Office of Inspector General

SEMIANNUAL REPORT TO THE CONGRESS

April 1–September 30, 2010

Office of Inspector General

Semiannual Report to the Congress

April 1–September 30, 2010

Inspector General

HOTLINE

The Hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement, or misconduct in the programs and operations of the United States Agency for International Development (USAID), the Inter-American Foundation (IAF), the United States African Development Foundation (USADF), and the Millennium Challenge Corporation (MCC). Employees of USAID, IAF, USADF, and MCC, contractors, program participants, or the general public may report allegations directly to the Office of Inspector General (OIG). Complaints may be submitted electronically by using e-mail or OIG's online complaint form.

E-mail ig.hotline@usaid.gov

Complaint Form http://www.usaid.gov/oig/hotline/hotline.htm

Individuals who are concerned about the confidentiality or anonymity of electronic communication may submit allegations by telephone or mail.

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Mail USAID OIG HOTLINE
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The Inspector General Act of 1978, as amended, and other laws protect persons making Hotline complaints. Individuals who contact the Hotline are not required to identify themselves and may request confidentiality when submitting allegations. However, OIG encourages those who report allegations to identify themselves so that they can be contacted if OIG has additional questions.

OIG will not disclose the identity of an employee of USAID, IAF, USADF, or MCC who provides information unless that employee consents or unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation.

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MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Semiannual Report to the Congress for the 6-month period ending September 30, 2010. This report features highlights of oversight activities of the Office of Inspector General (OIG) for the U.S. Agency for International Development (USAID), the United States African Development Foundation (USADF), the Inter-American Foundation (IAF), and the Millennium Challenge Corporation (MCC). We have prepared this report in accordance with the requirements of the Inspector General Act of 1978, as amended.

During the reporting period, OIG activities resulted in:

- **273** audits issued
- **$21,487,290** in questioned costs and funds put to better use
- **68** investigations opened and **38** investigations closed
- **4** arrests, **2** indictments, and **6** convictions
- **89** administrative actions
- **$100,035,571** in investigative recoveries and savings
- **76** fraud awareness briefing sessions with **1,945** attendees

We continued robust oversight of USAID activities in Afghanistan, Iraq, Pakistan, West Bank/Gaza, and the Global Health Initiative including HIV/AIDS, tuberculosis, and malaria. Additionally, we have increased oversight of USAID relief and reconstruction activities in Haiti.

In Afghanistan and Pakistan, USAID is channeling increasing levels of development funding to local nongovernmental organizations (NGOs) and to the host governments in the form of project assistance and direct budget support. By leading the development projects, host governments can build public confidence and improve the welfare of the people. However, both countries are still developing the capacity to manage projects and monitor and account for associated resources, and this places U.S. dollars at greater risk of waste, fraud, and abuse. OIG has adjusted its oversight strategy to help ensure that development funds provided to local NGOs and host governments are not wasted or channeled to those who wish to do us harm.

On July 15, 2010, I testified before the U.S. House of Representatives, Committee on Appropriations, Subcommittee on State, Foreign Operations, and Related Programs about news accounts of large quantities of U.S. dollars being shipped out of Afghanistan. I informed the committee that we had no evidence linking USAID assistance programs to this reported exodus of cash.

Our performance audit and review work in both Afghanistan and Pakistan continues to show that security conditions have hindered program accomplishment. A recent review we conducted in Afghanistan, for example, revealed that Afghan subcontractors working on a community development project may have misused USAID funds to pay off insurgents in remote and insecure Taliban strongholds. Our audits also identify continuing trends in inadequate contract oversight or activities management and in data integrity or quality issues. However, our recent audit of earthquake reconstruction activities in Pakistan revealed some positive results. As part of its construction implementation efforts, for example, USAID/Pakistan engaged local communities to participate in building schools and basic health units.

Following the devastating earthquake in Haiti, USAID moved quickly to help stabilize the nation. During this reporting period, we issued a performance audit report on USAID's cash-for-work program. Auditors found that although the program was achieving tangible results, it was reaching far fewer people than intended because of the large amounts of money required for heavy equipment to remove rubble.

USAID continues to manage foreign assistance programs in Iraq, even though Operation Iraqi Freedom officially ended on August 31, 2010. During the reporting period, OIG completed an audit of the Iraq Financial Management Information System and found that it has not been fully implemented nor has it achieved its goals of helping the Government of Iraq formulate, execute, and monitor central government budgets.

Along with assisting the agencies we oversee in improving their programs and operations, OIG has a responsibility to prevent fraud, waste, and abuse in foreign assistance programs. To this end, we provide fraud awareness training to agency employees and implementers and distribute hotline posters—in English and native languages—to inform people of the ways they can report suspicions of fraud, waste, or abuse in foreign assistance programs. Working with USAID/Pakistan and Transparency International, OIG recently established a hotline in Pakistan to facilitate reporting of suspected fraud in development assistance programs. The hotline will be staffed with English and native language speakers and managed by OIG.

This semiannual report further describes our activities and achievements and includes comprehensive statistics and data regarding our work. OIG supports USAID, USADF, IAF, and MCC programs and operations through collaboration and proactive, results-oriented oversight. We look forward to working with the Congress and our partners and stakeholders to continue to improve the efficiency and effectiveness of U.S. foreign assistance programs.

Donald A. Gambatesa
Inspector General

INTRODUCTION

History and Mandated Authority

USAID's OIG was established on December 16, 1980, by statutory amendment[1] to the Foreign Assistance Act of 1961.[2] On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981,[3] bringing the USAID Inspector General under the purview of the Inspector General Act of 1978.[4] OIG assumed audit and investigative oversight of USADF and IAF in 1999,[5] and of MCC in 2004.[6]

The Inspector General Act of 1978, as amended, authorizes the Inspector General to conduct and supervise audits and investigations. Our mission is to protect and enhance the integrity of U.S. foreign assistance programs and operations administered by USAID, USADF, IAF, and MCC. Some of our work is mandated by statute or other requirements, and other work is performed at the discretion of OIG. When identifying the audits and activities to undertake, and setting priorities in performing them, we consider stakeholder interests and needs, alignment with strategic goals, and program funding levels. Each decision to perform specific work is made after considering the risks associated with the agencies' programs and assessing potential vulnerabilities in internal controls.

Areas of Responsibility

Audits. OIG audits activities relating to worldwide foreign assistance programs and agency operations of USAID, USADF, IAF, and MCC. Audit activities include performance audits of programs and management systems, financial statement audits required under the Chief Financial Officers Act, and audits related to financial accountability of grantees and contractors. On May 9, 2010, OIG/Audit launched its new Inspections and Evaluations Division, consisting of a director and three employees. The division will perform four types of reviews: quick

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[1] International Security and Development Cooperation Act of 1980, Public Law 96-533.

[2] Public Law 87-195.

[3] Public Law 97-113.

[4] Public Law 95-452.

[5] Consolidated Appropriations Act, 2000, Public Law 106-113, Division B, Section 1000(a)(7), Admiral James W. Nance and Meg Donovan Foreign Relations Authorizations Act, Fiscal Years 2000 and 2001.

[6] Consolidated Appropriations Act, 2004, Public Law 108-199, Division D, Title VI, Millennium Challenge Act of 2003.

response activities, inspections, evaluations, and special assignments (such as monitoring functions).

Investigations. OIG investigates allegations of fraud, mismanagement, and misconduct relating to the foreign assistance programs and agency operations of our client agencies. Investigations of criminal, civil, and administrative violations cover all facets of these worldwide operations. We also work proactively by providing fraud awareness training and by providing fraud awareness literature, audiovisual aids, and advice on fraud prevention strategies to agency personnel and employees of foreign assistance implementers worldwide.

Millennium Challenge Corporation. OIG is responsible for oversight of the Corporation's programs and operations worldwide. Our MCC office has its own performance and financial audit divisions, but it coordinates with OIG's Investigations and Audit offices for investigative and supplementary audit support. Budget, information technology, and human resources support is provided by our Management office.

Locations of OIG Offices. OIG carries out its audit and investigative work in about 100 countries from offices in:

- Kabul, Afghanistan
- Islamabad, Pakistan
- Baghdad, Iraq
- Cairo, Egypt
- Dakar, Senegal
- Manila, Philippines
- Pretoria, South Africa
- San Salvador, El Salvador
- Tel Aviv, Israel
- Washington, DC

Joint Work and Partners

OIG participates on task forces and cooperates with other interagency groups. In this reporting period, for example, OIG contributed to task forces to provide oversight for accountability and transparency in USAID operations in Afghanistan and Pakistan and to assist the Department of Justice in addressing procurement and grant fraud, especially in Iraq and Afghanistan.

Southwest Asia Joint Planning Group. This group, formed to coordinate oversight activities in Afghanistan and other countries in the region, issued its first Comprehensive Audit Plan for Southwest Asia in June 2008, in accordance

with the FY 2008 National Defense Authorization Act.[7] The group comprises representatives of the Offices of Inspector General for USAID and the Department of State, the Government Accountability Office (GAO), the Special Inspector General for Iraq Reconstruction, the Special Inspector General for Afghanistan Reconstruction, the U.S. Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, and the Defense Contract Audit Agency.

Afghanistan-Pakistan Subgroup. The U.S. Government's efforts to stop terrorism require support from the major oversight organizations to ensure accountability and transparency in multi-billion-dollar programs implemented in Southwest Asia. To avoid overlapping efforts and reduce the burden that the oversight process places on overseas staff, a subgroup of the Southwest Asia Joint Planning Group coordinates multiagency work to guard against fraud, waste, and abuse in military and civilian programs implemented in Afghanistan and Pakistan. The Afghanistan-Pakistan Subgroup comprises representatives of the Offices of Inspector General for USAID and the Departments of State and Defense, GAO, and the Special Inspector General for Afghanistan Reconstruction. The subgroup acts as the central point for sharing information and coordinating planned and ongoing audits, reviews, and inspections. The subgroup is chaired by a representative from USAID/OIG.

Iraq Council of Inspectors General. Oversight organizations operating in Iraq meet quarterly to discuss ongoing and planned activities to share information, resolve conflicts, and avoid duplication. The Special Inspector General for Iraq Reconstruction chairs the meetings, which are attended by representatives of Offices of Inspector General for USAID and the Departments of State and Defense; other oversight offices within the Department of Defense, such as the Army Audit Agency and the Defense Contract Audit Agency; and GAO. Representatives located in Washington, DC, and Iraq participate in these meetings, in person or by phone.

USAID Afghanistan-Pakistan Task Force. The USAID Afghanistan-Pakistan Task Force is a multi-agency planning group that seeks to make USAID assistance to U.S. Government reconstruction and development efforts in Afghanistan and Pakistan as effective as possible by providing analyses, strategies, and recommendations and by cultivating interagency coordination and cooperation. The task force includes a USAID/OIG representative to respond to the Agency's oversight needs and to promote accountability and transparency in these two countries.

Department of Justice Task Forces. OIG participates on two Department of Justice task forces—the National Procurement Fraud Task Force and the

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[7] Public Law 110-181, Section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan."

International Contract and Corruption Fraud Task Force. The mission of both task forces is to promote the early detection, prevention, and prosecution of procurement and grant fraud associated with increased contracting activity for national security and other government programs.

OIG Program Areas and Priorities

OIG structures its work to provide oversight in worldwide U.S. foreign assistance programs. Our audits include recommendations to improve the infrastructure of agency systems and operations to increase the efficiency of the work the agencies undertake. OIG's investigative activities detect and prevent fraud, waste, and abuse in development assistance programs.

Priority program areas covered in this reporting period include:

Peace and Security

- Afghanistan
- Pakistan
- Iraq
- West Bank and Gaza
- Sudan

Just and Democratic Government

- Democracy

Economic Growth and Prosperity

- Economic Security

Investment in People

- Health

Management Capabilities

- Information Technology
- Employee Misconduct

Financial Management

- Management Accountability
- Expanding Accountability
- Accountability Over Contractors and Grantees

Semiannual Report to the Congress

United States Agency for International Development (USAID)

United States African Development Foundation (USADF)

and

Inter-American Foundation (IAF)

REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended (5 U.S.C. Appendix 3, Section 5), and other public laws set forth congressional reporting requirements for Offices of Inspector General. There are 15 general categories of reporting requirements.

The summaries of significant findings, starting on page 11, respond to Requirements 1 and 2; responses to the remaining requirements follow the summaries.

1. Significant problems, abuses, and deficiencies uncovered.
2. Recommendations for corrective action identified.
3. Recommendations described previously on which corrective action has not been completed.
4. Investigative activities including matters referred to prosecutive authorities.
5. Reports of incidents in which OIG was refused assistance or information.
6. Questioned costs, unsupported costs, and dollar value of recommendations that funds be put to better use.
7. A summary of each particularly significant report.
8. Statistical tables showing:
   a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of questioned and unsupported costs associated with these reports.
   b) The total number of reports during the reporting period, including the total dollar value of questioned costs and unsupported costs associated with these reports.
   c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of disallowed costs and the dollar value of costs not disallowed.
   d) The total number of reports for which no management decision has been made by the end of the reporting period.
9. Statistical tables showing:
   a) The total number of reports at the beginning of the period for which a management decision had not been made, including the total dollar values of recommendations that funds be put to better use.
   b) The total number of reports issued during the reporting period, including the total dollar value of funds put to better use.
   c) The total number of reports during the reporting period for which a management decision was made, including the dollar value of

recommendations that were agreed to by management, and the dollar value of recommendations that were not agreed to by management.

d) The total number of reports for which no management decision has been made by the end of the reporting period.

10. Reports previously issued for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.

11. Revisions of management decisions—a description and explanation of the reasons.

12. Management decisions with which the Inspector General is in disagreement.

13. Noncompliance with the Federal Financial Management Improvement Act of 1996.

14. Significant audit findings from contract audit reports.

15. Peer review results, including the following:

    a) Reviews conducted on OIG during the rating period, or the date of its last peer review and any unimplemented recommendations.

    b) List of reviews conducted by OIG during the reporting period.

    c) List of outstanding recommendations made by OIG during the reporting period.

Summary Table of Audits Conducted

USAID, USADF, and IAF

April 1–September 30, 2010

Type of Report	*Number of Reports*	*Amount of Recommendations ($)*
Financial Audits		
USAID (ARRA)*	1	7,860
USAID programs and operations	0	0
Foundations' programs and operations	0	0
U.S.-based contractors	5	2,539,220
Quality-control reviews	2	0
U.S.-based grantees	88	2,837,948
Quality-control reviews	1	0
Foreign-based organizations	114	13,981,382
Quality-control reviews	2	0
Enterprise funds	9	0
Performance Audits		
USAID economy and efficiency	25	780,880
Foundations' economy and efficiency	1	0
Other	7	0
Total	255	20,147,290

* American Recovery and Reinvestment Act of 2009, Public Law III-5.

SIGNIFICANT FINDINGS

USAID

Peace and Security

Afghanistan

Audit of USAID/Afghanistan's Alternative Development Program—South West Region. The production and trafficking of illicit narcotics pose a serious challenge to the Islamic Republic of Afghanistan (Afghanistan). Narcotics revenues breed corruption at virtually all levels of the Afghan Government and provide resources to the Taliban, drug lords, and other terrorist groups. To address the narcotics problem, the U.S. Government has supported the Afghan Government's counternarcotics strategy of providing incentives to stop growing opium poppy through alternative development projects and supporting strong disincentives in the form of provincial governor-led eradication, interdiction, and law enforcement.

USAID/Afghanistan launched its Alternative Development Program Expansion South West through awarding a $75 million contract to Associates in Rural Development, Inc. (ARD). The program sought to counteract illicit poppy cultivation by providing alternative development programs, improved economic opportunities, and diverse regional economic growth.

The audit found that the program had made progress toward counteracting illicit poppy cultivation by providing alternative development programs and improving economic opportunities in selected southern and western provinces. The Afghanistan Opium Survey said that the collective decrease in the 2009 poppy production in the provinces of Helmand, Uruzgan, Nimroz, and Farah, which were covered by the program, was 42,852 hectares—an approximate 32 percent decrease from 2008 levels. The decrease is attributable to such factors as strong antipoppy messages from provincial governors, increased interdiction activities, an overproduction of poppy in prior years that suppressed market prices, and alternative economic opportunities in targeted districts within each province.

Despite the program's progress, the audit identified two issues that need to be addressed. First, continued reductions in poppy cultivation may not be sustainable because a follow-on program has not been approved beyond March 2011 and a critical southern province is not included in the current program. The investment in agricultural programs may be wasted and economic gains received by the local communities may disappear, possibly causing farmers to return to poppy cultivation. Second, the program has experienced delays in implementation, partially due to security issues. Further, changes in the mission's

business practices present possible future challenges that could further delay program implementation if not properly managed.

This audit made three recommendations to overcome these issues, including development of an implementation plan for follow-on activities and improvements in mission internal controls to manage changes in its business practices. Management decisions were reached on all recommendations.

(Audit Report No. 5-306-10-011-P)

Contractor in Afghanistan Terminated for Mishandling Nonpublic Information Pertaining to Government Procurements. USAID/Afghanistan terminated an Australian serving as a senior construction manager and contracting officer's technical representative on two USAID-funded programs, one designed to repair buildings and the other to construct health and education facilities in Afghanistan. OIG found that the individual, serving under a personal services contract, had released sensitive, contractor bid information by sending it to his personal e-mail account in violation of USAID and federal regulations.

USAID Contractor Terminates 10 Employees for Soliciting Kickbacks. Development Alternatives, Inc., a USAID contractor managing a $349 million governance and community development project in Afghanistan, terminated 10 local employees after a joint investigation by OIG and the International Contract Corruption Task Force revealed that the individuals were soliciting kickbacks. Some of the terminated staff members set up their own companies, which subsequently won subcontracts issued by the USAID contractor, and failed to report their interest in the enterprises. Others reportedly helped companies win subcontracts in exchange for a percentage of the total value of the project.

Afghan Sentenced to Prison for Fraud Against USAID. A former employee of a USAID contractor who had worked on a $229 million local governance program financed by USAID was found guilty of embezzlement and falsification of tax records in connection with the theft of $193,000 in program funds. The subject was responsible for depositing the American contractor's monthly tax payments to the Afghan Ministry of Finance in a local bank account. When the ministry reported that it had not received the payments, an investigation was initiated. Local law enforcement officials and OIG investigators discovered that the bank deposit slips the subject used to prove he had made the payments had been forged. The subject was sentenced to 7½ years in an Afghan prison and fined $160,000.

Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program. USAID's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program was created in response to a growing food crisis in Afghanistan. This crisis was brought on by rising global wheat prices and a severe drought during the 2007–8 crop seasons. The

program was designed to provide agricultural supplies to drought-affected subsistence farmers to help them increase wheat production. Following the initial year of operations, the authorized funding level of the program was increased from $60 million to $360 million, and the focus shifted toward implementing agricultural stabilization activities in Afghanistan's southern provinces of Helmand and Kandahar.

Wheat seed provided to farmers in Afghanistan's Baghlan Province in February 2009. (Photo by implementing partner.)

This audit was conducted to determine whether the program was increasing wheat production and implementing stabilization activities in Afghanistan's southern region.

OIG found that the program had contributed to the country's increase in wheat production. However, we could not determine the extent to which the program had played a role in this increase, because some of the reported results were not reliable. In addition, the program's stabilization activities were not being implemented as widely as originally planned.

Initially, the program carried out distributions of wheat seed and fertilizer, benefiting almost 300,000 farmers in northern, western, and central Afghanistan and contributing to the country's large increase in wheat production in 2009. The audit questioned the reliability of some of the reported results for this activity, however, because of irregularities in the records documenting the distributions to the farmers and deficiencies in the methodology used to assess the activity's impact. The irregularities warranted follow-up and were referred to OIG/Investigations for further review.

The audit also found that the program's stabilization activities in the southern provinces were being implemented on a smaller scale than originally envisioned. The activities carried out to date and projected through the remaining months of

the program—coupled with the $300 million allocated to fund these and other activities over only a 1-year period—indicate that the program was not expected to spend the entire amount of authorized funding by its completion date.

OIG made three recommendations to assist the mission with its management of this program. Management decisions have been reached on all of them.

(Audit Report No. 5-306-10-008-P)

Review of School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program in Afghanistan. In September 2002, USAID/Afghanistan began to build and reconstruct schools and health clinics throughout Afghanistan under the Schools and Clinics Construction and Refurbishment Program. During the next 4 years, the mission increased the number of structures subject to the program from fewer than 100 to 776. Similarly, the number of implementing partners grew to more than a half dozen, and disbursements under the program amounted to more than $105 million.

OIG conducted this review to (1) determine whether schools and clinics built under the program were being used for their intended purposes and (2) measure the impact of the program on education and health services. Because the program sites of many schools and clinics were located in areas we were not allowed to visit, we contracted with KPMG Afghanistan, whose staff could travel more easily within Afghanistan.

For the first objective, KPMG inspected 50 buildings to verify their existence and to observe how they were being used. KPMG found that 48 of the 50 facilities were being used for their intended purposes. The two exceptions were a school, which had been used as an administrative office for the Ministry of Education, and a health clinic, which had been abandoned. KPMG also noted many deficiencies in the physical condition of the schools and health clinic buildings. These deficiencies included poor maintenance, physical problems, lack of furniture and equipment, inadequate staff, poor hardware, lack of electricity, deficient water service and plumbing, and toilet problems. These conditions, however, were mostly the responsibility of the Afghan Government.

For the second objective, KPMG found that the 30 schools visited had 1,385 teachers and were educating 57,744 students. The 20 health clinics visited had 109 clinical staff members and provided medical treatment to about 39,500 patients monthly. However, because baseline information was not available to make any comparisons, KPMG concluded that these values did not clearly indicate whether the completed buildings were having the intended effect on education and health services in Afghanistan.

OIG made two recommendations to help USAID address these issues. Management decisions were reached on both of them, and final action was taken on one before the report was issued.

(Review Report No. 5-306-10-002-O)

Private Security Contractors in Afghanistan

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

Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan. Incidents in Iraq in 2004 and 2007 caused some to voice concerns about U.S. Government failures to supervise PSC performance and prompted legislation that set forth requirements to ensure oversight of PSCs in areas of combat operations, including Afghanistan.

In light of these concerns, OIG undertook audits addressing PSCs in Iraq and Afghanistan. The audit in Afghanistan sought to determine (1) what types of serious security incidents have been reported by PSCs contracted with USAID/Afghanistan's implementing partners during the period from October 1, 2006, through June 30, 2009; (2) whether USAID/Afghanistan ensured that its implementing partners had subcontracted with responsible PSCs; and (3) how much has been spent by USAID/Afghanistan's implementing partners for PSC services and whether has there been effective oversight of these security costs.

USAID/Afghanistan received 149 incident reports during the period covered, 44 of which met the definition of a serious incident. However, USAID/Afghanistan was not receiving all reports of casualties and serious incidents, and it had only an informal process for handling reported incidents. Consequently, USAID/Afghanistan had no assurance of reliable or complete reports on the types and numbers of incidents that have occurred.

USAID/Afghanistan's oversight of PSCs used by its implementing partners has not ensured that only responsible firms are employed. For example, two subcontracted PSCs were not licensed with the Afghan Government, and USAID/Afghanistan did not provide subcontracting consent for 17 PSCs. Moreover, USAID/Afghanistan did not use all available oversight tools and was

hampered by a lack not only of standard award provisions and clauses but also Embassy-wide instructions relative to PSCs. Consequently, PSCs funded by USAID/Afghanistan have not been subjected to oversight contemplated by governing laws to ensure that such contractors are qualified and responsible.

With regard to security costs, USAID/Afghanistan's prime implementing partners reported that, for the period October 1, 2006, through June 30, 2009, they had charged about $167 million for subcontracted PSC services. On average, these services accounted for 8.3 percent of award disbursements. One program spent 34 percent of total disbursements on subcontracted private security firms, while another spent only 0.5 percent.

We made eight recommendations to strengthen USAID/Afghanistan's oversight of PSCs used by its implementing partners. Management decisions were reached on all recommendations. Final action was taken on one recommendation before the audit report was issued.

(Audit Report No. 5-306-10-009-P)

Review of Security Costs Charged to USAID Projects in Afghanistan. In the past year, news reports have said that U.S. Government funds paid to contractors for reconstruction projects were being siphoned off to Taliban insurgents in exchange for "protection" to prevent attacks. One news article reported that USAID funds were ending up in the hands of the Taliban through a protection racket for contractors. Another article said that in southern Afghanistan, no contract can be implemented unless the Taliban takes a cut, sometimes at various steps along the way. Other news reports said that PSCs were involved in the negotiations with insurgents.

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

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

We selected Edinburgh International from a universe of 22 PSCs that provided security to 39 USAID-funded implementing partners in Afghanistan. In making the selection, OIG considered the number of USAID projects charged per PSC, the location of USAID activities and security services provided, and the costs charged to USAID. Edinburgh International was one of USAID's top five highest-paid PSCs.

This review looked for any indication that Edinburgh International had misused USAID funds to pay the Taliban or others in exchange for protection. The review covered the period from January 1 to December 31, 2009.

The review found no indication that Edinburgh International had misused USAID funds to pay the Taliban or others in exchange for protection. However, we found indications that Afghan subcontractors working on the LGCD project had paid insurgents for protection in remote and insecure areas of Afghanistan. The payments allegedly were made as part of a security arrangement with local communities that very likely included the Taliban or groups that support them. Moreover, we found indications of pervasive fraud in DAI's LGCD office in Jalalabad as well as indications of endemic corruption in Nangarhar Province, where Jalalabad is located. We referred these findings to OIG/Investigations for further examination.

The review report made four recommendations to help USAID/Afghanistan reduce the likelihood that subcontractors will misuse USAID funds to pay off Taliban insurgents or other criminal elements and to mitigate the risk of fraud within its LGCD project. Management decisions were reached on two recommendations, and final action was taken on one of them by the time the report was issued.

(Review Report No. 5-306-10-002-S)

Pakistan

Review of USAID's Internally Displaced Persons Programs in Pakistan. Between August 2008 and September 2009, conflict between the Government of Pakistan (GOP) and militant groups in the North-West Frontier Province (NWFP, recently renamed Khyber Pakhtunkhwa) and the Federally Administered Tribal Areas (FATA) displaced over 400,000 Pakistani households. This displacement required an intensive response by the GOP and the international community to provide immediate humanitarian assistance to internally displaced persons (IDPs) in the face of deteriorating security. As the crisis escalated, the U.S. Government rapidly provided assistance through USAID's Office of Foreign Disaster Assistance—the lead organization within the U.S. Government for providing assistance to Pakistani IDPs. OIG conducted this review to determine the status of USAID/Pakistan's IDP programs.

The review found that from October 2008 through December 2009, the U.S. Government as a whole provided approximately $403 million in assistance to IDP populations in Pakistan. This assistance included support for agriculture and food security; economic recovery; health services; logistics and emergency relief supplies; and nutrition, shelter, safe drinking water, and sanitation activities. Despite the deteriorating security situation in Pakistan, USAID responded

quickly by directing 71 percent of the $403 million to six programs implemented through 21 nongovernmental organizations, 5 U.N. organizations, a contractor, and the GOP. More than $151.8 million was obligated for food aid, while $44 million was transferred to the GOP for budgetary support for IDP families.

Although USAID has carried out six IDP programs in Pakistan, OIG found that the Agency's monitoring and evaluation methods needed improvement. For example, USAID had used third-party monitoring methods only once. Third-party monitoring is one of the most effective methods for monitoring programs in high-threat environments, like Pakistan, where managers have only a limited ability to conduct site visits, verify program performance, meet with implementing partners and beneficiaries, and observe program activities first hand. USAID did not use third-party monitoring in the other programs primarily because the mission had not established a missionwide third-party monitoring mechanism that could be used by any program office in the mission. Consequently, without an instrument to easily employ third-party monitoring, USAID/Pakistan did not verify program performance, observe program activities, or consistently validate results first hand.

OIG also found that USAID had not implemented monitoring controls to provide reasonable assurance that the $44 million in cash-transfer funds had actually reached 140,000 IDP families as intended. The grant agreement for the cash transfer identified four controls to be implemented by the mission and the GOP. However, 6 months after the transfer was made, neither the mission nor the GOP had implemented the controls. Consequently, USAID has little assurance that the cash-transfer funds actually reached displaced families.

OIG made four recommendations to help the mission improve its management, monitoring, and evaluation of USAID programs. Management decisions were reached on all of them, and final action was taken on two prior to the issuance of OIG's report.

(Review Report No. 5-391-10-001-S)

Audit of USAID/Pakistan's Primary Healthcare Revitalization, Integration, and Decentralization in Earthquake-Affected Areas Project. On October 8, 2005, residents of northern Pakistan were shaken by a 7.6 magnitude earthquake that claimed more than 74,000 lives and left some 3.5 million people homeless. Thousands of teachers, health care providers, and civil servants were killed or badly injured. Public systems that supported essential services, including logistics and administration for health care, no longer existed.

In response to this disaster, USAID/Pakistan designed the Primary Healthcare Revitalization, Integration, and Decentralization in Earthquake-Affected Areas (PRIDE) Project and awarded a $28.5 million cooperative agreement to the International Rescue Committee (IRC), a U.S.-based nongovernmental

organization, to provide technical support to the public sector health system in the earthquake-stricken districts of Mansehra and Bagh.

The drug storage facility at Balakot Tehsil Headquarters Hospital in Mansehra District was renovated by this project. (Photo by OIG.)

The project aims to (1) improve the performance of public health services and management systems, (2) improve access to primary health care services and improve their quality, and (3) promote healthier behaviors and institutionalize community participation in health services.

OIG conducted the audit to determine whether the project has improved access to and quality of primary health care services in the earthquake-affected areas.

We found that numerous project activities had contributed to improving the quality of primary health care services. For example, a "standards-based management and recognition approach" helped improve the quality of health care in 89 of 126 primary health care facilities. A standards-based approach sets and implements standards, measures progress, and rewards achievement. Another example was the identification of 11 priority health problems in 121 health facilities by using guidelines that were established through a "performance improvement process." And, 113 "health management committees" were formed to bring communities and local governments together to form guidelines to ensure improved health care services. By the end of September 2009, committees had used guidelines to approve 35 grant proposals funded at $268,889 for local infrastructure improvements.

While the project showed success in improving primary health care quality, improvements were needed in the access to health care services at higher levels. To promote wider access to such services, the project had planned to strengthen the patient referral system. However, the preliminary planning for

improving the referral system was completed a year later than anticipated, and the implementation of an improved referral system was not expected until June 2010. Implementation was delayed because Pakistani Government staff scheduled to work with the project implementer were not available when needed. Also, other project activities took precedence over revamping the patient referral system.

OIG made one recommendation, and final action had been taken by the time the audit report was issued.

(Audit Report No. 5-391-10-010-P)

Audit of USAID/Pakistan's Family Advancement for Life and Health (FALAH). USAID works closely with the Government of Pakistan to improve the health and well-being of the Pakistani people. In 2009, the Pakistani population was about 181 million—the world's sixth most populous country. By the year 2020, the population is expected to reach 208 million.

In June 2007, USAID's mission in Pakistan signed a 5-year cooperative agreement with the Population Council to implement the Family Advancement for Life and Health (FALAH) Program. The $60 million program aims to increase demand for and use of birth spacing and family planning services in 20 districts (later increased to 26 districts) in 4 of Pakistan's provinces. The Population Council issued subaward agreements to three Pakistani NGOs to assist in carrying out the FALAH Program.

FALAH focuses on promoting birth spacing, for improved health of Pakistani mothers and children, and social marketing of family planning commodities. Working in predominantly rural districts, FALAH fosters public and private partnerships for the delivery of family planning services. The Population Council and other organizations assist in the partnerships to satisfy couples' unmet needs for family planning information, services, and products.

The audit sought to determine whether the program was increasing demand for family planning services and improving family planning services in the public and private sectors in selected areas of Pakistan.

The audit found, for the items tested and in the geographical areas we were able to visit, that FALAH was achieving its main goals, as evidenced by the following:

- Increased demand for family planning services
- Improved family planning services in the public sector
- Improved family planning services in the private sector

Notwithstanding these accomplishments, the audit found that none of the required financial audits had been completed for the Pakistani NGOs helping to

implement FALAH. Financial audits should have been completed for three such subrecipients for FY 2008 and 2009.

The audit made one recommendation to assist the mission in improving its oversight of the program, and a management decision has been reached on the recommendation.

(Audit Report No. 5-391-10-012-P)

$150 Million Cooperative Agreement in Pakistan Terminated for Fraud. USAID/Pakistan terminated a 5-year, $150 million cooperative agreement after OIG found evidence of fraud relating to the procurement of household kits obtained by the implementer of USAID's livelihoods development program in the FATA. Under this program the implementer was responsible for a wide range of disaster relief, infrastructure development, and educational, agricultural, and related activities.

The investigation conducted by OIG and the Pakistan National Accountability Bureau revealed evidence of collusion between vendors and staff of the implementing partner, resulting in overpayment for certain goods. The investigation also discovered that the implementing partner had inappropriately hired relatives of the USAID agreement officer's technical representative responsible for overseeing the program.

As a result of the investigation, USAID terminated its cooperative agreement with the implementer, and the implementer returned over $92,000 in previously disbursed funds.

USAID Personal Services Contractor in Pakistan Terminated for Misuse of Official Position. A USAID personal services contractor serving as an agreement officer's technical representative was terminated as a result of information uncovered by OIG investigators. The contractor was overseeing two cooperative agreements issued by USAID for the implementation of a $300 million program designed to carry out disaster relief, infrastructure activities, and education and agricultural development in Pakistan's FATA. The investigation revealed that the contractor—a dual Canadian and Pakistani citizen—had misused his official position for the personal gain of his relatives and had solicited favors from USAID implementing partners. He sought employment for two of his relatives and requested that an implementing partner create a new position for one of them.

In addition to terminating the personal services contractor, USAID debarred him as a participant or principal in all federal procurement and nonprocurement programs for a period of 3 years.

Iraq

Audit of USAID/Iraq's Implementation of the Iraq Financial Management Information System. The Iraq Financial Management Information System was designed to help the Iraqi Government formulate, execute, and monitor central government budgets. The system was developed under two contracts between USAID and BearingPoint Inc. that ran from July 2003 through July 2009 for a total cost of $37.4 million.

Although BearingPoint completed a substantial amount of systems development, equipment procurement, and training, the Iraq Financial Management Information System has not been fully implemented and has not achieved its goals of helping the Government of Iraq formulate, execute, and monitor central government budgets. The system was not being used as the Government of Iraq's system of record, and the system could not produce complete trial balances, useful reports for individual ministries and offices, or information needed to perform bank reconciliations. It also could not support voucher numbers that would uniquely identify individual ministries and offices or support multiple budgets for individual ministries and offices.

These issues occurred for two main reasons. First, the contractor did not provide key contract deliverables, including purchasing and budget modules, an offline data-entry tool, or enhanced reporting tools, and participants were not satisfied with the training that the contractor had provided. Second, in the urgent pressure to develop the system in postwar Iraq, the contractor did not follow certain best practices for systems development, including obtaining functional user requirements, selecting a system on the basis of system and user requirements, developing a concept design, obtaining customer buy-in and support, or conducting system testing. Had the contractor followed these best practices, it could have prevented many of the problems we found. In addition, USAID/Iraq stated that a lack of support and commitment by some officials within the Iraqi Ministry of Finance had hindered implementation of the system.

We recommended that USAID/Iraq develop a strategy for correcting system deficiencies, and USAID/Iraq agreed with the recommendation. According to the mission, all funding has concluded, and USAID/Iraq is not planning any further funding of the system because of the lack of support from the Ministry of Finance.

Although USAID/Iraq agreed with the report recommendation, it thought that the report was too critical of the mission and its contractor and not sufficiently critical of the Government of Iraq, which, as the intended user of the system, shared responsibility for implementing it.

(Audit Report No. E-267-10-002-P)

West Bank and Gaza

OIG's Oversight Activities Continue in the West Bank and Gaza. OIG's oversight activities in the West Bank and Gaza included an examination of USAID's cash-transfer program to the Palestinian Authority and continuing audits of USAID's contractors and grantees.

USAID contracted with independent public accounting firms to conduct examination procedures of cash transfers to the Palestinian Authority; financial audits; and examination procedures of contractors, grantees, subcontractors, and subgrantees. These audits help ensure the validity of costs claimed and compliance with Executive Order 13224 regarding blocking assistance to terrorist organizations.[8] During this period, OIG issued 16 final reports. The reports identified questioned costs of approximately $4.3 million of the $380 million audited. In addition, the reports identified areas for improvement in internal controls and instances of noncompliance with agreements. OIG oversight activities during this period did not identify any instances in which terrorist organizations had received USAID funds.

Sudan

Implementing Partner Pleads Guilty to Sending USAID Funds to Terrorist Organizations. OIG investigated whether a former USAID implementing partner may have funneled USAID funds to specially designated global terrorist organizations.

We discovered that the partner was the U.S. office of a charitable organization headquartered in Khartoum, Sudan, that had been formed to raise money in the United States to assist Africa in times of famine. It was closed in October 2004, after the U.S. Treasury Department had identified it as a specially designated global terrorist organization. The international offices had provided financial support for Osama bin Laden, al-Qa'ida, and the Taliban.

In 2008, the implementing partner and some of its employees were indicted because they had engaged in transactions for the benefit of terrorists and conspired with a former U.S. congressman to convert stolen USAID funds into payment for his advocacy on behalf of the charity. A codefendant and former fund-raiser pleaded guilty to conspiring with the former congressman to lobby for the partner's removal from a U.S. Senate Finance Committee list of charities suspected of having terrorist ties, while concealing this advocacy and failing to

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[8] Executive Order 13224 of September 23, 2001, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism."

register with the proper authorities. Two other codefendants pleaded guilty for their roles in the conspiracy. The executive director also pleaded guilty for his role in illegally transferring over $1 million to Iraq and for obstructing U.S. laws governing tax-exempt charities.

The former congressman pleaded guilty to violations of the Foreign Agent Registration Act and to obstruction of justice because he had used his own charities to hide payments made to him by the organization and had lied repeatedly to federal agents and prosecutors investigating the case.

Just and Democratic Government

Democracy

Audit of USAID/Lebanon's Rule of Law Program. Lebanon's judiciary has not had the resources it needs for more than 30 years. Moreover, the judiciary's independence has been historically weak. To encourage judicial independence and promote an effective court system, USAID launched the Strengthening the

Independence of the Judiciary and Citizen Access to Justice in Lebanon Project in 2007 and awarded a 3-year, $8.2 million task order to the National Center for State Courts (NCSC).

Renovated Beirut Judgment Executions Court in Adlieh, Lebanon. (Photo by implementing partner.)

NCSC was expected to design and implement a rule of law project that would increase the effectiveness and independence of the Lebanese judicial system with better-educated judges, more efficient and transparent courts and legal processes, and frameworks that support judicial independence and impartiality. In addition, NCSC was tasked with improving judicial training and court facilities.

USAID/Lebanon's rule of law program is not making the Lebanese judicial system more independent and effective, and reported results have been inaccurate. According to NCSC officials, judicial independence is the most important goal.

However, the implementer did not complete any activities on legal journalism and cancelled two of the activities planned for developing consensus for institutional judicial independence. In addition, USAID/Lebanon significantly overstated results for 10 of 12 program performance measures that had been reported to Congress and stakeholders during FY 2008 and 2009.

USAID/Lebanon and its implementer encountered many difficulties that resulted in increased and questioned costs valued at approximately $231,000. USAID's activities suffered primarily because the mission did not manage the activities adequately, the implementer did not renovate facilities as required by the Federal Acquisition Regulation, and the mission paid for activities outside of the scope of work, such as unauthorized legal journalism activities.

OIG made 14 recommendations. For example, USAID/Lebanon could better protect the U.S. Government's investment in its rule of law activities in Lebanon by strengthening its management controls. Also, the mission should provide more oversight of the project-funded renovations and ensure their sustainability, make sure that funding requests and expenditures are appropriate, develop negotiation points for tax exemptions, strengthen program oversight of the contractor's performance, and report accurate and complete information to stakeholders. Management decisions were reached on all 14 recommendations, and final actions were reached on 8 before the report was issued.

(Audit No. 6-268-10-006-P)

Estonian Sentenced to Prison for Major Fraud. A former USAID contractor, who had worked from May through October 2003 on a $239 million governance contract in Iraq, was sentenced to 33 months in prison and fined $150,000 in connection with his guilty plea to charges of major fraud against the United States. As we reported in our last two semiannual reports, the contractor was the first Estonian national ever extradited to the United States. The investigation revealed that he had unlawfully directed two subcontract agreements worth $1 million to a Dubai firm in return for goods and services worth hundreds of thousands of dollars, including improvements to a home in North Carolina and the purchase of two condominiums in Miami, FL. The Estonian was also debarred from future government contracts by USAID.

Economic Growth and Prosperity

Economic Security

Audit of USAID's Cash-for-Work Activities in Haiti. Following the January 2010 earthquake in Haiti, three USAID operating units sponsored cash-for-work (CFW) activities implemented by Development Alternatives Inc., Chemonics International, Cooperative Housing Foundation, and the International Organization for Migration. OIG's audit found that the projects provided tangible, though limited, contributions to Haiti's recovery. Through June 15, 2010, these projects had created more than 60,500 short-term employment opportunities and provided $7.2 million in salaries to workers.

Several factors limited the positive effects of the CFW projects. Following the earthquake, extensive rubble and debris kept Haitians from rebuilding. To help address this situation, USAID's implementing partners undertook projects offering cash for rubble removal. However, because efficient rubble removal demands a substantial investment in trucks and heavy equipment, associated costs significantly reduced the funds available for workers' salaries and the overall number of workers employed by the projects. Consequently, CFW projects did not always reach employment targets and fewer Haitians received jobs than intended.

Second, CFW implementing partners had adopted different safety policies and procedures for rubble removal, potentially exposing workers to health risks.

Rubble removal sites sometimes contain electrical and biological hazards, toxic substances, falling materials, unstable surfaces, and other physical hazards.

To remove rubble, the implementing partner used small labor teams to supplement heavy equipment.
(Photo by implementing partner.)

Implementing partners have not developed a uniform approach to protecting workers from these hazards or responding to accidents that occur. While one implementing partner generally ensured that workers wore hard hats, gloves, protective eyewear, and rubber boots at work sites, others did not.

Third, the processes for selecting project workers and sites for rubble removal activities did not always involve desirable levels of community participation or transparency, and USAID's implementing partners did not have sufficient controls in place to prevent corruption. For example, one implementing partner permitted local mayors to select CFW participants without reviewing the selections to ensure that family members and friends did not dominate the labor pool. Improvements could also be made to the process for selecting sites for rubble removal activity, as not all implementers had established controls to ensure that private residences included in these projects met USAID's clearly defined criteria.

In addition, the audit noted that one of the USAID operating units sponsoring CFW activities had not conducted financial reviews of its implementing partners. USAID performs such financial reviews to determine whether implementing partners have adequate controls to safeguard project assets against waste, fraud, and abuse.

The audit made seven recommendations to address these issues, and management decisions were reached on four of them.

(Audit Report No. 1-521-10-009-P)

Audit of USAID's Response to the Global Food Crisis. From March 2007 to March 2008, global food prices increased an average of 43 percent. These rising prices led to an increase in food insecurity among poorer populations. A number of factors contributed to this spike in food prices, including increased consumer demand, rising energy costs, and lower crop yields. Globally, the majority of countries facing food security crises are in Africa, with more than 120 million Africans suffering chronic hunger. In West Africa, eight countries have experienced riots and demonstrations related to high food prices, posing threats to peace and security.

In fall 2008, the Supplemental Appropriations Act, 2008 (Public Law 110-252) provided $200 million to USAID to address the global food crisis. The goals of this multiyear (FY 2009–10) response were to support actions to increase agriculture productivity and production, increase regional trade in food staples, and promote sound market-based principles. Of the $200 million allocated to development assistance funding, USAID designated $128 million to six missions in West Africa: Ghana, Liberia, Mali, Nigeria, Senegal, and the West Africa Regional Mission.

This audit was conducted to determine whether USAID activities were helping to address the global food crisis in West Africa.

OIG found that USAID assistance programs are generally contributing to the goals of increased agricultural productivity, increased production, and increased regional trading of food staples.

In the first year of funding, however, USAID was hampered by the short timeframe in which it had to plan and implement the programs, as well as low staffing levels in its economic growth and agriculture offices. Although some USAID employees reported that the performance targets were unrealistic, these two factors—short timeframes and a lack of sufficient staff—contributed to results that fell short of performance targets. The audit concluded that with mission staff overextended and additional funding on the way, workloads may be unsustainable.

To address these challenges, OIG made two recommendations, and management decisions were reached on both.

(Audit Report No. 9-000-10-007-P)

Audit of USAID/Zambia's Food Security Activities. Poverty and food insecurity are widespread throughout Zambia, one of the world's least developed countries. Nearly two-thirds of Zambians earn less than $1 per day, and nearly half cannot meet their basic food needs. Among the many causes of food insecurity are poor health, limited rural development, government policy that discouraged development of the agricultural sector, and low agricultural productivity.

To help address food insecurity in Zambia, USAID's Office of Food for Peace in Washington, DC, signed a 5-year agreement in 2006 with a consortium to implement food security activities. The total estimated value of the agreement as of September 30, 2009, was $38 million. The consortium includes Catholic Relief Services (CRS), CARE, World Vision, and Land O' Lakes, with CRS as the lead organization. The goals of the consortium are to help reduce food insecurity and increase resiliency of vulnerable communities.

OIG collected anecdotal evidence that USAID/Zambia's food security activities were benefiting individuals. For example, in the community of Siakacheka, auditors observed a field that was used to demonstrate new agricultural techniques and equipment to approximately 20 beneficiary farmers. With the training and equipment, the beneficiaries had the field ready for planting when the first rains came in late November 2009, while other farmers were unable to plant until December. The difference between the mature crops in the demonstration field and the younger crops in neighboring fields was evident. Early planting was critical because if rainfall suddenly diminished or ceased, the mature crops would be more likely to survive than the younger crops.

Other anecdotal evidence indicated that USAID's food security activities in Zambia were having an effect; however, OIG could not fully evaluate the benefit of the activities because of a lack of relevant and reliable empirical data. For example, auditors found material misstatements related to food security activities in the mission's *Full Performance Plan and Report for FY 2009*. The number of program beneficiaries who reportedly had made the transition from reliance on food aid to sustainable farming was not adequately supported, and the number of beneficiaries who had received food aid was significantly overstated. In addition to these reporting issues, data collection and reporting did not always yield useful information.

The mission also had cost-control and scheduling problems. For instance, the costs of distributed food commodities were unreasonably high—5 to 10 times more expensive than comparable commodities on the local market—and the mission had not adequately investigated the difference. Auditors noted that more than half of the total costs of these distributed commodities were internal transport, storage, and handling expenses. Finally, infrastructure improvement activities were not progressing on schedule.

OIG made eight recommendations to help USAID/Zambia correct the problems uncovered by the audit. Management decisions were reached on all but one recommendation, and final action was taken on six before the audit report was issued.

(Audit Report No. 4-611-10-007-P)

Environment

Audits of USAID's Efforts to Mitigate Environmental Impact in Its Project Portfolio in Egypt and Democratic Republic of Congo. Title 22 of the Code of Federal Regulations, Part 216 (22 CFR 216), describes the environmental procedures that USAID must follow on all its programs, projects, and activities. These procedures are designed to ensure environmentally sound design and management of development activities and to prevent environmental damage resulting from inadequate attention to these issues. USAID guidance requires that the requirements of 22 CFR 216 be included in project design and implementation. The guidance also requires USAID staff who are responsible for the activity to plan how they will comply with environmental requirements and monitor activities for compliance with approved environmental reviews and documentation. Audits were conducted to determine whether the missions in Egypt and Democratic Republic of Congo were achieving their goals and objectives of mitigating environmental impact.

USAID/Egypt. OIG reviewed 20 projects implemented in FY 2008 and 2009 and valued at $150 million that included activities with potential for environmental

damage. OIG found that USAID/Egypt was achieving its goals and objectives to mitigate environmental impact for the 20 projects and found no indication of significant adverse impact to the environment as a result of USAID-implemented activities. For projects with environmental determinations requiring mitigation and monitoring, the mission developed measures to minimize the potential adverse effects resulting from these activities, incorporated the measures into the project's technical specifications, and—with the exception of the avian influenza activities—has been monitoring compliance with environmental requirements through its project management.

Although USAID/Egypt has taken steps to develop measures to lessen the adverse effects of its activities on the environment, OIG found some areas of the mission's environmental management practices that could be strengthened.

OIG made five recommendations. For example, USAID/Egypt could improve its environmental procedures by (1) improving its monitoring of the specified mitigating measures for avian influenza activities, (2) developing a procedure to ensure that environmental factors and mitigating measures that are requirements identified in Initial Environmental Examinations are included in solicitation documents and implementation instruments, such as for contracts and agreements, and (3) formally designating a mission environmental officer.

Management decisions and final actions have been taken on all five recommendations.

(Audit Report No. 6-263-10-005-P)

USAID/Democratic Republic of Congo (DRC). OIG's environmental audit focused on four projects that were active in 2009 and were valued at $133.9 million. The audit found that USAID/DRC is achieving its goals and objectives related to mitigating environmental impact. This is partly because the mission avoids projects with components that normally have a significant effect on the environment. For the most part, activities implemented by USAID/DRC have a low risk of environmental damage, and the mission and its partners have developed specific measures to minimize and compensate for adverse effects of these activities.

Although USAID/DRC has taken steps to minimize adverse effects of its activities in the environment, OIG found pervasive environmental management compliance deficiencies. USAID/DRC (1) did not adequately incorporate Initial Environmental Examination assessment requirements into solicitations and awards, (2) has not updated the appointment memorandum for the mission's environmental officer to include important responsibilities, (3) needs to strengthen the process for ensuring environmental compliance, and (4) needs to report on environmental compliance annually.

Auditors made six recommendations to help the mission overcome noted deficiencies. Management decisions have been reached on all six.

(Audit Report No. 7-660-10-009-P)

Audit of USAID/Panama's Environmental Activities. With its strategic location and 80-kilometer canal between the Atlantic and Pacific Oceans, the Republic of Panama is an important hub for global commerce. To help the Government of Panama protect this critical economic and environmental resource, USAID/Panama has implemented its Conservation of Biodiversity in the Panama Canal Watershed (CBC) Program as a joint venture between International Resources Group and Tetra Tech (IRG/TT). The program intends to mitigate threats to the ecosystems in the Panama Canal watershed and improve management of those areas in order to maintain the hydrological functioning of the water system, protect biodiversity, and enhance development objectives. As of December 2009, USAID/Panama had obligated approximately $7.7 million and expended over $6.1 million to support CBC activities.

OIG conducted this audit to determine whether USAID/Panama's environmental activities were mitigating threats to the ecosystem in the Panama Canal watershed and improving the management of areas with high environmental and socioeconomic importance.

We found that USAID/Panama's CBC Program has provided significant benefits to some individuals and organizations in the Panama Canal watershed and buffer areas. However, the program achieved only limited documented progress toward improving the management of these areas.

USAID/Panama's partner, IRG/TT, has generally performed as outlined in the contract and has accurately reported on its progress. However, despite several notable accomplishments, the CBC Program's overall effects and progress were difficult to assess or verify. Overall performance indicators lacked a connection to the field activities they were meant to measure. Also, the reporting on the implementation of program activities generally was not useful for monitoring the program, managing the watershed and buffer areas, or communicating the effects of the program's activities.

OIG made four recommendations, and management decisions have been reached on all of them.

(Audit Report No. 1-525-10-008-P)

Investment in People

Health

Audits of USAID Activities to Prevent the Transmission of HIV in Uganda and Kenya. Enacted in May 2003, the President's Emergency Plan for AIDS Relief (PEPFAR) was designed to combat HIV/AIDS throughout the world. PEPFAR was extended in July 2008 when the President signed legislation authorizing up to $48 billion over 5 additional years (2009–13) to continue the U.S. Government's global efforts against HIV/AIDS, tuberculosis, and malaria. PEPFAR is implemented collaboratively by seven government agencies and departments—USAID; the Departments of State, Commerce, Health and Human Services, Labor, and Defense; and the Peace Corps. USAID is one of the lead agencies and in FY 2009 administered 60 percent of all PEPFAR funds, or a total of about $3.4 billion.

PEPFAR is geared toward improving HIV/AIDS prevention, care, treatment, and support, as well as the long-term sustainability of these efforts. These two audits focused on the goal of prevention, specifically the prevention of sexual transmission of the virus using the "ABC" approach: "A" for abstinence, "B" for being faithful, and "C" for consistent and correct use of condoms.

USAID/Uganda. USAID/Uganda has sponsored activities to prevent sexual transmission of HIV that align with Uganda's national HIV/AIDS strategy. Through these activities, USAID/Uganda reached millions of individuals with messages promoting abstinence, faithfulness to one partner, and other means of preventing HIV/AIDS transmission, such as condom use. However, after 6 years and $116.4 million in expenditures, USAID/Uganda could not demonstrate how much progress it had made in preventing infections and reducing the incidence of HIV. Long-term results on HIV incidence and condom use are not reported with enough frequency for USAID/Uganda to use them in tracking program progress, so the mission planned to use an intermediate measure for this purpose. However, USAID/Uganda was unable to assess progress on this intermediate measure because the Ugandan Ministry of Health had not collected needed data since 2005.

OIG made four recommendations to help USAID better manage the program, and management decisions have been reached on all of them.

(Audit Report No. 9-000-10-008-P)

USAID/Kenya. OIG conducted an audit of three USAID PEPFAR programs in Kenya that are part of the AIDS, Population, and Health Integrated Assistance Program II (APHIA II). APHIA II includes the full range of HIV/AIDS prevention, care, and treatment services as well as activities to address tuberculosis, child

survival, and malaria. One of the three programs was administered nationwide, while the remaining two focused on the Western and Coast Provinces. USAID/Kenya's PEPFAR obligations for the three audited programs totaled $41.1 million for FY 2008 and 2009.

Estimates indicate that new HIV infections have declined in Kenya, from 132,000 new adult infections in 2007 to 100,000 new adult infections in 2009. However, it is not possible to determine whether or to what extent USAID activities may have contributed to this decline because of data collection, reporting, and integrity issues. OIG could not determine whether USAID-financed activities achieved performance targets for specific performance indicators because performance targets were inconsistent and reported results were unreliable and unverifiable. The deficiencies that OIG found were so large that we could not make even an educated guess as to whether targets for the specific performance indicators had been met.

Performance targets established in the mission's country operational plans and performance management plans sometimes did not agree with each other or with targets used by the implementing partner. For example, the FY 2009 APHIA II Western target for individuals reached through community outreach promoting HIV/AIDS prevention through abstinence or being faithful was listed as 1,440,000 in the country operational plan, 60,000 in the performance management plan, and 30,000 in the partner's progress report.

In another program, the results reported for prevention indicators were inconsistent. For example, Family Health International, the implementing partner for the APHIA II Coast program, reported reaching 206,461 people with abstinence messages, while USAID reported reaching 470,012. Similar inconsistencies appeared between USAID's records and the records of the other implementing partners. Inconsistencies occurred because USAID and its implementing partners had updated reports without coordinating with one another.

Moreover, the reported results could not be verified. Results could not be traced to supporting documentation in some cases and, in others, reported results were inconsistent with underlying information. Also, data were not collected uniformly, site visits were infrequent, and key meetings were not documented.

OIG made 10 recommendations to help the mission improve its management of these PEPFAR programs. Management decisions were reached on all the recommendations, and final action was taken on one before the report was issued.

(Audit Report No. 7-615-10-010-P)

Audit of USAID/Mozambique's HIV/AIDS Treatment Program. The U.S. Government channels a large percentage of its total funding for combating HIV/AIDS in Mozambique through USAID. USAID/Mozambique's HIV/AIDS program seeks to mitigate the impact of the epidemic and to support the country's health system for HIV/AIDS treatment. In FY 2009, the treatment program involved three major implementing partners:

- *Health Alliance International*. USAID signed a cooperative agreement for $57.3 million to provide HIV/AIDS-related services from January 2004 through October 2009.
- *Family Health International*. USAID signed a cooperative agreement for $16.9 million to provide HIV/AIDS-related services from June 2006 through November 2009.
- *Supply Chain Management System*. USAID obligated $51.9 million for FY 2007–09 activities related to a task order to help the Ministry of Health improve its storage and distribution system for medications, including antiretroviral drugs.

OIG conducted this audit to determine (1) whether USAID/Mozambique's HIV/AIDS treatment program was mitigating the impact of the epidemic and supporting the country's health system for HIV/AIDS treatment and (2) whether USAID/Mozambique had implemented the recommendations from a previous audit to strengthen the procurement, deployment, and warehousing of program commodities.[9]

USAID/Mozambique had some success in mitigating the impact of the epidemic in Mozambique and supporting the country's health system for HIV/AIDS treatment. We found that patients on HIV/AIDS treatment in the provinces we visited were living longer and had a better quality of life than they would without USAID support. In addition, free antiretroviral drugs, provided by the U.S. Government, were invaluable in treating infected Mozambicans. However, the mission conceded that it had been less successful in terms of increasing the number of new antiretroviral therapy patients and the number of individuals trained in HIV-related institutional capacity building.

Although the program had achieved some of its goals, some areas needed improvement. Specifically, implementing partners reported performance data inconsistently, one implementing partner could not always support the data it had reported, USAID/Mozambique had not developed an FY 2009 performance management plan, pharmacy stockroom management was insufficient, the central warehouse's drug inventory system was inadequate, warehouses and pharmacies

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[9] "Audit of USAID/Mozambique's Procurement and Distribution of Commodities for the President's Emergency Plan for AIDS Relief," Audit Report 4-656-09-001-P, December 18, 2008.

were not storing antiretroviral drugs properly, and USAID/Mozambique was not enforcing branding policy. We made 12 recommendations related to these findings, and management decisions were reached on 9.

(Audit Report No. 4-656-10-006-P)

Audit of USAID/Ghana's HIV/AIDS Program. In 2009, Ghana had an HIV prevalence rate of approximately 1.7 percent. Under PEPFAR, the U.S. Government developed a strategy for working with the Government of Ghana to reduce new infections by 30 percent by 2013 through prevention efforts. Other goals included strengthening the health management systems needed to achieve prevention and care goals and strengthening the capacity of organizations to provide services to at-risk populations and people living with HIV.

Since 2004, USAID has supported training, logistics, and performance improvements to improve care in selected sites in Ghana. To carry out these activities, the mission entered into agreements with EngenderHealth, Academy for Educational Development (AED), John Snow International (JSI), Opportunities Industrialization Centers International, and Ghana's Ministry of Education, Science, and Sports. During FY 2009, USAID disbursed $3.3 million for the Ghana program.

OIG sought to determine whether USAID's activities in Ghana have reduced the prevalence of HIV and improved the quality of services. We concluded that although the prevalence rate of HIV has decreased—from a peak in 1998 of 2.4 percent to an estimated 1.7 percent in 2009—USAID has been only partially successful in achieving the specific goals of its programs. OIG made nine findings, three of which are discussed below.

According to two of USAID's nine principles of development and reconstruction assistance (capacity building and sustainability), the Agency is to strengthen local institutions, transfer technical skills, and design programs to ensure their impact endures. Contrary to these principles, AED did not give its subpartners enough time to implement activities that were targeted at reducing infections and mitigating the effects of AIDS. As a result, although the infection rate in Ghana has declined, the subpartners may not have achieved the capacity to sustain mitigation efforts.

OIG also found limited improvement in the overall quality of health services. EngenderHealth did not collaborate sufficiently with hospital management, document action plans it had helped hospitals to develop, or assist in implementing the plans. Consequently, hospital staff lost interest in the program, limiting its effectiveness.

Supplies that would not fit in storage rooms at the Greater Accra Regional Medical Store are piled outdoors. (Photo by OIG.)

Regarding the HIV/AIDS commodities supplied under the DELIVER program implemented by JSI, auditors observed that storage temperatures at the Central Medical Store exceeded manufacturers' established limits, expired drugs were not disposed of regularly, and one-third of antiretroviral treatment drugs were unavailable.

OIG made nine recommendations to help the mission address the problems uncovered by the audit. USAID agreed with all but one recommendation, although management decisions were reached on all nine and final action taken on four by the time the audit report was issued.

(Audit Report No. 7-641-10-006-P)

Audit of USAID/ Southern Africa's Regional HIV/AIDS Program in Botswana. USAID/Southern Africa's Regional HIV/AIDS Program in Botswana is a critical part of the mission's HIV/AIDS program. Three partners are implementing prevention and care activities: (1) Research Triangle Institute, (2) Project Concern International, and (3) Academy for Educational Development. At the end of FY 2009, USAID/Southern Africa reported obligations of $10.7 million.

Two main goals of the mission's prevention and care activities in Botswana are to (1) prevent transmission of HIV/AIDS by educating people with prevention interventions and (2) provide care to people suffering with HIV/AIDS and to orphans and other vulnerable children. The mission strives to achieve these goals by a variety of means, including the following:

- Promoting HIV/AIDS prevention through outreach and training

- Providing HIV-related palliative care and training related to palliative care[10]
- Serving orphans and vulnerable children and providing training related to caring for such children
- Training individuals in institutional capacity building and community mobilization

OIG found that the mission had reached a significant number of people with its interventions during FY 2009, the first year of these activities. At least 4,817 individuals were reached with HIV/AIDS prevention messages, and at least 274 orphans and vulnerable children received care. However, because of problems with data quality, the audit could not determine whether USAID/Southern Africa's regional HIV/AIDS program in Botswana had provided individuals with prevention and care services at the levels planned.

OIG also determined that USAID/Southern Africa needs to strengthen its program by clarifying management authority and responsibility for the regional HIV/AIDS program, training the staff of prevention and care service providers, developing a complete performance management plan, and requiring that mission staff perform and document adequate data-quality assessments and site visits.

The audit made six recommendations, and management decisions were reached on all of them.

(Audit Report No. 4-674-10-005-P)

Audit of USAID/Nigeria's Malaria Interventions. Malaria is endemic throughout Nigeria. It accounts for nearly 110 million clinically diagnosed cases per year, 60 percent of outpatient visits, and 30 percent of hospitalizations. It is also believed to cause up to 11 percent of maternal mortality, 25 percent of infant mortality, and 30 percent of mortality of children under age 5. Aside from malaria's direct effect on health, the disease places severe social and economic burdens on communities and the country as a whole, with about $879 million lost to malaria annually in treatment and prevention costs and missed work. In Nigeria, malaria kills an estimated 300,000 children per year.

USAID participates in the Roll Back Malaria Partnership, a global initiative of more than 90 partners that aims to reduce the burden of malaria by 50 percent by 2010. USAID also supports the national malaria program to increase access to and use of proven prevention and treatment interventions.

USAID/Nigeria's FY 2009 budget for malaria totaled $14.8 million, of which 43 percent went to purchase antimalarial drugs, 43 percent to purchase and distribute insecticide-treated nets, and the remainder to fund activities like

[10] Palliative care focuses on reducing the severity of disease symptoms.

training health workers in prevention and treatment techniques. To implement its malaria activities, the mission entered into agreements with four implementing partners: Society for Family Health, Academy for Educational Development, Pathfinder International, and John Snow, Inc.—DELIVER.

OIG conducted this audit to determine whether USAID/Nigeria's activities have increased access to and use of proven malaria prevention and treatment interventions.

Toward the goal of preventing malaria by 50 percent, mission officials and the Nigerian Ministry of Health have asserted slow progress because of limited funding and relatively low levels of activity by other donors. Nonetheless, increasing numbers of children under 5 and pregnant women now sleep under treated bed nets. Nigeria's demographic and health surveys also reported that under-5 mortality has decreased and that 16 percent of children under 5 had fever (the main symptom of malaria) during the 2 weeks preceding the interview, compared with 32 percent in 2003.

USAID has made progress in providing assistance to the national malaria program by increasing access to insecticide-treated nets, providing malaria treatment and prevention training to more than 2,500 people, and raising awareness of malaria among an estimated 23 million people.

Despite these noteworthy accomplishments, the mission has not achieved its main goals, and significant problems include missing or stolen bed nets, results reported without documentation, and failure to distribute over 400,000 doses of artemisinin-based combination therapies. To address these problems, OIG made six recommendations. Management decisions were reached on all six, and final action has been taken on one.

(Audit Report No. 7-620-10-008-P)

Audit of USAID's Food Aid Assistance Under the Liberia Integrated Assistance Program. From October 1, 2006, to May 31, 2010, the U.S. Government provided food assistance to Liberia through the Liberia Integrated Assistance Program (LIAP). The program was designed to transform a program addressing the emergency humanitarian needs resulting from Liberia's 14-year civil war into one more focused on long-term development. A consortium of three U.S.-based NGOs—Catholic Relief Services (CRS), the lead organization; Samaritan's Purse; and Africare—served as the cooperating sponsors to implement the program. With budgeted funding of approximately $23 million, the program focused on reducing food insecurity among rural households in six counties of Liberia and providing assistance to more than 134,000 direct beneficiaries. The program also worked with 10 local NGOs to build their capacity to implement programs on their own.

OIG conducted this audit at USAID/Liberia to determine whether USAID's food assistance under LIAP had (1) enhanced household livelihoods, (2) increased community resilience to hazards and shocks, and (3) improved health and nutrition.

We found that LIAP had provided considerable assistance to those who had suffered from the war but had reached only about 74,000 of the expected 134,000 beneficiaries and only partially achieved its main goals. The program distributed 4,879 of the 5,591 metric tons (MT) of commodities budgeted for feeding vulnerable groups for the life of the program but sold or monetized[11] only 11,847 of the 24,920 MT of commodities budgeted for monetization. The program sold fewer commodities than expected because, in light of exorbitant increases in food and fuel prices, in 2008 USAID's Office of Food for Peace found that providing the cooperating sponsor with cash in lieu of commodities was more cost effective.

We also found weaknesses in monitoring and reporting, such as:

- Lack of follow-up on the status of claims for lost commodities.
- Lack of documentation at food distribution sites and cooperating sponsor offices.
- Inaccurate documentation of beneficiary lists and quarterly reports on food inventories.
- Absence of the cooperating sponsor at food distributions.
- Poor conditions and lack of security at warehouses where food is stored.

These weaknesses occurred largely because CRS lacked a full-time employee to monitor work done by 10 local NGOs. Because of these weaknesses, we could not determine whether the program was achieving its intended results, and the Office of Food for Peace may not be able to recuperate funds it is owed for commodity losses.

We also found that the cooperating sponsor did not adequately monitor monetized proceeds and could not retain its trained program volunteers. Also, the cooperating sponsor did not revise targets that were set too low or too high and did not adhere to branding and marking requirements.

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[11] The sale of U.S. agricultural commodities by cooperating sponsors (turning food assistance into program funds) is referred to as *monetization*.

We made 11 recommendations to resolve these issues. Management decisions were reached on all the recommendations, and final action was taken on five of them by the time the audit report was issued.

(Audit Report No. 7-669-10-007-P)

Management Capabilities

Information Technology

Audit Finding on Funding for Information Technology Security and Upgrades. Under the American Recovery and Reinvestment Act of 2009 (ARRA), USAID received $38 million for immediate IT security and upgrades to support mission-critical operations. USAID determined that the funding would be used for the development and deployment of the Global Acquisition and Assistance System over a 2-year period.

Although USAID implemented procedures for separating ARRA payments from other payments, it erroneously used ARRA funds to pay for services that were not authorized under the ARRA obligations. Six invoices with contract line items totaling $7,860 were improperly paid with ARRA funds for services rendered from September 2009 through February 2010. These payments reduced the funds available for satisfying current obligations incurred under the Recovery Act and have resulted in improper payments, as defined by the Improper Payments Information Act of 2002. In June 2010, USAID corrected this error and reimbursed the $7,860 to the Recovery Act Fund.

(Memorandum Report No. 0-000-10-001-K)

Employee Misconduct

USAID Employee Pleads Guilty to False Statements. Based on information originally provided to OIG by USAID, an investigation revealed that a newly hired employee had defrauded the Agency of more than $4,000. The employee was detailed from Washington, DC, to an East African mission for 30 days before proceeding to his permanent post of assignment. Upon arrival at his assigned post, the employee filed a claim for lodging expenses supposedly incurred while on detail to the East African mission. The investigation discovered that the employee had stayed in a USAID-funded residence free of charge and that he had submitted a fictitious receipt to support his lodging claim.

The U.S. Attorney's Office, District of Columbia, accepted the case for prosecution. The employee waived his right to a grand jury indictment and pleaded guilty to a one-count charge of making false statements. He was

sentenced to 1 year of probation by the U.S. District Court for the District of Columbia. USAID terminated the employee and debarred him as a participant or principal in all federal procurement and nonprocurement programs for a period of 1 year.

Former USAID Employee Confesses to Theft. OIG investigated allegations that a former USAID employee in West Bank/Gaza had misused USAID-purchased gasoline cards for his personal gain. USAID had terminated the employee previously for an unrelated matter. Upon questioning by OIG agents, the former employee confessed that he had stolen more than $100,000 worth of gasoline cards from USAID over the past 7 years.

USAID withheld over $42,000 of the former employee's severance pay.

USAID Executive Officer Suspended for Motor Pool Abuse. The executive officer of a Southeast Asian mission was suspended without pay for 30 days for misusing official vehicles and drivers. The officer, who is responsible for enforcement of motor pool regulations and for supervising motor pool drivers, had engaged in over 1,000 miles of motor pool misuse, including instances of transporting family members to school and on shopping trips. On one journey he took friends to a resort area outside the capital. Other examples of misuse took place on weekends and evenings. Even after he had been counseled, the executive officer continued to engage in misuse of government vehicles.

USAID suspended the officer without pay for 30 days.

Former USAID Background Investigator Arrested for Falsifying Official Records. On the basis of a referral to OIG by USAID's Office of Security, OIG special agents arrested a former background investigator assigned to that office after an investigation revealed that he had falsified documents associated with many background investigations he had been assigned to complete. He had falsified the documents by affixing the seals of numerous agencies to background investigation files, falsely indicating that appropriate checks had been completed. The employee was charged in U.S. District Court for the District of Columbia with false statements and misuse of a government seal.

Financial Management

Management Accountability

Review of USAID's Effectiveness in Obtaining the Benefits of Its Research and Development Efforts. At the annual meeting of the National Academy of Sciences in 2009, President Obama set a goal to "devote more than

3 percent of our GDP to research and development." Research and development allows USAID to develop, test, and refine new and improved tools, approaches, and interventions for addressing concerns in developing countries and countries in transition.

In 1980 the Bayh-Dole Act[12] established a uniform federal patent policy to encourage recipients of research and development awards to collaborate with industry.[13] As a result of the act, USAID developed policy on patent rights, which has since been expanded to include intellectual property rights.

OIG conducted this review to determine whether USAID has protected U.S. Government–financed patented terms and processes. The review found that USAID's right to use such patented products is protected, except under 2 of the 15 assistance awards selected for review. Contracting officers and agreement officers did not include property rights provisions and clauses in two funding agreements reviewed from the Bureau for Global Health.

To address these shortcomings, OIG made three recommendations. The Office of Acquisition and Assistance agreed with all of them and presented plans to implement the recommendations by December 30, 2010.

(Audit Report No. 9-000-10-001-S)

Review of USAID's Travel Card Program. To reduce U.S. Government travel costs and improve managerial oversight of employees' travel expenditures, Congress passed the Travel and Transportation Reform Act, Public Law 105-264, on October 19, 1998. The act mandates that all federal employees use a travel charge card for travel expenses while on official travel, unless their agency's program coordinator has granted an exemption.

To comply with the act, USAID provides a Citibank travel card to its employees and personal services contractors who are required to travel on official business. Citibank issues travel cards in the employee's name, and the employee is liable for all payments. USAID is not responsible for delinquent or unpaid transactions on the card. However, USAID does receive a rebate from Citibank, and the higher the volume of money spent on the card, and the fewer days taken to pay the balance owed, the higher the rebate-earning potential. In FY 2009, USAID received approximately $28,000 in rebates from Citibank for charges made to the individually billed travel cards.

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[12] Bayh-Dole University and Small Business Patent Procedures Act, Public Law 96-517, Section 6(a), codified in 35 U.S.C. 200 to 211.

[13] In this context, a *recipient* is an organization whose research work is funded in whole or in part through research grants, contracts, or cooperative agreements.

The Financial Policy and Support Division in USAID's Office of the Chief Financial Officer monitors and manages USAID's travel card program. For FY 2009, USAID had 2,691 active travel cards, with total charges of approximately $6.8 million.

OIG conducted this review to determine whether the travel card program is operating effectively.

We found that USAID could revise existing policies and improve certain procedures to operate the program more effectively. The review identified the following problems: (1) cardholders did not always use their travel cards while on official travel, (2) USAID officials did not deactivate travel cards for separated employees in a timely manner, and (3) USAID officials could not provide documentation to confirm compliance with Agency policies.

OIG made three recommendations. The Office of the Chief Financial Officer generally agreed with the recommendations and presented plans to implement them by October 1, 2010.

(Report No. 9-000-10-002-S)

Expanding Accountability

Corruption and lack of accountability are major impediments to development. These issues threaten to negate years of economic growth, especially in the areas of the world subject to political instability and violence. OIG audits and investigations afford two methods of safeguarding USAID funds; however, OIG pursues additional methods to promote accountability and transparency. For example, OIG works with supreme audit institutions (SAIs) to expand their capabilities and provides training in cost principles and fraud awareness.

Expanding Capabilities of Supreme Audit Institutions. OIG continues to work closely with selected SAIs in countries where USAID is present. SAIs are the principal government audit agencies in the recipient countries and are often the only organizations that have a legal mandate to audit the accounts and operations of their governments. Thus, SAIs may be called upon to audit funds provided to host governments by USAID or other donors. OIG and USAID missions have signed memorandums of understanding (MOUs) with 21 SAIs.

Before SAIs can conduct audits of USAID, they must have professional capability and independence. OIG often provides training to SAIs in how to conduct financial audits of USAID funds in accordance with USAID guidelines and U.S. Government auditing standards. This training helps build capacity within SAIs to enhance their ability to audit all public funds. The SAI, the USAID

mission, and OIG then sign an MOU detailing standards and procedures to be used in auditing USAID funds provided to the host government.

As part of the shift to use host country systems to deliver foreign assistance, USAID must now rely more heavily on SAIs and work to build their capacities.

During this reporting period, OIG conducted a review to determine whether the Ghana Audit Service—Ghana's SAI—had conducted audits in accordance with applicable audit requirements. OIG found that the organization generally had complied with applicable audit requirements. However, we also found that it did not fully comply with the standards of independence, qualifications, due care, and audit evidence set forth by the International Organization of Supreme Audit Institutions.[14] The Ghana Audit Service agreed with all recommendations and will take appropriate action.

OIG also participated in an audit guidelines workshop in Ghana in June 2010. The workshop included members from the Ghana Audit Service, World Bank, United Nations, Canadian International Development Agency, European Union, and others. It focused on aligning audit practices, procedures, and requirements to enhance coordination and aid effectiveness among donors and to enhance host country capacity in conducting audits. The workshop's overall goal was to align donor requirements with national accounting and auditing processes so that the SAIs can conduct more audits.

Training USAID Staff and Others. OIG remains committed to preventing losses of development funds and continues to provide training in cost principles and fraud awareness to USAID employees, contractors, grantees, SAIs, and auditors from local accounting firms.

Cost Principles Training. USAID's contracts and grants include cost principles provisions that define the types of costs that can be legitimately charged to USAID programs. Although the full text of these cost principles is contained in voluminous sections of the Federal Acquisition Regulation (FAR) and various Office of Management and Budget (OMB) circulars, USAID agreements generally contain only a single sentence that refers to these principles. To increase awareness of—and compliance with—cost principles and to promote the highest standards, OIG conducts training for overseas USAID staff, contractors, grantees, and others. This training provides a general overview of U.S. Government cost principles and examples of actual instances that demonstrate concepts such as reasonableness, allocability, allowability, and various other cost principles (e.g., travel expenses or entertainment costs). The training also includes financial audit requirements and accountability issues.

[14] SAIs must follow International Organization of Supreme Audit Institutions guidance.

During this reporting period, OIG provided training in cost principles and related subjects in 3 countries and trained about 160 individuals.

Fraud Awareness Training. In the reporting period, OIG conducted fraud awareness training in 11 countries for 1,945 individuals. As part of our oversight strategy for Afghanistan, OIG's Investigations and Audit staff presented 34 fraud awareness briefings there to 824 USAID staff, prime implementers, and significant subpartners. We also gave presentations to 83 USAID employees in Haiti. The briefings addressed internal controls and factors to consider for minimizing opportunities for fraudulent actions. See page 56 for statistics on fraud awareness.

Accountability Over Contractors and Grantees

USAID is required by the FAR, the Single Audit Act,[15] OMB circulars, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors, grantees, and Enterprise Funds. OIG provides oversight of these audit activities, ensuring that audits are conducted in accordance with appropriate quality standards and that they enhance accountability over USAID contractors and grantees. Also, in accordance with provisions in USAID contracts and agreements, OIG reviews reports of audits conducted on foreign organizations that receive USAID funds.

Audits of U.S.-Based Contractors. U.S.-based contractors carry out many USAID-funded activities. The Defense Contract Audit Agency (DCAA) conducts audits, reviews, and preaward surveys of U.S.-based contractors on USAID's behalf. OIG then reviews DCAA's reports and transmits them to USAID management. During the reporting period, OIG had nothing significant to report on DCAA activities.

Audits of U.S.-Based Grantees and Enterprise Funds. U.S.-based nonprofit organizations also receive significant USAID funds to implement development programs overseas. As required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal auditors perform annual financial audits of USAID grantees that spend over $500,000 of federal funds annually. These auditors are required to identify:

- Significant deficiencies involving major programs.
- Material noncompliance with laws and regulations.
- Known fraud affecting a federal award.
- Misrepresentations of the status of prior audit findings.

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[15] Single Audit Act of 1984, Public Law 98-502, as amended.

- Reasons why the auditor's report on compliance for major programs is other than unqualified.

OIG provides oversight for the nonfederal auditors performing these audits and reviews to determine whether auditors prepared audit reports in accordance with reporting requirements of OMB Circular A-133. OIG also conducts quality-control reviews to determine whether the underlying audits complied with OMB A-133 audit requirements and generally accepted government auditing standards. In some instances, OIG contracts with DCAA to perform special financial audits and, with independent public accounting firms, to perform Agency-contracted financial audits of U.S.-based grantees.

Enterprise funds are U.S.-based nonprofit organizations established under the Support for Eastern European Democracy Act of 1989 (SEED Act).[16] USAID has established 11 enterprise funds, 10 of which invest in countries in Eastern Europe and Eurasia while the 11th invests in South Africa. Enterprise funds are subject to annual audits of financial statements performed by private accounting firms and reviewed by OIG.

OIG activities during the reporting period:

- Issued 80 desk reviews for A-133 Single Audit Act reports and issued 4 desk reviews for agency-contracted audit reports covering USAID funds of approximately $2,216,268,000 spent by U.S.-based grantees.
- Completed 2 quality-control reviews covering over $199,627,000 in grantee expenditures.
- Issued 4 reports completed by DCAA, covering approximately $29,311,600 spent by U.S.-based grantees.
- Identified about $2,838,000 in questioned costs.
- Issued nine enterprise fund audits, covering over $904,574,000 in grantee expenditures.

Audits of Foreign-Based Contractors and Grantees. OMB Circular A-133 does not apply to foreign-based contractors and grantees. Given the high-risk environment in which USAID operates, however, USAID has extended similar audit requirements to its foreign-based contractors and grantees through standard provisions included in grants, cooperative agreements, and contracts through OIG's *Guidelines for Financial Audits Contracted by Foreign Recipients* (February 2009). Financial audits of foreign-based contractors and grantees are normally conducted by independent audit firms approved by OIG's overseas regional offices.

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[16] Public Law 101-179.

Under the recipient-contracted audit programs, audits are required for all foreign nonprofit organizations that spend $300,000 or more per their fiscal year. USAID may also request financial audits of nonprofit organizations that fall below the $300,000 threshold.

USAID's financial audit requirements concerning its contracts, grants, and cooperative agreements are normally satisfied under the recipient-contracted audit program. However, Agency-contracted audits may be initiated by either USAID or OIG to provide additional audit coverage or address specific concerns.

OIG reviews all audit reports and, if they are found to be in compliance with *Guidelines for Financial Audits Contracted by Foreign Recipients*, transmits the report to the appropriate USAID mission for corrective actions. Audit firms are also notified of any problems identified in the audit reports.

During this reporting period, OIG reviewed and transmitted 114 audits of foreign-based organizations, covering over $2,060,095,000 in expenditures and resulting in over $13,981,000 in questioned costs. OIG also completed 3 quality-control reviews to ensure that the audits were completed in accordance with appropriate audit standards.

Corruption and Prostitution Discovered in USAID Program. An OIG investigation involving the Growth with Equity in Mindanao Program in the Philippines has uncovered gross misconduct by program implementers. The $250 million program has operated in Mindanao since 1996 and covers a wide range of activities, including infrastructure development, improvements in business and government practices, and strengthening education. The program is implemented by a U.S. prime contractor who subcontracts many activities to local entities in Mindanao.

OIG's investigation discovered that over 100 unqualified entities lacked the necessary licenses to compete for subcontracts issued by the prime contractor and used licensed contractors as fronts to win the subcontracts. The unqualified entities paid the licensed contractors a fee for the use of their credentials with the full knowledge of numerous staff members of the prime contractor.

Moreover, a USAID employee responsible for overseeing certain portions of the program admitted to investigators that over a 4-year period he had accepted gifts of prostitution from local employees of the prime contractor. In addition, OIG found that the firm's internal system for conducting fraud investigations was flawed and served to keep problem employees in place while discouraging complainants from coming forward.

As a result of the investigation, 62 systemic changes were made to various processes of program implementation. The prime contractor's deputy chief of

party and a team leader were removed from the project, and USAID's employee retired. OIG referred its investigative results to USAID for consideration of debarment or suspension, and the Agency subsequently issued six notices of proposed debarment.

Contractor's False Statements Lead to $800,000 Civil Settlement. An OIG investigation revealed that a contractor had falsely attested, on a prequalification application for the USAID-funded Greater Amman Water Project in Jordan, that it had not failed to complete any previously awarded contracts. The contractor also falsely attested that all of the information provided in the application was true, complete, and accurate. Because it did not disclose its default on a previous contract, the contractor was awarded the USAID-funded contract.

The contractor disputed and denied the allegations. A civil settlement agreement reached between the U.S. Attorney's Office and the contractor constituted neither an admission of liability by the contractor nor a concession by the United States that its claims were not well founded. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation, however, the United States and the contractor reached a full and final civil settlement, in which the contractor agreed to pay the United States $800,000.

SIGNIFICANT FINDINGS

USADF

OIG did not issue any reports for the United States African Development Foundation during the reporting period.

IAF

Audit of Inter-American Foundation's Compliance With Provisions of the Federal Information Security Management Act for Fiscal Year 2010. An audit was conducted to determine whether IAF had implemented selected security controls for its information systems as required by the Federal Information Security Management Act of 2002 (FISMA), Title III of Public Law 107-347.

The audit found that IAF generally complied with FISMA requirements. However, the audit made one recommendation to improve IAF's information security program. A management decision was reached on the one recommendation.

(Audit Report No. A-IAF-10-003-P)

Significant Recommendations Described Previously Without Final Action

USAID

April 1–September 30, 2010

Section 5(a)(3) of the Inspector General Act of 1978, as amended, requires each inspector general to identity each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

Report Number	*Subject of Report*	*Issue Date*	*Rec. No.*	*Management Decision Date*	*Final Action Target Date*
1-511-09-004-P	Audit of Engender Health's Management of Activities Financed by USAID/Bolivia	01/15/09	2 3 5 7 8	01/15/09 01/15/09 01/15/09 04/27/09 04/27/09	03/11 03/11 03/11 03/11 03/11
9-000-10-001-P	Audit of USAID's Process for Suspension and Debarment	10/01/09	5 6 8 11 12	10/01/09 10/01/09 10/01/09 05/12/10 05/12/10	12/10 12/10 12/10 12/10 12/10
1-520-10-001-P	Audit of USAID/Guatemala's Democracy and Governance Program	10/30/09	7	10/30/09	12/10
5-306-10-002-P	Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program	11/10/09	1 7	11/10/09 11/10/09	11/10 11/10
0-000-10-001-C	Audit of USAID's Financial Statements for FY 2009 and 2008	11/13/09	1	11/13/09	12/10

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
A-000-10-001-P	Audit of USAID's Compliance with the Federal Information Security Management Act for Fiscal Year 2009	11/17/09	5 6 7 12 15 16	11/17/09 11/17/09 11/17/09 11/17/09 11/17/09 11/17/09	05/11 01/11 12/10 12/09 12/12 12/10
A-000-10-002-P	Audit of USAID's Compliance with § 522 of the Consolidated Appropriations Act of 2005	12/31/09	3 7 8 10 11 12	12/31/09 12/31/09 12/31/09 12/31/09 12/31/09 12/31/09	11/10 12/10 12/10 12/10 12/10 12/10
5-391-10-005-P	Audit of USAID/Pakistan's Capacity Building Program for the Federally Administered Tribal Areas Development Program	01/28/10	4	01/28/10	12/10
5-306-10-006-P	Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project	01/29/10	1 3	01/29/10 01/29/10	11/10 10/10
7-685-10-003-P	Audit of USAID/West Africa's P.L. 480 Title II Food Aid in Support of the Livelihood Expansion and Asset Development Project in Sierra Leone	02/11/10	2 3 4 5	02/11/10 02/11/10 02/11/10 02/11/10	10/10 10/10 10/10 10/10
7-688-10-004-P	Audit of USAID/Mali's Education Program	02/26/10	1 2.1 2.2 3 4 7	07/30/10 08/04/10 08/04/10 07/30/10 02/26/10 02/26/10	12/10 11/10 11/10 12/10 01/11 01/11

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
9-000-10-003-P	Audit of USAID's Internal Controls Over the Separate Maintenance Allowance	03/01/10	1 3 4 5 6 7 8 9 10	03/01/10 03/01/10 03/01/10 03/01/10 03/01/10 03/01/10 03/01/10 03/01/10 03/01/10	11/10 11/10 11/10 11/10 11/10 11/10 11/10 11/10 11/10
7-685-10-005-P	Audit of USAID/Senegal's Implementation of the President's Malaria Initiative	03/15/10	4	03/15/10	12/10
4-696-10-002-P	Audit of USAID/Rwanda's HIV/AIDS Treatment Activities	03/24/10	5 6 7 8	03/24/10 03/24/10 03/24/10 03/24/10	10/10 03/11 10/10 10/10
4-663-10-003-P	Audit of USAID/Ethiopia's Agricultural Sector Productivity Activities	03/30/10	1 2 3 4 5 6 10 11 12 13 14 15 17	06/07/10 03/30/10 06/07/10 06/07/10 03/30/10 03/30/10 03/30/10 03/30/10 03/30/10 06/07/10 03/30/10 03/30/10 03/30/10	12/10 03/11 12/10 12/10 12/10 12/10 12/10 12/10 12/10 12/10 03/11 12/10 12/10
5-306-10-007-P	Audit of USAID/Afghanistan's Human Resources and Logistical Support Program	03/31/10	2 5 7 8	03/31/10 03/31/10 03/31/10 03/31/10	12/10 12/10 12/10 12/10

Report Number	Subject of Report	Issue Date	Rec. No.	Management Decision Date	Final Action Target Date
6-278-10-004-P	Audit of USAID/Jordan's Sustainable Achievement of Business Expansion and Quality Project	03/31/10	1 2 3 4 6 7 8	08/26/10 03/31/10 03/31/10 08/26/10 08/26/10 08/26/10 03/31/10	03/11 03/11 03/11 03/11 03/11 03/11 03/11
E-267-10-001-P	Audit of USAID's Internally Displaced Persons Activities in Iraq	03/31/10	1 2 3 4 5 6 8 9 10 11 12	03/31/10 09/29/10 09/29/10 09/29/10 09/29/10 03/31/10 09/29/10 09/29/10 09/29/10 09/29/10 09/29/10	03/11 12/10 12/10 12/10 12/10 03/11 12/10 12/10 12/10 12/10 12/10

Significant Recommendations Described Previously Without Final Action

*USADF and IAF**

April 1–September 30, 2010

Report Number	*Subject of Report*	*Issue Date*	*Rec. No.*	*Management Decision Date*	*Final Action Target Date*
7-ADF-08-006-P	Follow-up Audit of the Awarding and Monitoring of Grants by the African Development Foundation	06/12/08	16 18	06/12/08 06/12/08	12/10 12/10
7-ADF-08-007-P	African Development Foundation/Ghana Project Activities	9/17/08	1 5 7 14 17.4	09/17/08 01/27/09 09/17/08 09/17/08 09/26/08	12/10 12/10 12/10 12/10 12/10

*The Inter-American Foundation had nothing to report.

Investigative Activities Including Matters Referred to Prosecutive Authorities

USAID, USADF, IAF, and MCC

April 1–September 30, 2010

Workload			*Civil Actions*	
Investigations opened	68		Civil referrals	1
Investigations closed	38		Civil declinations	2
			Complaints	0
			Judgments	0
			Settlements	1
			Total	**4**
Criminal Actions			*Administrative Actions*	
Prosecutive referrals	14		Reprimands / demotions	0
Prosecutive declinations	7		Personnel suspensions	1
Arrests	4		Resignations / terminations	13
Indictments	2		Recoveries	2
Convictions	6		Savings	1
Sentencing	5		Suspensions / debarments	10
Fines / assessments	4		Systemic changes	62
Restitutions	3		Other	0
Total	**45**		**Total**	**89**
Judicial recoveries (criminal and civil)				$4,029,826
Administrative recoveries				$1,034,247
Savings				$94,971,498
Total savings / recoveries				**$100,035,571**

Fraud Awareness Briefings Conducted Worldwide

*USAID**

April 1–September 30, 2010

Month	*Location*	*Sessions*	*Attendees*	*USAID Affiliation*
APR	Kabul, Afghanistan	3	88	Contractors
	Kabul, Afghanistan	5	49	Personnel
MAY	Kabul, Afghanistan	2	3	Personnel
	Kabul, Afghanistan	3	126	Contractors
	Islamabad, Pakistan	1	16	Personnel
	Hanoi, Vietnam	2	24	Personnel
	Hanoi, Vietnam	3	65	Contractors
	Washington, DC	1	48	Personnel
JUN	Kabul, Afghanistan	4	269	Contractors
	Kabul, Afghanistan	1	10	Personnel
	Port-au-Prince, Haiti	2	83	Personnel
	Dakar, Senegal	3	57	Personnel
	Washington, DC	1	27	Personnel
JUL	Kabul, Afghanistan	7	191	Personnel and contractors
	Manila, Philippines	1	36	Contractors
	Washington, DC	1	43	Personnel
AUG	Kabul, Afghanistan	5	66	Personnel and contractors
	Amman, Jordan	2	89	Personnel and contractors
	Dakar, Senegal	1	6	Personnel
	Guatemala City, Guatemala	4	85	Personnel and contractors
	Lima, Peru	3	99	Personnel and contractors
	Washington, DC	1	35	Personnel
SEPT	Kabul, Afghanistan	4	22	Personnel and contractors
	Nairobi, Kenya	15	386	Personnel and contractors
	Washington, DC	1	22	Personnel and contractors
TOTAL		**76**	**1,945**	

*OIG conducted no fraud awareness training for USADF, IAF, or MCC in the reporting period.

Incidents in Which OIG Was Refused Assistance or Information

USAID, USADF, and IAF

April 1–September 30, 2010

The Inspector General Act of 1978, Section 5(a)(4), as amended, requires the identification of any reports made to the head of agency describing incidents in which information or assistance was refused or not provided.

During this reporting period, there were no reports to the USAID Administrator of instances in which information or assistance was unreasonably refused or not provided.

Financial Audits

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
American Recovery and Reinvestment Act of 2009 (ARRA)				
0-000-10-001-K	09/30/10	Improper Payments Made Under the American Recovery and Reinvestment Act of 2009	8	QC
Foreign-Based Organizations				
0-114-10-001-R	06/11/10	Audit Report on the Financial Audit of the Government of Georgia's Separate Dollar Account, U.S. Dollar Related Account and Local Currency Treasury Single Account under USAID/Caucasus's Budgetary Support for the Government of Georgia, Fiscal Year 2009		
0-165-10-020-R	07/14/10	Audit Report of MDC-TI.NET under USAID Grant No. 165-G-00-05-00102-00, for the Year Ended December 31, 2008		
0-000-10-027-R	08/24/10	Audit Report of Solidarities, under Multiple Agreements for Fiscal Year Ended December 31, 2008	1,575 1,575	QC UN
0-000-10-030-R	05/10/10	Audit Report of Centre for British Teachers under USAID Grant Agreement No. 615-IL615-0003-006, Fiscal Year Ended March 31, 2006	205 201	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-032-R	04/16/10	Audit Report of Norwegian Refugee Council, Under Multiple Agreements, for Fiscal Year Ended December 31, 2008		
0-000-10-033-R	06/02/10	Audit Report of Première Urgence, Under USAID Multiple Agreements, for Fiscal Year Ended June 30, 2008		
0-118-10-033-R	07/01/10	Audit Report of Moscow Helsinki Group (MHG), under USAID Cooperative Agreement No. 118-A-00-02-00183 for Period September 27, 2002, through January 31, 2010	1 1	QC UN
0-118-10-034-R	08/05/10	Audit of Regional Society of Disabled People "Perspektiva" under USAID Cooperative Agreement No. 118-A-00-03-00085, IREX Agreement No. YDCP-FY08-IRS28 within Cooperative Agreement 118-A00-08-00001-00, and Agreement with Inter-Regional Public Foundation "Siberian Civic Initiatives Support Center" within Cooperative Agreement No. 118-A-00-03-00127, for Fiscal Year Ended December 31, 2008		
0-118-10-035-R	07/13/10	Audit of Moscow Helsinki Group under USAID Agreement No. 118-A-00-02-00183 for Fiscal Year Ended December 31, 2009		
0-000-10-036-R	08/04/10	Audit Report of OXFAM GB under DFD-G-00-07-00208-00 and DFD-G-00-07-00198-00	13 13	QC UN
0-000-10-037-R	08/25/10	Audit of Action Contre La Faim, Paris, France, Under Multiple USAID Agreements, for Fiscal Year Ended December 31, 2008	2,508 2,319	QC UN
0-000-10-038-R	08/20/10	Audit Report of OXFAM GB under USAID Grant No. DFD-G-00-08-00189-00		
0-000-10-039-R	08/02/10	Audit of Save the Children UK, under Multiple Agreements for Fiscal Year Ended March 31, 2008	34 13	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-121-10-040-R	08/04/10	Audit of All Ukrainian Public Organization "Institute for Budgetary and Socioeconomic Research" under USAID Agreement No. 121-A-00-08-00708-00 for Fiscal Year Ended December 31, 2009		
0-118-10-041-R	08/19/10	Audit Report of Institute for Family Health (IFH), under USAID Cooperative Agreement No. 118-A-00-06-00077-00 for Period September 29, 2006, through December 31, 2009	1	QC
0-000-10-042-R	08/20/10	Recipient Contracted Audit Report of the Mentor Initiative, under USAID Multiple Agreements, for Fiscal Year Ended September 30, 2008	1 1	QC UN
0-000-10-043-R	08/20/10	Audit of International HIV/AIDS Alliance, under Multiple Agreements for Fiscal Year Ended December 31, 2008		
0-000-10-044-R	08/23/10	Audit Report of The Mentor Initiative, under Multiple Agreements, for Fiscal Year Ended September 30, 2007	3 3	QC UN
0-000-10-045-R	08/24/10	Audit Report of The Mentor Initiative, under USAID Multiple Agreements, for Fiscal Year Ended September 30, 2006	1 1	QC UN
0-118-10-046-R	08/26/10	Audit of Moscow Public Science Foundation (MPSF), under USAID Agreement No. 118-A-00-02-00135-00, for Fiscal Year Ended December 31, 2009		
0-000-10-047-R	09/27/10	Audit of Tearfund, Under Multiple Agreements for Fiscal Year Ended March 31, 2009	11 1	QC UN
0-118-10-048-R	09/03/10	Audit of Russian Microfinance Center (RMC), under Multiple Agreements, for Fiscal Year Ended December 31, 2009		
0-118-10-049-R	09/09/10	Audit of Center for Fiscal Policy, Under USAID Agreement No. 118-A-00-03-00084, for Fiscal Year Ended December 31, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-050-R	09/21/10	Audit Report of Center for Research on the Epidemiology of Disasters (CRED)/Université Catholique de Louvain (UCL), under USAID Cooperative Agreement DFD-A-00-07-00179-00 "EM-DAT Project" for Fiscal Year Ended September 30, 2009	54 45	QC UN
0-118-10-051-R	09/22/10	Audit of Foundation for Information Policy Development, Under USAID Agreement No. 118-A-00-04-00061, for Fiscal Year Ended December 31, 2009		
0-118-10-052-R	09/21/10	Audit Report of Agency for Social Information, under USAID Cooperative Agreement No. 118-A-00-07-00059-00 for Fiscal Year Ended December 31, 2009		
1-512-10-041-R	04/28/10	Revised Report—Audit of the Grant Agreement No. 512-A-00-03-00027-00 Managed by World Wildlife Fund Brazil (WWF Brazil) for the Period January 1, 2006, to September 30, 2007	28	QC
1-524-10-042-R	04/29/10	Audit of the Fund Accountability Statement Under Cooperative Agreement No. 524-A-00-06-00005-00 for the "Proyecto Familias Unidas por su Salud-Fami Salud/USAID," Managed by "Federacion Red NicaSalud," for the Period From April 1, 2008, to March 31, 2009	10 6	QC UN
1-532-10-043-R	06/01/10	Close-out Audit of the Strategic Objective Grant Agreement Number 532-0011, Implementation Letters 21 and 26, for the HIV/AIDS Prevention and Control Project, Managed by the Ministry of Health and Environment, for the Period From January 1, 2008, to September 26, 2008	821 819	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
1-512-10-044-R	06/02/10	Audit of the USAID Cooperative Agreement No. RLA-A-00-06-00065-00 FORTIS Consortium "Institutional Strengthening in Southern Amazonas" Managed by Instituto Internacional de Educacao do Brasil (IEB) for the Period from October 1, 2006, to September 30, 2007	22 22	QC UN
1-512-10-045-R	06/02/10	Close-out Audit of the USAID Agreement No. 512-A-00-03-00028-00 "Estradas Verdes" Managed by Instituto de Pesquisa Abiental da Amazonia (IPAM) for the Period From October 1, 2006, to September 30, 2007	772 489	QC UN
1-527-10-046-R	06/18/10	Audit of USAID Grant Agreement No. 527-0407; Strengthened Environmental Management (STEM) Project; Managed by the "Ministerio del Ambiente—MINAM, ex Consejo Nacional del Ambiente—CONAM," for the Period from January 1, 2007, to December 31, 2008		
1-511-10-047-R	08/23/10	Close-out Audit of the Fund Accountability Statement of the Sustainable Technologies Promotion Center (STPC), Grant Agreement USAID No. 511-A-00-02-00282-00, for the Period From January 1, 2009, to September 30, 2009		
1-518-10-048-R	08/31/10	Audit of the Cooperative Agreement No. 518-A-00-07-00056-00, "Program for the Protection of Water Resources to Keep the Biodiversity: Financial Mechanisms for the Protection of the Watersheds of Ecuador," Managed by the Fideicomiso Mercantil Fondo Ambiental Para la Proteccion de las Cuencas y Agua—FONAG, for the Period From October 1, 2008, to September 30, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
1-527-10-049-R	09/02/10	Audit of the Fund Accountability Statement of Cooperative Agreement No. 527-A-00-08-00014-01: "Youth Development in Peruvian Coca Growing Areas," Managed by the Information and Education Center for the Prevention of Drug Abuse (CEDRO), for the Period from March 1, 2009, to February 28, 2010		
1-538-10-050-R	09/07/10	Audit of USAID Resources Managed by Caribbean Regional Negotiating Machinery Under Grant Agreement No. 538-009-02B, for the Period From February 24, 2006, to March 31, 2009		
1-517-10-051-R	09/07/10	Financial Audit of the "Civil Society Action for Improved Public Sector Performance" Program and "Formation of Young Leaders of Political Parties in the Dominican Republic—Phase II" Program, USAID Grant Agreement Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00 Managed by Participacion Ciudadana for the Periods October 22, 2008, and December 1, 2008, to August 31, 2009, Respectively		
1-538-10-052-R	09/09/10	Audit of USAID Resources Managed by the Organization of Eastern Caribbean States (OECS), Under Grant Agreement No. 538-009-04, for the Period From October 18, 2007, to October 31, 2008		
1-523-10-053-R	09/16/10	Audit of the Fund Accountability Statement of the ABC Cancer Center Project, Grant No. 1331-990 of the American British Cowdray Medical Center for the Year Ended on December 31, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
1-522-10-054-R	09/24/10	Audit of USAID Resources Program No. 598-0023-00, Managed by Universidad Pedagógica Nacional Francisco Morazán (UPNFM) Under Cooperative Agreement No. 522-A-00-06-00307-00, Program Center of Excellence for Teachers Training in Central American And Dominican Republic (CETT/CARD), for the Period From October 1, 2008, to September 30, 2009	2	QC
1-519-10-055-R	09/28/10	Close-Out Audit of the Fund Accountability Statement of the Project "National Survey of Family Health—FESAL," Cooperative Agreement No. 519-A-00-07-00049-00, Managed by the Asociacion Demografica Salvadorena (ADS), for the Period From January 1, 2009, to January 30, 2010	24	QC
1-518-10-056-R	09/28/10	Report on the Examination of the Financial Reports for Cooperative Agreement Nos. 518-A-00-07-00067-00 "Municipal Integrated Development Program—MIDP," and 518-A-00-06-00077-00, Close-Out Audit of the "Program to Combat the Trafficking in Persons in Ecuador (TIP)," Managed by the International Organization for Migration (IOM), for the Period Between January 1, 2009, to December 31, 2009	2 2	QC UN
1-520-10-057-R	09/29/10	Audit of the Fund Accountability Statement of the Program to Strengthen Competitiveness of Guatemalan Business and Products, Cooperative Agreement No. 520-A-00-05-00009-00, Administered by the Asociacion Guatemalteca de Exportadores (AGEXPORT), for the Year Ended December 31, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
1-526-10-058-R	09/29/10	Close-Out Audit of Project, Fortalecimiento Institucional del Centro Paraguayo de Estudios de Poblacion (CEPEP), Cooperative Agreement No. 526-A-00-99-00008-00 Managed by CEPEP, for the Period From January 1 to September 30, 2009		
1-511-10-059-R	09/29/10	Audit of the Fund Accountability Statement of the Cooperative Agreement 511-A-00-02-00206-00 "Support to Arising Market of Forest Products" Administered by the Amazonian Forest Development Center (CADEFOR), for the Period From January 1 to December 31, 2009		
4-617-10-002-N	07/23/10	Agency Contracted Audit of USAID Resources Managed by Deloitte and Touche under Contract No. 617-C-00-07-00004-00 for the Period January 1, 2008 to June 30, 2009	14 14	QC UN
4-611-10-003-N	07/23/10	Agency Contracted Close-out Audit of USAID Resources Managed by the Zambia Agricultural Commodities Agency Under Cooperative Agreement No. 690-A-00-04-00342-04 for the Period January 1, 2005 to June 30, 2007	604 585	QC UN
4-621-10-022-R	04/22/10	Audit of USAID Resources Managed by the Government of the United Republic of Tanzania's Ministry of Health and Social Welfare—Primary Health Care Institute (PHCI) IRINGA under Strategic Objective Grant Agreement No. 621-0011.01, Implementation Letters No. 15 and 19 for the period July 1, 2008 to June 30, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
4-674-10-023-R	04/22/10	Recipient Contracted Audit of USAID Resources Managed by Olive Leaf Foundation 1989 under Cooperative Agreements Numbered GPO-A-00-05-00007-00 and GPO-A-00-05-00014-00, as well as Sub Agreements Numbered 0X3102 and P3121A0009 for the two-year period ended December 31, 2008	105 81	QC UN
4-617-10-024-R	04/22/10	Recipient Contracted Close-out Audit of USAID Resources Managed by the National Drug Authority (NDA), under Co-operative Agreement No. 617-A-00-08-00010-00 for the Quality Assurance and Pharmacovigilance for condoms and Anti-retroviral Drugs Program for the period March 6, 2008 to September 9, 2009	1	QC
4-617-10-025-R	04/29/10	Audit of USAID Resources Managed by Joint Clinical Research Centre under Cooperative Agreement No. 617-A-00-04-00003-00 for the year ended June 30, 2009	179	QC
4-621-10-026-R	04/29/10	Audit of USAID Resources Managed by the Ministry of Health and Social Welfare—Kigoma Zonal Training Centre under the Strategic Objectives Grant Agreement Nos. 621-0011-01, Implementation Letters Nos. 12, 17 and 21 for the period July 1, 2007 to June 30, 2009	15 15	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
4-621-10-027-R	05/07/10	Audit of USAID Resources Managed by African Palliative Care Association under Award Agreement No. 621-A-00-07-00013-00 and Sub Agreement Awards Numbers: JOE-G-001, HF-F2-REG-06-P-PTR-APCA-00, H-F3-ZAM-06-P-PTR-APPC-00, JOD 103, H-F2-MOZ-06-P-PTR-APAN-00, H-F3-BOT-07-P-PTR-APBO, H-F3-CDI-07-P-PTR-APTB, P1104-A0010, P1102-A0009, GPO-A-00-03-00003-00, 265A0014, P1105-A0025, FFPPO-2007-01, P1108-793, P1108-793(1), P1104-122, 255033-TE2-APCA-01, P1102-P-0209, for the Fifty Three-month period from 1 November 2004 to 31 March 2009	8 8	QC UN
4-615-10-028-R	05/21/10	Recipient Contracted Audit of USAID Resources Managed by Kenya Wildlife Services (KWS), under Development Assistance Grant Agreement No. 615-005, Implementation Letter No. 8, for the period July 1, 2007 to June 30, 2008	45	QC
4-674-10-029-R	05/21/10	Recipient Contracted Audit of USAID resources managed by Mothers 2 Mothers South Africa under agreements U62/CCU223540/CFDA#93.941, GHH-A-00-07-00019-00 and P1321A0027 for the year ended December 31, 2008	368 41	QC UN
4-613-10-030-R	05/21/10	Audit of USAID Recipient Contracted Audit of USAID Resources Managed by Counseling Services Unit under Grant Agreement Number 613-G-00-01-00244-00 for the year ended December 31, 2008	28	QC
4-000-10-031-R	05/25/10	Audit of USAID Resources Managed by The Church Alliance for Orphans under Agreement No. NPI/HUGS-GHA-A-G-00-07-00015-00 for the period from March 1, 2008 to February 28, 2009	19	QC

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
4-663-10-032-R	05/25/10	Audit of USAID Resources Managed by Hamlin Fistula Welfare and Research Trust, Addis Ababa Fistula Hospital, (Fistula Hospital) USAID Support for Fistula Identification, Referral and Treatment in Ethiopia, under Grant Agreement No. 663-G-00-06-00418-00 for the year ended June 30, 2009	1 1	QC UN
4-623-10-033-R	06/09/10	Recipient Contracted Audit of USAID Resources Managed by Regional Centre for Quality of Health Care under Strategic Objective Agreement No. 623-0011.02-60088 and the Close-out audit of Limited Scope Grant Agreement No. 6230010.40-00002 for the year ended June 30, 2009	16	QC
4-000-10-034-R	06/10/10	Recipient Contracted Audit of USAID Resources Managed by Integrated Community Based Initiatives (ICOBI) Cooperative Agreement Number GHO-A-00-08-00005-00 for the period April 1, 2008 to June 30, 2009	3	QC
4-674-10-035-R	06/17/10	Recipient Contracted Audit of USAID Resources Managed by South African Institute of Race Relations, under Co-operative Agreement No. 674-A-00-90-00039-00, for the period April 1, 2003 to March 31, 2004	38 38	QC UN
4-615-10-036-R	07/01/10	Audit of the USAID Resources Managed by Kenya Agricultural Research Institute (KARI) under USAID Strategic Objective and Development Assistance Grant Agreement No. 615-007 (Implementation Letter No. 3) for the period July 1, 2007 to June 30, 2008		
4-674-10-037-R	07/07/10	Audit of USAID Resources Managed by BroadReach HealthCare Africa (Pty) Ltd under Cooperative Agreement No. 674-A-00-08-00008-00 for the four month period September 1 to December 31, 2007	112	QC

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
4-623-10-038-R	07/13/10	Audit of the USAID Resources Managed by East, Central and Southern Africa Health Community (ECSA-HC) under USAID Strategic Objective Grant Agreement (SOAG) No. 6230011.02-60087 and Limited Scope Grant Agreement (LSGA) No. 6980483.23-80003 for the Period July 1, 2008 to June 30, 2009		
4-674-10-039-R	07/16/10	Revised Recipient Contracted Close-out Audit of USAID Resources Managed by Wits Health Consortium under Cooperative Agreement No. 674-A-00-05-00003-00 and 674-A-00-05-00004-00 for the period January 1, 2007 to September 30, 2007	892 1	QC UN
4-615-10-040-R	07/22/10	Close-out Audit of the USAID Resources Managed by Kenya Institute for Public Policy Research and Analysis (KIPPRA) under USAID Development Assistant Agreement No. 615-007 Implementation Letter No. 4 and Limited Scope Grant Agreement No. 615-LSGA-001, Implementation Letter No. 21 for the Period April 8, 2003 to June 30, 2007	49 49	QC UN
4-615-10-041-R	07/23/10	Recipient Contracted Audit of USAID Resources Managed by Egerton University—Tegemeo Institute under the Development Assistance Grant Agreement No. 615-007 and Implementation Letter No. 14 for the Period from October 1, 2007 to September 30, 2008	669 669	QC UN
5-386-10-028-R	04/30/10	Financial Audit of the Enhance Karnataka Project, Project No. 386-A-00-06-00144, Managed by the University of Manitoba (UOM), for the Period from April 1, 2008 to March 31, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
5-391-10-029-R	04/30/10	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Year Ended December 31, 2008	90	QC
5-497-10-030-R	04/30/10	Financial Audit of the Statement of Costs Incurred and Billed to USAID/Indonesia by Swisscontact to Implement The Aceh Polytechnic Program (TAPP), USAID/Indonesia Contract No. 497-C-00-08-00001-00, for the Period from November 27, 2007 to December 31, 2008		
5-493-10-031-R	04/30/10	Financial Audit of USAID Funds Managed by the Asian Disaster Preparedness Center (ADPC) for the Period from January 1, 2008 to December 31, 2008		
5-386-10-032-R	04/30/10	Financial Audit of AVERT Project, USAID/India Project No. 386-0544, Managed by the AVERT Society, for the period from April 1, 2008 to March 31, 2009		
5-391-10-033-R	05/18/10	Financial Audit of the College Improvement Program, USAID/Pakistan Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore (FCC), for the Period from July 1, 2007 to June 30, 2009		
5-386-10-034-R	06/28/10	Financial Audit of the Condom Social Marketing Project—Maharashtra, Project No. 386-A-00-07-00024-00, Managed by Hindustan Latex Family Planning Promotion Trust (HLFPPT), for the Period from April 1, 2008, to March 31, 2009	6 2	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
5-386-10-035-R	06/28/10	Financial Audit of the Innovations in Family Planning Services II–Jharkhand, Project No. 386-0527, Managed by Jharkhand Health Society (JHS), for the Period from April 1, 2008 to March 31, 2009		
5-386-10-036-R	06/29/10	Financial Audit of the Innovations in Family Planning Services II—Uttarakhand, Project No. 386-0527, Managed by Uttarakhand Health & Family Welfare Society (UKHFWS), for the Period from April 1, 2008 to March 31, 2009		
5-386-10-037-R	06/29/10	Financial Audit of the Innovations in Family Planning Services—Uttar Pradesh, Project No. 386-0527, Managed by State Innovations in Family Planning Services Agency (SIFPSA), for the Period from April 1, 2008, to March 31, 2009		
5-440-10-038-R	07/30/10	Financial Audit of the Program "Scaling up the Faith-based Response to HIV/AIDS in Vietnam," USAID Cooperative Agreement No. GHH-A-00-07-00018-00, Managed by Nordic Assistance to Vietnam (NAV), for the Year Ended December 31, 2008	22	QC
5-386-10-039-R	07/30/10	Financial Audit of USAID/India Grant No. 386-G-00-06-00125-00 for the Workforce Development Initiative Project (WDI) and USAID/India Cooperative Agreement No. 386-A-00-06-00180-00 for the Expansion of Madrasa Education in Andhra Pradesh Project (Madrasa Project), Managed by the CAP Foundation, for the Period from April 1, 2008, to March 31, 2009	146 127	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
5-442-10-040-R	08/04/10	Closeout Financial Audit of the Project "Ensuring Comprehensive Services to Reduce HIV Transmission and Mitigate the Impacts of HIV/AIDS at the Community Level in Cambodia," USAID Cooperative Agreement No. 442-A-00-06-00012-00, Managed by the Khmer HIV/AIDS NGO Alliance (KHANA), for the Period from January 1, 2009, to September 29, 2009	13 10	QC UN
5-492-10-041-R	08/18/10	Financial Audit of USAID Funds Managed by the Philippine Business for Social Progress, Inc. (PBSP), for the Period from October 1, 2007, to September 30, 2009		
5-388-10-042-R	08/20/10	Financial Audit of the Social Marketing Sustainability Program, USAID/Bangladesh Cooperative Agreement No. 388-A-00-08-00020-00, Managed by the Social Marketing Company (SMC), for the Period from January 1, 2008, to September 30, 2008	53 39	QC UN
6-263-10-008-R	05/17/10	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by the American Chamber of Commerce in Egypt, Trade Related Assistance Center, Grant Agreement Number 263-G-00-06-00001-00, for the Period From January 1, 2009, to September 30, 2009		
6-263-10-009-R	05/23/10	Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population, Strengthening Avian Influenza Detection and Response Project, USAID/Egypt Grant Agreement Number 263-0287, Element Number A050, Implementation Letter Number 1, for the Period From January 1, 2009, Through December 31, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-263-10-010-R	05/23/10	Financial Audit of the Ministry of Health and Population, Integrated Reproductive Health Services Project, Implementation Letter Number 2, Under USAID Agreement Number 263-0287.07, for the Period From January 1, 2006, Through December 31, 2007	2 1	QC UN
6-263-10-011-R	06/22/10	Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Agriculture and Land Reclamation, General Organization of Veterinary Services, Strengthening Avian Influenza Detection and Response Project, USAID/Egypt Grant Agreement Number 263-0287, Element Number A050, Implementation Letter Number 1, for the Period From October 1, 2007, to September 30, 2009		
6-263-10-012-R	07/22/10	Close-out Financial Audit of Resources Managed and Expenditures Incurred by Credit Guarantee Company, Small Scale Enterprises, Under USAID/Egypt Financing Agreement Number 263-0228, Small Emerging Business Service Units Program, for the Period From January 1, 2008, to December 31, 2008		
6-263-10-013-R	09/30/10	Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Agriculture and Land Reclamation, General Organization of Veterinary Services, Strengthening Avian Influenza Detection and Response Project, USAID/Egypt Grant Agreement Number 263-0287, Element Number A050, Implementation Letter Number 1, for the Period From October 1, 2009, to July 31, 2010		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-263-10-018-N	04/28/10	Close-Out Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population—Integrated Reproductive Health Services Project, USAID/Egypt Project Number 263-0287.07/AO52, Element Number 3, Implementation Letter Number 2, for the Period From January 1, 2008, to September 30, 2009	4	QC
6-263-10-019-N	04/28/10	Close-Out Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population-Integrated Maternal Child Health, Reproductive Health Service Family Planning Project, USAID/Egypt Project Number 263-0287.07, Implementation Letter Number 1, for the Period From January 1, 2008, to September 30, 2009		
6-263-10-020-N	04/28/10	Close-Out Financial Audit of USAID Resources Managed and Expenditures Incurred by the State Information Service/Information, Education and Communication Center under USAID/Egypt Project Number 263-0287.05, Implementation Letter Number 1, for the Period From January 1, 2008, to September 30, 2009		
6-263-10-021-N	05/09/10	Close-Out Financial Audit of USAID Resources Managed and Expenditures Incurred by the Ministry of Health and Population—Infectious Disease Surveillance and Response Project, USAID/Egypt Project Number 263-0287.03, Element Number 1, Implementation Letter Number 3, for the Period From April 1, 2008, to September 30, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-263-10-022-N	05/09/10	Financial Audit of Arab Penal Reform Organization, Spreading Young People's Legal Awareness Program, Under USAID Grant Number 263-G-00-07-00079-00, for the Period From September 1, 2007, to August 31, 2008		
6-294-10-023-N	05/13/10	Audit of USAID Resources Managed by Holy Family Hospital, Under Cooperative Agreement Number 294-A-00-05-00236-00, "Partnership for Expanded Access to Quality Maternal and Neonatal Health Care for Palestinian Women and Infants," for the Period From October 1, 2007, to September 29, 2008	1	QC
6-294-10-026-N	07/22/10	Examination of the Statement of Deposit and Release of the Resources Provided to the Palestinian Authority, Through the Ministry of Finance, Under the Cash Transfer Grant Agreement Dated October 10, 2008, for the Period From October 10, 2008, to January 9, 2009		
6-294-10-027-N	07/22/10	Examination of Statement of Deposit and Release of the Resources Provided to the Palestinian Authority, Through the Ministry of Finance, Under the Cash Transfer Grant Agreement Dated July 15, 2009, for the Period From July 15, 2009, to October 14, 2009		
6-294-10-028-N	07/22/10	Close-out Audit of USAID Resources Managed by Parents Circle-Families Forum, Under Grant Number 294-G-00-05-00223-00, "Opening Hearts: An Israeli-Palestinian Drama Series," for the Period From September 2, 2006, to July 31, 2008	11 11	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-294-10-029-N	07/22/10	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by Palestinian Business Women Association "ASALA," Under Sub-Grant Number 3569-004-07-NUSNG-02/08 With Academy for Educational Development, Cooperative Agreement Number 294-A-00-06-00210-00, "Small and Microfinance Assistance for Recovery and Transition," for the Period From February 1, 2008, to September 20, 2008		
6-294-10-030-N	07/22/10	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by Palestine for Credit and Development "FATEN," Under Sub-Grant Number 3569-004-07-NUSNG-01/08 With Academy for Educational Development, Cooperative Agreement Number 294-A-00-06-00210-00, "Small and Microfinance Assistance for Recovery and Transition," for the Period From February 1, 2008, to September 20, 2008		
6-278-10-031-N	07/22/10	Financial Audit of the Statement of Inflows and Releases of Funds of the Government of Jordan's Local Currency Special Account, Under USAID/Jordan's Sector Policy Reform Programs for Calendar Years 2008 and 2009		
6-278-10-032-N	07/22/10	Financial Audit of the Statement of Deposits and Releases of Funds of the Government of Jordan's Dollar Separate Account, Under USAID/Jordan's Sector Policy Reform Programs for Calendar Years 2008 and 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-294-10-033-N	08/29/10	Close-out Examination of El Concorde, Hamid Jaber & Partners Ltd. Compliance With Terms and Conditions of USAID Funded Contract Number 294-C-00-05-00238-00, Construction of the Gaza Emergency Water Connection, for the Period From September 29, 2005, to May 10, 2006	733	QC
6-263-10-035-N	08/29/10	Close-Out Financial Audit of the Ministry of State for Local Development, USAID Project Number 263-0294-01, Implementation Letter Number 2, for the Period From May 15, 2007, to June 14, 2009		
6-263-10-036-N	08/29/10	Close-Out Financial Audit of the Egyptian Tourism Federation, Egyptian Tourism Workforce Development Program, under USAID Agreement Number 263-A-00-05-00021-00, for the Period From March 1, 2006, to June 30, 2008	146 2	QC UN
6-263-10-037-N	08/29/10	Close-Out Financial Audit of USAID/Egypt Resources Managed and Expenditures Incurred by El Nakib Center for Training and Democracy Support, "Freedom Today Not Tomorrow," Award Number 263-G-00-08-00020-00, for the Period From March 13, 2008, to July 31, 2008	93 3	QC UN
6-263-10-038-N	08/29/10	Financial Audit of the National Council for Human Rights, Under USAID Funded Grant Agreement Number 263-0294.02, Implementation Letter Numbers 1, 2, 3 and 4, for the Period From February 1, 2007, to March 31, 2008	2 2	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-294-10-041-N	09/20/10	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by Alrafah Microfinance Bank, Under Risk Coverage Guarantee Agreement Number 3569-004-08-01-05 With Academy for Educational Development, Cooperative Agreement Number 294-A-00-06-00210-00, "Small and Microfinance Assistance for Recovery and Transition," for the Period From July 1, 2007, to June 30, 2008		
6-294-10-044-N	09/28/10	Close-Out Examination of Al Tarify Group Compliance with Terms and Conditions of Contract Number 294-I-06-05-00211-00, for the Period From July 11, 2007, to December 30, 2007	1,812 1,812	QC UN
7-620-10-012-R	06/04/10	Recipient Contracted Audit of USAID Resources Managed by the Catholic Secretariat of Nigeria under the Scale-up of the Catholic Community-Based Outreach in Response to HIV/AIDS Project (Agreement No. 620-A-00-07-00217-00) for the Period Beginning October 1, 2007, and Ending October 31, 2008	153 153	QC UN
7-685-10-013-R	09/02/10	Recipient Contracted Audit of USAID and Kreditanstalt Fuer Wiederaufbau (KFW) Resources Managed by the Agency for the Development of Social Marketing (ADEMAS) under Grant Agreement No. 6856A-00-03-00118-00 and the KFW Program Agreement No. 2002-65-033 for the Period Beginning January 1, 2009, and Ending December 31, 2009	26 26	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
7-688-10-014-R	09/02/10	Recipient-Contracted Audit of the USAID Resources Managed by the Ministry of Health of the Republic of Mali under the USAID Health Strategic Objective Program No. 688-006-00 for the Period Beginning October 1, 2006, and Ending December 31, 2008	205 85	QC UN
7-641-10-015-R	09/02/10	Recipient Contracted Audit of USAID Resources Managed by the Ghana Centre for Democratic Development under the Strengthening Parliamentary Processes in Ghana Program (Grant Agreement No. 641-A-00-06-00144-00) and the Persons with Disabilities Bill Program (Grant Agreement No. 641-A-00-05-00012) for the Period from January 1 to December 31, 2007	262 187	QC UN
7-641-10-016-R	09/07/10	Recipient Contracted Audit of USAID Resources Managed by the Ghana Centre for Democratic Development under the Strengthening Parliamentary Processes in Ghana Program (Grant Agreement No. 641-A-00-06-00144-00), the Persons with Disabilities Bill Program (Grant Agreement No. 641-A-00-05-00012), and the Civil Society Actions Towards Credible Elections Program (Grant Agreement No. 641-A-08-00012-00) for the Period from January 1 to December 31, 2008	597 411	QC UN
G-391-10-001-R	08/04/10	Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by Competitiveness Support Fund (CSF), for the Period from February 3, 2006, to June 30, 2009	355 355	QC UN
Local Currency Trust Fund				
5-497-10-003-N	09/15/10	Financial Audit of USAID/Indonesia's Rupiah Trust Fund for the Years Ended September 30, 2008 and 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
U.S.-Based Contractors				
0-000-10-006-D	05/28/10	Chemonics International, Inc., Report on Adequacy and Compliance of Revised Disclosure Statements, Effective September 30, 2006, Submitted by Chemonics International, Inc.		
5-386-10-001-O	05/28/10	Report on Agreed-Upon Procedures Performed on Local Expenditures and Systems Review of Resources Managed by TCG International LLC (TCGI) to Implement the Financial Institution Reform and Expansion—Debt Market (FIRE-D) Project, USAID/India Contract No. 386-C-00-04-00119, for the Period from June 1, 2004, to September 30, 2008	753 75	QC UN
6-294-10-025-N	06/22/10	Financial Audit of the Cost Representation Statement of USAID Resources Managed by DPK Consulting Under Contract Number DFD-I-00-04-00173-00, Netham Rule of Law Program, for the Period From October 1, 2007, to June 30, 2008		
6-294-10-039-N	09/14/10	Close-Out Examination Procedures Related to Montgomery Watson Harza Americas, Inc. Compliance with Terms and Conditions of Purchase Order Number 294-O-00-08-00201-00, Infrastructure Needs Program Project Development, Project Management, General Engineering Consulting Service, for the Period From December 3, 2007, to July 30, 2008		
6-294-10-043-N	09/23/10	Close-Out Audit of USAID Resources Managed by Nathan Associates Inc. Under Contract Number PCE-I-00-98-00016-00, Task Order Number 842, "Palestinian Information and Communications Technology Incubator," for the Period From September 30, 2004, to September 29, 2006	1,787 1,787	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
U.S.-Based Grantees				
0-000-10-005-D	05/03/10	Education Development Center (EDC), Application of Agreed Upon Procedures		
0-000-10-007-D	06/25/10	Michigan State University, Audit Report on Special Incurred Cost Audit of Grants 61-5826 (Tegemeo NGO) and 61-5381 (Tampa II)		
0-000-10-011-E	04/06/10	Audit Report of the U.S. Russia Investment Fund's Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-012-E	04/08/10	Audit Report of the Hungarian-American Enterprise Fund's Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-013-E	04/07/10	Audit Report of Baltic-American Enterprise Fund's Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-014-E	08/11/10	Audit Report of the Romanian-American Enterprise Fund for the Fiscal Year Ended September 30, 2009		
0-000-10-015-E	09/03/10	Audit Report of Western NIS Enterprise Fund Consolidated Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-016-E	09/15/10	Audit Report of Polish-American Enterprise Fund Consolidated Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-017-E	09/15/10	Audit Report of Czech and Slovak American Enterprise Fund Consolidated Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-017-T	04/21/10	A-133 Audit Report of American University of Beirut for Fiscal Year Ended September 30, 2007		

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Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-018-E	09/17/10	Audit Report of Albanian-American Enterprise Fund Consolidated Financial Statements for Fiscal Year Ended September 30, 2009		
0-000-10-018-T	04/22/10	Audit Report of INMED Partnerships for Children, Inc. and Affiliates Fiscal Year Ended December 31, 2007		
0-000-10-019-E	09/21/10	Enterprise Fund Audit Report for Bulgarian-American Enterprise Fund for the Year Ended September 30, 2009		
0-000-10-019-T	04/01/10	INMED Partnerships for Children, Inc. A-133 Audit Reports for Fiscal Years Ended December 31, 2008	18	QC
0-000-10-021-T	04/23/10	A-133 Audit Report of Mercy Corp Audited Financial Statements for Fiscal Year Ended June 30, 2008		
0-000-10-022-T	04/23/10	Audit Report of INMED Partnership for Children, Inc. and Affiliates Fiscal Year Ended September 30, 2006		
0-000-10-023-T	07/21/10	A-133 Audit Report for Action Against Hunger for Fiscal Year Ended December 31, 2006		
0-000-10-024-T	07/21/10	A-133 Audit Report for Action Against Hunger for Fiscal Year Ended December 31, 2007		
0-000-10-025-T	08/05/10	A-133 Audit Report for Action Against Hunger for the Fiscal Year Ended December 31, 2008		
0-000-10-026-T	06/17/10	Audit Report of American Council on Education for Fiscal Year Ended September 30, 2006		
0-000-10-027-T	06/17/10	Audit of American Council on Education for the Fiscal Year Ended September 30, 2007		
0-000-10-028-T	06/17/10	Audit of American Council on Education for Fiscal Year Ended September 30, 2008		

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Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-029-T	07/12/10	A-133 Report for Children's AIDS Fund for Fiscal Year Ended December 31, 2006		
0-000-10-030-T	07/12/10	A-133 Audit Report of Children's AIDS Fund for Fiscal Year Ended December 31, 2007		
0-000-10-031-T	07/12/10	A-133 Audit Report of Children's AIDS Fund for Fiscal Year Ended December 31, 2008		
0-000-10-033-T	09/03/10	A-133 Audit Report of Consortium for Elections and Political Process Strengthening for the Fiscal Year Ended September 30, 2007		
0-000-10-034-T	09/03/10	A-133 Audit Report of Consortium for Elections and Political Process Strengthening for the Fiscal Year Ended September 30, 2008		
0-000-10-035-T	08/19/10	A-133 Audit Report Hadassah: The Women's Zionist Organization of America, Inc. and Related Entities for the Fiscal Year Ended May 31, 2006		
0-000-10-036-T	08/19/10	A-133 Audit Report of Hadassah: The Women's Zionist Organization of America, Inc. and Related Entities for the Fiscal Year Ended May 31, 2007		
0-000-10-037-T	07/12/10	A-133 Audit Report of International Republican Institute for Fiscal Year Ended September 30, 2007		
0-000-10-038-T	07/12/10	A-133 Audit Report of International Republican Institute for Fiscal Year Ended September 30, 2008		
0-000-10-039-T	09/09/10	A-133 Audit Report for International City/County Management Association for the Fiscal Year Ended June 30, 2007		
0-000-10-040-T	09/09/10	A-133 Audit Report for International City/County Management Association for the Fiscal Year Ended June 30, 2008		
0-000-10-042-T	06/17/10	Audit Report of Relief International for the Fiscal Year Ended December 31, 2006		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-043-T	06/17/10	Audit Report of Relief International for the Fiscal Year Ended December 31, 2007		
0-000-10-044-T	06/17/10	Audit Report of Relief International for the Fiscal Year Ended December 31, 2008		
0-000-10-045-T	07/26/10	A-133 Audit Report for National Rural Electric Cooperative Association and Subsidiaries for Fiscal Year Ended December 31, 2006		
0-000-10-046-T	07/26/10	A-133 Audit Report for National Rural Electric Cooperative Association, Its Wholly Owned Subsidiaries and Controlled Affiliated Organizations for Fiscal Year Ended December 31, 2007		
0-000-10-047-T	07/26/10	A-133 Audit Report for National Rural Electric Cooperative Association, Its Wholly Owned Subsidiaries and Affiliated Organizations for Fiscal Year Ended December 31, 2008		
0-000-10-048-T	04/27/10	A-133 Audit Report of National Center for State Courts Financial Statements for Year Ended December 31, 2007		
0-000-10-049-T	04/27/10	A-133 Audit Report of National Center for State Courts Financial Statements for Year Ended December 31, 2008		
0-000-10-050-T	05/17/10	Education Development Centers Inc., OMB Circular A-133 Audit Report for Fiscal Year Ending September 30, 2007		
0-000-10-051-T	05/17/10	Education Development Center Inc., OMB Circular A-133 Audit Report for Fiscal Year Ending September 30, 2008		
0-000-10-052-T	05/03/10	A-133 Audit Report of Program for Appropriate Technology in Health and Subsidiaries for Fiscal Year Ending December 31, 2007		

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Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-053-T	05/03/10	A-133 Audit Report of Program for Appropriate Technology in Health and Subsidiaries for Fiscal Year Ending December 31, 2008		
0-000-10-054-T	04/27/10	A-133 Audit Report of International Medical Corps Financial Statements for Fiscal Year Ending June 30, 2007		
0-000-10-055-T	04/27/10	A-133 Audit Report of International Medical Corps Federal Awards Audit Report for the Fiscal Year Ended June 30, 2008		
0-000-10-056-T	06/16/10	A-133 Audit Report of Aid to Artisans, Inc. Financial Statements for Fiscal Year Ended September 30, 2007		
0-000-10-057-T	06/16/10	A-133 Audit Report of Aid to Artisans, Inc. for Fiscal Year Ended September 30, 2008		
0-000-10-058-T	07/12/10	A-133 Report of International Real Property Foundation for Fiscal Year Ended December 31, 2008		
0-000-10-059-T	04/27/10	Audit of IntraHealth International, Inc. Financial Statements for Fiscal Year Ended June 30, 2006		
0-000-10-060-T	05/03/10	Audit of IntraHealth International, Inc. for Fiscal Year Ended June 30, 2007		
0-000-10-061-T	05/03/10	Audit of IntraHealth International, Inc. for Fiscal Year Ended June 30, 2008		
0-000-10-062-T	05/10/10	International Foundation for Education and Self-Help, OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2007		
0-000-10-063-T	05/10/10	International Foundation for Education and Self-Help, A-133 Audit Report for Fiscal Year Ending September 30, 2008		
0-000-10-064-T	06/15/10	OMB Circular A-133 Audit Report of the Center for Development and Population Activities for Fiscal Year Ended December 30, 2009	5	QC

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-065-T	06/16/10	Review of Audit Report for Project Harmony, Inc. for Fiscal Year Ended June 30, 2008		
0-000-10-066-T	06/16/10	OMB Circular A-133 Audit Report of Project Harmony, Inc. for Fiscal Year Ended June 30, 2009		
0-000-10-067-T	06/15/10	Review of Audit Report for Childfund International, USA for Fiscal Year Ended June 30, 2009		
0-000-10-068-T	06/02/10	IntraHealth International, Inc., OMB Circular A-133 Audit Report for Fiscal Year Ended June 30, 2009		
0-000-10-069-T	06/04/10	International Foundation for Electoral Systems, OMB Circular A-133 Audit Report for Fiscal Year Ending September 30, 2008		
0-000-10-070-T	06/11/10	Review of Audit Report for Concern Worldwide (U.S.), Inc. for Fiscal Year Ended December 31, 2008		
0-000-10-072-T	09/23/10	Air Serv International, Inc. and Subsidiary, OMB Circular A-133 Audit Report for Fiscal Year Ended December 31, 2008		
0-000-10-073-T	06/28/10	OMB Circular A-133 Audit of American Near East Refugee Aid, Fiscal Year Ended May 31, 2009		
0-000-10-074-T	06/28/10	OMB Circular A-133 Audit Report of Partnership for Child Health Care for Fiscal Year Ended September 30, 2009		
0-000-10-076-T	07/12/10	OMB Circular A-133 Audit Report of Pathfinder International for Fiscal Year Ended June 30, 2009		
0-000-10-077-T	07/12/10	OMB Circular A-133 Report for Counterpart International, Inc. for Fiscal Year Ended September 30, 2007		
0-000-10-078-T	07/27/10	A-133 Report of Global Rights for Fiscal Year Ended September 30, 2007		
0-000-10-079-T	07/27/10	A-133 Report of Global Rights for Fiscal Year Ended September 30, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-080-T	08/05/10	A-133 Report for National Cooperative Business Association for the Fiscal Year Ended September 30, 2007		
0-000-10-081-T	08/17/10	A-133 Report for National Cooperative Business Association for the Fiscal Year Ended December 31, 2008		
0-000-10-082-T	08/02/10	A-133 Report for World Wildlife Fund for the Fiscal Year Ended June 30, 2007		
0-000-10-083-T	08/05/10	World Wildlife Fund, A-133 Audit Report for Fiscal Year Ended June 30, 2008	29	QC
0-000-10-084-T	07/19/10	Audit of CORE, Inc. for Fiscal Year Ended September 30, 2009		
0-000-10-085-T	07/19/10	OMB Circular A-133 Audit Report of the Fund for Armenian Relief, Inc. and Affiliates for Fiscal Year Ended December 31, 2009		
0-000-10-086-T	07/20/10	OMB Circular A-133 Audit of Aid to Artisans, Inc., for Fiscal Year Ended September 30, 2009		
0-000-10-087-T	07/21/10	OMB Circular A-133 Audit Report of Millennium Water Alliance for Fiscal Year Ended September 30, 2009		
0-000-10-088-T	07/22/10	OMB Circular A-133 Audit of the Institute for Sustainable Communities (ISC Enterprises L3C), for Fiscal Year Ended September 30, 2009		
0-000-10-089-T	07/22/10	OMB Circular A-133 Audit of the German Marshall Fund of the U.S.—Memorial to the Marshall Plan for Fiscal Year Ended May 31, 2008		
0-000-10-090-T	08/01/10	OMB Circular A-133 Audit of The German Marshall Fund of the U.S.—A Memorial to the Marshall Plan for Fiscal Year Ended May 31, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
0-000-10-091-T	07/28/10	OMB Circular A-133 Audit of International Orthodox Christian Charities Inc. and Affiliate for Fiscal Year Ended December 31, 2009		
0-000-10-092-T	08/11/10	OMB Circular A-133 Audit Report for Project Concern International for Fiscal Year Ended September 30, 2009		
0-000-10-093-T	08/19/10	A-133 Report of Hadassah: The Women's Zionist Organization of America Inc. and Related Entities for the Fiscal Year Ended May 31, 2008		
0-000-10-094-T	09/09/10	A-133 Audit Report of Research Triangle Institute for the Fiscal Year Ended September 30, 2007		
0-000-10-095-T	09/09/10	Research Triangle Institute, A-133 Audit Report for Fiscal Year Ended September 30, 2008	33 33	QC UN
0-000-10-096-T	09/08/10	A-133 Audit Report of International Rescue Committee for the Fiscal Year Ended September 30, 2009		
0-000-10-097-T	09/17/10	CHF International and Related Entities, OMB Circular A-133 Audit Report for Fiscal Year Ended September 30, 2009	2,552 2,552	QC UN
0-000-10-098-T	09/14/10	OMB Circular A-133 Audit of Private Agencies Collaborating Together Inc. for Fiscal Year Ended September 30, 2009		
0-000-10-099-T	09/17/10	A-133 Audit Report of The German Marshall Fund of the United States—A Memorial to the Marshall Plan and Subsidiary for the Fiscal Year Ended May 31, 2007		
0-000-10-105-T	09/24/10	A-133 Audit Report of World Vision International and World Vision Inc. (USA) for the Fiscal Year Ended September 30, 2008		
0-000-10-109-T	09/24/10	OMB Circular A-133 Report for Counterpart International, Inc. for the Fiscal Year Ended September 30, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
5-306-10-002-D	09/28/10	Financial Audit of Cost Incurred and Billed for the Project "Human and Institutional Capacity Building for Afghanistan Energy and Natural Resources Sector" (Task Order No. DOT-I-04-04-00022-00), USAID/Afghanistan Cooperative Agreement No. 306-P-00-10-00514-00, Managed by the Advanced Engineering Associates International (AEAI), for the Period from July 3, 2008, to June 30, 2009	12	QC
6-294-10-024-N	06/22/10	Close-Out Audit of USAID Resources Managed by JSI Research and Training Institute, Inc., Under Cooperative Agreement Number 294-A-00-05-00201-00, "Maternal Child Health and Nutrition Project," for the Period From January 1, 2006, to October 31, 2008		
6-294-10-034-N	08/29/10	Close-out Audit of the Fund Accountability Statement of USAID Resources Managed by American Near East Refugee Aid, Under Cooperative Agreement Number 294-A-00-05-00240-00, Emergency Water and Sanitation, for the Period From September 27, 2006, to December 26, 2008		
6-294-10-040-N	09/20/10	Close-out Audit of the Fund Accountability Statement of Locally Incurred Costs of USAID Resources Managed by Academy for Educational Development, Cooperative Agreement Number 294-A-00-06-00210-00, "Small and Microfinance Assistance for Recovery and Transition," for the Period From October 1, 2007, to September 29, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-294-10-042-N	09/22/10	Audit of the Fund Accountability Statement of USAID Resources Managed by Internews Network, Associate Cooperative Agreement Number 294-A-00-06-00208-00, Under Leader Award Number GEG-A-00-001-00005-00 with Private Agencies Collaborating Together Inc., Independent Media Program in the West Bank and Gaza, for the Period October 1, 2007, to June 30, 2008	7	QC
E-267-10-003-D	06/23/10	Audit of Direct Costs Incurred by Air Serv International Under USAID Grant Number DFD-G-00-04-00192-00 From June 29, 2004, Through December 31, 2008	182 156	QC UN

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Financial Audits

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USADF and IAF

April 1–September 30, 2010

For this reporting period, OIG found no financial audits with associated questioned costs, unsupported costs, or recommendations that funds be put to better use for the United States African Development Foundation and the Inter-American Foundation.

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Performance Audits

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
Economy and Efficiency				
1-512-10-006-P	06/04/10	Follow-Up Audit of USAID/Brazil's Environmental Activities		
1-522-10-007-P	07/13/10	Audit of USAID/Honduras' Education Activities		
1-525-10-008-P	07/29/10	Audit of USAID/Panama's Environment Activities		
1-521-10-009-P	09/24/10	Audit of USAID's Cash-for-Work Activities in Haiti		
4-674-10-005-P	05/12/10	Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Botswana		
4-656-10-006-P	07/16/10	Audit of USAID/Mozambique's HIV/AIDS Treatment Program		
4-611-10-007-P	09/01/10	Audit of USAID/Zambia's Food Security Activities		
4-615-10-008-P	09/29/10	Audit of USAID/Kenya's Efforts to Mitigate Environmental Impact in Its Project Portfolio		
5-306-10-008-P	04/20/10	Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program		
5-306-10-009-P	05/21/10	Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan		
5-391-10-010-P	06/28/10	Audit of USAID/Pakistan's Primary Healthcare Revitalization, Integration and Decentralization in Earthquake-Affected Areas Project		
5-306-10-011-P	07/29/10	Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
5-391-10-012-P	08/31/10	Audit of USAID/Pakistan's Family Advancement for Life and Health Program		
5-492-10-013-P	09/23/10	Audit of USAID/Philippines' Education Quality and Access for Learning and Livelihood Skills Program, Phase II		
6-263-10-005-P	08/19/10	Audit of USAID/Egypt's Efforts to Mitigate Environmental Impact in its Project Portfolio		
6-268-10-006-P	08/24/10	Audit of USAID/Lebanon's Rule of Law Program	71	QC
7-641-10-006-P	06/28/10	Audit of USAID/Ghana's HIV/AIDS Program		
7-669-10-007-P	06/29/10	Audit of USAID's Food Aid Assistance Under the Liberia Integrated Assistance Program		
7-620-10-008-P	07/07/10	Audit of USAID/Nigeria's Malaria Intervention	710 710	QC UN
7-660-10-009-P	07/21/10	Audit of USAID/Democratic Republic of Congo's Efforts to Mitigate Environmental Impact in Its Project Portfolio		
7-615-10-010-P	07/29/10	Audit of USAID/Kenya's PEPFAR-Funded Activities for the Prevention of Transmission of HIV		
9-000-10-006-P	05/18/10	Audit of USAID's Management of the Victims of Torture Fund		
9-000-10-007-P	06/04/10	Audit of USAID's Response to the Global Food Crisis		
9-000-10-008-P	06/15/10	Audit of USAID/Uganda's PEPFAR-Funded Activities for the Prevention of Transmission of HIV		
E-267-10-002-P	07/19/10	Audit of USAID/Iraq's Implementation of the Iraq Financial Management Information System		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Performance Audits

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USADF and IAF*

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
A-IAF-10-003-P	09/22/10	Audit of the Inter-American Foundation's Compliance with Provisions of the Federal Information Security Management Act for Fiscal Year 2010		

*The United States African Development Foundation had nothing to report.

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
Quality Control Reviews				
0-000-10-002-Q	08/27/10	Quality Control Review of OMB Circular A-133 Audit of Educational Development Center for Fiscal Year Ended September 30, 2009		
0-000-10-003-Q	09/29/10	Quality Control Review of OMB Circular A-133 Audit of Management Science for Health for Fiscal Year Ended June 30, 2008		
5-306-10-001-Q	05/18/10	Quality Control Review of the Financial Audit Conducted by KPMG Afghanistan Limited of the Local Costs Incurred by the Joint Venture Louis Berger Group, Inc./Black & Veatch Special Projects Corp. (LBGI/B&V) to Implement the Afghanistan Infrastructure Rehabilitation Program (AIRP), USAID/Afghanistan Contract No. 306-I-00-06-00517-00, for the Period from October 1, 2007, to September 30, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
6-294-10-003-Q	09/14/10	Quality Control Review of Khadder and Co. Audit of the Fund Accountability Statement of USAID Resources Managed by Internews Network, Sub-grant Under USAID Associate Cooperative Agreement Number 294-A-00-06-00208-00, Under Leader Award Number GEG-A-00-001-00005-00, With "Private Agencies Collaborating Together Inc.," Independent Media Program in the West Bank and Gaza for the Period From October 1, 2007, to June 30, 2008		
7-641-10-005-Q	09/24/10	Quality Control Review of the Ghana Audit Service Regarding the Audit of the Ghana Science Association for the Year Ended December 31, 2008, and the Audit of the Public Accounts of Ghana (Consolidated Fund) for the Year Ended December 31, 2008		
Other				
5-391-10-001-S	06/28/10	Review of USAID's Internally Displaced Persons Programs in Pakistan		
5-306-10-002-O	06/24/10	Review of School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program		
5-306-10-002-S	09/29/10	Review of Security Costs Charged to USAID Projects in Afghanistan		
6-263-10-001-S	07/18/10	Risk Assessment of the Impact of BearingPoint's Restructuring on USAID/Egypt Programs		
9-000-10-001-S	07/19/10	Review of USAID's Effectiveness in Obtaining the Benefits of Its Research and Development Efforts		
9-000-10-002-S	08/12/10	Review of USAID's Travel Card Program		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

USADF and IAF

April 1–September 30, 2010

During the reporting period, OIG found no miscellaneous reports with associated questioned costs, unsupported coasts, or recommendations that funds be put to better use from the United States African Development Foundation and the Inter-American Foundation.

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Significant Audit Reports

Afghanistan, Pakistan, and Iraq

USAID

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
		Afghanistan		
5-306-10-002-D	09/28/10	Financial Audit of Cost Incurred and Billed for the Project "Human and Institutional Capacity Building for Afghanistan Energy and Natural Resources Sector" (Task Order No. DOT-I-04-04-00022-00), USAID/Afghanistan Cooperative Agreement No. 306-P-00-10-00514-00, Managed by the Advanced Engineering Associates International (AEAI), for the Period from July 3, 2008, to June 30, 2009	12	QC
5-306-10-008-P	04/20/10	Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program		
5-306-10-009-P	05/21/10	Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan		
5-306-10-011-P	07/29/10	Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West		
5-306-10-001-Q	05/18/10	Quality Control Review of the Financial Audit Conducted by KPMG Afghanistan Limited of the Local Costs Incurred by the Joint Venture Louis Berger Group, Inc./Black & Veatch Special Projects Corp. (LBGI/B&V) to Implement the Afghanistan Infrastructure Rehabilitation Program (AIRP), USAID/Afghanistan Contract No. 306-I-00-06-00517-00, for the Period from October 1, 2007, to September 30, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amount of Findings ($000)	Type of Findings
5-306-10-002-O	06/24/10	Review of School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program		
5-306-10-002-S	09/29/10	Review of Security Costs Charged to USAID Projects in Afghanistan		
Pakistan				
5-391-10-029-R	04/30/10	Financial Audit of the Developing Non-Bankable Territories for Financial Services Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-03-01011-00, Managed by Khushhali Bank, for the Year Ended December 31, 2008	90	QC
5-391-10-033-R	05/18/10	Financial Audit of the College Improvement Program, USAID/Pakistan Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, Lahore (FCC), for the Period from July 1, 2007, to June 30, 2009		
G-391-10-001-R	08/04/10	Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by Competitiveness Support Fund (CSF), for the Period from February 3, 2006, to June 30, 2009	355 355	QC UN
5-391-10-010-P	06/28/10	Audit of USAID/Pakistan's Primary Healthcare Revitalization, Integration and Decentralization in Earthquake-Affected Areas Project		
5-391-10-012-P	08/31/10	Audit of USAID/Pakistan's Family Advancement for Life and Health Program		
5-391-10-001-S	06/28/10	Review of USAID's Internally Displaced Persons Programs in Pakistan		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amount of Findings ($000)	Type of Findings
Iraq				
E-267-10-003-D	06/23/10	Audit of Direct Costs Incurred by Air Serv International Under USAID Grant Number DFD-G-00-04-00192-00 From June 29, 2004, Through December 31, 2008	182 156	QC UN
E-267-10-002-P	07/19/10	Audit of USAID/Iraq's Implementation of the Iraq Financial Management Information System		

Significant Audit Reports

USADF and IAF

April 1–September 30, 2010

For the reporting period, OIG had no significant audits to report for the United States African Development Foundation or the Inter-American Foundation.

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Statistical Table of Reports with Questioned and Unsupported Costs

USAID

April 1–September 30, 2010

Reports	*Number of Audit Reports*	*Questioned Costs ($)*	*Unsupported Costs[1] ($)*
A. For which no management decision had been made as of April 1, 2010	55	11,361,887[2,3]	7,685,684[2,3]
B. Add: Reports issued April 1–September 30, 2010	73	20,147,290[4]	15,552,135[4]
Subtotal	128	31,509,177	23,237,819
C. Less: Reports with a management decision made April 1–September 30, 2010	86	16,539,309[5]	10,470,244[5]
Value of Recommendations Disallowed by Agency Officials		8,377,128	4,164,330
Value of Recommendations Allowed by Agency Officials		8,162,181	6,305,914
D. For which no management decision had been made as of September 30, 2010	42	14,969,868[6]	12,767,575[6]

[1]Unsupported costs are included in questioned costs, but they are provided as additional information, as required by the Inspector General Act as amended 1988 (Public Law 100-504).

[2]The ending balance at March 31, 2010, for questioned costs totaling $13,319,785 and for unsupported costs totaling $8,845,469 were decreased by $1,957,898 and $1,159,785, respectively, to reflect adjustments in recommendations from prior periods.

[3]Amounts include $1,380,004 in questioned costs and $1,072,623 in unsupported costs for audits performed for OIG by other federal audit agencies.

[4]Amounts include $194,069 in questioned costs and $155,911 in unsupported costs for audits performed for OIG by other federal audit agencies.

[5]Amounts include $1,380,004 in questioned costs and $1,072,623 in unsupported costs for audits performed for OIG by other federal audit agencies.

[6]Amounts include $194,069 in questioned costs and $155,911 in unsupported costs for audits performed for OIG by other federal audit agencies.

Reports with Questioned and Unsupported Costs

USADF and IAF

April 1–September 30, 2010

During the reporting period, OIG had no reports with questioned or unsupported costs for the United States African Development Foundation and the Inter-American Foundation.

Statistical Table of Reports With Recommendations That Funds Be Put to Better Use

USAID

April 1–September 30, 2010

Reports	*Number of Audit Reports*	*Value ($)*
E. For which no management decision had been made as of April 1, 2010	1	57,000
F. Add: Reports issued April 1–September 30, 2010	0	0
Subtotal	**1**	**57,000**
G. Less: Reports with a management decision made April 1–September 30, 2010	1	57,000
Value of Recommendations Disallowed by Agency Officials		57,000
Value of Recommendations Allowed by Agency Officials		0
H. For which no management decision had been made as of September 30, 2010	0	0

Reports with Recommendations That Funds Be Put to Better Use

USADF and IAF

April 1–September 30, 2010

During the reporting period, OIG had no reports with recommendations that funds to be put to better use for the United States African Development Foundation and the Inter-American Foundation.

Reports Over 6 Months Old With No Management Decision

USAID

April 1–September 30, 2010

Report Number	*Auditee*	*Issue Date*	*Status*
9-000-08-001-P	Office of Security	11/06/07	**Recommendation 5.** Pursuant to the provisions of the Privacy Act of 1974 (5 U.S.C. 552a), USAID established a new system of records titled the "Partner Vetting System" (PVS). The information collected would be used to conduct screening to ensure that USAID funds and USAID-funded activities are not purposefully or inadvertently used to provide support to entities or individuals deemed to be a risk to national security. On November 6, 2007, OIG made a recommendation to USAID's Office of Security to develop a plan to expand and then implement its antiterrorism vetting database for worldwide use. The FY 2010 State and Foreign Operations Appropriations Bill prohibits the use of funds for implementation of PVS on a worldwide basis, but it also provides that funds appropriated under that act may be used for a PVS pilot program, which is to apply equally to the programs and activities of the Department of State and USAID. The Department of State and USAID have formed a working group to determine a way forward and possible approaches are being examined. USAID is continuing with development of the necessary technical components and expects to undertake a pilot implementation later in FY 2010. However, as of September 2010, very little progress has been made on the pilot initiative.

Reports Over 6 Months Old With No Management Decision

USADF and IAF

April 1–September 30, 2010

During the reporting period, the United States African Development Foundation and the Inter-American Foundation had no reports over 6 months old with no management decision.

Significant Revisions of Management Decisions

April 1–September 30, 2010

According to the Inspector General Act of 1978, as amended, semiannual reports to Congress must report on serious or flagrant problems and disclose information. One of those disclosures includes significant revisions of previous management decisions. During this reporting period, USAID/Iraq made three such decisions. USADF and IAF had nothing to report.

Audit of Direct Costs Incurred and Billed by CHF International Under USAID Agreement No. 267-A-03-00004-00 (ICAP I) for August 1, 2005, through April 30, 2007, and USAID Agreement No. 267-A-00-06-00507-00 (ICAP II) for September 30, 2006, through September 30, 2007.

OIG included a recommendation (no. 3) in the audit report that USAID/Iraq's Office of Acquisition and Assistance determine the allowability and collect as appropriate $1,369,706 in questioned ineligible costs.

On November 25, 2009, OIG/Iraq issued a management decision that was based on the contracting officer's intent to disallow questioned costs of $1,038,845 and allow $330,861. The $1,038,845 was composed of disallowed amounts from three subrecipients. USAID collected the disallowed amounts from two of the subrecipients. The agreement officer reviewed project and financial documentation provided by the third subrecipient in support of the disallowed ineligible costs and determined that all of the $1,020,630 in costs were allowable and consequently rescinded a bill of collection. Thus, for Recommendation 3, of the $1,369,706 of questioned ineligible costs, USAID has disallowed (sustained) $18,215 and allowed $1,351,491.

USAID/Iraq issued a revised management decision on July 25, 2010. OIG/Iraq acknowledged and concurred with the revised management decision on July 30, 2010.

(Audit Report No. E-267-09-011-D)

Audit of Costs Incurred and Billed to USAID by BearingPoint, Inc., Under Contract No. RAN-C-00-03-00043-00 From December 1, 2003, to March 31, 2004

In the audit report, OIG included two recommendations for USAID/Iraq's Office of Acquisition and Assistance to determine the allowability and collect as appropriate $1,189,543 (no. 1) and $3,927,881 (no. 2) of questioned ineligible costs. On August 22, 2005, OIG issued a management decision that was based on the contracting officer's intent to disallow $2,762,600 of questioned costs.

Subsequently, on November 14, 2005, the USAID contracting officer issued a new final decision (no revised management decision was requested by USAID or acknowledged by the OIG) and in October 2009, the Armed Services Board of Contract Appeals (ASBCA Nos. 55354, 55555) issued a decision. The cumulative effect of these two actions was:

- For Recommendation 1, of the $1,189,543 of questioned ineligible costs, USAID has disallowed (sustained) $350,623 and allowed $838,920.
- For Recommendation 2, of the $3,927,881 of questioned unsupported costs, USAID has disallowed (sustained) $92,462 and allowed $3,835,419.

However, the remaining disallowed amounts of $443,084 were subject to a settlement agreement[17] of USAID claims, and USAID/Iraq's contracting officer rescinded the demand for payment on the remaining disallowed costs. Thus, no questioned costs have been sustained from Recommendations 1 and 2. USAID/Iraq issued a revised management decision on July 6, 2010. OIG/Iraq acknowledged and concurred with the revised management decisions on July 14, 2010.

(Audit Report No. E-266-04-043-D)

Audit of Costs Incurred and Billed to USAID by BearingPoint, Inc. Under Contract No. RAN-C-00-03-00043-00, April 1, 2004, Through September 30, 2004

The audit report included two recommendations: that USAID/Iraq's Office of Acquisition and Assistance determine the allowability and collect as appropriate

[17] Refers to a settlement reached between USAID and BearingPoint on USAID claims arising out of BearingPoint's bankruptcy filing.

the $440,210 of questioned ineligible costs (Recommendation 1) and $12,891,630 of questioned unsupported costs (Recommendation 2) charged to USAID by Bearing Point, Inc., under contract number RAN-C-00-03-00043-00.

On November 8, 2005, OIG acknowledged the determination by the USAID/Iraq contracting officer for the two recommendations and issued a management decision that was based on the contracting officer's intent to disallow questioned costs of $229,564 from Recommendation 1 and $12,787,483 from Recommendation 2.

Subsequently, on January 7, 2006; July 10, 2006; and October 6, 2008; the USAID contracting officer issued new final decisions. However, no revised management decisions were ever requested by USAID, and thus no revised management decisions acknowledged by OIG. In October 2009, the Armed Services Board of Contract Appeals (ASBCA Nos. 55354, 55555) issued a decision. As a consequence, the cumulative effect of these actions is as follows.

- For Recommendation 1, of the $440,210 of questioned ineligible costs, USAID has disallowed (sustained) $229,303 and allowed $210,907.
- For Recommendation 2, of the $12,891,630 of questioned unsupported costs, USAID has disallowed (sustained) $506,345 and allowed $12,385,285.

However, the remaining disallowed amounts ($229,303 and $506,345), were subject to a settlement agreement of USAID claims. As a result, the USAID/Iraq contracting officer rescinded the demand for payment on the questioned ineligible and unsupported costs of $735,648 (in total) from BearingPoint covering the remaining disallowed costs from Recommendations 1 and 2. Thus, no questioned costs have been sustained from Recommendations 1 and 2. USAID/Iraq issued a revised management decision on July 18, 2010. OIG/Iraq acknowledged and concurred with the revised management decisions on July 25, 2010.

OIG reports E-266-04-043-D and E-267-05-013-D describe the results of audits of costs billed to USAID by BearingPoint under contact RAN-C-00-03-00043-00. After these audits were conducted BearingPoint filed for bankruptcy protection. The terms of the bankruptcy settlement included this contract in the list of contracts to be closed out, and no further claims were to be pursued. USAID/Iraq closed out the contracts and rescinded the demand for payment on the remaining questioned costs.

Final action took place on the three reports on August 16, 2010.

(Audit Report No. E-267-05-013-D)

Management Decisions With Which the Inspector General Disagrees

USAID, USADF, and IAF

April 1–September 30, 2010

The Inspector General Act of 1978, as amended, requires inspectors general to provide information concerning any significant management decisions with which the inspector general disagrees.

During the reporting period, the Inspector General did not disagree with any significant management decisions.

Noncompliance With the Federal Financial Management Improvement Act

USAID, USADF, and IAF

April 1–September 30, 2010

The Inspector General Act of 1978, Section 5(a)(13), as amended, requires inspectors general to provide an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act (FFMIA, Public Law 104-208, Title VIII, codified at 31 U.S.C. 3512 note). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

USAID, USADF, and IAF had no instances of noncompliance to report during this reporting period.

Significant Findings From Contract Audit Reports

USAID, USADF, and IAF

April 1–September 30, 2010

The National Defense Authorization Act for FY 2008 (Public Law 110-181, Section 842, codified at 10 U.S.C. 2302 note) requires inspectors general to submit information on contract audit reports that contain significant audit findings in semiannual reports to Congress. The act defines "significant audit findings" to include unsupported, questioned, or disallowed costs in excess of $10 million and other contract-related findings that the Inspector General determines to be significant.

During the reporting period, OIG had no significant findings from contract audit reports for USAID, the United States African Development Foundation, or the Inter-American Foundation.

Peer Reviews

USAID, USADF, IAF, and MCC

April 1–September 30, 2010

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) was signed into law July 21, 2010. Section 989C of this law amends the Inspector General Act to require federal inspectors general to report on peer results in their semiannual reports.

Results of any peer reviews conducted on USAID OIG during the reporting period.

Audit: No peer reviews were conducted during this period.

Investigations: No peer reviews were conducted during this period.

Date of the last peer review conducted on USAID OIG, if a review was not conducted during the last reporting period.

Audit: September 2009

Investigations: April 2008

List of outstanding recommendations from any peer review conducted on USAID OIG that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete.

Audit: None

Investigations: None

List of peer reviews conducted by USAID OIG during the rating period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the rating period) that remain outstanding or have not been fully implemented.

Audit: None

Investigations: None

SEMIANNUAL REPORT TO THE CONGRESS

Millennium Challenge Corporation (MCC)

INTRODUCTION

Established in 2004 by the Millennium Challenge Act of 2003,[18] the Millennium Challenge Corporation (MCC) is a U.S. Government corporation that works to reduce poverty and stimulate economic growth in some of the poorest countries in the world. When a country meets the performance standards of MCC's 17 policy indicators, it may become eligible to receive a compact—the chief grant instrument between MCC and the country to fund specific programs.

Compact countries must ensure that certain conditions are met after the agreement is signed, which can take several months to resolve. When the agreement conditions are met, the agreement timeline begins and the agreement is said to "enter into force." Entry into force is the point at which a binding commitment is recognized and compact funds are obligated. Each compact country identifies an agency or entity that will manage the compact funds or accounts. Such organizations are usually called Millennium Challenge accounts (MCA) and refer to the funds of the compact.

During this period, OIG has provided audit oversight for MCC's financial and performance accountability. Financial audits of U.S. taxpayer monies granted to compact countries are an important component of OIG's audit activities. With the assistance of independent audit firms, OIG issued 13 audit reports covering approximately $234 million expended by compact countries. The audits identified questioned costs of about $632,000. OIG also completed a limited-scope review in Mali. In the review of MCA-Mali, we identified questioned costs of approximately $408,000. The review also identified about $300,000 in funds that could be put to better use, and MCA-Mali agreed. Finally, an OIG survey on MCC's oversight of value-added taxes on MCC funds by host governments identified areas that required strengthening.

OIG also conducted information technology audits of MCC. The first audit dealt with MCC's implementation of key components of a privacy program for its information technology systems. In addition, OIG contracted with an independent public accounting firm to determine whether MCC had implemented selected security controls requirements under FISMA. OIG made 27 recommendations to address problem areas identified in these audits.

In addition, OIG carried out performance audits related to MCC's transport infrastructure project in Vanuatu and MCC's school building programs in Burkina Faso. Ten recommendations were made to improve MCC's operations.

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[18] Public Law 108-199.

SIGNIFICANT FINDINGS

Economic Growth and Prosperity

Economic Security

Audit of MCC's Programs in Burkina Faso. MCC signed a threshold agreement in July 2005 amounting to $12.9 million with the Government of Burkina Faso to build 132 schools suitable for girls and including Grades 1–3. Three years later, MCC awarded a $481 million compact to the Government of Burkina Faso, which included $28.8 million to add Grades 4–6 at these schools. The programs aimed to improve the primary school completion rate for girls through Grade 6.

Schools like this one were built as part of the threshold program. (Photo by OIG, April 2010.)

The audit found that the threshold-funded school project had not improved the primary school completion rate for girls. The project built primary schools with Grades 1–3 instead of schools with six grades. The subsequent compact funding added Grades 4–6, and these schools should improve the primary school completion rate for girls. We made three recommendations to MCC to improve monitoring and evaluation and to develop an action plan for funding school repairs. Management decisions have been reached for all of the recommendations.

(Audit Report No. M-000-10-006-P)

Audit of MCC's Transport Infrastructure Project in Vanuatu. In March 2006, MCC and the Government of Vanuatu signed a 5-year compact for about $65.7 million to reduce poverty and increase incomes in rural areas. Specific activities would improve the transport infrastructure to stimulate economic activity in the tourism and agricultural sectors.

The MCC project was scaled down because of inadequate funding and only 2 of the 11 subprojects were completed, thus reducing MCC's overall intervention. In part, the audit found that MCC had not finalized a 2010 Monitoring and Evaluation (M&E) plan to include appropriate indicators that would annually measure economic growth. MCC did have a 2009 M&E plan. However, we believe that without establishing annual targets, which provide up-to-date performance data, MCC would not be able to modify the project as needed during its progression and cannot determine whether the project meet its intended results until after the compact ends. OIG made seven recommendations to help MCC address these problems. Management decisions were reached on all seven recommendations, and final actions were reached on four by the time the report was issued.

(Audit Report No. M-000-10-005-P)

Management Capabilities

Information Technology

Audit of MCC's Implementation of Key Components of a Privacy Program for Its Information Technology Systems. OIG initiated this audit to determine whether MCC had implemented key components of a privacy program for its information technology systems.

We found that MCC had not implemented the key components of the privacy program, and in some instances there was a risk that individuals' privacy may have been violated. MCC did not develop comprehensive privacy policies and procedures (including assignment of key roles and responsibilities), develop or implement comprehensive privacy training, or monitor privacy activities. Also, the chief privacy officer's position did not give him the authority to implement an effective privacy program.

OIG made 18 recommendations to correct the weaknesses identified in MCC's privacy program. MCC agreed with 14 of the recommendations. MCC also disagreed with two recommendations. Finally, two recommendations and a portion of a third are no longer valid. Thus, management decisions were reached on 14 recommendations but not on the other 2.

(Audit Report No. M-000-10-003-P)

Audit of the Millennium Challenge Corporation's Compliance with the Federal Information Security Management Act for 2002 FY 2010. OIG contracted with an independent public accounting firm, Clifton Gunderson LLP, to conduct this audit to determine whether MCC had implemented selected security controls for selected information systems to meet FISMA requirements. The audit disclosed that MCC had generally implemented the controls and had continued to make progress in complying with FISMA requirements. The audit also found some weaknesses, and OIG made 11 recommendations to address the deficiencies. Clifton Gunderson agreed with MCC's plans to implement nine of the recommendations and requested that MCC provide additional information for the remaining two.

(Audit Report No. M-000-10-004-P)

Financial Management

Audit of MCC's Financial Statements for the Period Ending September 30, 2009 and 2008 (Management Letter). OIG contracted with an independent public accounting firm, Cotton and Company LLP, to audit MCC's financial statements as of September 30, 2009. The company issued an unqualified opinion.

In conjunction with the audit, OIG issued a management letter to communicate matters involving internal controls and other operational issues. We made 14 recommendations. None of the reported findings and recommendations had a material effect on MCC's financial statements, and they were not required to be reported in the financial statements audit report.

MCC concurred with all 14 recommendations, and management decisions were reached on all of them.

Survey of MCC's Oversight of Value-Added Taxes on MCC Funds by Host Governments. When foreign governments impose value-added taxes (VAT) on funds provided by MCC, MCC should collect those amounts as reimbursements. According to the compacts, all MCC funds are exempt from taxation by host governments. This survey assessed whether MCC has a process in place to follow up on or collect these VAT payments and reimbursements.

The survey found that MCC did not have an adequate oversight process in place and lacked adequate standard procedures to account for VAT transactions.

OIG made four recommendations to help MCC correct these problems, and

MCC agreed with all of them. A management decision was reached for three, and no management decision was reached for the remaining one.

(Survey Report No. M-000-10-003-S)

Limited-Scope Review of MCA-Mali. MCAs must comply with MCC's Policies and Procedures for Common Payment System and, in their fund accountability statements, comply with MCC's Cost Principles for Government Affiliates Involved in MCC Compact Implementation. OIG performed this review to obtain reasonable assurance that MCA-Mali was in compliance with these policies and principles.

OIG found many instances of noncompliance with compact requirements. We also discovered findings and questioned costs related to such transactions as (1) vehicles purchased for $376,008 with inadequate supporting documentation, (2) unallocable employee compensation of $14,006, and (3) unallowable travel costs of $17,753. We made 13 recommendations, and management decisions were reached on five of them. Final actions were achieved for three recommendations, and no management decisions were reached for the remaining five. OIG will provide a separate letter to MCC for it to respond to the recommendations for which no management decisions were reached. The letter will provide an opportunity to obtain management decisions or final actions.

(Review Report No. M-000-10-004-S)

Fund Accountability Statements

The OIG financial audit team is responsible for reviewing and issuing semiannual fund accountability statement audits of each accountable entity that is awarded a compact. The audits are conducted by independent public auditors, as required by compact agreements.

Under the terms of MCC compacts, funds expended by a recipient country must be audited at least annually, but they are usually audited twice a year. The recipient establishes an MCA and produces financial statements documenting account activity. The audit of the fund accountability statement is conducted by a firm that OIG has approved.

The selected audit firm issues an opinion on whether the financial statements present fairly, in all material respects, the program revenues and costs incurred and reimbursed, in conformity with the terms of a compact agreement and related supplemental agreement for the period being audited. In addition, the audit firm is required to employ generally accepted government auditing standards in performing the audits. All audit reports are reviewed, approved, and issued by OIG. During this reporting period, OIG issued 15 recommendations for the 13 fund accountability statement audits conducted.

Cape Verde. The MCA-Cape Verde audit covered incurred costs of $15.6 million for the period January 1–June 30, 2009. The 5-year compact for approximately $110 million addresses support for strategic investments in three major projects that will improve the country's investment climate and reform the financial sector. Specifically, the compact intends to improve infrastructure in support of the increased economic activity and provide access to markets, employment, and social services; increase agricultural productivity and raise the income of the rural population; and carry out key reforms needed for sustained economic growth.

Except for an ineligible questioned cost of $3,365 related to paid VAT, the fund accountability statement presented fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit. We found no matters involving internal controls that we considered to be significant deficiencies. However, we identified several repeated instances of internal control deficiencies and noncompliance issues that pertained to government contribution reports, internal audits, quarterly reports, and VAT reimbursements.

(Audit Report No. M-000-10-014-N)

El Salvador. The MCA-El Salvador (FOMILENIO) audit covered incurred costs of $15.8 million for the period January 1–June 30, 2009. The 5-year compact for $460.94 million supports three project-level objectives—human development, productive development, and connectivity—as well as other cross-cutting themes that include environment, territorial development, gender equality, and participation.

The MCA-El Salvador fund accountability statement presents fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit. In addition, no internal control or compliance problems were reported.

(Audit Report No. M-000-10-017-N)

Georgia. The MCA-Georgia (MCG) audit covered incurred costs of nearly $29.9 million for the period January 1–June 30, 2009. The 5-year, $294.7 million

compact funds projects in the following areas: Samtske–Javakheti Road, energy rehabilitation, regional infrastructure development, Georgia Regional Development Fund (GRDF), and agribusiness development.

The fund accountability statement presents fairly, in all material respects, program revenues as well as costs incurred and reimbursed.

The audit identified $352,350 as a questioned, unsupported cost related to interim payments made to contractors under the Samtske-Javakheti Roads Rehabilitation Project. The audit also found two internal control deficiencies. MCG did not fully document milestone achievements by grantees or provide accurate documentation of civil works under Samtske-Javakheti Roads Rehabilitation Project-Contracts SJRRP/CW/04, SJRRP/CW/04-01, and SJRRP/CW/04-05. Finally, the audit also found a noncompliance issue—inconsistency between the GRDF fund management agreement and travel and compensation guidelines for the GRDF board of directors.

(Audit Report No. M-000-10-009-N)

Ghana. The MCA-Ghana audit covered incurred costs of more than $46 million for the period July 1–December 31, 2009. The 5-year compact for $547 million is intended to (1) enhance the profitability of cultivation, (2) provide services to agriculture and product handling to support expansion of commercial agriculture among crops of small-holder farms; (3) reduce the transportation costs affecting agricultural commerce regionally and subregionally; and (4) strengthen the rural institutions that provide services to complement and support agricultural and agribusiness development.

The independent auditor reported that, except for a questioned cost of $2,573, the fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited. The questioned cost related to outstanding travel advances. The auditor also reported a significant deficiency in internal controls involving inadequate monitoring of employee travel advances. The auditor also indicated that no compliance issues were reported during the reporting period.

(Audit Report No. M-000-10-016-N)

Honduras. The independent audit of MCA-Honduras covered incurred costs totaling $60.4 million for the period July 1, 2008–June 30, 2009. In June 2005, MCC signed a 5-year, $215 million compact with the Government of Honduras aimed to reduce poverty by alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs. The compact will fund training for farmers in the production and marketing of high-value horticultural crops, expand farmer access to credit through technical assistance to financial institutions and loans, construct and rehabilitate feeder

roads, and provide grants for public goods such as research, infrastructure, and pest and disease control measures.

The MCA-Honduras fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period ending June 30, 2009. No deficiencies were reported.

(Audit Report No. M-000-10-018-N)

Lesotho—Two Audits. In July 2007, MCC signed a 5-year, $362.6 million compact with the Kingdom of Lesotho designed to provide water supplies for industrial and domestic use, improve health outcomes, and remove barriers to foreign and local private sector investment.

January 1–June 30, 2009—The independent audit of MCA-Lesotho for this period covered incurred costs totaling $7,045,750.

The MCA-Lesotho fund accountability statement presented fairly, in all material respects, program revenues and expenditures for the period audited.

Deficiencies were reported on matters associated with the fund accountability statement, internal controls, and noncompliance with laws, regulations, and compact term agreements.

(Audit Report No. M-000-10-012-N)

July 1–December 31, 2009—The independent audit of MCA-Lesotho for this period covered incurred costs totaling $7.5 million and was a separate audit activity from the prior reported Lesotho audit.

The MCA-Lesotho fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the audit period. The audit found deficiencies in internal controls related to procurement procedures for goods and services and project activity payment allocations. In addition, we found noncompliance with procurement laws and regulations; procurement procedures and documentation; content of the fixed asset register; and the implementation of a value-added-tax exemption.

(Audit Report No. M-000-10-015-N)

Morocco. The MCA-Morocco audit covered incurred costs of $2.2 million for the period January 1–December 31, 2008. The 5-year compact for $697.5 million funds projects in the following areas: feasibility and design studies; strategic environmental (and social) assessments; environmental impact

assessments; environmental management plans; resettlement action plans; financial management and procurement activities; monitoring and evaluation activities; administration activities, including salaries and administrative support expenses; and other program implementation activities.

The fund accountability statement presents fairly, in all material respects, program revenues as well as costs incurred and reimbursed. The auditors found no significant deficiencies or material weaknesses in internal controls.

(Audit Report No .M-000-10-011-N)

Mozambique. The independent audit of MCA-Mozambique covered incurred costs totaling $3.9 million for the period January 1–December 31, 2008. In June 2007, MCC signed a 5-year, $506.9 million compact with the Republic of Mozambique designed to increase the productive capacity of the population in the northern districts. The intended goals were to reduce poverty, increase household income, and reduce chronic malnutrition in the targeted districts. The projects were meant to foster investment and increase economic opportunities for Mozambicans.

The MCA-Mozambique fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period ending December 31, 2008. Deficiencies were noted in the areas of the fund accountability statement, internal controls, and compliance with laws and regulations.

(Audit Report No. M-000-10-024-N)

Nicaragua. The MCA-Nicaragua audit covered incurred costs of $22.5 million for the period January 1–June 30, 2009. The 5-year compact for approximately $175 million is meant to increase investment by strengthening property rights; reducing transportation costs between domestic, regional, and global markets; and increasing profits and wages of farms and enterprises.

The fund accountability statement presented fairly, in all material respects, program revenue received and expenses incurred and reimbursed during the period under audit.

The auditors identified 10 deficiencies in the internal control structure:

1. An overdraft was found in the local currency account, corresponding to an undelivered check.
2. Tax withholdings for professional technical services were not documented in adequate forms.

3. Reception and delivery of goods at the warehouse lacked controls.
4. Passwords of information systems and servers' administrators were not adequately safeguarded.
5. Data backups made by the fiscal agent had not been transferred to an alternative site since March 2009.
6. MCA-Nicaragua's server room had no contingency air-conditioning device, and the entrance log book for access to this room was not being used.
7. Users' backups were not being transferred to the alternative site; backups from the Rural Business Development Project Control System were transferred without encryption; and backups sent or received from the alternative site were not adequately controlled.
8. The information system "Control System for Rural Business Projects" did not have a security module for assigning roles and functions and did not have audit tracking (a repeat finding from two prior audit reports).
9. Information systems lacked authorization and communication of security policies (a repeat finding from two prior audit reports).
10. The MCA lacked a formal and documented contingency plan (a repeated finding from two prior audit reports).

(Audit Report No. M-000-10-008-N)

Tanzania. The MCA-Tanzania audit for September 1, 2007–December 31, 2008, covered incurred costs of $2.3 million for 609(g) funds and $739,901 for compact implementation funding. The $698 million, 5-year compact is meant to reduce poverty and stimulate economic growth by increasing household incomes through targeted investments in transportation, energy, and water.

The fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by MCC during the period under audit.

The independent auditors reported significant and material weaknesses in internal control involving matters such as: restricted access to terminated employees, lack of information technology corporate strategic planning, and the lack of adequate controls over the computer server room. The auditors also reported an instance of material noncompliance related to the performance analysis against budgeted expenditures, as well as a conflict of interest related to technical assistance.

(Audit Report No. M-000-10-013-N)

Tanzania. The MCA-Tanzania audit for January 1–June 30, 2009, covered incurred costs in the amount of $4.2 million for 609(g) funds, $1.5 million for

compact implementation funding, and $721,223 for compact funds.[19] This was a separate audit activity from the Tanzania audit reported above.

The fund accountability statement presented fairly, in all material respects, the funds received and costs paid by MCA-Tanzania during the audit period.

The independent auditors reported a material weakness in internal control due to monetary differences between inventory records and supplier invoices. Also, the auditors found a significant deficiency in internal control caused by late filings of expense travel reports by MCA employees. The auditors reported several material weaknesses involving compliance with the MCA's procurement process activities and contract approvals.

(Audit Report No. M-000-10-022-N)

Vanuatu. An independent audit of MCA-Vanuatu covered incurred costs totaling $13.6 million during the period July 1–December 31, 2009. In March 2006, MCC signed a 5-year, $65.7 million compact with the Government of Vanuatu to reduce poverty and stimulate economic growth by improving the country's poor transportation infrastructure. The compact will benefit poor, rural agricultural producers and providers of tourist-related goods and services by reducing transportation costs and improving the reliability of access to transportation services.

The MCA-Vanuatu fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance procured directly by MCC for the period July 1–December 31, 2009. Deficiencies were noted in the areas of the fund accountability statement, internal controls, and compliance with compact agreement, laws, and regulations.

(Audit Report No. M-000-10-027-N)

[19] Section 609(g) of the Millennium Challenge Act of 2003 permits the chief executive officer to enter into a contract or make grants for any eligible country for the purpose of facilitating the development and implementation of the compact between the United States and the country.

Quality-Control Reviews—Burkina Faso and Mali. During this reporting period, OIG conducted quality-control reviews of work performed by the audit firms that conduct semiannual audits of the compact funds in Burkina Faso and Mali. In these reviews, OIG found that the audit work was adequately planned and that the working papers generally supported the audit report conclusions in accordance with generally accepted government auditing standards and other guidelines.

(Quality-Control Review Reports Nos. M-000-10-002-Q and M-000-10-003-Q)

Significant Recommendations Described Previously Without Final Action

MCC

April 1–September 30, 2010

The Inspector General Act of 1978, Section 5(a)(3), as amended, requires each inspector general to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed. For the reporting period, OIG found no previous recommendations on which corrective action has not been taken.

Investigative Activities Including Matters Referred to Prosecutive Authorities

MCC

April 1–September 30, 2010

Investigative activities for MCC are incorporated into the totals appearing on page 58.

Incidents in Which OIG Was Refused Assistance or Information

MCC

April 1–September 30, 2010

During the reporting period, there were no reports of instances in which OIG was refused information or assistance by MCC.

Financial Audits

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
Programs and Operations				
M-000-10-003-S	09/28/10	Survey of the Millennium Challenge Corporation's Oversight of Value Added Taxes Due from Compact Countries.		
MCA Audits and Reviews				
M-000-10-008-N	04/01/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Nicaragua (MCA) Nicaragua, under the Compact Agreement Between the MCC and the Government of Nicaragua from January 1, 2009, to June 30, 2009		
M-000-10-009-N	04/01/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Georgia Fund (MCG), Under the Compact Agreement between the MCC and the Government of Georgia From January 1, 2009, to June 30, 2009	352 352	QC UN
M-000-10-011-N	04/23/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Morocco (MCA-Morocco), Under the Compact Agreement Between the MCC and the Government of Morocco from January 1, 2008, to December 31, 2008		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
M-000-10-012-N	04/29/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Lesotho, under the Compact Agreement Between the MCC and the Government of the Kingdom of Lesotho from January 1, 2009, to June 30, 2009		
M-000-10-013-N	05/05/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Tanzania, Under the Compact Agreement Between the MCC and the Government of Tanzania from September 1, 2007, to December 31, 2008		
M-000-10-014-N	06/23/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Cape Verde (MCA-Cape Verde), Under the Compact Agreement between the MCC and the Government of Cape Verde From January 1, 2009, to June 30, 2009	3	QC
M-000-10-015-N	08/05/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Lesotho (MCA) Lesotho, Under the Compact Agreement Between the MCC and the Government of Kingdom of Lesotho from July 1,2009, to December 31, 2009	129	QC
M-000-10-016-N	08/13/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Development Authority (MiDA), Under the Compact Agreement Between the MCC and the Government of Ghana from July 1, 2009, to December 31, 2009		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Report Number	Date of Report	Report Title	Amt. of Findings ($000)	Type of Findings
M-000-10-018-N	08/31/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account- Honduras (MCA-Honduras), Under the Compact Agreement between the MCC and the Government of Republic of Honduras From July 1, 2008, to June 30, 2009		
M-000-10-022-N	09/30/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Tanzania (MCA-Tanzania), Under the Compact Agreement Between the MCC and the Government of Tanzania from January 1, 2009, to June 30, 2009		
M-000-10-024-N	09/30/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mozambique (MCA-Mozambique), Under the Compact Agreement Between the MCC and the Government of Mozambique from January 1, 2008, to December 31, 2008	145	QC
M-000-10-027-N	09/30/10	Audit of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Vanuatu (MCA-Vanuatu), Under the Compact Agreement Between the MCC and the Government of Vanuatu from July 1, 2009, to December 31, 2009	2	QC

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Performance Audits

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
Economy and Efficiency				
M-000-10-003-P	07/09/10	Audit of the Millennium Challenge Corporation's Implementation of Key Components of a Privacy Program for its Information Technology Systems		
M-000-10-004-P	08/31/10	Audit of The Millennium Challenge Corporation's Compliance with Provisions of the Federal Information Security Management Act for Fiscal Year 2010		
M-000-10-005-P	09/30/10	Audit of the Millennium Challenge Corporation's Transport Infrastructure Project in Vanuatu		
M-000-10-006-P	09/30/10	Audit of the Millennium Challenge Corporation's Programs in Burkina Faso		

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Miscellaneous Reports

Associated Questioned Costs, Unsupported Costs, and Value of Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2010

Report Number	*Date of Report*	*Report Title*	*Amt. of Findings ($000)*	*Type of Findings*
Quality Control Reviews				
M-000-10-002-Q	09/30/10	Quality Control Review (QCR) of the audit report documentation related to the audit titled Audit of the Fund Accountability Statement of the Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Challenge Account-Burkina Faso under the Compact Agreement dated July 14, 2008 between MCC and the Government of Burkina Faso for the audit period from July 1, 2008 to December 31, 2009		
M-000-10-003-Q	09/30/10	Quality Control Review (QCR) of the audit report (Audit report No. M-000-10-001-N) and documentation related to the audit titled Audit of the Fund Accountability Statement of the Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Challenge Account-Mali under the Compact Agreement dated November 13, 2006 between MCC and the Government of Mali for the audit period from January 1, 2009, to June 30, 2009		
Limited-Scope Reviews				
M-000-10-004-S	9-30-10	Limited Scope Review of the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account-Mali (MCA-Mali), Under the Compact Agreement between the MCC and the Government of Mali	408	QC

BU—Better Use of Funds QC—Questioned Costs UN—Unsupported Costs Note: UN is part of QC

Statistical Table of Reports With Questioned and Unsupported Costs

MCC

April 1–September 30, 2010

Reports	*Number of Audit Reports*	*Questioned Costs ($)*	*Unsupported Costs* ($)*
A. For which no management decision had been made as of April 1, 2010	6	$296,226	$179,916
B. Add: Reports issued April 1–September 30, 2010	6	$1,039,441	$352,350
Subtotal	**12**	**$1,335,667**	**$532,266**
C. Less: Reports with a management decision made April 1–September 30, 2010	5	$245,515	$154,397
Value of Recommendations Disallowed by Agency Officials		$15,148	$15,148
Value of Recommendations Allowed by Agency Officials		$230,367	$139,249
D. For which no management decision had been made as of September 30, 2010	6	$1,039,441	$352,350

*Unsupported costs are included in questioned costs, but they are provided as additional information, as required by the Inspector General Act as amended 1988 (Public Law 100-504).

Statistical Table of Reports With Recommendations That Funds Be Put to Better Use

MCC

April 1–September 30, 2010

Reports	*Number of Audit Reports*	*Value ($)*
A. For which no management decision had been made as of April 1, 2010	0	0
B. Add: Reports issued April 1–September 30, 2010	0	0
Subtotal	**0**	**0**
C. Less: Reports with a management decision made April 1–September 30, 2010	0	0
Value of Recommendations Disallowed by Agency Officials		0
Value of Recommendations Allowed by Agency Officials		0
D. For which no management decision had been made as of September 30, 2010	0	0

Reports Over 6 Months Old With No Management Decision

MCC

April 1–September 30, 2010

Report Number	*Auditee*	*Issue Date*	*Recommendation Status*
M-000-09-003-P	Department of Policy and International Relations	04/29/09	**Recommendation 3**. OIG recommends that MCC develop more definitive guidance for selecting countries for the Threshold Program. MCC does not concur with this recommendation. MCC's authorizing legislation provides a significant degree of flexibility to the Board regarding the selection of Threshold eligible countries by not requiring definitive standards and benchmarks. Although these specific measurements are not required, MCC agrees that certain elements should be consistently considered during an eligibility review. The Board's selections of threshold countries have resulted in a range of partner countries, some of which are further from qualifying for compact eligibility than others. MCC recommends that the Board consider the following five factors when reviewing Threshold Program eligibility: the number of policy areas that need to be addressed, the type of policy reforms necessary, the degree of improvement needed, the government's commitment to positive trends on reform, and whether MCC's assistance will improve the country's policy performance. These factors were introduced in FY 2008 and continue to be used. Developing more definitive guidance or criteria would reduce the flexibility provided to the Board in the Millennium Challenge Act, and MCC does not believe that reducing this flexibility is either necessary or advisable.

Significant Revisions of Management Decisions

MCC

April 1–September 30, 2010

According to the Inspector General Act of 1978, as amended, semiannual reports to Congress must report on serious or flagrant problems and disclose information. One of those disclosures includes significant revisions of previous management decisions. During the reporting period, MCC did not make any significant revisions of previous management decisions.

Management Decisions With Which the Inspector General Disagrees

MCC

April 1–September 30, 2010

The Inspector General Act of 1978, as amended, requires inspectors general to provide information concerning any significant management decisions with which the inspector general disagrees.

During the reporting period, the Inspector General did not disagree with any significant management decisions.

Noncompliance with the Federal Financial Management Improvement Act

MCC

April 1–September 30, 2010

The Inspector General Act of 1978, Section 5(a)(13), as amended, requires inspectors general to provide an update on issues outstanding under a remediation plan required by the Federal Financial Management Improvement Act (FFMIA, Public Law 104-208, Section 05(b), 31 U.S.C 3512). FFMIA requires agencies to comply substantially with (1) federal financial management system requirements, (2) federal accounting standards, and (3) the U.S. Standard Ledger at the transaction level. An agency that is not substantially compliant with FFMIA must prepare a remediation plan.

OIG had no instances of MCC noncompliance to report during the reporting period.

Significant Findings From Contract Audit Reports

MCC

April 1–September 30, 2010

The National Defense Authorization Act for FY 2008 (Public Law 110-181, Section 842, codified at 10 U.S.C. 2302 note) requires the Inspector General to submit information on contract audit reports that contain significant audit findings in semiannual reports to Congress. The act defines "significant audit findings" to include unsupported, questioned, or disallowed costs in excess of $10 million and other contract-related findings that the Inspector General determines to be significant.

During the reporting period, OIG had no significant findings from MCC contract audit reports.

Peer Reviews

MCC

April 1–September 30, 2010

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) was signed into law July 21, 2010. Section 989C of this law amends the Inspector General Act to require federal inspectors general to report on peer results in their semiannual reports. OIG's peer review reporting pursuant to this requirement is addressed on page 112 of our *Semiannual Report to the Congress* for USAID, USADF, and IAF.

ABBREVIATIONS

ARRA	American Recovery and Reinvestment Act of 2009 (Public Law 111-5)
AOTR	agreement officer's technical representative
CFR	Code of Federal Regulations
COTR	contracting officer's technical representative
DCAA	Defense Contract Audit Agency
FAR	Federal Acquisition Regulation
FATA	Federally Administered Tribal Areas (Pakistan)
FFMIA	Federal Financial Management Improvement Act of 1978 (Public Law 104-208, Title VIII)
FISMA	Federal Information Security Management Act of 2002 (E-Government Act of 2002, Public Law 107-347, Title III)
FY	fiscal year
GAO	Government Accountability Office
GDP	gross domestic product
GOP	Government of Pakistan
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
IAF	Inter-American Foundation
IDP	internally displaced person
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MOU	memorandum of understanding
NGO	nongovernmental organization
NWFP	North-West Frontier Province (Pakistan), recently renamed Khyber Pakhtunkhwa

OIG	Office of Inspector General
OMB	Office of Management and Budget
PEPFAR	President's Emergency Plan for AIDS Relief
PSC	private security contractor
QCR	quality-control review
SAI	Supreme Audit Institution
USADF	United States African Development Foundation
U.S.C.	United States Code
VAT	value-added tax

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