



U.S. Agency for International Development



Office of Inspector General

Semiannual Report to Congress
April 1, 2021-September 30, 2021

COVER: Supplies the U.S. government, through the U.S. Agency for International Development, donated to India, are unloaded from a U.S. Air Force plane in New Delhi, India. Photo: Martha VanLieshout/USAID (May 5, 2021)

Our Mission

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

Our Core Values

The Office of Inspector General commits to carrying out its mission in accordance with the following values:

Integrity

We are independent, objective, and ethical in our work.

Accountability

We are responsible, dependable, and committed to continuous improvement.

Excellence

We promote quality, innovation, and creativity for high-impact products and services.

Transparency

We promote open, clear, and relevant communication to inspire confidence and trust.

Respect

We promote a fair and professional work environment to maintain the highest standards of conduct.

Second half of fiscal year 2021

By the Numbers


INVESTIGATIVE RESULTS


 **\$32.4 million**
in recoveries, savings, and avoided costs

 **59**
investigations closed

 **17**
prosecutorial referrals

 **27**
administrative actions*

 **2**
criminal indictments

 **3**
suspensions or debarments

AUDIT RESULTS

 **\$65.9 million**
in questioned costs

 **191**
performance and financial
audits issued

 **130**
recommendations to
improve programs and
operations

 **\$2 billion**
in funds audited

*Including 3 present responsibility referrals, covering 7 organizations and individuals, for suspension or debarment consideration

Report Fraud, Waste, and Abuse

OIG's confidential hotline receives allegations of fraud, waste, abuse, and other misconduct.



- ✓ Federal employees must disclose fraud, waste, abuse, and corruption to appropriate authorities, such as an agency OIG.
- ✓ Contractors and grantees receiving U.S. funds must report allegations of fraud and misconduct based on mandatory disclosure requirements in Federal and agency-specific rules.
- ✓ Others, including beneficiaries of aid programs and employees of Federal contractors and grantees may report allegations to the OIG directly.

Report by **Telephone:** 1-800-230-6539 | **OIG's website:** <https://oig.usaid.gov/report-fraud>

MESSAGE FROM THE ACTING INSPECTOR GENERAL



Thomas J. Ullom
Acting Inspector General

I am pleased to present the USAID Office of Inspector General's Semiannual Report to Congress for the second half of fiscal year 2021. Our mission is to strengthen and safeguard U.S. foreign assistance and this report summarizes the results and impact of our oversight of USAID, the Millennium Challenge Corporation, the U.S. African Development Foundation, and the Inter-American Foundation from April 1, 2021, through September 30, 2021.

OIG works across the agencies we oversee and with our oversight partners worldwide to promote effectiveness, efficiency, and accountability within foreign assistance programs and to identify and prevent the fraud, waste, and abuse that can jeopardize their success. The 191 performance audits, evaluations, and financial audits we transmitted this period covered nearly \$2 billion in funds, generated 130 recommendations for corrective action, and identified \$65.9 million in questioned costs and funds to be put to better use. Prior, ongoing, and completed investigative work led to

\$32.4 million in recoveries and reprogrammed funds and 3 suspensions or debarments of individuals and organizations from receiving Federal awards. We made 17 referrals for prosecution and 3 present responsibility referrals, covering 7 organizations and individuals, for suspension and debarment consideration. Our investigative work resulted in more than a half dozen indictments, arrests, convictions, and sentencings.

Among other accomplishments, our audits, investigations, and other oversight activities drove changes in agency responses to the COVID-19 pandemic, and prompted action to improve risk management, strengthen monitoring, and address critical vulnerabilities in USAID's humanitarian responses. One OIG investigation found fraud and corruption at the highest levels of a foreign-government-run corporation in receipt of a USAID award of over half a billion dollars, prompting officials to withdraw funding from it and formally declare that the U.S. government would cease funding the corporation until it undertook needed reforms. We advised USAID of key considerations to inform its efforts to address the root causes of irregular migration from Northern Triangle countries. We also made recommendations to improve MCC's management and reporting around its program for assessing countries' commitment to governance, economic, and other reforms. We continued to promote the accountability of those entrusted with U.S. taxpayer funds through investigative work, working with USAID to reinforce our oversight authorities over international implementers. For example, based on an investigation into a nongovernmental organization's (NGO) potential concealment of past support to a terrorist organization, we prompted USAID to strengthen award provisions to ensure OIG access to NGO records. Aligning with fiscal year 2021 oversight priorities, our work focused on:

- ***Elevating Oversight of Agencies' Pandemic Responses***, which included work that prompted USAID to focus on ways to improve oversight of its contributions to global vaccine programs, and increased transparency around agencies' responses to the pandemic and challenges faced in critical priority country contexts like Afghanistan, Iraq, and Syria.
- ***Driving Coordinated Oversight of Humanitarian and Stabilization Assistance***, which included reporting on weaknesses in the Agency's ability to effectively monitor these programs, and humanitarian responses in overseas contingency settings. This also included alerts on vulnerabilities in the currency conversion process and to assistance efforts in Afghanistan stemming from the Taliban's actions.
- ***Strengthening Planning, Monitoring, and Evaluation to Sustain U.S.-Funded Development***, where our work identified areas to improve agency policies and procedures across a range of programs and processes, including branding and marking, monitoring and evaluation, and measuring progress against wider program goals.
- ***Advancing Accountability in Foreign Assistance Programs Involving Multiple U.S. Agencies and International Stakeholders***, where we found that USAID faced interagency policy coordination challenges in responding to the Venezuela regional crisis and had opportunities to strengthen oversight of a key public international organization.
- ***Identifying and Addressing Vulnerabilities in Agency Controls and Core Management Functions***, where we observed weaknesses in IT project management, areas for improvement in the protection of personally identifiable information, and opportunities to strengthen and clarify policy for preventing sexual exploitation and abuse in the aid sector.

Our oversight work, results, and impact on agency policies, programs, and operations is the product of our determination to identify risks, increase efficiencies, and combat corruption—each a critical focus for successful foreign assistance programming. We continued to engage robustly with stakeholders to inform foreign assistance plans from an oversight perspective. These efforts included coordinating for interagency impact, sustaining key oversight partnerships, and reinforcing awareness of our role throughout the aid sector. Noting the President's establishment of the fight against corruption as a core U.S. national security interest, we continue to prioritize the pursuit of bad actors and holding organizations accountable through the work we do. We have an observer role within USAID's Anti-Corruption Task Force, providing insight and institutional knowledge for combatting corruption in foreign assistance programs. We continue to provide investigative support to the Pandemic Response Accountability Committee to support the prosecution of criminals who have defrauded pandemic relief programs.

We tracked international trends, events, and other developments to help inform ongoing work and future plans. After another devastating earthquake struck the southwestern region of Haiti, we stood up a monitoring group to begin assessing oversight of U.S. programs in the country. Following the U.S. government's withdrawal of military forces from Afghanistan and evacuation of diplomatic, development, and other personnel, we began planning for oversight work to align with future USAID programming. As we plan oversight in these and other evolving areas of agency engagement, we do so with an awareness of the role it can play in helping position foreign assistance for future success.

At the close of fiscal year 2021, I remain deeply impressed by our staff's continuing resilience and commitment to overcoming challenges and advancing our critical role in safeguarding and strengthening international development and humanitarian work on behalf of the American people. Through it all, we remain dedicated to supporting this mission through independent, objective oversight and sharing the results of this work with agency leaders, Congress, and the public to help inform the important decisions before them.

Thomas J. Ullom

Acting Inspector General

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ABOUT OIG

USAID OIG safeguards and strengthens U.S. foreign assistance through timely, relevant, and impactful oversight. Under the Inspector General Act of 1978, we conduct independent audits and investigations to promote efficiency, effectiveness, and accountability and aim to prevent and detect fraud, waste, and abuse. We oversee all USAID programs and operations, as well as those of the Millennium Challenge Corporation (MCC), U.S. African Development Foundation (USADF), and Inter-American Foundation (IAF). Our oversight covers overseas contingency operations, which are strategically significant interagency responses to crisis or conflict, often involving humanitarian aid and stabilization activities. We also support the U.S. International Development Finance Corporation (DFC) OIG as the office builds internal oversight capacity.

We provide the results of our work to agency leaders, Congress, and the public. Our audits, investigations, and other oversight work is aligned with OIG’s strategic goals and oversight priorities, stakeholder needs and interests, program funding levels, and risks associated with agency programs and operations.

About the Agencies We Oversee

U.S. Agency for International Development Established in 1961, USAID leads U.S. development and humanitarian efforts in over 100 countries around the world to enhance and save lives. USAID programs combat the spread of disease, address food insecurity, promote democratic reform, and support economic growth to alleviate poverty. USAID also provides assistance to countries recovering from disaster and periods of conflict. Learn more at [usaid.gov](https://www.usaid.gov).

Millennium Challenge Corporation Created in 2004 to reduce poverty and increase living standards by promoting sustainable economic growth and open markets, MCC’s grant programs are focused on various sectors, including agricultural development, education, enterprise and private sector development, governance, health, water and sanitation, irrigation, transportation, electricity, and trade and investment capacity building. Under MCC grants (also known as *compacts*), selected countries establish a Millennium Challenge Account, which is responsible for managing projects under the compact and ensuring accountability. Learn more at [mcc.gov](https://www.mcc.gov).

U.S. African Development Foundation USADF was established in 1980 to provide direct development assistance to underserved and marginalized populations in conflict and post-conflict areas in Africa. USADF grants provide seed capital and technical support to African-owned enterprises that improve lives in poor and vulnerable communities—investments that aim to promote peace, security, and prosperous U.S. trading partners. Learn more at [usadf.gov](https://www.usadf.gov).

Inter-American Foundation

Created in 1969, IAF provides direct development assistance to grassroots organizations and NGOs in Latin America and the Caribbean. IAF grants support creative, self-help programs and activities that promote more profitable agriculture, microbusinesses, and community enterprises; expand employment opportunities through skills training; and offer access to water, basic utilities, and adequate housing. Learn more at iaf.gov.

Priority U.S. Foreign Assistance Initiatives Under OIG Oversight

Oversight of Overseas Contingency Operations

Overseas contingency operations (OCOs) occur in connection with declarations of war or national emergency or based on a designation by the Secretary of Defense.¹ Often in response to crisis or conflict, OCOs typically combine military, diplomatic, and development interventions to advance significant, cross-cutting U.S. national security objectives. They frequently involve USAID-supported humanitarian and stabilization programs and close interagency coordination.

Since 2013, USAID OIG has collaborated with the OIGs for the Departments of Defense, State, and Health and Human Services under Section 8L of the Inspector General Act to provide coordinated oversight and reporting for seven officially designated OCOs.² During the period, we contributed to reporting on Operation Freedom's Sentinel in Afghanistan and Operation Inherent Resolve in Iraq and Syria. Our reporting covered both USAID programming and operations, as well as the impact of the COVID-19 pandemic on affected countries and agency activities.

Agencies' COVID-19 Pandemic Responses

USAID has provided aid and assistance to more than 120 countries worldwide as part of the U.S. global response to the COVID-19 pandemic. The Agency reported approximately \$10.3 billion in appropriations, \$7.7 billion in obligations, and \$5.3 billion in disbursements toward its COVID-19 response, as of July 31, 2021, including programs that are delivering donated COVID-19 vaccines, helping to treat those suffering from the coronavirus disease, providing humanitarian relief, and addressing second-order effects in areas such as education, food insecurity, economic growth, and democratic governance.

Since March 2020, OIG has prioritized oversight of agency responses to COVID-19. We worked through our dedicated oversight task team to inform planning and coordination of oversight activities that promote effectiveness, efficiency, and transparency in agencies' COVID-19 pandemic responses. In May 2020, our investigators joined the Fraud Task Force under the Pandemic Response Accountability Committee, the independent inspector general committee designed to promote transparency and accountability on pandemic relief spending, to surge resources to investigate pandemic-related fraud.

¹ Such designation are made under 10 U.S.C. Section 101(13).

² This coordinated oversight framework, organized under a "Lead Inspector General," is established in Section 8L of the Inspector General Act of 1978, as amended (5 U.S.C. App.).

Foreign Assistance to Combat HIV/AIDS, Tuberculosis, and Malaria

The U.S. government provides foreign assistance to fight HIV/AIDS, tuberculosis, and malaria to help stem human suffering, economic loss, and political instability in developing countries. Under the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative (PMI), and other programs, the Departments of State and Health and Human Services (HHS), USAID, and other federal agencies coordinate and implement programs to prevent the spread of these infectious diseases and treat, care for, and support those affected by them.

We work with the OIGs for the Departments of State and HHS, as well as the Peace Corps to coordinate oversight activities and jointly develop coordinated annual plans for oversight to avoid duplication and maximize efficiency. Under our fiscal year 2021 plan, we continued audits and investigations to support these initiatives, prompting Agency action to withhold at-risk U.S. funding. We also recently issued our fiscal year 2022 coordinated oversight plan with our partner OIGs, establishing our collective oversight agenda for the new fiscal year.

USAID Office of Inspector General Offices



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.

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.

2018

Oversight of DFC

Under the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, OPIC and components of USAID merged to create the U.S. International Development Finance Corporation on January 1, 2020. OIG previously provided oversight to OPIC in a limited capacity, the results of which are included in this report. USAID OIG is working with the new DFC Inspector General to support oversight of DFC as it becomes fully operational.



AUDIT AND EVALUATION OVERVIEW AND REPORTING SUMMARY

Office of Inspector General—Audit and Evaluation Activity

OIG audits and evaluates the efficiency and effectiveness of U.S. foreign assistance programs and operations, typically including their internal controls and compliance with applicable laws, regulations, and agency guidance. We conduct performance audits and evaluations of programs and management systems and oversee mandated audits, such as financial statement audits required under the Chief Financial Officers Act of 1990 and performed by contracted independent public accounting firms. Many of our performance audits and evaluations are crosscutting and assess the planning and execution of major agency and interagency initiatives worldwide. This work leads to recommendations that trigger policy and programmatic changes to help agencies better achieve their goals.

Federal regulations and agency policies also require USAID and MCC to obtain appropriate and timely audits of U.S. and foreign grantees, contractors, and several enterprise funds, for which we also provide oversight. To complete these audits, USAID and MCC rely on non-Federal independent public accounting firms, the Defense Contract Audit Agency, and the supreme audit institutions of host governments.³ We typically perform desk reviews and, for select audits, quality control reviews of supporting workpapers, 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.

For MCC, we oversee non-Federal independent public accounting firms’ audits of Millennium Challenge Accounts, as well as non-U.S.-based contractors and grantees, performing desk reviews and quality control reviews of selected audits.

During the reporting period, we conducted or reviewed 191 audits and evaluations covering \$2 billion in programs with approximately \$65.9 million in questioned costs and funds to be put to better use. The following tables provide a breakdown of these amounts by category.



Questioned Costs

Potentially unallowable costs due to reasons such as inadequate supporting documentation or an alleged violation of a law, regulation, or award term.

Funds for Better Use

Funds that could be used more efficiently if management took actions to implement and complete OIG recommendations.

³ A supreme audit institution is a foreign country’s principal government audit agency.

**Performance and Financial Audits, Evaluations, and Other Reports:
USAID, MCC, USADF, and IAF⁴
April 1, 2021 - September 30, 2021**

U.S. Agency for International Development				
Audit Category <i>Conducted by OIG unless specified</i>	Number of Reports	Number of Recommendations	Amount of Recommendations (\$)	Audited Amount (\$)
Performance Audits	7	26	\$0	\$0
Performance Audits, conducted by an independent public accounting firm (IPA)	1	4	\$0	\$0
Evaluations	1	2	\$0	\$0
Risk Assessments of Agency Charge Card Programs, conducted by an IPA	2	0	\$0	\$0
Payment Integrity Information Audits, conducted by an IPA	1	0	\$0	\$0
Quality Control Reviews of Non-Federal Audits	5	0	\$0	\$0
Desk Reviews of Audits of U.S.-Based Contractors, conducted by the Defense Contract Audit Agency	4	3	\$34,121,524	\$233,699,284
Desk Reviews of Audits of U.S.-Based Grantees, conducted by the Defense Contract Audit Agency	1	0	\$0	\$4,080,731
Desk Reviews of Audits of Foreign Based Organizations	116	54	\$3,357,439	\$636,124,488
Desk Reviews of Audits of Foreign Government Institutions	10	9	\$6,505,361	\$40,968,183
Desk Reviews of Audits of U.S.-Based Contractors	5	6	\$11,418,876	\$176,899,965
Desk Reviews of Audits of U.S.-Based Grantees	4	8	\$7,351,473	\$28,969,457
Desk Reviews of Incurred Cost Audits of U.S.-Based Contractors, conducted by an IPA	23	6	\$1,256,004	\$735,426,199
Other – Desk Review of Local Currency Trust Fund Audit, conducted by an IPA	1	0	\$0	\$0
Totals	181	118	\$64,010,677	\$1,856,168,307

⁴We did not issue any audit, evaluation, or related reports on USADF or IAF programs and operations this reporting period.

Millennium Challenge Corporation				
Audit Category	Number of Reports	Number of Recommendations	Amount of Recommendations (\$)	Audited Amount (\$)
Performance Audits	1	3	\$0	\$0
Risk Assessments of Agency Charge Card Programs , conducted by an IPA	1	3	\$0	\$0
Payment Integrity Information Audits , conducted by an IPA	1	0	\$0	\$0
Desk Reviews of Millennium Challenge Account Audits and Reviews of Foreign Based Organizations	6	6	\$1,864,059	\$117,863,655
Desk Reviews of Millennium Challenge Account Audits and Reviews of Foreign Government	1	0	\$0	\$19,708,532
Totals	10	12	\$1,864,059	\$137,572,187
Grand Totals	191	130	\$65,874,736	\$1,993,740,494

Summary of Audit Reports Issued Prior to April 1, 2021, With Open and Unimplemented Recommendations and Potential Cost Savings: USAID, MCC, USADF, and IAF
As of September 30, 2021

Agency	Open and Unimplemented Recommendations			Monetary Recommendations					Adjusted Potential Cost Savings (\$)
				With Management Decisions			Without Management Decisions		
	Total	With Potential Cost Savings	Potential Cost Savings (\$)	Total	Potential Cost Savings (\$)	Potential Cost Savings Sustained (\$)	Total	Potential Cost Savings (\$)	
USAID	154	78	110,439,561	77	98,837,592	61,923,890	1	11,601,969	73,525,859
MCC	9	0	0	0	0	0	0	0	0
USADF	0	0	0	0	0	0	0	0	0
IAF	3	0	0	0	0	0	0	0	0
Total	166	78	\$110,439,561	77	98,837,592	\$61,923,890	1	\$11,601,969	\$73,525,859

This table is a summary of reporting requirements under Section 5(a)(10)(C) of the Inspector General Act of 1978, as amended. A complete listing of all our reports issued prior to October 1, 2020, with open and unimplemented recommendations can be found in Appendix B.

Monetary recommendations are those that identify either questioned costs, such as unsupported or ineligible costs, or funds recommended to be put to better use.

- An agency management decision to sustain all or a portion of the total amount of a recommendation signals the agency's intent to recoup or reprogram the funds.
- Once agency managers make such a decision, we acknowledge the dollar amount the agency has agreed to sustain as the most accurate representation of dollars to be saved, since it is this amount that the agency will attempt to recoup.
- When they are available, we use these sustained costs, adding them to those monetary recommendations that have yet to receive a management decision, to arrive at an adjusted figure that most accurately reflects potential savings, reflected as “Adjusted potential cost savings” in the above table.

INVESTIGATIONS OVERVIEW AND REPORTING SUMMARY

Office of Inspector General—Investigative Activity

OIG’s investigative work focuses on promoting employee integrity and accountability, as well as programs and operations that face a high risk of organized and systemic attempts at fraud, theft, diversion, and other abuse. Our investigative and legal outreach efforts serve to encourage a culture of compliance among U.S. foreign assistance implementers. We educate agency and implementer staff on fraud risks and prevention, and the need for timely and transparent reporting of misconduct, including allegations of sexual exploitation and abuse. We assess all allegations that we receive for potential criminal, civil, or administrative enforcement remedies.

Investigative activities and referrals may lead to new rules, procedures, or systemic changes in agency programs and operations. We measure the total monetary impact of our investigative activities based on resulting criminal, civil, and recoveries, savings, and funds reprogrammed away from identified bad actors—over \$32 million during this reporting period. For a detailed description of each metric, see page 60. The non-monetary impact of our work can be seen in cases that lead to prosecutions, prompt agency action to discipline employees that engaged in gross misconduct, present responsibility referrals for suspension and debarment consideration, and general deterrence resulting from increased reporting from USAID officials, U.N. organizations, and USAID implementers across the world.

Whistleblower Protection and Addressing Whistleblower Retaliation

Ensuring individuals’ rights to report wrongdoing without fear of reprisal is essential to our mission. We therefore prioritize assessing and responding to allegations of whistleblower retaliation by agency management or foreign assistance implementers. We review these complaints in a timely and thorough manner, in accordance with applicable law.

USAID OIG’s Whistleblower Protection Coordinator

OIG’s statutorily designated Whistleblower Protection Coordinator educates employees about their right 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 reporting period, this included 16 such sessions.
- Works with our General Counsel and Office of Investigations to ensure that USAID employees and employees of USAID fund 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 OIG’s whistleblower coordinator by Email: oigombud@usaid.gov, or call (202) 712-1150.

We are committed to maintaining certification under the U.S. Office of Special Counsel's 2302(c) program, which helps Federal agencies meet the statutory obligation to inform their workforces about the rights and remedies available to potential whistleblowers. We also provide training to our own personnel who have the same right to disclose wrongdoing as their agency counterparts.

**Investigative Activities Including Matters Referred to Prosecutive Authorities
USAID, MCC, USADF, and IAF
April 1, 2021-September 30, 2021**

Recoveries and Savings	
Judicial Recoveries (Criminal and Civil)	\$100
Administrative Recoveries	\$0
Savings	\$27,246,809
Cost Avoidance	\$5,175,470
Total ⁴	\$32,422,379

Workload	
Investigations Opened	29
Investigations Closed	59
Number of Reports Issued	12

Criminal Actions	
Prosecutive Referrals	17
Arrests	1
Criminal Indictments	2
Criminal Informations	0
Convictions	2
Sentencings	2
Fines/Assessments	1
Restitutions	0
Total	25

Administrative Actions	
Entities Referred for Present Responsibility	7
New Rules/Procedures	4
Personnel Suspensions	1
Resignations/Removals	3
Recoveries	0
Suspensions/Debarments	3
Contract Terminations	1
Award Suspension	0
Other	8
Total	27

Civil Actions	
Civil Referrals	2
Judgments	0
Settlements	0
Total	2

⁴ Our investigative monetary returns for this period were either de-obligated or redirected to other organizations to execute programming previously performed by an organization whose contract was not renewed by USAID based on OIG investigative findings that the latter was compromised by corruption. This matter is ongoing and OIG will provide further information in future reports.

SIGNIFICANT FINDINGS AND ACTIVITIES

USAID, MCC, USADF, and IAF


OIG audits, evaluations, and other reporting this period continued to focus on agency responses to COVID-19, as we described agency monitoring capabilities during the pandemic and issued recommendations to improve oversight of U.S. vaccine contributions. We identified prevailing challenges and opportunities for improvement across agency programs, making recommendations on risk management and oversight within USAID humanitarian aid programs, including the Agency’s responses to the Venezuela regional crisis and in Africa’s Sahel region, as well as its activities to prevent sexual exploitation and abuse in the aid sector. Our information technology and financial management-focused audits identified opportunities to improve the Agency’s Development Information Solution System and agency charge card programs.

Prior and ongoing investigative work led to criminal, civil, and administrative actions this period against individuals and organizations that engaged in fraud or other misconduct, thereby diminishing the integrity and impact of U.S. foreign assistance. We informed USAID of vulnerabilities that compromise its ability to effectively hold bad actors accountable, and pointed to weaknesses in the administration of certain aspects of its humanitarian and global health programs, leading the Agency to strengthen guidance and controls in these areas.

ELEVATING OVERSIGHT OF AGENCY PANDEMIC RESPONSES

USAID’s worldwide response to the COVID-19 pandemic includes programs to help partner countries prevent and treat COVID-19, protect the safety and health of its global workforce, and ensure continuity of its mission. This period, we issued work under our [COVID-19 Oversight Plan, Fiscal Years 2021-2022](#), reporting on the status of agency COVID-19 responses worldwide through our third informational brief and Lead Inspector General reporting on conditions and activities under two OCOs. Our evaluation of USAID’s COVID-19 vaccine contributions prompted the agency to strengthen existing oversight mechanisms.

Impact Spotlight: Elevating Oversight of Agency Pandemic Responses

 <p>Audits</p>	<p>What We Found:</p> <p>The public international organization responsible for procuring and distributing COVID-19 vaccines globally may not have sufficient oversight mechanisms to protect USAID’s contribution in such a high-risk program.</p>	<p>Impact on Agency Programs and Operations:</p> <p>In response to our recommendations, USAID inserted additional clauses to its award template for this public international organization that will permit greater oversight of its future contributions to the organization.</p>
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U.S. COVID-19 Vaccine Contributions: USAID Should Consider Enhancing Oversight to Mitigate Risk of Fraud, Waste, and Abuse
[Evaluation Report No. E-000-21-002-M](#)

To review the status of USAID’s development and implementation of a COVID-19 vaccine strategy, we examined the Agency’s progress toward establishing such a strategy and reviewed the efforts of four USAID missions in Honduras, India, Nigeria, and Ukraine to assist host governments in their vaccination readiness efforts. We also reviewed USAID’s oversight of its contribution to Gavi, a public international organization, for the procurement and delivery of COVID-19 vaccines.

At the time of our review, USAID was finalizing a COVID-19 response strategy amid challenges as missions supported implementation of host-country plans. USAID needed to develop a new COVID-19 response strategy to address shifting government priorities and faced several systemic challenges with potential to complicate implementation of a vaccination strategy, including human resources constraints, supply chain and logistics challenges, and gaps in systems to monitor and evaluate adverse events.

Based on our review, additional oversight may be needed to mitigate the risk of fraud, waste, and abuse for USAID’s contribution to Gavi, which totaled \$4 billion. Gavi reported that its traditional oversight process was developed for vaccination programs that pose a low risk for fraud, including theft and diversion, whereas the COVID-19 program, which poses a high risk, may require more resources than Gavi has in place. USAID acknowledged that the existing fraud oversight process for this contribution may be insufficient to respond to related fraud risks.



First vial of COVID-19 vaccines administered in Ghana. Photo: Aimee Ogunro/USAID. (March 1, 2021)

We made two recommendations, which USAID agreed with, to the USAID Bureau for Global Health to mitigate current and future risks of contributions to Gavi. One of the recommendations has been closed pursuant to corrective actions taken by USAID, which include the insertion of additional clauses to its award template for Gavi that will permit greater oversight of its future contributions to the organization.

USAID Adapted To Continue Program Monitoring During COVID-19, But the Effectiveness of These Efforts Is Still To Be Determined
[Audit Report No. 9-000-21-007-P](#)

The emergence of COVID-19 and the resulting pandemic led to USAID taking public health and safety measures, such as authorizing the return of U.S. government personnel to the United States and providing maximum telework flexibilities across the Agency's missions. Personnel remaining at overseas missions were severely limited in their ability to travel both within and outside of their countries, resulting in many USAID missions seeing a reduction in their ability to monitor foreign assistance programs.

Officials from USAID's Bureaus for Africa, Asia, Latin America and the Caribbean, and the Middle East, and selected USAID missions in Burma, Egypt, Haiti, and Nigeria cited challenges to program monitoring efforts, including movement restrictions and technology challenges. While all the selected missions noted that they benefited from the flexibilities and guidance that USAID provided and adapted monitoring accordingly, the extent to which the flexibilities adopted by USAID have been effective at monitoring and ensuring program performance remains unknown given the ongoing nature of the pandemic.

COVID-19 Information Brief #3: COVID-19 Activity Update
[Special Report](#)

USAID is a key player in the United States' international efforts to respond to the COVID-19 pandemic and address its secondary impacts. OIG's third COVID-19 Information Brief covered USAID COVID-19 response and preparedness activities from December 2020 through March 2021, including USAID's assistance to countries in preparation for the delivery of COVID-19 vaccines, and its own efforts to vaccinate its domestic and overseas workforce.

We reported that USAID had limited ability to monitor the 8,722 donated ventilators delivered to 43 countries and the North Atlantic Treaty Organization last year, since it decided in April 2021 not to pursue a contract to monitor all ventilators, did not integrate the ventilator donations into its Program Cycle, and exempted those donations from downstream monitoring requirements. However, the Agency was tracking the operational status of the ventilators through implementers and ventilator manufacturers, and 93 ventilators in 15 countries experienced operational problems and were being repaired or replaced during the reporting period.

We also described how USAID's humanitarian supply chains adapted to pandemic disruptions through waivers, a diverse supplier base, and multiple prepositioning warehouses around the world. As women and girls have faced unique and harsh challenges during the pandemic, we reported on the Agency's related efforts to address gender-based violence, preserve access to reproductive care, and support female business owners. We also discussed MCC, USADF, and IAF adaptations to the COVID-19 pandemic as well as OIG oversight plans and activities.

COVID-19's Impact and USAID Responses in Contingency Settings

[Quarterly Reporting](#)

We reported on how the COVID-19 pandemic has impacted countries and U.S. government operations associated with two OCOs in coordination with the OIGs for the Departments of Defense and State, one reflecting on conditions in Afghanistan, and the other in Iraq and Syria. For information on our OCO reporting beyond the impact of COVID-19, see page 21.



- In **Afghanistan**, COVID-19 testing challenges hindered attempts to accurately assess the impact of the disease, and test positivity rates remained at 50 percent by the end of June 2021. USAID reported that women were underrepresented in both COVID-19 testing and cases reported by the Afghan Ministry of Public Health. While Afghanistan was included as a recipient of U.S.-donated surplus vaccines early in the year, by July 1, before the Taliban assumed control of the country, only 2 percent of Afghans had been vaccinated, with women receiving fewer vaccinations than men.
- In **Iraq**, COVID -19 continued to affect program implementation, according to USAID, with COVID-19 restrictions on in-person engagements limiting project engagements. In response, some implementers engaged beneficiaries virtually, while others more reliant on in-person exchanges reported difficulties reaching targets. Bureau of Humanitarian Assistance implementers continued COVID-19 risk communication and community engagement activities, which included fact-based messaging about the COVID-19 vaccines and addressing misinformation and vaccine hesitancy. USAID also supported COVID-19 screening; distribution of infection prevention and control kits in internally displaced person camps; and healthcare worker training on case management, infection prevention and control, and vaccination. Following an April 2021 hospital fire at a facility designated for COVID-19 patients, USAID provided replacement materials and equipment and supported facility repairs and installation of fire-resistant material to replace ceilings.
- In **Syria**, COVID-19 restrictions on mobility and group gatherings continued to delay programming, according to USAID. Implementers conducted digital and limited in-person activities but reported significant challenges in maintaining programming. COVID-19 mitigation measures also limited humanitarian worker access to displaced persons camps. The Bureau of Humanitarian Assistance cited these issues as the basis for terminating awards or extending award periods of performance at no cost. To address COVID-19 conditions in Syria, USAID supported health response capacity by providing primary healthcare services through mobile medical units, training Syrian medical workers, and providing equipment to health facilities. USAID also worked with a local health committee to build a medical grade oxygen refilling plant in an old warehouse that refilled and distributed locally sourced oxygen cylinders to local hospitals.



DRIVING COORDINATED OVERSIGHT OF HUMANITARIAN AND STABILIZATION ASSISTANCE

USAID provides aid and assistance in areas affected by conflict, government instability, or cataclysmic natural events. Managing risks inherent in a crisis response has been a longstanding challenge for USAID, as heightened security risks and the large amounts of money involved in providing humanitarian assistance make monitoring programs in these settings essential but difficult.

This period, we issued audits that underscored the need for stronger planning, guidance, and monitoring in certain humanitarian responses. We continued to report on humanitarian responses in overseas contingency settings and our investigative work led to alerts pointing to vulnerabilities affecting the currency conversion process in such settings, humanitarian assistance in Afghanistan, and sexual exploitation and abuse reporting and investigative cooperation from a U.N. organization. USAID made progress toward implementing related recommendations, including those from previous periods.

Impact Spotlight: Humanitarian and Stabilization Assistance



Audits

What We Found:

Our [audit](#) of USAID’s Syria response, issued in the prior reporting period, pointed to the need for enhanced management of fraud risks in humanitarian assistance.

Impact on Agency Programs and Operations:

This period, in response to our recommendation, USAID built specific conditions into its awards to a program implementer to help minimize risk.



Audits

What We Found:

USAID faced significant policy, coordination, and strategic planning challenges in responding to the Venezuela regional crisis.

Impact on Agency Programs and Operations:

In response to our recommendations, USAID took actions, which included moving to clearly define the strategically significant Venezuela regional program’s program-level goals and objectives, clarify priorities, align them with U.S. foreign policy, and map how the program could adjust to evolving scenarios.



Audits

What We Found:

In a previously-issued [audit](#) of USAID’s activities in Iraq, we found that USAID’s guidance and practices did not encourage transitioning from humanitarian assistance to longer term stabilization activities in Iraq.



Impact on Agency Programs and Operations:

This reporting period, USAID took steps to close related OIG recommendations, which included developing and distributing procedures for tracking and responding to third party monitoring findings as well as instituting coordination and information sharing activities among humanitarian assistance, stabilization, and development programs in Iraq.

Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID’s Venezuela Response

[Audit Report No. 9-000-21-005-P](#)

Political and economic turmoil in Venezuela triggered one of the largest humanitarian crises in the history of the Western Hemisphere, leading 5.1 million Venezuelans to leave the country to escape hardship. The outpouring of migrants from Venezuela and the resulting impact on the Latin America and the Caribbean region has emerged as a critical foreign policy priority for the U.S. government.

Our audit of USAID response efforts reported that USAID partnered with the State Department to prioritize the delivery of assistance to the Venezuelan people and to neighboring countries supporting and aiding Venezuelan migrants. However, USAID faced significant policy, coordination, and strategic planning challenges in responding to the crisis, including not having considered certain humanitarian principles into its internal guidelines or developing strategic humanitarian response plans. Also, while USAID’s offices incorporated leading practices to manage fraud risks, their guidelines to implementers lacked risk management requirements.

USAID concurred with all of our recommendations to improve USAID’s response to the Venezuela regional crisis and future responses to international disasters. Of the six recommendations, the first two remain open pending completion of planned activities, while the remaining four have been closed this period.

USAID’s RISE Program in the Sahel Aligned With Resilience Policies but Lacked Robust Monitoring

[Audit Report No. 4-000-21-003-P](#)

USAID’s Resilience in the Sahel Enhanced (RISE) initiative has been a multidimensional effort to address the Sahel region’s extreme poverty and chronic food insecurity, specifically within Burkina Faso and Niger. RISE I was a 5-year effort initiated in 2014 that received \$348 million in USAID funding. A follow-on project, RISE II, continues the same operational approach to assisting rural populations in Burkina Faso and Niger, with planned USAID funding of \$446.3 million through fiscal year 2023. In recent years, USAID has focused on promoting resilience in vulnerable

USAID’s RISE Program in the Sahel Aligned With Resilience Policies but Lacked Robust Monitoring
[Audit Report No. 4-000-21-003-P](#)

areas like the Sahel to respond to recurring crises year after year. In particular, its resilience policy outlines three main goals: increased adaptive capacity, improved ability to address and reduce risk, and improved social and economic conditions of vulnerable populations.

USAID designed its RISE I activities to align with its resilience policy goals. We verified that key resilience principles contained in USAID’s policy had been incorporated into the scopes of work for the selected activities we reviewed and noted



People carry their belongings while walking in a street flooded by the waters from the Niger river that flooded in the Kirkissoye neighborhood in Niamey, Niger on August 27, 2020. Photo: Boureima Hama/AFP. (October 29, 2020)

that while planning RISE II, USAID undertook a structured effort to ensure that lessons learned from RISE I implementation were collected and incorporated into the follow-on activities. However, we found that USAID did not fully implement planned monitoring and evaluation activities to ensure that RISE I activities were on track to achieve targets. As the weaknesses giving rise to this condition had not been factored into RISE II plans, we made two recommendations to address them. We discuss this finding further on page 25 in the next section of this report relating to planning, monitoring, and evaluation.

Key Considerations to Inform USAID’s Engagement in the Northern Triangle Countries
[Advisory](#)

The Northern Triangle region—comprised of El Salvador, Guatemala, and Honduras—is a significant source of irregular migration⁶ with an estimated 311,000 migrants leaving the region annually between fiscal years 2014 and 2020, with most bound for the United States.⁷ In February 2021, with a renewed focus on the region and efforts to address the root causes of irregular migration, President Biden issued Executive Order 14010, which laid out a multipronged approach to irregular migration, including establishing a comprehensive strategy to address the root causes of migration from Central America.

⁶ The International Organization for Migration defines irregular migration as the movement of persons that takes place outside the laws, regulations, or international agreements governing the entry into or exit from the State of origin, transit, or destination.

⁷ Congressional Research Service, “Central American Migration: Root Causes and U.S. Policy” (IF11151), April 22, 2021

Key Considerations to Inform USAID’s Engagement in the Northern Triangle Countries

[Advisory](#)

Drawing from past oversight work and building on the top management challenges we have reported to USAID, OIG issued an advisory notice to provide considerations for USAID as it implements expanded programming to address irregular migration from the Northern Triangle region. The advisory highlighted several issues specific to humanitarian assistance such as fraud risks and the risk of funds being diverted, monitoring challenges, and the transition from emergency response efforts to ongoing development programming.

OIG Flags Currency Conversion Vulnerability in Complex Emergency Environments

Investigative Alert

In April 2021, we sent a Fraud Alert to USAID’s Bureau of Humanitarian Assistance regarding vulnerabilities in its process for converting U.S. dollars into local currencies in complex emergency environments. As noted in our alert, USAID implementers operating in countries that are designated as complex emergencies lack formal currency exchange guidance, allowing for the potential utilization of unregulated or unlicensed Money Transfer Agents. Such informal methods generally do not yield documentation denoting the amount of currency exchanged, the currency exchange rate recognized during the transaction, or any applicable fees that may have been paid. This lack of documentation, as well as unregulated rates and inhibited oversight, exposes the Agency to increased risks of embezzlement, funds diversion, and fraudulent invoicing.

OIG Alerts Agency to Humanitarian Assistance Risks Under Taliban Rule

Investigative Alert

In September 2021, we sent a Situational Alert to USAID’s Bureau of Humanitarian Assistance regarding multiple ongoing OIG investigations that each revealed Taliban pressure on USAID implementers, including allegations of the diversion of goods to the Taliban and direct cash payments to and employment of the Taliban in exchange for continued access to beneficiaries, security, and safe passage in Taliban-controlled areas. We also highlighted reports that we received alleging that the Taliban threatened the lives of local sub-awardee personnel, claimed credit for aid distribution, interfered in aid distribution, taxed beneficiaries and delivery services, and stole food commodities. These investigations and reports demonstrate trends in Afghanistan that suggest the Taliban’s takeover will present significant challenges within future USAID humanitarian aid efforts.

OIG Alerts Agency to Deficiencies in U.N.

Organization’s Efforts to Investigate Sexual Exploitation and Abuse Allegations

Investigative Alert

In August 2021, we issued a memorandum to USAID flagging concerns about lack of cooperation from a U.N. organization in providing information in response to our investigative inquiry into allegations of sexual exploitation and abuse against the organization’s doctors operating in the Democratic Republic of Congo.

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 those settings.

- In **Afghanistan**, prior to the August 2021 fall of Afghan National Security Forces to the Taliban, we reported on significant increases in humanitarian access constraints. USAID humanitarian implementers experienced bureaucratic impediments, movement restrictions, and threats of violence against their staff, with conditions worsening as the Taliban continued to gain territory. We also noted a year-on-year doubling in the number of Afghan internally-displaced persons, and pronounced food insecurity with 29 percent of the total population experiencing acute food insecurity due to conflict, the COVID-19 pandemic, high food prices, and severe unemployment by the end of June 2021.
- In **Iraq**, we noted that authorities began the process of repatriating Iraqis from refugee camps in Syria, while also renewing efforts to close all remaining camps for internally-displaced persons in federal Iraq, reducing the number of camps from 15 to 2. Approximately 30 percent of those affected by the camp closures did not return home, became further displaced at secondary sites, and did not have access to the same levels of assistance as internally-displaced persons in formal camps.
- In **Syria**, the last U.N. sponsored border-crossing was narrowly reauthorized by the U.N. Security Council. The Bab al-Hawa border-crossing in Northwest Syria handles the entirety of land-based humanitarian aid into non-regime-held regions. USAID previously identified that a major deterioration of humanitarian assistance would occur if Bab al-Hawa were to not to retain authorized border crossing status. Currently the authorization will last until July 10, 2022.



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

USAID has worked to ensure that U.S.-funded development is sustainable and endures after U.S. support ends. USAID therefore calls for investing in communities that have a stake in continuing activities and services, building local skills, and promoting planning that fosters sustainability, which could include public- or private-sector participation and financial backing.

This period, our investigative work found fraud and corruption at the highest levels of a recipient of a USAID award of over half a billion dollars, leading USAID to take prompt action to protect the integrity of its funding and deobligate or reprogram over \$32 million in funds. We identified weaknesses in USAID’s ability to effectively monitor programs, partially the result of pandemic-related restrictions. Our audit of USAID’s branding policies underscored needed improvement around its approval of waivers and formalizing responsibility for compliance monitoring. Our MCC-focused audit work made recommendations to improve the Agency’s approach to gauging overall progress of its threshold program, which assists countries become eligible for MCC compacts.

Impact Spotlight: Planning, Monitoring, Evaluation to Sustain Development



Audits

What We Found:

While branding and marking are key ways to promote the visibility of U.S. foreign assistance, policy weaknesses increased potential for inconsistent implementation and monitoring of branding and marking requirements.



Impact on Agency Programs and Operations:

In response to OIG recommendations, USAID has agreed to revise policies on branding and marking waivers and formally establish related monitoring requirements for USAID staff overseeing grants and cooperative agreements.



Audits

What We Found:

USAID did not fully implement planned monitoring and evaluation activities in an initial resilience promotion project, and monitoring shortfalls may persist in its follow-on project.



Impact on Agency Programs and Operations:

USAID agreed with our recommendations to strengthen its monitoring and evaluation procedures, which should allow the Agency to better track activity progress toward higher level goals and evaluate the specific impact of the follow-on project.

OIG Investigative Referral Led to Demarche and Protection of Over \$32 Million Investigation

An OIG investigation found fraud and corruption at the highest levels of a foreign government-run corporation in receipt of a USAID award of over half a billion dollars. After we shared our findings with USAID, the Agency took prompt action to protect the integrity of its funding and deobligate or reprogram over \$32 million in funds. The corruption concerns we identified also resulted in communications from senior State Department officials to the foreign government declaring that the U.S. government would cease funding the corporation until it undertook needed reforms. Our concurrent coordination with The Global Fund to Fight AIDS, Tuberculosis, and Malaria, also informed its programmatic decisions and engagement with the corporation.

USAID Communicated and Enforced Branding and Marking Policies but Could Further Clarify Waiver Requirements and Monitoring Responsibilities
[Audit Report No. 9-000-21-008-P](#)

Branding and marking are central elements of USAID’s effort to enhance the visibility and value of U.S. foreign assistance. However, according to USAID, beneficiaries of billions of dollars in U.S. foreign assistance are often unaware that the aid they receive is provided by the American people, which has become necessary as foreign assistance programs have been more fully integrated into the U.S. National Security Strategy.



Implementer-developed products marked with the USAID graphic identity. Clockwise from left to right: a poster, report cover, an event banner, and promotional umbrellas. Photos Courtesy of National Democratic Institute, Save the Children, energysecurityua.org, and Path International, respectively. Collage by USAID OIG.

While we found that USAID’s policies and procedures were consistent with Federal requirements, additional clarification could address some weaknesses in waiver requirements, including the lack of documentation of key elements in waiver decisions, consistency in the filing of waivers, and clarity in the use of the term “blanket waiver.” Additionally, while USAID’s oversight methods generally ensured that implementers complied with branding and marking requirements for sampled awards, agreement officer’s representatives were not formally assigned responsibility to monitor marking, even though they reported monitoring compliance.

We reached agreement with USAID on our three recommendations to better ensure compliance with branding and marking requirements, though corrective actions were pending at the end of the reporting period.

MCC Should Do More to Assess the Threshold Program's Progress in Achieving Its Overall Objectives
[Audit Report No. M-000-21-001-P](#)

MCC's Threshold Program provides compact grants to countries undertaking difficult policy reforms once they demonstrate their commitment to just and democratic government, economic freedom, and investments in their people. However, Congress has previously expressed concern that MCC sometimes selected countries for compact eligibility before the countries implemented Threshold Program-related reforms.

We conducted this audit to determine the extent to which MCC had assessed the implementation and overall objectives of the Threshold Program. We found that MCC's Threshold Program division collected data from individual partner countries to ensure the timely completion of projects in a manner consistent with MCC standards, but it did not use the data to assess progress in achieving the overall objectives of the Threshold Program. Additionally, some members of the Board Representatives Interagency Advisory group indicated that additional performance information on countries in the Threshold Program would aid in the deliberation process for compact selection. Also, while MCC recommended that partner countries substantially implement projects in the Threshold Program to reduce risk, the agency did not clearly define what substantially implementing programs entailed.

We made three recommendations to improve measurement of Threshold Program performance and communication and use of performance results. At the end of the reporting period, MCC had made a management decision on one recommendation, while the other two were awaiting a decision.

USAID Adapted To Continue Program Monitoring During COVID-19, But the Effectiveness of These Efforts Is Still To Be Determined
[Audit Report No. 9-000-21-007-P](#)

Our previously referenced audit on USAID's program monitoring adaptations in response to COVID-19 (see page 15) noted USAID's public health and safety measures, such as authorizing the return of U.S. government personnel to the United States and providing maximum telework flexibilities across the Agency's missions, in response to the COVID-19 pandemic. The audit found that USAID missions experienced a reduced ability to monitor foreign assistance programs as restrictions left personnel remaining at overseas missions limited in their ability to travel both within and outside of their countries.

Officials from USAID's Bureaus for Africa, Asia, Latin America and the Caribbean, and the Middle East, and selected USAID missions in Burma, Egypt, Haiti, and Nigeria, cited challenges to program monitoring efforts, including movement restrictions and technology challenges. These restrictions limited staffs' ability to conduct in-person site visits, limited in-person verification of data from implementers, and kept staff from engaging directly with beneficiaries. While all the selected missions noted that they benefited from the flexibilities and guidance that USAID provided and adapted monitoring accordingly, the extent to which the

flexibilities adopted by USAID have been effective at monitoring and ensuring program performance remains unknown given the ongoing nature of the pandemic.

**USAID’s RISE
Program in the
Sahel Aligned With
Resilience Policies
but Lacked Robust
Monitoring**
[Audit Report No.
4-000-21-003-P](#)

As noted on page 19, our audit of USAID’s RISE initiative found that USAID did not fully implement planned monitoring and evaluation activities to ensure that RISE I activities were on track to achieve targets. USAID’s monitoring and evaluation contractor did not complete all of the required work on time or to the extent planned. Furthermore, USAID did not take all appropriate steps to ensure that all RISE I performance indicators were useful and could be used to make appropriate course corrections.

While planning for RISE II—RISE I’s follow-on project—USAID undertook a structured effort to ensure that lessons learned from RISE I implementation were collected and incorporated into the follow-on activities. Although USAID addressed several lessons learned, monitoring weaknesses identified during RISE I—untimely completion of evaluations, absence of targets for intermediate results indicators, and incomplete tracking and verification of evaluation recommendations—had not been addressed and had potential to persist during RISE II.

We made two recommendations to better ensure that monitoring weaknesses identified in RISE I do not persist in RISE II. USAID agreed with and made management decisions on both recommendations.



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 international development objectives. OIG provides oversight of initiatives involving multiple U.S. agencies and international stakeholders to ensure that U.S. foreign assistance dollars are used efficiently and effectively to meet both aims and align with U.S. strategic interests.

Previously mentioned audits—namely those focused on USAID’s humanitarian response to the Venezuela regional crisis and its vaccine strategy—pointed to challenges with respect to setting policy, coordination, and ensuring effective oversight of high-risk initiatives.

Impact Spotlight: Accountability in U.S. Foreign Assistance Programs Involving Multiple Agencies and Stakeholders



Audits

What We Found:

USAID faced significant interagency policy, coordination, and strategic planning challenges in responding to the Venezuela regional crisis.



Impact on Agency Programs and Operations:

USAID agreed to improve its response to the Venezuela regional crisis and, in some instances, improve its future responses to international disasters. In response to a recommendation on interagency coordination, USAID is implementing a Memorandum of Understanding it signed with the State Department.



Audits

What We Found:

In 2018, our audit of USAID’s response to the 2014 Ebola outbreak in West Africa found that USAID had not developed a policy framework for responding quickly to large-scale international public health emergencies.



Impact on Agency Programs and Operations:

In this reporting period, we closed a recommendation regarding interagency coordination as USAID demonstrated ways that it collaborated, coordinated, and consulted with the U.S. Centers for Disease Control and Prevention in subsequent Ebola outbreaks and the COVID-19 pandemic.

Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID's Venezuela Response

[Audit Report No. 9-000-21-005-P](#)

As noted on page 18, our audit on USAID's response to the Venezuelan regional crisis reported that USAID partnered with the State Department to prioritize the delivery of assistance to the Venezuelan people and to neighboring countries supporting and aiding Venezuelan migrants. However, we also found that USAID faced significant policy, coordination, and strategic planning challenges in responding to the Venezuela regional crisis, from not having a process for documenting directives from the National Security Council and the State Department to not having developed joint strategic humanitarian response plans.

We reached agreement with USAID on our six recommendations to improve USAID's response to the Venezuela regional crisis and future international disasters, one of which pertained to interagency coordination matters. OIG closed this recommendation in response to USAID corrective actions.

U.S. COVID-19 Vaccine Contributions: USAID Should Consider Enhancing Oversight to Mitigate Risk of Fraud, Waste, and Abuse

[Evaluation Report No. E-000-21-002-M](#)

Public international organizations play an important role in USAID programs. As previously noted on page 14 we reviewed USAID's oversight of its contribution to Gavi, a public international organizations , for the procurement and delivery of COVID-19 vaccines. Gavi noted that its traditional oversight process was developed for vaccination programs that pose a lower risk of fraud than COVID-19 vaccination efforts, and USAID acknowledged that the existing oversight process for its contributions to Gavi may be insufficient to respond to related fraud risks. We concluded that additional oversight may be needed to mitigate the risk of fraud, waste, and abuse for USAID's contribution to Gavi, which totaled \$4 billion.

We made two recommendations, which USAID agreed with, to the USAID Bureau for Global Health to mitigate current and future risks of contributions to Gavi. In response, USAID inserted additional clauses in its agreement template with Gavi, permitting greater oversight of future contributions. In addition, USAID is discussing ways for Gavi to strengthen its own oversight processes and has noted to Gavi that it will be monitoring the implementation of related risk mitigation strategies.

**Key Considerations
to Inform USAID’s
Engagement in the
Northern Triangle
Countries**
[Advisory](#)

As we noted earlier on page 19, drawing from past oversight work and building on the top management challenges we have reported to USAID, we issued an advisory notice to provide considerations for USAID as it implements expanded programming to address irregular migration from countries in Central America’s Northern Triangle region.

One key area of consideration that we identified was the need to maximize stakeholder coordination for effective region-wide response. Executive Order 14010 directs a whole-of-government approach to addressing irregular migration from the Northern Triangle, including the creation of the government-wide “Root Causes Strategy” as well as a strategy for collaboratively managing migration in the region. USAID is an important player in this response, with a key role in addressing the drivers of migration within the Northern Triangle. To effect change in the areas within its span of control, USAID reports working closely with other Federal agencies, civil society, U.S. and private sector partners, faith-based groups, and reform-minded officials in local governments as it responds in the region. However, as the Agency seeks to effectively engage stakeholders and bring its expertise to bear, reconciling divergent priorities of multiple stakeholders continues to be a challenge. Past OIG work points to previous difficulties in government-wide stakeholder coordination, and regional and country-level coordination in particular, that we highlighted for USAID consideration as it implements future programming in the Northern Triangle.

IDENTIFYING AND ADDRESSING VULNERABILITIES IN AGENCY CONTROLS AND CORE MANAGEMENT FUNCTIONS

Effective and reliable financial, information, and human capital management systems are vital to the stewardship of U.S. government resources and successful execution of Federal programs. The agencies we oversee rely on their core management functions to support effective award management, ensure accuracy and reliability in their management of foreign assistance funds, and maintain an efficient and secure information and communications network to support a global workforce.

This period, our work led to improvements in agency financial and information management systems, and reinforced accountability among agency employees and implementing organizations

Impact Spotlight: Identifying and Addressing Vulnerabilities in Agency Controls and Core Management Functions



Audits

What We Found:

Sexual exploitation and abuse has been a longstanding problem in the foreign aid sector given the inherent power disparity between aid workers and beneficiaries. Although USAID had strengthened some processes, it still lacked sufficient controls to prevent and respond to this problem.



Impact on Agency Programs and Operations:

USAID agreed to improve controls relating to award requirements, monitoring, reporting, and tracking. In closing one recommendation, USAID expanded its existing Protection from Sexual Exploitation and Abuse work plan to include OIG audit recommendations and stated that it will periodically update that work plan.



Investigations

What We Found:

An OIG investigation into possible concealment of a USAID implementer's ties to a designated terrorist organization revealed weaknesses in USAID's ability to obtain, via OIG, critical information about potential misconduct in programming executed by foreign-based implementers.



Impact on Agency Programs and Operations:

After we alerted USAID to these weaknesses and related adverse effects on accountability efforts, USAID amended its standard award provisions for non-U.S.-based implementers so that they will be required to comply with future documentation requests in the context of an OIG investigation.



Audits

What We Found:

We found that while USAID implemented some elements of an effective privacy program, there were opportunities to better protect personally identifiable information.



Impact on Agency Programs and Operations:

USAID agreed with our recommendations to implement additional key privacy controls such as strengthening privacy training for staff and updating its policy to reduce the use of Social Security numbers.



Audits

What We Found:

USAID was not on track to achieve key goals for a major IT system under development, potentially resulting in significant unanticipated costs.



Impact on Agency Programs and Operations:

USAID agreed with our recommendations. In closing one recommendation, USAID captured lessons learned and implemented changes based on user feedback to improve its deployment processes to facilitate adoption of the new system. The Agency's commitment to closing other recommendations may help it avoid unexpected costs when decommissioning the remaining systems.

Contractor and Grantee Accountability

USAID relies on a range of implementers, who generally work through contracts and grants, to design and execute development programs and provide humanitarian and stabilization assistance worldwide. USAID also channels development and humanitarian assistance funds through public international organizations, such as U.N. agencies, and other multilateral institutions.

Our work involves conducting and reviewing audits of agency processes to manage award and award recipients, as well as audits of organizations implementing USAID programs under contracts, grants, or cooperative agreements. Our investigative and legal work also addresses instances where implementers deliberately fail to report allegations of fraud or misconduct, obstruct, or fail to cooperate with law enforcement inquiries.

USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries
[Audit Report No. 9-000-21-006-P](#)

Sexual exploitation and abuse (SEA) has been a longstanding problem in the foreign aid sector given the inherent power disparity between aid workers and beneficiaries. Our audit found that while USAID took steps to address SEA, there were gaps in USAID’s approach for preventing SEA in Agency award and monitoring processes.

USAID did not require key pre-award SEA measures across all awards, which led to variances across acquisition and assistance awards as well as humanitarian and development assistance. Additionally, USAID did not monitor implementers’ efforts to prevent SEA, as the Agency did not have requirements and guidance in place to enable staff to continuously monitor the design and effectiveness of implementers’ SEA prevention measures. USAID also lacked clearly defined roles and responsibilities and a centralized tracking mechanism for responding to and managing SEA allegations.

We made nine recommendations to improve the Agency’s controls to prevent and respond to SEA of beneficiaries. The Agency agreed with seven recommendations and partially agreed with two, which will require external engagement beyond its control. USAID has taken steps that enabled us to close one recommendation, while the remaining eight remain open pending implementation of corrective actions.

USAID Has Contract Termination Guidance That Aligns With Federal Contracting Requirements, but Employees Could Benefit from Additional Resources
[Audit Report No. 9-000-21-009-P](#)

Between fiscal years 2017 and 2020, USAID spent an average of \$20.6 billion annually in acquisition and assistance awards to implement foreign aid and development programs. Based on the results of a 2019 OIG [audit](#) on USAID’s award management, Agency awards averaged only half of originally intended results in 43 percent of awards to implement foreign assistance and development programs; yet, USAID paid implementers essentially full award amounts. Following on these past observations, we assessed USAID’s policies and procedures for contract terminations and the extent to which they were applied in fiscal years 2017-2019.

USAID’s contract termination guidance laid out in its policies and procedures—USAID’s Acquisition Regulations and Automated Directives System—was in line with the Federal Acquisition Regulation. Between fiscal years 2017 and 2019, USAID contracting officers terminated five foreign assistance contracts—all at the convenience of the government and in accordance with established policies and procedures. However, more than half of the contracting officers we surveyed noted that additional guidance, such as step-by-step procedures or training, would be helpful. Further, multiple contracting officers indicated that termination decisions had been made more difficult by varying degrees of management engagement in terms of both undue pressure regarding terminations and a lack of leadership support.

We made one recommendation to USAID's Office of Acquisition and Assistance to determine whether opportunities existed to strengthen the Agency's foreign assistance contract termination process and closed the recommendation following USAID corrective actions.

Observations on Risk in the Pre-Award Process for Assistance Awards
[Special Report](#)

Selecting effective implementers to carry out foreign assistance activities is vital for realizing USAID's mission and safeguarding taxpayer dollars. The Agency relies on its agreement officers to perform appropriate due diligence when selecting implementers and assess relevant information to inform efforts to minimize risk by modifying awards or choosing not to use an implementer altogether. We conducted a limited scope review of USAID practices in this area with a specific focus on prospective grantees and cooperative agreement recipients, drawing on survey results and interviews conducted with active agreement officers. We observed potential risks that may not be captured in the current due diligence process. Participating agreement officers noted limitations in access to performance information and challenges with existing guidance on how to handle negative information that came to their attention. Additionally, according to the survey results, agreement officers continue to experience pressure during the award process from implementing organizations and due to time constraints and political considerations.

OIG Investigation into False Certification Regarding Support to Terrorists Led to USAID Amendment of Standard Award Provisions
Investigation

We joined the Department of Justice in an investigation into whether a foreign-based NGO concealed its prior support to a Specially Designated Global Terrorist Organization when applying for USAID awards. During the investigation, the NGO resisted timely compliance with OIG requests for documents. We notified USAID that such resistance presented a significant challenge to our oversight work, Department of Justice prosecutorial efforts, and USAID's accountability efforts. This notification resulted in USAID's amendment of its standard award provisions for non-U.S.-based NGOs, requiring foreign-based NGOs to grant USAID OIG timely access to any documents, papers, or other records pertinent to the federal award. This represents a significant policy change to promote foreign-based NGOs' future cooperation with OIG document requests.

USAID Debarred Two Implementer Staff After an OIG Investigation Revealed Inflated Invoices
Investigation

In September 2021, USAID debarred two former employees of a contractor performing work in Afghanistan after an OIG investigation into an alleged wage kickback scheme revealed that the staff members had submitted falsified lodging documentation and inflated travel invoices for reimbursement to the contractor.

QUICK FACTS: SUSPENSION AND DEBARMENT

Suspension and debarment actions are business decisions that protect USAID and the U.S. government from doing business with organizations and individuals that are not “presently responsible.” According to USAID, “presently responsible” organizations are ones that have adequate internal controls, can safeguard and responsibly manage U.S. funds, and can maintain compliance with Agency and award requirements.

- Our Offices of Investigations and General Counsel refer organizations and individuals that have engaged in fraud or misconduct to USAID’s Compliance Division for present responsibility determinations.
- These referrals provide facts upon which USAID can assess whether an entity should be suspended, proposed for debarment or face other administrative responses.

This reporting period, our investigative work resulted in the referral of seven companies and individuals for present responsibility determinations. Over the same period, USAID suspended or debarred three entities, including a Zimbabwean NGO debarred this reporting period based on a referral from a prior period.

Non-Federal Audit Program

We determine whether USAID-mandated audits of contractors and grantees meet professional standards for reporting and other applicable laws, regulations, and requirements. Our oversight activities also boost the impact of the non-Federal Audit (NFA) program by addressing recommendations to the Agency—this reporting period, these reports made 42 recommendations questioning costs of approximately \$65.9 million and 50 recommendations to strengthen weaknesses in internal control and compliance.

Also, as required by Section 845 of the National Defense Authorization Act for Fiscal Year 2008, we report significant findings from contractor audit reports, if any, each period in our semiannual report. For the period ending September 30, 2021, we are reporting on two audit reports, which included over \$45 million in questioned costs, in a section that begins on page 59.

Financial Management

USAID, MCC, USADF, and IAF manage approximately \$30 billion annually to develop, implement, and support U.S. foreign assistance programs. Each agency's ability to deliver on its mandate depends on effective processes for executing its foreign assistance budget and ensuring effective controls for related activities. To promote effective financial management practices, Congress has established audit and review requirements under the Payment Integrity Information Act of 2019, as well as the Government Charge Card Abuse Prevention Act of 2012. We issued audits and related work under both laws during the reporting period.

USAID Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019

[Audit Report No. 0-000-21-005-C](#)

We contracted with an independent certified public accounting firm to determine whether USAID's improper payment reporting in fiscal year 2020 complied with the Payment Integrity Information Act of 2019 (the Act), Public Law 116-117. The audit firm concluded that USAID complied with the requirements of the Act for fiscal year 2020, and the resulting report did not identify any recommendations for USAID improvement in this area.

MCC Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019

[Audit Report No. 0-MCC-21-006-C](#)

We contracted with another independent certified public accounting firm to determine whether MCC's improper payment reporting in fiscal year 2020 complied with the Payment Integrity Information Act of 2019 (the Act). The audit firm concluded that MCC complied with the requirements of the Act and determined that MCC's reporting and performance in reducing and recapturing improper payments were substantially accurate and complete. The resulting report did not identify any recommendations for MCC improvement in this area.

USAID’s Travel Card Program Complied with the Government Charge Card Abuse Prevention Act in Fiscal Year 2020

[Audit Report No. 0-000-21-009-C](#)

We contracted with an independent certified public accounting firm to audit USAID’s travel card program for fiscal year 2020. The audit firm concluded that USAID complied with the requirements of the Government Charge Card Abuse Prevention Act of 2012 with respect to its travel card program. Additionally, the audit firm concluded that (1) assessed risks of illegal, improper, or erroneous purchases and payments were low; (2) 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 (3) government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the Federal Travel Regulation. The report contained no recommendations.

Assessment of USAID’s Purchase Card Program Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2020

[Audit Report No. 0-000-21-007-C](#)

The Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194, requires OIG 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 an independent certified public accounting firm to conduct a risk assessment of USAID’s purchase card program for fiscal year 2020 and determine whether the results justify performing an audit in compliance with the Government Charge Card Abuse Prevention Act of 2012. The audit firm concluded that the overall risk for USAID’s purchase card program was low and that an audit was not warranted. The report contained no recommendations.

Assessment of MCC’s Fiscal Year 2020 Charge Card Programs Identified a Moderate Risk of Illegal, Improper, or Erroneous Purchases and Payments

[Audit Report No. 0-MCC-21-008-C](#)

We contracted with an independent certified public accounting firm to assess the risks of illegal, improper, and erroneous purchases and payments in MCC’s fiscal year 2020 charge card programs. The audit firm concluded that MCC’s charge card programs posed a moderate risk of illegal, improper, and erroneous purchases and payments in fiscal year 2020. This assessment of moderate risk remains unchanged from the fiscal year 2018 and fiscal year 2019 assessments, respectively. To help strengthen MCC’s internal controls over its charge card programs, the auditors made three recommendations, each of which remained open pending management decisions at the end of the reporting period.

Information Technology Management

Agencies depend on secure and effective IT systems to manage agency operations, support employee interaction and communications worldwide, and plan, implement, and evaluate U.S. foreign assistance programs and operations. OIG issued two related audit reports during the period; one addressing aspects of USAID’s privacy program and the other concerned with USAID’s development of a major new system.

USAID Needs to Improve Its Privacy Program to Better Ensure Protection of Personally Identifiable Information
[Audit Report No. A-000-21-001-P](#)

Given an evolving cyber threat landscape and the number of cyberattacks on government agencies, it is critical for USAID to establish and maintain a robust privacy program aimed at protecting personally identifiable information held by the Agency to mitigate risks of data breaches that threaten personal privacy.

We found that while USAID implemented some elements of an effective privacy program—such as justifying the need to collect Social Security numbers for systems in use, holding personally identifiable information appropriately, and publishing system of records notices in the Federal Register—the Agency did not fully implement key controls. Control deficits related to implementing data loss prevention activities, providing privacy training, eliminating the collection of unnecessary Social Security numbers, updating system of record notices, and maintaining an inventory of third-party websites.

We made five recommendations, which the Agency agreed with, to improve the effectiveness of USAID’s privacy program. Each of these recommendations has been resolved, but final action was pending on four while one had been closed by the end of the reporting period.

USAID Was Not On Track To Achieve Performance and Cost Savings Goals for the Development Information Solution System
[Audit Report No. A-000-21-001-U](#)

USAID is developing a Development Information Solution (DIS) system to streamline and support its portfolio management, including strategic planning, design, budgeting, procurement, implementation, monitoring, evaluation, and reporting on its portfolio of development activities. Once fully deployed, the goal of the DIS is to provide a common portfolio management platform for use by USAID at headquarters and in the field to capture program data.

We contracted with an independent certified public accounting firm to audit USAID's deployment of the DIS system. The auditors concluded that, although USAID was making progress in the development and implementation of the system, the Agency’s deployment of the system was behind schedule and not on track. Major challenges remained to 1) ensure adoption of a single program portfolio management platform for Washington and missions overseas, resulting in the retirement of redundant systems, and 2) create of a Portfolio Viewer that would enable advanced reporting to improve evidence-based decision making. While Bureau level reporting had not been fully implemented, USAID indicated that such reporting would be part of the system’s future functionality.

We made four recommendations, which the Agency agreed with, to address weaknesses that could prevent USAID’s information system performance goals from being fully achieved. One of these recommendations has been closed, while the remaining three were pending implementation of identified corrective actions by the end of the reporting period.

Human Capital and Employee Accountability

Foreign assistance agencies depend on human capital systems to manage a global workforce consisting of Civil Service, Foreign Service, and Foreign Service National employees, as well as individual contractors and personnel appointed under a range of authorities to execute and support each agency's mission.

Our oversight fosters accountability among personnel at all levels of each agency under our purview. This includes receiving allegations of fraud, waste, abuse, and other forms of misconduct; assessing each allegation; and potentially initiating an investigation in order to transmit a referral to appropriate authorities.

Joint OIG Investigation Uncovered Extensive Abuse of Diplomatic Pouch and Mail Service in Kazakhstan Investigation

A joint investigation by our office and the Department of State OIG found that a USAID U.S. direct hire employee abused the Diplomatic Pouch and Mail service in Almaty, Kazakhstan. The employee allowed locally engaged staff to use the employee's diplomatic pouch privileges to ship contraband and other unauthorized packages, including prescription narcotics, from the United States to Kazakhstan. Our referral to USAID led to the suspension of the employee's security clearance and curtailment of the employee's assignment. Additionally, following the joint investigation, the State Department terminated three Foreign Service National staff, and the Diplomatic Pouch and Mail office added additional search and tracking functionalities to its global logistics management system.

USAID Employee Disciplined for Providing False Information on Foreign Service Allowances Investigation

In June 2021, due to an OIG investigative referral, USAID issued a \$67,495.76 bill of collection to a USAID Foreign Service officer who admitted to forging their spouse's signature on multiple separate maintenance allowance attestations. The Foreign Service officer was also curtailed from their posting, prohibited from holding any financial management position in USAID, and issued a 5-day suspension without pay. Finally, as part of a settlement agreement with USAID, the individual resigned from the Foreign Service.

OIG OUTREACH AND EXTERNAL ENGAGEMENT

OIG outreach and external engagements give our stakeholders, oversight partners, implementers and the public timely, relevant information about the efficiency and effectiveness of U.S. foreign assistance efforts as well as related risks. We use these exchanges to cultivate dialogue, inform decision making, coordinate oversight, and promote greater accountability across the U.S. government and international bodies.

We maintain extensive ongoing dialogue and exchange with external stakeholders, including agency counterparts, representatives of other OIGs and Federal agencies with pertinent mandates, United Nations and other public international organizations, and congressional staff through engagements on areas of mutual interest and activity. Through these exchanges, we proactively share findings, recommendations, and other observations from our oversight work, while discussing other planned and ongoing oversight activity.

This period, OIG senior leaders and staff hosted and participated in numerous external engagements with the aim of advancing positive change in foreign assistance based on our work, promoting awareness of our role and contributions, and securing support for our mandate and functions.

Securing Needed Support

Securing Afghanistan-Based Personnel and Operations. We are committed to the safety and wellbeing of our staff. As conditions in Afghanistan shifted prior to the announcement of plans to withdraw U.S. military forces by September 2021, we assessed conditions and developed plans to close our Kabul-based suboffice. In March and April, we consulted with USAID and State Department officials on related plans and logistics. In June and July, we shared these plans with congressional staff and engaged in related consultations. We appropriately disposed of all of our equipment and documentation and withdrew our last U.S. Direct Hire staff person from Kabul in July 2021.

In August, as security conditions continued to deteriorate and the Taliban began seizing major cities, OIG leadership convened daily to assist in security and evacuation planning for the OIG Foreign Service National personnel in Kabul. In support of these efforts, we established connections to an evolving set of USAID and interagency coordination bodies while maintaining constant contact with our staff on the ground. Other OIG



Drawings and colorings by Afghan children at Ft. McCoy placed on display at one of the American Red Cross distribution centers for diapers, formula, and blankets. Photo: Bill Schwinn/USAID OIG. (October 13, 2021)

personnel volunteered to support wider evacuation efforts, one of whom deployed to Fort McCoy in Wisconsin to assist arriving Afghan refugees and their families.

All OIG Foreign Service National personnel and their immediate families were safely evacuated from Afghanistan and five of six had arrived in the United States by the end of the reporting period. OIG maintains regular engagement with its relocated Afghan staff and has arranged for financial and in-kind assistance to aid in their transition to a new life in the United States.

Promoting Transparency Around Financial Requirements. We promote transparency about financial and personnel requirements needed to support our oversight mandate through a series of engagements with key stakeholders over the course of the year.

Following the May 2021 release of the President’s Budget Request for fiscal year 2022, in June OIG leadership briefed congressional appropriations staff on the elements of the request related to our office to help inform committee deliberations around fiscal year 2022 appropriations. We provided supplementary briefings to appropriations committee staff in August and September in response to specific interest in OIG plans for COVID-19 oversight and related requirements.

As congressional deliberations on fiscal year 2022 appropriations continued, we developed plans for fiscal year 2023, preparing our budget submission for the Office of Management and Budget (OMB) in September. Later in the month, OIG officials briefed OMB personnel on these plans and responded to related questions.

Informing Foreign Assistance Plans Through Our Work

Congressional Testimony and Briefings. The Acting Inspector General’s testimony during the reporting period served as a critical input to congressional deliberations around the fiscal year 2022 budget process and helped shape questions for Agency leadership about the effectiveness of development and humanitarian assistance plans and activities.

In April 2021, the Acting Inspector General [testified](#) before the House Appropriations Committee’s Subcommittee on State, Foreign Operations, and Related Programs at its hearing, “Critical Management Issues for U.S. Diplomatic and Development Agencies.” Testifying alongside the Acting Inspector General for the Department of State and Inspector General for the DFC, the Acting Inspector General highlighted top management challenges and other key risk areas, such as those associated with COVID-19 response efforts, that require USAID’s attention.

In May, we prepared written [testimony](#) for the corresponding Senate Subcommittee on State, Foreign Operations, and Related Programs. OIG testimony highlighted similar themes for the Subcommittee, which in turn, used the testimony to inform the focus of its hearing on USAID’s fiscal year 2022 budget request and questions Subcommittee members subsequently posed to the Administrator.

Throughout the reporting period, our personnel also briefed congressional staff on key work products, including on USAID’s global health supply chain, overseas contingency operations, and oversight approaches to programs in the Northern Triangle and West Bank and Gaza. Altogether,

this engagement helped inform discussions and decisions around the planning and delivery of U.S. foreign assistance programs.

Millennium Challenge Corporation Board. MCC’s Board of Directors plays a vital role in helping provide stewardship for the Corporation, providing approval for major policy and investment decisions. We regularly engage with members of MCC’s Board on oversight plans and activities, often through its Audit Committee. During the reporting period, we had a series of engagements with MCC board members and representatives around its July 2021 Audit Committee meeting. In addition to communicating developments in our approach to staffing MCC oversight efforts, we shared the results of audits on the Corporation’s threshold program and use of charge cards.

Engaging to Drive the Impact of Our Work

Northern Triangle Oversight. In February 2021, the President directed the development of a national strategy to address the root causes of migration from Guatemala, Honduras, and El Salvador—the region referred to as the Northern Triangle. To promote internal coordination and engagement in support of this effort, USAID established a Northern Triangle Task Force in April 2021. That month, we established our own Northern Triangle Task Team to facilitate coordination and oversight of USAID’s initiatives in the Northern Triangle region. The OIG’s cross-divisional team serves as our point of engagement with USAID’s Task Force and meets bi-weekly to discuss collective oversight efforts, related points of congressional interest, and the progress of corresponding OIG oversight plans and activities.



Central America’s Northern Triangle region—comprised of Guatemala, Honduras, and El Salvador—is a significant source of irregular migration. OIG oversight of agency programs in the region is conducted from our headquarters in Washington, DC, and our Latin America/Caribbean Regional Office in San Salvador. Map created by USAID OIG.⁸

In June, OIG staff briefed representatives from OMB and Office of the Vice President on our oversight approach, coordinated efforts and plans for the Northern Triangle oversight. In August, we issued an [advisory](#) with key considerations for USAID’s engagement in the Northern Triangle. OIG audit, investigative, and legal representatives also presented to a large forum of NGOs and contractors seeking or receiving USAID funding in this region, explaining our independent oversight and reenforcing the need for timely and transparent reporting of fraud allegations.

OIG investigators continue their participation on Department of Justice-led task forces and working groups focused on transnational criminal organizations operating in and around the Northern Triangle to ferret out corruption and bring bad actors to justice.

⁸The depiction and use of boundaries and geographic names on this map do not imply official endorsement or acceptance by the U.S. government.

Engaging to Combat Corruption. President Biden designated the fight against corruption as a core national security interest of the United States and established a joint, interagency task force to tackle corruption. To develop and coordinate plans and activities in support of this effort, USAID established an Anti-Corruption Task Force earlier this year that is working to elevate, strengthen, and integrate anti-corruption across USAID’s work. Since June, senior officials from our Offices of Investigations and General Counsel serve as observers on the task force, providing OIG’s perspective and insight in combatting corruption in foreign assistance programming, and contributing to an initial briefing paper submitted to the White House National Security Council.

Advancing COVID Response Oversight. USAID’s COVID-19 response efforts were associated with significant levels of spending and activity during the reporting period. We continued to support interdisciplinary coordination within the organization through its COVID-19 Task Team. OIG and Task Team leadership maintained continuing engagement with USAID’s COVID-19 Task Force, tracking and promoting transparency on Agency response efforts through the publication of periodic information briefs. Building on past engagements with Gavi, the public international organization responsible for administering global vaccine distribution efforts, OIG flagged for USAID leadership the need for additional oversight to mitigate the risk of fraud, waste, and abuse affecting USAID’s contribution to Gavi.

Responding to Sexual Exploitation and Abuse Risks. We expanded our participation in a variety of forums with national and international oversight and law enforcement counterparts to discuss and address common challenges in detecting and preventing sexual exploitation and abuse. This included an OIG legal presentation at “A Call to Action: Workshop on Sexual Exploitation, Abuse and Harassment Community of Practice” sponsored by USAID and the Netherlands Ministry of Foreign Affairs, along with continued participation in the United Kingdom-led Donor Safeguarding Investigations Working Group. Within USAID, we continued to liaise with USAID’s Action Alliance for Preventing Sexual Misconduct, representing our oversight equities in ongoing initiatives to prevent sexual exploitation and abuse within the aid sector.

Coordinating for Interagency Impact

Continuing Overseas Contingency Operations Oversight Coordination. OCOs are complex, interagency operations that carry significant national security implications. Coordinated oversight is critical in this context. During the reporting period, we worked with the Department of Defense and State OIGs to meet oversight and reporting requirements on two OCOs.

OIG leadership held periodic joint exchanges with senior agency and department counterparts to discuss strategic oversight considerations, while our Acting Inspector General regularly met with his counterparts at the Departments of Defense and State OIGs. The OIGs published four jointly developed quarterly reports during the period—two each on Operation Freedom’s Sentinel in Afghanistan and Operation Inherent Resolve in Syria and Iraq—and briefed congressional staff. The three OIGs shared information and coordinated on the development of a new Comprehensive Oversight Plan for Overseas Contingency Operations covering fiscal year 2022, a product that was still under development at the end of the reporting period.

Coordinating Oversight of Foreign Assistance to Combat HIV/AIDS, Tuberculosis, and Malaria. To provide coordinated oversight of HIV/AIDS, tuberculosis, and malaria programs, we host quarterly meetings with the Department of State, HHS, and Peace Corps OIGs to share and develop oversight plans. This reporting period, we focused on ways to enhance oversight coordination through a focused PEPFAR working group to study and explore additional opportunities for coordinated audit work among the OIGs to develop and deliver deeper insights to stakeholders. OIG recently published the [Fiscal Year 2022 Coordinated PEPFAR Oversight Plan](#), a plan it develops annually in coordination with the OIGs for the Departments of State and Health and Human Services as well as the Peace Corps pursuant to a legislative requirement. For USAID OIG, this year's plan reflects three performance audits, an evaluation, investigative monitoring and outreach efforts, and continuing oversight of financial audits of USAID contractors and grantees responsible for implementing related programs.

Supporting Interagency Efforts to Counter Fraud in Pandemic Response Efforts. In January 2021, the Pandemic Response Accountability Committee stood up a Fraud Task Force to serve as a resource for the inspector general community by surging investigative resources into fraud allegations against COVID-19 relief programs. Pursuant to a memorandum of understanding that we executed with the committee in May, four USAID OIG agents lead task force investigations on a part-time basis. This initiative allows our office to make a broader contribution to the Inspector General community by assisting with investigations that might otherwise remain unstaffed while also providing our staff with opportunities to hone investigative skills through work on high-profile cases.

Supporting Development Finance Oversight Transition. We continued to provide support to effectively transition our oversight work to the recently appointed Inspector General for the U.S. International Development Finance Corporation and to promote the establishment of DFC OIG operations. Building off of previously established memorandums of understanding with the DFC IG, we continued to provide hotline intake and investigative support, oversaw work on DFC's annual information security audit to meet Federal Information Security Modernization Act requirements, and coordinated on congressional affairs matters.

Contributing to the Council of Inspectors General for Integrity and Efficiency (CIGIE). We work extensively with other OIGs on coordinated responses to shared challenges and requirements facing the Inspectors General community. USAID OIG senior leaders and staff across the organization remain active in Council of Inspectors General for Integrity and Efficiency (CIGIE) committees and working groups. During this period:

- Our General Counsel served as the Chair of the Council of Counsels to the Inspector General, a forum to foster collaboration and coordination among OIG attorneys across government.
- We maintained an active role within CIGIE's Professional Development Committee, and our Chief of Staff served as Chair of its Leadership Development Subcommittee and established a CIGIE coaching subcommittee.
- We actively engaged in CIGIE's Diversity, Equity, and Inclusion Working Group.
- We continued regular engagement with the Pandemic Response Accountability Committee (PRAC) and its law enforcement subcommittee, routinely contributing to the committee's efforts to advance governmentwide COVID-19 response oversight work, observations, and investigations.

incorporate best practices to ensure our work and working environment are leading edge. OIG's part on the Council of Counsels of Inspector General has, for example, facilitated greater OIG community awareness of governmentwide plans for the future of work as we entered a new phase in pandemic response efforts and positioned our office well to make related policy adjustments.

Sustaining Partnerships

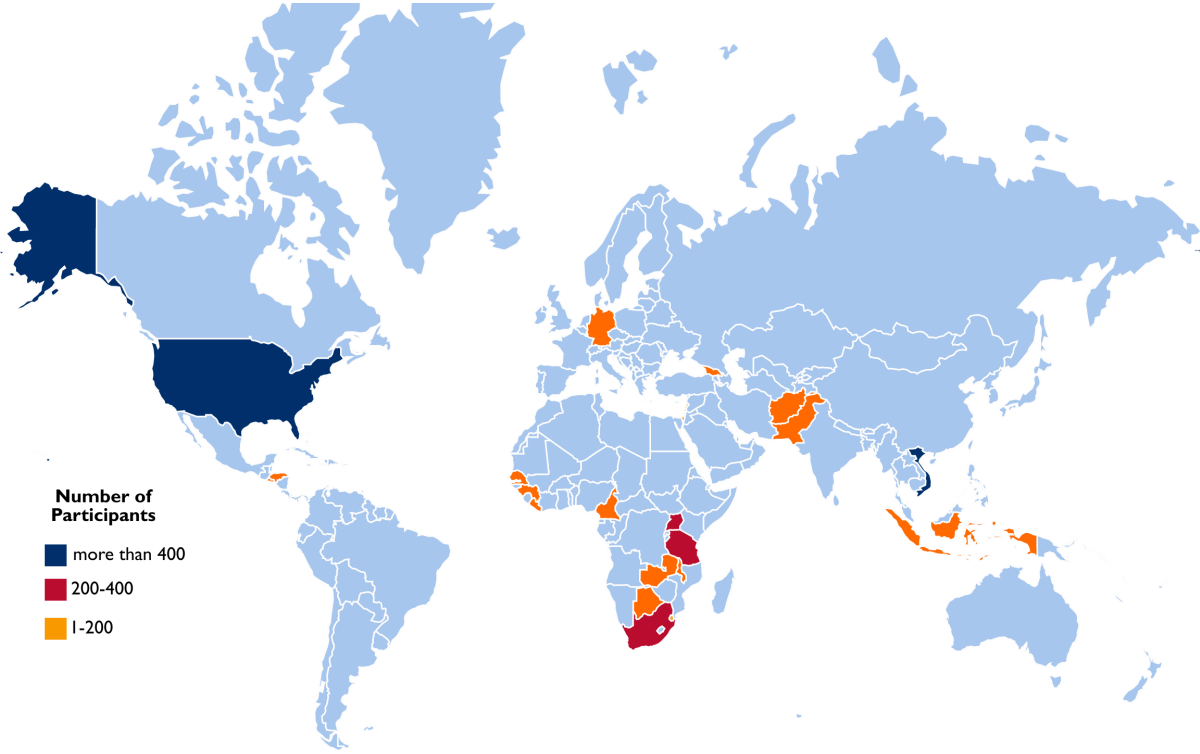
We work with oversight offices and law enforcement and prosecutorial agencies worldwide, building partnerships that enable us to leverage investigative resources and share knowledge. This helps us promote integrity and accountability in and around U.S. government programs, leading to stronger oversight and significant improvements in the delivery of international development and humanitarian assistance. Related engagements during the reporting period included the following:

- Our Office of Investigations staff's organization of and participation in panel discussions during a first-ever collaborative forum focused on sharing with the European Union Anti-Fraud Office (OLAF) online and other virtual investigative interviewing techniques. OIG investigators and several members of the OLAF's investigative branch provided presentations surrounding the challenges brought about by the global pandemic, including but not limited to remote interviewing, techniques applied to conduct successful interviews, and future considerations as remote/video/virtual interviews become normalized. The virtual event was attended by over 100 OLAF and OIG personnel as well as representatives of the Department of State OIG.
- Continued participation of OIG personnel in the Prevention of Sexual Exploitation, Abuse, and Harassment Community of Practice sponsored by USAID and the Netherlands Ministry of Foreign Affairs, which comprised hundreds of stakeholders within multilateral and bilateral donors, as well as the NGO sector. Our staff provided a key presentation at the group's final workshop, discussing legal and investigative activity to prevent the recirculation of perpetrators of sexual exploitation and abuse, including ways to navigate challenges posed by national data privacy laws. We also participate in the ongoing United Kingdom Donor Safeguarding Investigations Working Group and contributed to the United Kingdom's Foreign, Commonwealth, and Development Office's independent assessment of its own sexual exploitation and abuse practices.
- Presentations by senior OIG personnel to large forums of U.S. and foreign NGOs that are seeking or have been awarded USAID funds. Engagements include keynote presentations to forums convened by Humentum, the Center for International Private Enterprise, International Development Ethics Professionals, and other engagements.

Reinforcing Awareness of OIG's Role

Promoting Fraud Awareness and Reporting Through Worldwide Briefings. We brief agency employees and employees of implementers on fraud risks to deepen their understanding of schemes and vulnerabilities affecting foreign assistance funds. This reporting period, we conducted 73 fraud awareness briefings, mostly delivered via online platforms. These briefings reached 4,080 participants representing agency and implementer staff and, as shown on the map on page 44, these briefings spanned 24 countries. 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 10).

Fraud Awareness Briefings Conducted Worldwide
April, 2021– September 30, 2021



Fraud Awareness Briefings

Country	Number of Briefings	Total Participants
Afghanistan	11	193
Botswana	1	9
Cameroon	1	31
El Salvador	4	87
Eswatini	1	10
Georgia	1	60
Germany	1	75
Guinea	1	46
Honduras	3	169
Indonesia	1	160
Israel	1	68
Lebanon	1	32
Liberia	1	6
Malawi	1	26
Pakistan	2	140
Senegal	2	89
South Africa	4	311
Tanzania	2	211
Timor-Leste	1	23
Uganda	3	225
United States	20	1513
Vietnam	4	406
West Bank and Gaza	3	52
Zambia	3	138
Total	73	4,080

Leveraging Networks to Promote Knowledge of Our Role. We conduct outreach to international aid and development organizations receiving USAID funding to communicate our expectations for the prevention, detection, and timely reporting of fraud and other misconduct, including suspected cases of sexual exploitation and abuse. We share best practices for identifying and combatting fraud to encourage reporting of potential misconduct within the aid sector and cooperation with our office, should an investigation become necessary. We make presentations to international aid organizations and their legal counsels regarding our authorities under the law, and expectations for requesting and receiving information on potential misconduct. This period, our interactions with these groups included:

- A keynote presentation to a forum of approximately 75 humanitarian and development organizations convened by the Center for International Private Enterprise, in which we discussed our role in combatting corruption affecting U.S. foreign assistance programming.
- Our virtual meeting with a working group consisting of members from more than 50 contractors and NGOs that work with USAID and other international development donors, known as International Development Ethics Professionals (INDEP), to discuss topics such as fraud awareness, anti-corruption, and proactively disclosing allegations.
- Members of our audit, investigations, and legal staff providing a cross-cutting briefing to approximately 30 NGOs in a forum convened by the Center for International Private Enterprise's Anti-Corruption and Governance Center. This session, which was for NGOs who currently work with or plan to work with USAID in the Northern Triangle countries, provided insight into OIG functions and activities, as well as our work and plans in the region.
- Our presentation to the International NGO Legal Counsels Forum, a collection of United Kingdom and European Union-based NGO legal counsels. OIG discussed solutions to cross-border data privacy transfers regarding individuals believed to have engaged in serious misconduct affecting USAID programming.

Raising Public Interest

We are committed to transparency and accountability, and we promote public awareness and knowledge of our mission, work, results, and the use of taxpayer resources with respect to U.S. foreign assistance. Our website contains previous and newly issued audit and evaluation reports, advisories, press releases, announcements, testimony, and summary reports, including OIG's semiannual reports to Congress and quarterly reports on OCOs issued by the Department of Defense, State, and USAID OIGs.

Additional information about our mission, work, and operations can be found at <https://oig.usaid.gov/>.

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, 2021, through September 30, 2021. Requirements for which we have nothing to report this period are also noted in the table below.

Information for the current period regarding all issued audits and open and unimplemented recommendations can be found in separate appendixes to this document:

Appendix A: List of All Audits (Performance/Financial), Evaluations, and Other Reports) Issued April 1, 2021-September 30, 2021

Appendix B: Reports issued prior to April 1, 2021, with open and unimplemented recommendations, as of September 30, 2021

Both appendixes are available on our website under <https://oig.usaid.gov/our-work/semiannual-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)(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	51	54	Nothing to Report	55
§5(a)(4)	Summary of matters referred to prosecutive authorities and resulting convictions	12			
§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	7, Appendix A			
§5(a)(7)	Summary of significant reports	13-37			

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	56	57	Nothing to Report	Nothing to Report
§5(a)(9)	Statistical table: recommendations that funds be put to better use	Nothing to Report	Nothing to Report	Nothing to Report	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	58	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	Nothing to Report			
§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	58			
§5(a)(16)	Peer reviews conducted by USAID OIG	58			

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	12, 60			
§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.			59	

Significant Recommendations Described Previously Without Final Action
USAID
as of September 30, 2021

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
4-000-21-001-P	USAID Has Gaps in Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa's Lake Chad Region	10/15/2020	4	1/8/2021	10/29/2021
5-000-21-001-P	Improved Guidance, Data, and Metrics Would Help Optimize USAID's Private Sector Engagement	12/9/2020	2	12/9/2020	11/30/2021
5-000-21-001-P	Improved Guidance, Data, and Metrics Would Help Optimize USAID's Private Sector Engagement	12/9/2020	5	12/9/2020	12/31/2021
5-000-21-001-P	Improved Guidance, Data, and Metrics Would Help Optimize USAID's Private Sector Engagement	12/9/2020	6	12/9/2020	12/31/2021
5-000-21-001-P	Improved Guidance, Data, and Metrics Would Help Optimize USAID's Private Sector Engagement	12/9/2020	7	12/9/2020	10/29/2021
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	1	3/25/2021	3/25/2021
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	2	3/25/2021	3/25/2021
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	3	3/25/2021	3/25/2021

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	4	3/25/2021	3/25/2021
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	5	3/25/2021	3/25/2021
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	6	3/25/2021	3/25/2021
9-000-21-004-P	Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project	3/25/2021	7	3/25/2021	3/25/2021
9-266-21-003-P	Enhanced Guidance and Practices Would Improve USAID's Transition Planning and Third-Party Monitoring in Iraq	2/19/2021	5	5/19/2021	12/31/2021
A-000-20-006-P	USAID Needs To Improve Policy and Processes To Better Protect Information Accessed on Personal Devices	6/19/2020	3	6/19/2020	7/31/2022
A-000-21-004-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	1/7/2021	2	1/7/2021	11/30/2021
A-000-21-004-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	1/7/2021	3	1/7/2021	11/30/2021

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
A-000-21-004-C	USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	1/7/2021	6	1/7/2021	3/30/2022
8-000-21-001-P	Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance	3/4/2021	4	To Be Determined. USAID is working to obtain additional information in order to determine the allowability of questioned costs.	To Be Determined.

Significant Recommendations Described Previously Without Final Action
MCC
as of September 30, 2021

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
0-MCC-20-004-C	Audit of MCC's Fiscal Years 2019 and 2018 Financial Statements	11/18/2019	3	6/18/2020	10/15/2021
0-MCC-20-012-C	Enhanced Controls Are Needed to Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse	6/10/2020	2	6/10/2020	3/15/2022
0-MCC-20-012-C	Enhanced Controls Are Needed to Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse	6/10/2020	3	6/10/2020	3/15/2022
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	2	3/10/2021	10/15/2021
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	5	3/10/2021	12/31/2021
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	7	3/10/2021	10/15/2021
0-MCC-21-002-C	Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements	11/14/2020	8	3/10/2021	10/15/2021
M-000-17-001-C	Audit of the Millennium Challenge Corporation's Financial Statements, Internal Controls, and Compliance for the Fiscal Years Ending September 30, 2016, and 2015	11/15/2016	3	1/31/2017	12/31/2021

Significant Recommendations Described Previously Without Final Action
IAF
as of September 30, 2021

Report Number	Report Title	Date of Report	Rec. No.	Management Decision Date	Final Action Target Date
A-IAF-17-004-C	The Inter-American Foundation Has Implemented Many Controls in Support of FISMA, but Improvements Are Needed	11/7/2016	7	11/7/2016	12/31/2021
A-IAF-20-004-C	IAF Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2019	1/23/2020	2	1/23/2020	6/30/2021
A-IAF-21-002-C	IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA	12/4/2020	2	12/4/2020	5/30/2021

^E Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

Reports with Questioned and Unsupported Costs
USAID
April 1, 2021– September 30, 2021

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs ^E
A. For which no management decision had been made as of April 1, 2021	26	34,422,064	5,119,845
B. Reports issued April 1, 2021 – September 30, 2021	34	64,010,677	47,617,661
Subtotal	60	98,432,741	52,737,506
C. Reports with a management decision made April 1, 2021 – September 30, 2021	29	25,680,840	6,271,549
Value of costs disallowed by Agency officials		1,950,128	1,096,473
Value of costs allowed by Agency officials		23,730,712	5,175,076
D. For which no management decision had been made as of September 30, 2021	31	72,751,901	46,465,957

^E Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

Reports with Questioned and Unsupported Costs
MCC
April 1, 2021– September 30, 2021

Reports	Number of Audit Reports	Questioned Costs	Unsupported Costs ^E
A. For which no management decision had been made as of April 1, 2021	0	0	0
B. Reports issued April 1, 2021 – September 30, 2021	3	1,864,059	765,431
Subtotal	3	1,864,059	765,431
C. Reports with a management decision made April 1, 2021 – September 30, 2021	3	1,864,059	765,431
Value of costs disallowed by Agency officials		1,846	0
Value of costs allowed by Agency officials		1,862,213	765,431
D. For which no management decision had been made as of September 30, 2021	0	0	0

^E Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

**Audit Reports Issued Prior to April 1, 2021, with No Management Decision
USAID
As of September 30, 2021**

Report Number	Title	Issue Date	Rec. No.	Reason for No Management Decision	Desired Timetable for Achieving Management Decision
8-000-21-001-P	Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance	3/4/2021	4	USAID is working to obtain additional information in order to determine the allowability of the questioned costs.	1/31/22

Peer Reviews Conducted of OIG as of September 30, 2021

No peer reviews were conducted of USAID OIG this period.

The last peer review of our Audit function was performed by the Department of Treasury OIG, which issued its report on May 27, 2020. There were no recommendations. We received an External Peer Review rating of pass.

Our Office of Investigations was last peer reviewed by the Department of State OIG, which issued its report on June 29, 2017. Our Office of Investigations was rated as compliant with applicable standards and received one recommendation for a policy clarification that we subsequently completed.

Peer Reviews Conducted by OIG as of September 30, 2021

We initiated a peer review of Housing and Urban Development's OIG Office of Audit this SARC period.

^E Unsupported costs, a subcategory of questioned costs, are reported separately as required by the Inspector General Act.

CONTRACT AUDIT REPORTS WITH SIGNIFICANT FINDINGS

As required by the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181), Section 845, we report on final, completed contract audit reports issued to the contracting activity containing significant audit findings during each reporting period.⁹

Financial Audit of Local Costs Incurred Under the Power Distribution Program in Pakistan Managed by International Resources Group, Contract AID-EPP-I-13-03-00006, September 16, 2010, to November 7, 2014
[Non-Federal Audit Report No. 5-391-21-002-N](#)

The audit firm reported that it did not express an opinion on the fund accountability statement because it was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The firm identified questioned costs of \$7,994,935 (\$3,716,640 ineligible and \$4,278,295 unsupported), which mainly pertained to subcontract costs not adequately supported or supported with illegible documents; ineligible advance payment to a subcontractor, expenditures exceeded the approved budget, expenditures paid from employees' personal bank accounts and related bank statements not available for verification, and unaccounted for commodities during physical verification.

Further, we identified additional questioned costs not questioned by the audit firm. These pertained to three findings with monetary effects totaling \$3,357,910 (\$2,516,906 ineligible and \$841,004 unsupported), associated with a lack of competitive bidding in three awarded subcontracts with a vendor, subcontractors' invoices that lacked the certification required by USAID Acquisition Regulation and subcontract provisions, and vouchers not signed by signatories.

In all, auditors identified a total of \$11,352,845 in questioned costs, including \$6,233,546 in ineligible costs and \$5,119,299 in unsupported amounts. There were no disallowed amounts.

Audit of Creative Associates International, Inc. Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2015, 2016 and 2017
[Non-Federal Audit Report No. 3-000-21-007-D](#)

The Defense Contract Audit Agency, which conducted the audit, expressed a qualified opinion. The audit report disclosed two instances of material noncompliance, one involving other direct costs, and another involving subcontractor fees.

The agency questioned \$34,121,524 in direct costs, consisting of \$1,718,022 in ineligible costs and \$32,403,502 unsupported amounts. There were no disallowed amounts.

⁹“Significant Audit Findings” include unsupported, questioned, or disallowed costs in an amount in excess of \$10,000,000; or other findings that the Inspector General determines to be significant. This requirement applies specifically to recipient-contracted and agency-contracted audits and to audits conducted by the Defense Contract Audit Agency. The disclosure of contract audits is required by legislation; however, we extended the requirement to include grants and cooperative agreements as well as contracts.

DESCRIPTION OF METRICS FOR REPORTING INVESTIGATIVE FIGURES

Investigations Opened/Closed

Opened: When a complaint or disclosure meets the following conditions:

- There is identifiable evidence of a potential violation of a law or policy with a nexus to an agency OIG oversees.
- The allegation falls within a stated management priority, or an investigation of it can otherwise be justified.
- OIG management is committed to expending the necessary resources to fully investigate the matter.

Closed: When all investigative activity has concluded, all legal and administrative actions have been finalized, and all case results have been recorded in OIG's case management system.

Total Number of Reports Issued

Referrals of investigative activity are referred to one or more recipients outside of OIG. As part of the referral process, OIG provides referral recipients with a written summary of its investigative findings which inform decision makers considering potential administrative action.

Civil Referrals

Referrals: Cases that OIG presents to the U.S. Department of Justice (DOJ) when investigative activity identifies evidence of a potential violation of the civil False Claims Act or other civil law. Such matters are referred to an appropriate DOJ entity with the authority to initiate civil action.

Civil Judgments

The final order by a court in a civil lawsuit at the end of a trial. Civil judgments reported by OIG are almost always associated with a financial recovery.

Civil Settlements

Occurs when the plaintiff in a civil case, most often the U.S. government, agrees to stop legal action and the right to pursue recourse in exchange for a financial settlement.

Prosecutive Referrals

Referrals: Matters referred by OIG to the appropriate U.S. entity responsible for initiating criminal prosecution when investigative activity identifies evidence of potential violations of criminal law.

Present Responsibility Referral

A referral submitted by OIG to USAID's Office of Compliance in which an entity or individual's "present responsibility" to do business with the government is suspect and suspension/debarment has been determined by OIG's Office of General Counsel to be a viable potential outcome of the referral.

Arrests

Instances in which an individual has been seized pursuant to legal process and taken into custody in connection with a USAID OIG investigation.

Criminal Indictments/Informations

- **Indictments:** An accusation in writing found and presented by a grand jury, legally convoked and sworn, to the court in which it is impaneled, charging that a person therein named has done some act, or been guilty of some omission, which by law is a public offense, punishable on indictment. A formal written accusation originating with a prosecutor and issued by a grand jury against a party charged with a crime. An indictment is referred to as a "true bill," whereas failure to indict is called a "no bill."
- **Informations:** An accusation exhibited against a person for some criminal offense, without an indictment. An accusation in the nature of an indictment, from which it differs only in being presented by a competent public officer on his oath of office, instead of a grand jury on their oath. A written accusation made by a public prosecutor, without the intervention of a grand jury.

Convictions

An adjudication of a criminal defendant's guilt; specifically, it is the act or judicial process of finding a criminal defendant guilty of a charged offense.

Sentencings

The formal legal consequences associated with a conviction.

Fines

Monetary penalties imposed on a defendant as part of a sentencing.

Special Assessments

Monetary penalties imposed on a defendant as part of sentencing. Special assessments are applied on a per-count basis and are collected in the same manner as fines for criminal cases.

Restitutions

Instances in which a monetary penalty was imposed on a defendant as part of a sentencing. Restitutions serve as recompense for injury or loss.

New Rules/Procedures

New procedures, rules, or regulations implemented by the responsible Federal agency to address issues revealed during an OIG investigation.

Personnel Suspensions

The placement of Federal employees in a temporary nonduty status for disciplinary reasons.

Resignations

Voluntary separation of employees from the Federal agency. Employees who tender their resignations as the result of an OIG investigation typically do so in lieu of removal.

Removals

The involuntary separation of agency employees from the agency.

Suspensions

The temporary disqualification of firms or individuals from receiving U.S. government awards.

Debarments

Actions taken by a debarring official to exclude a contractor or grantee, or individual from government contracting and assistance awards for a specified period.

Contract or Grant Terminations

Instances in which a USAID contract, grant, or cooperative agreement is terminated as the result of an OIG investigation. Contract or grant terminations are frequently accompanied by a financial recovery. This also includes instances in which individuals employed with the Agency through a personal services contract are involuntarily separated.

Award Suspensions

Instances in which all ongoing, pending, and planned activities under a specific award are suspended until a prescribed remedial or administrative action is concluded.

Judicial Recoveries

Monetary amounts recovered from firms or individuals as part of a criminal or civil sentencing or settlement.

Administrative Recoveries

USAID, MCC, USADF, or IAF funds that were already distributed and for which the agency formally issued a bill of collection or other recovery mechanism after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused, and all or a portion of the recovery was paid back.

Savings

USAID, MCC, USADF, or IAF funds that were obligated, but not yet distributed, to be spent as part of an agency's award that were preserved and made available for better uses after an OIG investigation revealed evidence that those funds were vulnerable to fraud or waste. Savings often accompany contract terminations or the discovery of disallowed, questioned, or unsupported costs.

Cost Avoidance

Federal funds that were obligated and subsequently set aside and made available for other uses as a result of an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based on an OIG referral. The key operating factor in claiming these as cost avoidance is that the funds were not deobligated.

Other

Includes a number of investigative results, the most significant of which are the following, relating to U.S. employees, Foreign Service Nationals, and/or personal services contractors:

- **Reprimand:** An official written rebuke, censure, or disapproval of a specific action or actions by a Federal employee.
- **Demotion:** A change of a Federal employee's status to a lower grade or to a position with a lower rate of pay.
- **Audit Scheduled:** An instance in which the responsible organization schedules an audit of the organization or program that OIG's investigation deems to be vulnerable to fraud, waste, or abuse resulting from.

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