, and to assess USAID’s efforts to identify and target Agency-wide skill deficiencies.
- Assessment of USAID Staffing Constraints on Humanitarian and Stabilization Programs**  
 The Bureau for Humanitarian Assistance (BHA) and Office of Transition Initiatives (OTI) are primarily staffed by temporary personnel, such as personal service contractors, contractors, and political appointees, who sometimes are assigned to work on different geographic regions and turnover frequently. This project will examine the composition of permanent and temporary staff in the new BHA and OTI structure—potentially including the Bureau for Conflict, Prevention, and Stabilization in which OTI sits—the impact frequent turnover and other staffing constraints have on operations and morale, as well as

the practices BHA and OTI have implemented to manage operations under these conditions.

- **Monitoring Employee Integrity**

OIG has investigated employee misconduct by USAID contract, foreign service officers, and senior officials, with a particular emphasis this year on foreign service nationals. The work has led to resignations and terminations of USAID staff and the revocation of foreign service nationals' security clearances due to deficiencies in USAID's early detection of violations of employee integrity, including in critical priority countries. USAID and OIG monitor and strengthen oversight of these concerns through interagency working groups and fraud awareness conferences. OIG will continue its work on the USAID Integrity Working Group—which includes USAID's Offices of Human Capital and Talent Management, General Counsel, and Security, as well as OIG's Office of Investigations and General Counsel—to facilitate cooperation and action on employee integrity lapses, and enhance accountability and continuity in the handling of employee case referrals.

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## **ONGOING OIG ACTIVITIES THAT EXPAND ITS OVERSIGHT SAFETY NET**

The flow of billions in foreign assistance dollars through USAID missions and contractors around the world creates prime opportunities for fraud and diversions of U.S.-funded goods, particularly in complex crisis environments. To strengthen its efforts to thwart bad actors, OIG continually seeks to expand its oversight safety net by educating both senior implementer officials and front line aid workers on fraud indicators, whistleblower rights, reporting requirements, and other available mechanisms to help ensure foreign assistance reaches intended beneficiaries.

- **Fraud Awareness Briefings**

OIG briefs agency and implementer staff on fraud awareness, prevention, and reporting to deepen their understanding of fraud schemes and vulnerabilities affecting foreign assistance funds. In fiscal year 2020, OIG conducted 96 fraud awareness briefings worldwide, many via online platforms in response to the pandemic. OIG reached 5,512 individuals worldwide through OIG outreach events. OIG's Office of General Counsel conducts similar briefings, in conjunction with OIG's Office of Investigations, or separately, to national and international forums of the legal counsels of NGOs.

- **Whistleblower Protections**

As required by 41 U.S.C. 4712, OIG responds to allegations of whistleblower retaliation by agency management or foreign assistance implementers, which can discourage the reporting of fraud and other misconduct. Between 2018 and 2020, OIG recorded a 21-percent increase in whistleblower retaliation allegations, which resulted in a 28-percent increase in related investigations. OIG reviews these complaints in a timely and thorough manner and has a Whistleblower Protection Coordinator in the Office of General Counsel to fulfill related statutory requirements. The Office of General Counsel also briefs all new USAID employees and contractors on their right to make protected whistleblower disclosures and legal protections against retaliation.

OIG reported to USAID that the Agency would benefit by clarifying to its partners that retaliating against employees who seek to bring allegations of fraud, waste, abuse, or other misconduct in the performance of USAID's awards is unlawful. OIG also learned that some USAID implementers require staff to complete nondisclosure agreements as a condition for employment. OIG passed the information onto relevant USAID officials and emphasized that such policies—with limited exceptions regarding being read into specific National Security programs—are prohibited and may silence personnel who fear adverse consequences for reporting fraud or misconduct, including SEA, directly to USAID or OIG, rather than through internal mechanisms.

- **Expanding Fraud Reporting Hotlines**

In fiscal year 2020, OIG overhauled its hotline operations and business practices to effectively reduce a backlog of complaints and assessment times of credible allegations. In particular, OIG restructured its staffing for evaluating incoming allegations, disclosures, and complaints; conducting preliminary analysis; and referring significant matters to appropriate stakeholders. As part of its continuous improvement ethos, OIG will continue to seek opportunities to increase operational efficiency and improve the timeliness, relevancy, and impact of its intake and response mechanisms.

- **Legal Proactive Outreach Program**

OIG's Office of General Counsel frequently presents to the legal counsels and compliance officers of both U.S. and foreign NGOs. These interactive presentations focus on OIG's expectations for timely and transparent reporting of fraud and SEA, while describing best practices for internal compliance programs and cooperation with OIG investigations. This outreach has included a presentation to the American Bar Association's Section on Grant Law about procurement fraud in the context of COVID-19, based on fraud schemes that have affected responses to past global health emergencies. The presentation was joined by the Executive Director of the Pandemic Response Accountability Committee.

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## **APPENDIX I: PLANNED OVERSIGHT ACTIVITIES**

The below list of additional planned work has not been formally initiated. These audits and projects are based on current assessments of oversight needs, but OIG will maintain flexibility to adjust oversight activities based on available resources and changes in the foreign assistance landscape.

### **AUDITS OF PROGRAMS, INITIATIVES, AND OPERATIONS**

- Acquisition of Cloud Computing Services, Follow Up
- Information Technology Configuration Control Board
- Ability To Support Telework for Global Staff
- Efforts To Address Pandemic Threats
- Efforts To Address the Second-Order Effects of COVID-19
- Efforts To Preserve Gains in HIV, Malaria, and Tuberculosis Programs During the COVID-19 Pandemic
- Efforts To Safeguard Implementers and Program Operations in Selected Countries
- Women, Peace, and Security Initiative
- Implementation of Operating Principles for Cooperation with Department of Defense
- Management of Complex Emergencies
- Participation in Religious Programs
- New Partnerships Initiative
- Education Strategy and Projects
- Use of Fixed-Amount Awards
- Broad Agency Announcements
- Engagement in Trafficking in Persons Watch List and Tier 3 Countries
- Programming in Politically Sensitive Countries in Latin America and the Caribbean
- Healthcare Response to the Venezuela Regional Crisis
- Inter-American Foundation's Monitoring and Sustainability Efforts
- Response to the African Displacement Crisis
- Implementation of the Clear Choice Framework in Africa
- Oversight on USAID's Investment for Vaccination Efforts
- USAID's Management of Cost Share
- USAID's Response to the Indo-Pacific Strategy
- Internally Displaced Person's Activities in the ME/EE Region
- Enterprise Funds
- Oversight of Compact Procurements
- MCC's Evaluation of Compact Results
- MCC's Grant Facilities

## **EVALUATIONS, REVIEWS, AND SPECIAL PROJECTS**

- Key Controls Around USAID's Global Health Supply Chain
- USAID's Refugee Coordination with the Department of State
- USAID's Syria Assistance Platforms
- Compliance with U.S. Department of Treasury Office of Foreign Asset Control (OFAC) Licenses
- USAID's Role in Achieving National Security Priorities
- USAID's Strategic Communications
- Implementer Negotiated Indirect Cost Rate Agreement (NICRA) Process and Controls
- Ongoing Ebola Virus Disease Monitoring

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## APPENDIX 2: RESOURCES

- [OIG Oversight Approach](#). In addition to a brief overview of our work approach, this page provides links to details on OIG’s audit and investigative processes, its oversight of overseas contingency operations, and its participation in the Council of the Inspectors General on Integrity and Efficiency.
- [Semiannual Reports to Congress](#). As required by statute, OIG reports to Congress twice a year on our completed audit and investigative work, accomplishments, and significant findings.
- [Top Management Challenges](#). As required by statute, OIG identifies and reports the most daunting challenges facing the agencies we oversee and the progress made in managing them.
- [Overseas Contingency Operations](#). As required by section 8L of the Inspector General Act of 1978, as amended, the Inspectors General for USAID and the Departments of Defense and State work together to develop and execute a joint strategic plan for comprehensive oversight of each contingency operation. We also report quarterly to Congress on every operation’s progress and corresponding oversight activities.
- [Evaluations, Reviews, and Special Projects](#). OIG issues various publications to meet emerging needs of the agencies we oversee, the oversight community, and other stakeholders. Advisories, as an example, alert management in the agencies we oversee to any risk we identify during the course of our work that may require immediate attention to avoid or mitigate harm to individuals or substantial financial loss. Feature reports highlight an area of our work, offering lessons learned or best practices. We also periodically issue other correspondence to stakeholders.
- [Investigating Reported Fraud, Waste, and Abuse](#). Federal employees and employees of contractors and grantees implementing projects with U.S. funds are required to disclose waste, fraud, abuse, and corruption to appropriate authorities, including the Office of Inspector General. We review each disclosure and initiate appropriate course of action.



## **Report Fraud, Waste, and Abuse**

1-800-230-6539

<https://oig.usaid.gov/report-fraud>

OIG's Hotline provides a mechanism for any individual to confidentially report fraud, waste, and abuse related to programming or operations for which USAID/OIG provides oversight: USAID, MCC, USADF, and IAF.