



U.S. Agency for International Development



Office of Inspector General

**Semiannual Report to Congress
April 1, 2022 – September 30, 2022**

COVER: American and Ukrainian flags flying together. Photo: Getty Images.

Our Mission

The USAID Office of Inspector General safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight.

Second half of fiscal year 2022


By the Numbers


INVESTIGATIVE RESULTS


 **\$314,135**
in savings and recoveries

 **55**
investigations closed

 **15**
prosecutorial referrals

 **0**
criminal indictments

 **6**
administrative actions, including 1 debarment
and 1 government-wide suspension

 **20**
entities referred for suspension or debarment

AUDIT RESULTS

 **\$26.9 million**
in questioned costs and funds
for better use

 **166**
performance audits, evaluations,
and financial audits issued

 **117**
recommendations to
improve programs and
operations

 **\$3.2 billion**
in funds audited

Report Fraud, Waste, and Abuse

USAID OIG's Hotline receives allegations of fraud, waste, and abuse affecting the programs, operations, and employees of USAID, MCC, USADF, and IAF. The allegations may include but are not limited to claims of criminal conduct, sexual exploitation and abuse, and serious noncriminal misconduct.



- ✓ Email: ig.hotline@usaid.gov
- ✓ Complaint form: <https://oig.usaid.gov/complainant-select>
- ✓ Phone: 202-712-1023 or 800-230-6539
- ✓ Mail: USAID OIG Hotline, P.O. Box 657, Washington, DC 20044-0657

OIG's website: <https://oig.usaid.gov/report-fraud>

MESSAGE FROM THE ACTING DEPUTY INSPECTOR GENERAL



Nicole Angarella
Acting Deputy Inspector General

I am pleased to present the USAID OIG's Semiannual Report to Congress for the second half of fiscal year 2022.

USAID OIG's mission is to "safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight." This report summarizes the results and impact of our oversight of USAID, the Millennium Challenge Corporation (MCC), the Inter-American Foundation (IAF), and the U.S. African Development Foundation (USADF) from April 1, 2022, through September 30, 2022.

The challenges requiring the attention of the agencies we oversee continued to mount—from the dire effects of Russia's invasion of Ukraine, to rising global hunger and food insecurity, to corruption and democratic backsliding in regions across the world. The scale and complexity of these issues underscore the importance of our role and the critical need for independent and objective oversight. USAID OIG's work, through audits, evaluations, and investigations, holds a mirror to agency programs and operations. It offers opportunities for the agencies we oversee to improve operations, minimize risk, and better ensure program integrity, while deterring bad actors from compromising taxpayer dollars through fraud and abuse. Our work also provides Congress with critical insights to influence its decisions, and promotes accountability across the international aid sector, including within U.S. programming funded through the United Nations.

During this reporting period, our 166 performance, IT, and financial audits and evaluations covered nearly \$3.2 billion in funds, generated 117 recommendations for improved operations, and identified nearly \$27 million in questioned costs. Our performance audits and evaluations resulted in recommendations to enhance the quality of data, build a more sustainable workforce at USAID to respond to long-term crises, and inform decision making in PEPFAR programming. Our financial and IT audits served to ensure that USAID, MCC, IAF, and USADF programs comply with statutory requirements.

Our investigative work resulted in a False Claims Act settlement that served to deter misappropriation of USAID award dollars, 15 referrals for criminal prosecution, and the referrals of 20 individuals and organizations for consideration of government-wide suspension and debarment. Investigative referrals flagged vulnerabilities in USAID's cash assistance programming in Colombia to support Venezuelan migrants as well as concerns over a decline in reporting of fraud allegations by nongovernmental organizations (NGOs) and United Nations (U.N.) organizations implementing USAID programming in Yemen.

We continued to build relationships with key players across the international aid sector, including conducting 86 fraud awareness briefings to aid workers to encourage their reporting of

misconduct, particularly in complex emergency environments. Further, we led efforts internationally in communicating best practices for investigating allegations of sexual exploitation and abuse against the very beneficiaries that aid dollars are intended to support.

While we continued to provide oversight over U.S.-funded foreign assistance programs across the globe, our top priority was providing timely and impactful oversight of USAID's support to Ukraine and its people. In issuing our initial Ukraine [oversight products](#), we drew from lessons learned from past audits and investigations of aid administered in conflict zones and crisis areas such as Syria, Yemen, Afghanistan, Iraq, and in the Venezuela regional response. We will build on this institutional knowledge to oversee anticipated challenges in providing aid to Ukraine.

We also entered a formal information-sharing memorandum of understanding with the Group Internal Audit Vice Presidency of the World Bank, which will greatly expand our ability to oversee funding to Ukraine's government, administered via the World Bank. To further lay the foundation for our oversight work, we traveled to Poland and the Ukraine border, where we established relationships with key stakeholders and contacts on the ground. This foundational work has positively impacted our efforts to conduct timely and impactful oversight that will inform USAID and congressional decision making while holding bad actors accountable.

Internally, OIG made significant strides to foster a diverse and inclusive environment throughout the organization. To further advance our diversity, equity, inclusion, and accessibility (DEIA) agenda, OIG established the DEIA Committee comprised of diversity ambassadors and two executive sponsors. OIG's diversity ambassadors serve as an invaluable sounding board and advisory council to OIG's senior leaders on DEIA issues and have been fully integrated into the culture and identity of our organization through a DEIA charter. Lastly, OIG's DEIA program manager, in coordination with our diversity ambassadors, will be tasked with advancing, coordinating, and providing technical expertise in support of DEIA initiatives and implementation across the organization.

As this report describes in detail, USAID OIG is well positioned to provide meaningful oversight over U.S. foreign assistance programs and operations. I very much appreciate the dedication, passion, and subject matter expertise of our workforce. Our work matters, more than ever, and I look forward to continued, proactive engagement with Congress to share insights on USAID and other programming.

Nicole Angarella

Acting Deputy Inspector General

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ABOUT USAID OIG

Under the authority of the Inspector General Act of 1978, as amended, USAID OIG conducts independent audits, evaluations, and investigations that promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse in USAID programs and operations. We also provide oversight of the [Millennium Challenge Corporation](#) (MCC), [Inter-American Foundation](#) (IAF), and the [U.S. African Development Foundation](#) (USADF). In coordination with the Inspectors General for the Departments of Defense and State, our work includes oversight of Overseas Contingency Operations (OCO), which often involve foreign assistance, humanitarian aid, and stabilization activities.

We align our oversight with our own strategic goals, U.S. foreign assistance priorities, and the interests of our key stakeholders, particularly Congress, and then provide the results of our work to agency leaders, Congress, and the public.

Spotlight: Comprehensive Oversight of USAID’s Ukraine Response



Acting Deputy Inspector General Angarella at the Korczowa/Krakovets Border Crossing meeting with the State Border Guard Service of Ukraine to discuss the flow of supplies, people, and aid into and out of Ukraine. Photo: Ukrainian Official (July 2022)

USAID OIG’s top priority during this reporting period and for the foreseeable future is providing comprehensive oversight of USAID’s support of Ukraine and its people in response to the devastating effects caused by Russia’s invasion. The goal of our Ukraine oversight plan is to conduct work that is timely, relevant, impactful, and informative. The success and impact of our oversight is grounded in the following principles:

- I. Establishing an Oversight Presence on the Ground.** To conduct the most effective investigative and audit work, we need to be close to where programming is occurring and funds are flowing. This enables us to travel locally and engage in real time with key stakeholders in USAID’s response effort to obtain information, assess programming, and respond to allegations of fraud, corruption, and abuse.
 - In July, one of our senior investigators traveled to Rzeszow, Poland, to form on-the-ground connections with other U.S. law enforcement, World Bank investigators, and Ukrainian anti-corruption officials.
 - Recently, Acting Deputy IG Angarella led a delegation alongside the State Department OIG to Poland and the Ukraine border for meetings with USAID, U.N., NGO, and Ukrainian representatives. These high-level meetings allowed us to observe firsthand the challenges in administering assistance and to identify areas where programming is at risk.

2. Issuing Timely and Relevant Oversight Work. USAID OIG produced and initiated near-, medium-, and long-term oversight work on Ukraine. We remained agile and able to respond to rapidly changing events on the ground with auditors and investigators positioned globally, including in our regional office in Frankfurt.

- We began planning performance and financial audits to inform both Congress and USAID of risks, vulnerabilities, and inefficiencies in Ukraine programs. In August, we initiated our first performance audit, which examines the extent to which USAID (1) assessed grantees' and contractors' past performance and capacity before modifying existing development awards affected by Russia's invasion and (2) modified activities support strategies that advance recovery and reconstruction goals in Ukraine.
- We continued to exercise flexibility in responding to the most pressing concerns by issuing a variety of timely oversight products to meet our stakeholders' needs. For example, in July, we issued an [advisory](#) to USAID Administrator Samantha Power identifying key risks that USAID should address in its Ukraine programming based on our prior work in humanitarian settings. We also produced a [Fraud Schemes Alert](#) in English and Ukrainian for NGOs to reference in detecting and deterring fraud. More recently, in September, we published a [Ukraine Investigations Dashboard](#)—updated monthly—outlining our outreach efforts and disclosure summaries of closed complaints related to Ukraine programming, funding, and assistance.

3. Collaborating with Domestic and International Partners. We continued to work hand in hand with the OIGs for the U.S. Departments of Defense and State and others with equities to coordinate oversight efforts, share information, and deconflict work. We met once a month officially, and nearly weekly in practice, as part of the Ukraine Oversight Working Group to streamline this coordination.

We also used our information-sharing agreements with U.N. oversight entities, including the World Food Programme's Office of Inspector General and the World Health Organization's Office of Internal Oversight Services, to coordinate on efforts and rapidly respond to allegations of misconduct within USAID's programs implemented through U.N. organizations. Most recently, in September, we signed a memorandum of understanding with the Group Internal Audit Vice Presidency of the World Bank, which will assist our ongoing oversight of USAID funding to support the government of Ukraine through the World Bank.

4. Conducting Outreach Efforts. Through proactive outreach efforts, we shared our expertise in combatting corruption in foreign assistance programs with both USAID and the international aid sector. We regularly engaged with senior officials from NGOs and U.N. organizations, as well as local staff to emphasize their responsibility for reporting allegations of compromised U.S. aid and abused beneficiaries.

With these principles in mind, USAID OIG is committed to providing comprehensive, independent oversight of USAID's support to Ukraine and its people.

USAID Office of Inspector General Locations¹



USAID OIG conducts oversight activities worldwide, working from 12 offices in Egypt, El Salvador, Germany, Haiti, Israel, Pakistan, Philippines, Senegal, South Africa, Thailand, Uganda, and the United States.

¹ The depiction and use of boundaries and geographic names on this map do not imply official endorsement or acceptance by the U.S. government.

History, Mandates, and Authority

1980

USAID OIG Established

December 16, 1980—USAID OIG was established by Public Law 96-533, an amendment to the Foreign Assistance Act of 1961.



1981

USAID OIG Brought Under the Inspector General Act

December 29, 1981—The International Security and Development Cooperation Act of 1981 brought the USAID Inspector General under the Inspector General Act of 1978.

1999

Oversight of IAF and USADF

November 29, 1999—OIG assumed audit and investigative oversight of IAF and USADF under the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Appendix G of Public Law 106-113.



2004

Oversight of MCC

January 23, 2004—OIG assumed oversight of MCC under the Millennium Challenge Act of 2003, Division D, Title VI of Public Law 108-199.



2013

Oversight of Overseas Contingency Operations

January 2, 2013—OIG was charged with joint, coordinated oversight of overseas contingency operations under the National Defense Authorization Act for Fiscal Year 2013, Public Law 112-239.

OIG OUTREACH AND EXTERNAL ENGAGEMENT

OIG's outreach and external engagements give our stakeholders, oversight partners, aid organizations, and the public timely and relevant information about U.S. foreign assistance programs through an oversight lens. We seek to inform stakeholders about our work, coordinate oversight as appropriate, and highlight ways in which the aid sector can support our mission to promote accountability and good stewardship of U.S. foreign assistance funding.

Significant Outreach and External Engagement Activities

Engagements With Congress

We provide our committees of jurisdiction with proactive updates on OIG work products and key issues affecting the agencies that we oversee. This period, we provided briefings, correspondence and related work products to congressional committee staff on topics including:

- [Oversight of USAID's Ukraine Response](#): As of September 30, 2022, USAID's humanitarian and direct financial support to Ukraine totaled \$9.5 billion, and we provided 8 briefings and issued [letters](#) on our Ukraine oversight plans to the Senate Foreign Relations Committee, House Foreign Affairs Committee, Senate Appropriation Committee on Foreign Operations, House Appropriations Committee Subcommittee on Foreign Operations, Homeland Security and Government Affairs Committee, House Committee on Oversight and Reform, and Senate Committee on the Judiciary.
- *Creation of an Inspections Function*: Taking into account increased congressional interest in oversight of USAID Missions, OIG initiated the development of an Inspections function.
- *USAID's Response in Syria*: We provided a briefing of our investigative and audit activity in Syria after distributing an [anti-corruption brief](#) featuring recent OIG work.
- *Sexual Exploitation and Abuse*: We provided a briefing to congressional staff on OIG's role in responding to sexual exploitation and abuse in the aid sector.
- *USAID Construction Activities in the West Bank*: We briefed congressional staff on a completed OIG investigation regarding concerns over USAID-funded construction sites in the West Bank.
- *Afghanistan Aid*: We continued briefings with our OIG counterparts at the Departments of Defense and State on oversight of Overseas Contingency Operations.

Engagements With U.N. Organizations, Foreign Governments, and the Aid Sector

- *Meeting With Egyptian Government Officials*: In May, our Offices of General Counsel and Investigations participated in a meeting with Egyptian government officials as part of an event convened by USAID's Anti-Corruption Task Force. OIG representatives shared best practices for safeguarding foreign assistance programming from corruption and holding public officials accountable.
- *The International Public Sector Fraud Forum (IPSFF)*: In July, USAID OIG Offices of Investigations and General Counsel participated in an IPSFF "deep dive" discussion to explore fraud in foreign and humanitarian aid, with a particular focus on key aspects of operational delivery,

strategy and policy design, fraud risks, and challenges. Participants included representatives from the governments of Australia, Canada, New Zealand, the United Kingdom, and the United States with the aim of sharing best and leading practices in fraud management and control across public borders.

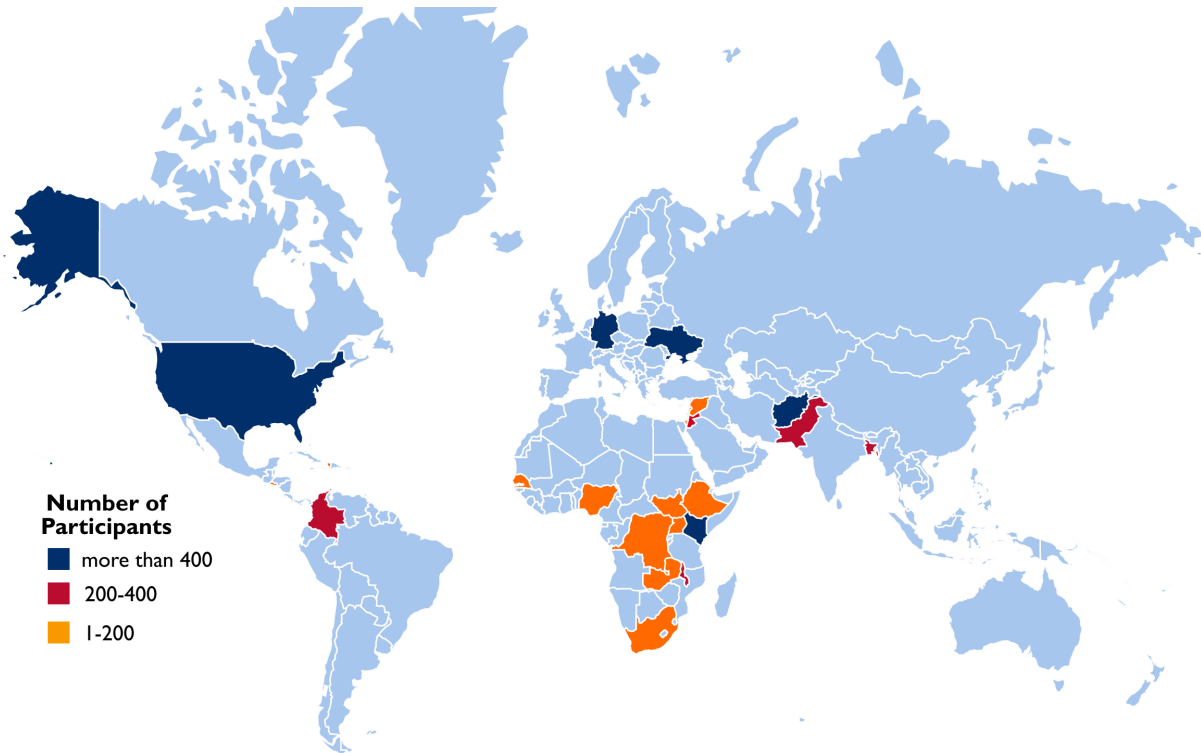
- *NGO Legal Counsel Forum:* In May, USAID OIG attorneys presented to the NGO Legal Counsel Forum, a consortium of NGO general counsels representing large international aid organizations receiving USAID funding. OIG emphasized the need for timely and transparent reporting of fraud and sexual exploitation and abuse (SEA), whistleblower protections for aid workers, and cooperation with OIG investigations and audits.
- *Diversity, Equity, Inclusion, and Accessibility:* In furtherance of our DEIA efforts, our Assistant Inspector General for Investigations was interviewed for the Women in Federal Law Enforcement Conference, Inc. in July. This interview highlighted career opportunities and advice for women interested in law enforcement careers.
- *Center for International Private Enterprise (CIPE):* We presented at this summer's CIPE forum for NGOs and contractors working in Ukraine. The OIG team was joined by senior investigators from the European Investment Bank to share insights and best practices for countering fraud, corruption, and SEA in the Ukraine response.
- *Sexual Exploitation and Abuse Prevention:* We continued to serve as members in the United Kingdom-led Donor Safeguarding Investigations Working Group, consisting of bilateral donors and related oversight bodies focused on investigating SEA in the international aid sector. We continued to provide insights to the group on best practices to obtain sensitive information from NGOs subject to foreign data privacy laws and lead efforts focused on preventing the recirculation of perpetrators found to have committed SEA within foreign assistance programming.
- *Promoting Fraud Awareness and Reporting Through Worldwide Briefings:* We briefed agency employees and employees of USAID-funded organizations on fraud schemes affecting foreign assistance funds, the need for timely and transparent reporting, and whistleblower protections.

In this reporting period:

- We conducted 86 fraud awareness briefings.
- These briefings reached 5,949 participants representing agency and aid organization staff.
- These briefings spanned 23 countries as shown on the map below.

We also briefed new USAID employees and contractors on their right to make protected whistleblower disclosures and provide information on protections against retaliation through our whistleblower protection coordinator (see page 18).

Fraud Awareness Briefings Conducted Worldwide² April 1, 2022– September 30, 2022



²The depiction and use of boundaries and geographic names on this map do not imply official endorsement or acceptance by the U.S. government.

Fraud Awareness Briefings Locations, Sessions, and Participants

Location	Number of Briefings	Total Participants
Afghanistan	1	437
Bangladesh	4	220
Colombia	5	229
Democratic Republic of the Congo	2	126
El Salvador	5	182
Ethiopia	2	166
Germany	1	403
Haiti	4	47
Israel	2	77
Jordan	14	333
Kenya	3	504
Lebanon	1	33
Malawi	3	205
Nigeria	1	52
Pakistan	5	277
Senegal	1	20
South Africa	1	42
South Sudan	1	43
Syria	2	18
Uganda	1	93
Ukraine	5	404
United States of America	18	1895
West Bank and Gaza	2	26
Zambia	2	117
Total	86	5,949

AUDIT AND EVALUATION OVERVIEW AND REPORTING SUMMARY


Office of Inspector General - Audit and Evaluation Activities

OIG audits and evaluations promote efficiency and effectiveness of U.S. foreign assistance programs and operations. This work can examine agency performance, internal controls, and compliance with applicable laws, regulations, and guidance. These products generally include recommendations for policy and programmatic changes for the agency to consider in its ongoing or new programs and operations.

This work includes:

- Conducting performance audits and evaluations of programs and management systems.
- Overseeing mandated engagements, such as agency financial statement and information security audits required by law and performed by independent public accounting firms (IPAs).
- Performing quality control over non-Federal audits required of USAID and MCC grantees.³

Volume of Program Funds Subject to OIG Audit, Evaluation, or Review. During the reporting period, we conducted or reviewed 166 audits and evaluations covering over \$3.17 billion in programs. This work identified nearly \$26.9 million in questioned costs. Refer to Appendix C for a breakdown of these amounts by category.



AUDIT TERMS DEFINED

We use two terms to generally describe audit recommendations that can help save taxpayer dollars:

<h4>Questioned Costs</h4> <p>Potentially unallowable costs due to reasons such as inadequate supporting documentation or an alleged violation of a law, regulation, or award term.</p>	<h4>Funds for Better Use</h4> <p>Funds that could be used more efficiently if management took actions to implement and complete OIG recommendations.</p>
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³ To complete these audits, USAID relies on non-Federal IPAs, the Defense Contract Audit Agency, and the supreme audit institutions of host governments, while MCC relies on non-Federal IPAs. We typically perform desk reviews and quality control reviews of supporting workpapers for select audits to determine whether these audits meet professional standards for reporting and other applicable laws, regulations, or requirements. We issue transmittal memos based on our review, which may include recommendations to the agency, including the third-party auditor's identification of questioned costs and funds to be put to better use.

Performance Audits and Evaluations

Our audits and evaluations this reporting period keyed in on many of the top challenges affecting USAID's programming and operations, offering recommendations for the agency's consideration to improve its policies, processes, and execution.

Strategic Workforce Planning: Challenges Impair USAID's Ability to Establish a Comprehensive Human Capital Approach

[Report No. 9-000-22-001-P](#)

May 25, 2022

Why We Did This Audit:

In December 2019, Congress appropriated funding to USAID to increase its civil service and Foreign Service staffing levels. USAID struggled to reach congressionally funded staffing levels during the pandemic, which significantly impacted USAID's hiring efforts. We examined the extent to which USAID (1) met congressionally funded staffing targets, identifying factors that facilitated or impeded those efforts, and (2) identified agency-wide skill gaps and progress toward addressing those gaps.

What We Found:

USAID was unable to reach congressionally funded staffing levels due to understaffing within its Office of Human Capital and Talent Management, short hiring timelines, and COVID-19 pandemic restrictions. USAID did not clearly define "skill gap" and did not centrally track skill gaps or progress toward closing those gaps.

Why It Matters:

Without sufficient staffing levels, adequate plans, policies, procedures, and comprehensive workforce planning tools, USAID risks inefficiencies as it seeks to fulfill its mission of saving lives, reducing poverty, strengthening democratic governance, and helping people emerge from humanitarian crises. Our five recommendations provided ways for USAID to improve its ability to meet and maintain sufficient staffing levels while addressing skill gaps.

Humanitarian Assistance in Yemen: Opportunities Exist for USAID to Further Strengthen its Risk Management Process

[Report No. 8-199-22-003-P](#)

Aug 23, 2022

Why We Did This Audit:

The United Nations recognized Yemen as the world's worst humanitarian crisis from 2018 to 2021. USAID reported that Yemen is among the most complex response environments for the Bureau for Humanitarian Assistance (BHA). We assessed the extent to which BHA (1) designed risk mitigation measures for humanitarian assistance in Yemen and (2) implemented risk measures.

What We Found:

BHA developed a plan outlining risk mitigation measures for programming in Yemen. However, the plan did not ensure that staff used a systematic process to identify, assess, and document risks. Additionally, BHA implemented most of the risk mitigation measures outlined in its plan but did not provide evidence of implementation for several of them.

Why It Matters:

Absent a robust risk management and mitigation plan, USAID's programming in Yemen delivering humanitarian aid to millions in need may be compromised by risks such as diversions to sanctioned groups and continued access challenges within the operating environment. Our four recommendations included ways for USAID to improve its management and mitigation of risks in humanitarian assistance programming.

PEPFAR in Africa: USAID Can Take Additional Steps to Improve Controls Over Data Quality

[Report No. 4-936-22-002-P](#)

Sep 14, 2022

Why We Did This Audit:

High-quality data helps support effective, impactful programs combatting HIV/AIDS that are funded by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). Given data's central role in informing decision making, we assessed the extent to which USAID designed and implemented internal controls to provide reasonable assurance of accurate PEPFAR data.

What We Found:

We selected three USAID missions in Africa—Kenya, Malawi, and South Africa—and found they generally adhered to quality control processes but lacked documentation to ensure the quality of PEPFAR data. We noted weaknesses in quality control measures in PEPFAR's official data system, data quality assessments, and the adoption of recommended best practices for validating results.

Why It Matters:

Accurate data is critical to informing USAID's decisions at the country level and, ultimately, directing resources to areas of greatest need. We made three recommendations to enhance USAID's efforts to produce quality data in its PEPFAR programming.

Global Labor Program: USAID Generally Followed Policy but Would Benefit From Better Organizational Support and Certification of Reviewers

[Report No. E-000-22-003-M](#)

Sep 29, 2022

Why We Did This Evaluation:

USAID's Global Labor Program—New Frontiers (GLP-NF) was created to promote the rights of workers. In April 2020, USAID redesigned GLP-NF, including updating its procurement and grantmaking processes to increase innovative approaches in the program. In the Consolidated Appropriations Act of 2022, Congress directed OIG to conduct an evaluation of the restructuring of GLP and assess the extent to which USAID followed Agency policies, procedures, and standard best practices.

What We Found:

USAID's design of GLP-NF addressed programming needs, adhered to agency policy, and considered good practices. The GLP-NF procurement approach was chosen to increase innovation and generally led to proposals responsive to the program's goals. The GLP-NF procurement and grantmaking processes adhered to Federal requirements but not all agency requirements and guidance.

Why It Matters:

USAID recognized the need for continued programming to support labor efforts around the world when designing GLP-NF. Building on current successes, making improvements to ensure adherence to agency requirements will make future award processes more effective. Accordingly, we made three recommendations to ensure adherence to agency requirements and improve the effectiveness of future award processes.

Contractor Use for Disaster and Stabilization Responses: USAID Is Constrained by Funding Structure but Better Data Collection Could Improve Workforce Planning [Report No. E-000-22-002-M](#)

Sep 29, 2022

Why We Did This Evaluation:

USAID's Bureau of Humanitarian Assistance (BHA) and Office of Transition Initiatives (OTI) respond to crises using both direct-hire and contract staff, increasingly relying on the latter. Because more prolonged crises require staff on the ground for years, we evaluated the use of contractors within BHA and OTI to assess the advantages and disadvantages associated with their use of contract staff and the alternatives to contract staff that USAID has explored.

What We Found:

The workforce model of using short-term staffing mechanisms places a burden on direct hires allowed by law to take on more government functions than contractors and forces the agency to create and fund parallel hiring and management structures. In addition, the exclusion of contractors from certain benefits, by Federal regulations and agency policy, affects BHA and OTI's ability to recruit and retain contract staff. BHA and OTI also do not systematically capture workforce data, including on administrative costs and human capital metrics, which would allow them to better plan and communicate needs to build a more sustainable workforce for long-term crises.

Why It Matters:

USAID has considered and developed options to address challenges related to the use of contractors. However, those efforts have been hindered by a lack of data. Without systematically collecting robust and reliable data, the agency will be continually challenged to formulate a comprehensive workforce plan. We made seven recommendations to enhance USAID's efforts to improve workforce data and to ultimately build a more sustainable workforce to respond to long-term crises.

Financial and IT Audits

In addition to our performance audits and evaluations, we conducted numerous audits and evaluations of agency financial, IT, and other controls, as required by statute.

Federal Information Security Modernization Act of 2014 (FISMA). In support of FISMA, we contracted with independent certified public accounting firms to conduct audits and evaluations of the information security programs at USAID, MCC, IAF, and USADF. To meet OMB's 3-month accelerated deadline, the engagements were designed to only determine the maturity level of agencies' information security programs. Therefore, we did not make any recommendations in these reports.

- **USAID Implemented a Managed and Measurable Information Security Program for Fiscal Year 2022 in Support of FISMA**
[Report No. A-000-22-009-C](#)
Sep 14, 2022
- **MCC Implemented a Managed and Measurable Information Security Program for Fiscal Year 2022 in Support of FISMA**
[Report No. A-MCC-22-006-C](#)
Sep 01, 2022
- **IAF Implemented a Managed and Measurable Information Security Program for Fiscal Year 2022 in Support of FISMA**
[Report No. A-IAF-22-007-C](#)
Sep 02, 2022
- **USADF Implemented an Optimized Information Security Program for Fiscal Year 2022 in Support of FISMA**
[Report No. A-ADF-22-008-C](#)
Sep 12, 2022

Payment Integrity Information Act of 2019 (PIIA). We contracted with independent certified public accounting firms to determine whether USAID and MCC's improper payment reporting in fiscal year 2021 complied with PIIA (Public Law 116-117). We made one recommendation in both reports to ensure complete and accurate reporting of agency data on PaymentAccuracy.gov.

- **USAID Complied in Fiscal Year 2021 With the Payment Integrity Information Act of 2019**
[Report No. 0-000-22-013-C](#)
Jun 10, 2022
- **MCC Complied in Fiscal Year 2021 With the Payment Integrity Information Act of 2019**
[Report No. 0-MCC-22-012-C](#)
Jun 06, 2022

Government Charge Card Abuse Prevention Act of 2012. The Charge Card Act (Public Law 112-194), requires OIGs to conduct periodic risk assessments of agency charge card programs to assess the risk of illegal, improper, or erroneous purchases and payments. We contracted with independent certified public accounting firms to conduct risk assessments, and as warranted, an audit of charge card programs at USAID and MCC, and we carried out the risk assessments for IAF and USADF.

- **USAID's Travel Card Program Complied With the Government Charge Card Abuse Preventive Act in Fiscal Year 2021**
[Report No. 0-000-22-014-C](#)
Sep 06, 2022

The audit firm concluded that USAID complied with the law's requirements and that the assessed risks of illegal, improper, or erroneous purchases and payments were low. The firm also found that USAID's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants, and government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the Federal Travel Regulation.

- **Assessment of USAID's Purchase Card Program Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2021**

[Report No. 0-000-22-015-C](#)

Sep 06, 2022

The firm concluded that the overall risk was low for the purchase card program and that the results did not warrant an audit.

- **Assessment of MCC's Charge Card Program Showed Low Risk of Improper Purchases and Payments in FY 2021**

[Report No. 0-MCC-22-016-C](#)

Sep 27, 2022

The firm concluded that the overall risk was low and that the results did not warrant an audit. We made four recommendations to strengthen MCC's charge card program controls, policies, and compliance with laws and regulations.

- **OIG Risk Assessment of the Inter-American Foundation Charge Card Program for Fiscal Years 2021 and 2020**

[Report No. 0-IAF-22-011-S](#)

Jun 10, 2022

We concluded that IAF's charge card programs posed a low risk of illegal, improper, or erroneous purchases and payments in fiscal years 2021 and 2020 and did not exceed \$10 million in spending; therefore, an audit of the program was not necessary. To improve IAF's compliance with OMB Appendix B, we made two recommendations.

- **OIG Risk Assessment of the U.S. African Development Foundation Charge Card Program for Fiscal Years 2021 and 2020**

[Report No. 0-ADF-22-010-S](#)

May 26, 2022

We concluded that USADF's charge card programs posed a low risk of illegal, improper, or erroneous purchases and payments in fiscal years 2021 and 2020. To improve USADF's compliance with OMB Appendix B, we made one recommendation.

Contract Audit Reports With Significant Findings

The National Defense Authorization Act, FY 2008 (Public Law 110-181, Sec. 845 Significant Findings From Contract Audit Reports) requires inspectors general to submit information on contract audit reports, including grants and cooperative agreements, that contain significant audit findings in semiannual reports to Congress.

Financial and Closeout Audit of Costs Incurred of American University of Afghanistan, Support to the American University of Afghanistan Program, Cooperative Agreement AID-306-A-13-00004, June 1, 2020, to February 28, 2021
[Report No. 5-306-22-012-N](#)

- The audit firm did not express an opinion on the schedule of costs incurred because it was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.
- The audit firm was unable to perform procedures to determine if there was any material weakness or significant deficiency in internal control or if there were any instances of noncompliance.
- The audit firm could not perform the audit as planned due to delayed responses from the university, power and internet outages, and ultimately, the Taliban's takeover of the university.
- As a result, the audit firm identified unsupported questioned costs of \$11,908,932—the entire amount of incurred costs reported by the university.

Information From OCO Quarterly Reports

Progress of Humanitarian Assistance Efforts in Contingency Settings [Quarterly Reporting](#)

We reported on humanitarian conditions and USAID response efforts in Afghanistan, Iraq, and Syria in association with the OIGs for the Departments of Defense and State as part of our responsibility for reporting on the progress of OCOs.

In **Afghanistan**, we:

- Reported on U.S. government efforts to respond to continued humanitarian needs, with the U.N. projecting approximately 60 percent of Afghanistan's population requiring humanitarian assistance in 2022.
- Described continuing USAID efforts to provide humanitarian assistance to the people of Afghanistan, while Taliban interference hindered humanitarian aid implementers' ability to program and deliver assistance.
- Highlighted a reduction in access to basic needs, including livelihoods, health, and education for women and girls, due to increased restrictions put in place by the Taliban.
- Reported on high levels of food insecurity in Afghanistan, driven by a collapsing economy and drought.

In **Iraq**, we:

- Reported on the deadlock in the government formation process while increased food prices strained public services.
- Reported on continued repatriation of Iraqi citizens from the al-Hol camp in Syria and USAID efforts to provide reintegration services.
- Described U.N. plans to scale down humanitarian assistance plans and transfer ongoing

activities to the Iraqi government and Kurdistan Regional government ministerial or governorate-level authorities by December 31, 2022.

In **Syria**, we:

- Reported on the deepening economic crisis in Syria, increasing humanitarian needs and food insecurity.
- Highlighted U.S. government efforts to ensure that U.N. cross-border access continued and described USAID efforts to provide emergency food assistance; health services; water, sanitation, and hygiene assistance; and shelter.
- Reported USAID steps to navigate currency manipulation by the Assad regime, which allowed the regime to divert nearly 51 cents of every international aid dollar spent in the country.

INVESTIGATIONS OVERVIEW AND REPORTING SUMMARY

Office of Inspector General - Investigative Activities

USAID OIG has statutory authority to conduct investigations into criminal and other misconduct compromising the foreign assistance programs and operations of the agencies it oversees. In addition to furthering criminal cases, civil False Claims Act recoveries, and suspensions and debarments, OIG's investigative activities led to USAID's adoption of changes in its programs and operations. The impact of our work can be seen in cases referred to USAID that led to prompt actions, including the removal of employees that engaged in gross misconduct; the government-wide suspension or debarment of individuals or organizations; and increased reporting of conduct that compromises U.S. foreign assistance programs from agency officials, U.N. organizations, and U.S.-funded organizations around the world.

Whistleblower Protection. Ensuring individuals' rights to report wrongdoing without fear of reprisal is essential to our mission. This includes:

- Assessing, responding to, and, when warranted, investigating allegations of whistleblower retaliation.
- Presenting in fraud awareness briefings, meetings with agency and implementer managers and staff, and in other external communications, on whistleblower retaliation protections afforded to Federal employees, staff of aid organizations, and other U.S. contractors or grantees.

USAID OIG's Whistleblower Protection Coordinator

OIG's statutorily designated Whistleblower Protection Coordinator educates employees about their rights and responsibility to make protected disclosures and the protections available should they choose to come forward. Located within our Office of Investigations, the Whistleblower Protection Coordinator:

- Educates agency employees on their legal right to disclose fraud, waste, abuse, and other misconduct, free from reprisal.
- Delivers information and materials on whistleblower protections at each of USAID's biweekly New Employee Orientations. During the period, this included 13 such sessions.
- Works with our Office of General Counsel to ensure that employees of USAID-funded recipients receive information on whistleblower rights and remedies.

We also provide information about whistleblower rights and remedies on our public website on a page dedicated to [whistleblower protection](#).

Contact USAID OIG's Whistleblower Coordinator

Email: oigombud@usaid.gov | Telephone (202) 712-1150

Narratives of Impactful Investigative Activity

Misuse of USAID Fuel Purchase Cards

USAID/Malawi disclosed to OIG that it identified \$12,000 in suspicious transactions and noted that nine mission-funded fuel purchase credit cards were missing. OIG's subsequent investigation discovered that a Foreign Service National (FSN) employee fraudulently used the fuel cards and stole approximately \$13,793 from USAID. As a result of OIG's findings and referrals, USAID terminated the FSN in March 2022 and executed a government-wide debarment of the employee in July 2022, preventing the employee's participation in U.S.-funded programs.

False Claims by Sub-Awardee Led to \$100,000 Settlement With Former CEO

In January 2019, a digital consulting firm and USAID sub-awardee disclosed to OIG that, from 2014 to 2016, it had overbilled several USAID prime awardees on cost-reimbursement awards. OIG's investigation found that the sub-awardee failed to track employees' labor hours in real time, often submitting false or speculative timesheets with its invoices. OIG further found that the company's CEO was knowledgeable of the billing practices and directed staff to list work hours that were not supported by timesheets. As a result of the investigation, in August 2022, the CEO entered into a civil settlement agreement with the U.S. Attorney's Office for the District of Columbia, agreeing to pay \$100,000 to settle false claims allegations.

Investigative Alerts

Referral Flagging Vulnerabilities in Cash Assistance Programming for Venezuelan Migrants in Colombia

In July 2022, OIG issued a memorandum informing USAID of vulnerabilities affecting cash assistance for Venezuelan migrants in Colombia. Cash assistance comes with inherent risks because it is highly fungible and difficult to track. The alert described:

- Numerous allegations that community leaders, local government officials, and leaders of displaced-person camps demanded money or political support in exchange for program enrollment, thus increasing the potential for coercion or SEA of beneficiaries.
- Allegations that beneficiaries received duplicative payments by providing false biodata during cash enrollment.
- Reports that individuals impersonated staff to charge prospective beneficiaries enrollment fees and obtain personally identifiable information.

As we learned with USAID's response to the Venezuela regional crisis, strong risk mitigation controls can help safeguard programming. Clear communication with international NGOs, U.N. agencies, and local partners about their obligation to report allegations of fraud, exploitation, and diversion is also important, as is amplifying reporting mechanisms available for individual complainants to come forward.

Referral Identifies a Declining Trend in Receiving Timely Reporting of Allegations of Fraud and Abuse in Yemen

In August 2022, OIG issued a memorandum to USAID identifying a declining trend in reporting of misconduct allegations involving agency programming in Yemen despite an increase in cash

outlays. Compliance with applicable agency policies and provisions, access to critical complaint information, and timely disclosures of credible allegations from all implementers are necessary for OIG to conduct its statutorily mandated oversight. As a result, USAID has instituted additional due diligence measures such as:

- Reiterating the importance of complaint and feedback mechanisms and reporting to USAID OIG;
- Including OIG reporting requirements in U.N. partner calls and implementing partner conversations;
- Leveraging its third-party monitor contractor in conducting thematic evaluations to understand how perspectives, needs, and experiences of affected communities are informing program design and implementation; and
- Contacting OIG's Office of Investigations to schedule fraud awareness briefings for all implementers operational in Yemen.

Task Force and Committee Participation

Joining Law Enforcement Task Forces to Further Our Reach and Impact

We joined and continued our work with more than a half-dozen law enforcement task and strike forces to further the global reach of our finite investigative resources. For example, our Office of Investigations currently participates in the Department of Justice's:

- Joint Task Force Vulcan, aimed at disrupting, dismantling, and ultimately destroying Mara Salvatrucha, commonly known as MS-13.
- Joint Task Force Alpha, an initiative to combat human smuggling and trafficking and to fight corruption in Central America.
- Procurement Collusion Strike Force Global, an effort to tackle potential collusion in bids for billions of dollars in U.S. funds spent abroad.

Advancing Interagency Efforts to Counter Fraud in Pandemic Responses

We investigated fraud allegations involving COVID-19 relief programs pursuant to a memorandum of understanding with the Pandemic Response Accountability Committee (PRAC) and the PRAC Fraud Task Force. The task force was established to facilitate coordinated oversight of the Federal government's pandemic response by bringing together 50 agents from 15 OIGs. Since 2020, we have dedicated USAID OIG agents part time to lead task force investigations. This reporting period, we added a fifth agent to the task force. This initiative allowed our Office of Investigations to make a broader contribution to the Inspector General community. Our criminal investigators met monthly with the PRAC Law Enforcement Subcommittee to share trends and best practices, and we also participated in the Department of Justice's COVID Fraud Enforcement Task Force, partnering with other government agencies to enhance enforcement efforts against COVID-19-related fraud.

Summary of Investigative Activities
USAID, MCC, USADF, and IAF
April 1, 2022 - September 30, 2022

Investigative Workload	
Investigations Opened	44
Investigations Closed	55
Investigative Reports Issued ⁱ	21

Prosecutive Referrals and Actions	
Persons Referred to the Department of Justice ⁱⁱ	15
Persons Referred to State or Local Prosecutors ⁱⁱⁱ	0
Criminal Indictments / Informations ^{iv}	6
Arrests	0
Convictions / Pleas	0

Administrative Referrals and Actions	
Entities Referred for Present Responsibility ^v	20
Suspensions or Debarments ^{vi}	1
Personnel Resignation, Curtailment, Removal, Suspension, or Termination ^{vii}	2
Award or Contract Suspension or Termination ^{viii}	2
New Rule, Policy, or Procedure Based on Investigative Findings ^{ix}	1

Monetary Results	
Criminal Fines, Restitutions, Recoveries, Assessments, or Forfeitures	\$0
Civil Fines, Restitutions, Recoveries, Penalties, Damages, or Forfeitures	\$100,000
Non-Judicial Restitutions, Recoveries, Forfeitures, Revocations, Seizures, or Settlements ^x	\$0
Funds Reprogrammed, Disallowed, or Saved Based on Investigative Findings ^{xi}	\$214,135

*Please refer to Appendix H for Investigative Metrics definitions.

INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

The following pages reference information throughout the report as required by the Inspector General Act of 1978, as amended, and other requirements, for the reporting period April 1, 2022, through September 30, 2022. Requirements for which OIG has nothing to report this period are also noted in the table below.

Additional information regarding activity during the current period for reports and recommendations can be found in separate appendixes to this document. These appendixes are available on our website under <https://oig.usaid.gov/our-work/semiannual-report>.

Appendixes:

- A. Listing of Reports During the Reporting Period
- B. Reports Issued Prior to April 1, 2022, With Open and Unimplemented Recommendations and Potential Cost Savings
- C. Performance and Financial Audits, Evaluations, and Other Reports
- D. Significant Recommendations Described Previously Without Final Action
- E. Reports With Questioned or Unsupported Costs
- F. 5(a)(9) Statistical Table: Recommendations That Funds Be Put to Better Use
- G. 5(a)(12) Significant Management Decisions With Which the Inspector General Is in Disagreement
- H. Audit Terms and Investigative Metrics Defined

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
§5(a)(1)	Significant problems, abuses, and deficiencies	Throughout This Report			
§5(a)(2)	Recommendations for corrective action with respect to significant problems, abuses, and deficiencies	Throughout This Report			
§5(a)(3)	Significant recommendations from previous semiannual reports on which corrective action has not been completed	Appendix D			
§5(a)(4)	Summary of matters referred to prosecutive authorities and resulting convictions	Nothing to Report			
§5(a)(5)	Matters reported to the head of the agency under section 6(c)(2) (refusal of assistance)	Nothing to Report			
§5(a)(6)	Listing of reports issued during the reporting period	Appendix A			
§5(a)(7)	Summary of significant reports	P. 11-16			

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
§5(a)(8)	Statistical table: questioned costs	Appendix E			
§5(a)(9)	Statistical table: recommendations that funds be put to better use	Nothing to Report			
§5(a)(10)(A)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	Appendix E (Item A)	Nothing to Report	Nothing to Report	Nothing to Report
§5(a)(10)(B)	Summary of audit reports for which the agency has not returned comment within 60 days of receipt of the report	Nothing to Report			
§5(a)(10)(C)	Summary of audit reports for which there are outstanding unimplemented recommendations, including aggregate potential cost savings of those recommendations	Appendix B			
§5(a)(11)	Significant revisions to management decisions made during the reporting period	Nothing to Report			
§5(a)(12)	Significant management decisions with which the Inspector General is in disagreement	Appendix G			
§5(a)(13)	Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	Nothing to Report			
§5(a)(14-15)	Peer reviews of USAID OIG	Nothing to Report			
§5(a)(16)	Peer reviews conducted by USAID OIG	Nothing to Report			

Reporting Requirements Under the Inspector General Act of 1978, as amended	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
§5(a)(17-18)	Statistical tables showing the number of investigative reports; number of persons referred to the Department of Justice (DOJ) for criminal prosecution; number of persons referred to State/local authorities for criminal prosecution; number of indictments/criminal information as a result of OIG referral; a description of the metrics used for developing the data for such statistical tables including a description of the metrics used for developing the data for such tables	P. 21, Appendix H			
§5(a)(19)	Report on each OIG investigation involving a senior government employee where allegations of misconduct were substantiated	Nothing to Report			
§5(a)(20)	Instances of (agency) whistleblower retaliation	Nothing to Report			
§5(a)(21)	Attempts by Agency to interfere with OIG independence including budget constraints and incidents where the Agency restricted or significantly delayed access to information	Nothing to Report			
§5(a)(22)	Detailed description of situations where an inspection, evaluation, and audit was closed and not disclosed to the public; and each investigation of a senior government employee was closed and not disclosed to the public	Nothing to Report			

Reporting Requirements, Other	Description	USAID, page in report	MCC, page in report	USADF, page in report	IAF, page in report
Significant Findings From Contract Audit Reports	The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181, section 845) requires Inspectors General to submit information on contract audit reports, including grants and cooperative agreements, that contain significant audit findings in semiannual reports to Congress.	P. 15			

Senior Foreign Service Member Cleared of Committing Acts Affecting Personal Financial Interests

OIG received allegations from the Office of Government Ethics that a USAID senior Foreign Service employee being vetted for a political appointment engaged in official acts affecting their personal financial interests. The investigation found that the employee did not directly participate or supervise anyone who directly participated in any matters that could affect the employee’s personal financial interest. OIG notified the designated agency ethics office of the result of the investigation in May 2022.

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