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WORLDWIDE TRAVEL INFORMATION  
October 1983



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

**DIGEST**

**INSPECTOR GENERAL'S  
SEMIANNUAL REPORT TO THE CONGRESS  
April 1, 1993 — September 30, 1993**

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**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

This Digest is a condensed version of the complete  
Semiannual Report, which may be obtained from:

U.S. Agency for International Development  
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Special Reports and Analysis  
Room 1230, State Annex-16  
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## SUMMARY OF ACTIVITIES AND INITIATIVES

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In the closing days of this six-month reporting period, the National Performance Review issued its study on the federal government—how it should “work better and cost less.” The Inspectors General have always been committed to this mandate of efficiency and effectiveness; however, we see this as an opportunity for renewed efforts to maximize the impact our resources have in providing meaningful audits, investigations, inspections, and security services to Agency management.

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### OFFICE OF AUDIT

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Since mid-1990, the Inspector General's Office of Audit has combined a systems-oriented audit approach with program results audit objectives to perform audits of the Agency's systems, programs, and individual projects. As an integral part of this approach, we review and evaluate the Agency's major internal control systems for adherence to its policies and procedures, as well as identify what USAID spent its funds on and what results were achieved. To maximize the impact our audit resources will have in providing meaningful recommendations to Agency management to improve its effectiveness and efficiency, we focus our efforts on the larger programs and contractors comprising the Agency's portfolio.

#### **Audits of Agency Internal Control Systems**

The Office of Audit has issued many significant reports during the past six months which addressed the internal control systems underlying the Agency's processes with regard to: monitoring host country contract awards; contracting for technical assistance; managing participant training activities; monitoring, reporting, and evaluating project activities; and managing commodities. Highlights of several of these systems audits follow:

- **Host Country Contracting** — Audits conducted in Egypt, the Philippines, and Zimbabwe disclosed that although each mission implemented Agency host country contracting guidance with varying degrees of success, overall implementation of the guidance was mostly successful. (*See Audit Report Nos. 6-263-93-011, 5-492-93-015, and 3-613-93-009*)
- **Commodity Management** — An audit of about \$164 million in commodities purchased by USAID/Egypt under three projects showed that the Mission properly monitored the projects to ensure that commodities met source and origin requirements and were actually received. The Mission did not conduct independent end-use reviews to ensure the commodities were being effectively used. (*See Audit Report No. 6-263-93-008*)

- **Monitoring and Reporting of Cost-Sharing Contributions** — In the first of a series of worldwide audits on this subject, our audit of USAID/Indonesia's system for monitoring and reporting cost-sharing contributions from host governments found that the Mission had improved its management of the required contributions through its design and implementation of extensive procedures. The audit noted, however, that the Mission needed to strengthen certain areas of the reporting and certification processes. (*See Audit Report No. 5-497-93-013*)

## **Audits of USAID Assistance to Central and Eastern Europe and the New Independent States**

Since 1990 Congress has appropriated over \$3.3 billion to assist the new, emerging democracies in Central and Eastern Europe (CEE) and the New Independent States (NIS) of the former Soviet Union. Considerable progress has been made in auditing these new programs. However, we continue to experience problems with the fragmented oversight in the delivery of these aid programs. The problems we are encountering relate to the approach used to deliver this assistance - an approach which disperses program and oversight responsibilities among many federal agencies. Substantial amounts of the \$3.3 billion is appropriated to USAID but transferred to and managed by 18 other federal agencies: a situation which makes it difficult to determine who is accountable and responsible for monitoring of this assistance. To continue fragmented, management oversight of the highly vulnerable aid programs to the CEE and NIS is not, in our judgement, the wisest approach to sound, long-term management.

Over this six-month reporting period, seven internal audit reports were issued on USAID's use of interagency agreements and USAID-direct assistance activities in the CEE and NIS. Highlights of these audits follow:

- **Interagency Agreements** — Four reports were issued on audits of the transfer of USAID funds to the Departments of Commerce and Labor. Although the activities under the agreements had achieved some success, the audit disclosed that unless specific objectives and performance measures were established, assessing the progress or impact of the U.S. assistance provided under these agreements would be difficult. (*See Audit Report Nos. 8-183-93-006, 8-185-93-009, 8-110-93-010, and 8-110-93-011*)
- **Food Assistance to Russia** — An audit of \$15 million in food assistance—dried milk powder to mothers with infants—found that the U.S.-based private voluntary organization (PVO) chosen by the Agency to administer the program received, warehoused, and distributed the food per its agreement. However, the organization was not able to accurately determine whether the targeted population for the assistance had actually been helped. Also, it was noted that the food was not marked as assistance from the U.S. government which limited the effect such assistance has in depicting U.S. support for Russia's move to democracy. (*See Audit Report No. 8-110-93-008*)

## Summary Statistics

During this reporting period, the Office of Audit issued 39 internal audit reports and processed 266 reports performed by Agency-and recipient-contracted auditors or other federal government audit organizations. These reports recommended resolution of questioned costs amounting to \$26.4 million, of which \$18.7 million were ineligible and \$7.7 million were unsupported. The reports also recommended that actions, such as the deobligation or reprogramming of funds, be taken to put \$14.6 million of the Agency's funds to better use.

Agency management made a very commendable effort this reporting period to resolve and close report recommendations, especially with regard to its commitment to recover \$16.8 million and sustain cost efficiencies of \$24.6 million. In addition, total open recommendations at the end of the reporting period decreased by 153 or 26.6 percent compared to the prior period.

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## OFFICE OF INVESTIGATIONS AND SECURITY

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The Semiannual Report for October 1, 1992, to March 31, 1993, reported the Inspector General's decision to merge the management and supervision of the Office of Investigations and the Office of Security under a single Assistant Inspector General. The resulting structure retains the integrity and separation of the operational programs of both offices while reducing overall costs. The reorganization included re-establishing the Deputy Assistant Inspector General for Investigations position and redesignating the Regional Inspectors General for Investigations as Special Agents-In-Charge of Field Offices.

## INVESTIGATIONS

The Office of Investigations has investigative responsibility for USAID operations and programs in countries receiving U.S. foreign assistance funds. Investigations of criminal, civil, and administrative violations cover all facets of USAID's worldwide operations.

In compliance with the Inspector General Act (Public Law 95-452), the Office of Investigations refers to the U.S. Department of Justice for prosecutive consideration all investigative findings which indicate possible violations of federal law. In many investigations, jurisdiction lies with foreign governments. In these cases, our agents collaborate closely with foreign judicial and investigative authorities. Investigations may also result in civil and administrative actions, such as dismissals and suspensions, issuance of bills for collection, debarment of companies, and cost savings. Such administrative actions are taken by USAID management officials after reviewing investigative findings.

## **Current Activities**

The Office of Investigations' efforts to refine its case management process made great strides during this reporting period. Several policy directives were published to clarify and streamline the investigative process. One policy directive created new methods for addressing the receipt and processing of allegations. Another directive defined procedures for initiating and conducting investigations, while another directive established standards for documenting and referring investigative findings to the appropriate authorities.

Examples showing how new procedures have clarified and streamlined operations are reflected in the numbers of preliminary inquiries conducted and investigations opened during the past six months. Total allegations received during this reporting period were 261, of which 112 were processed, within defined time limits, as preliminary inquiries. Of the 112 preliminary inquiries conducted, 24 resulted in actual investigations. Prior to implementing the policy directive on case-opening procedures, all 261 allegations would have been treated as investigations, relegating some investigations to long periods of inactivity. By limiting the amount of time spent on preliminary inquiries, and by elevating only matters of highest priority to the investigative level, the actual case load decreased while the potential to achieve meaningful results increased.

Investigative results during this reporting period included six convictions and confinements; seven administrative or disciplinary actions; \$840,598 in savings or the avoidance of unnecessary expenditures; and \$7,544,491 in recoveries. Of the 261 allegations received during this reporting period, 27 percent concerned USAID contractors and suppliers, 17 percent involved U.S. government employees, and 9 percent involved foreign service nationals. Eight percent of allegations involved PVOs or grantees and 7 percent involved employees of foreign governments. The remaining 32 percent involved a variety of subjects.

## **Contemporary Issues**

During this reporting period, the Washington Field Office filed numerous reports involving USAID matters in Central and Eastern Europe and the New Independent States of the former Soviet Union. Investigations developed in the CEE and NIS will continue to be handled from the Washington Field Office while the development of statistical data and caseload projections continue. The Office of Investigations' role in this rapidly expanding program will be re-evaluated and a resource-allocation decision made in fiscal year 1994.

## **SECURITY**

The Office of Security is responsible for the implementation and inspection of security programs for USAID. These programs, which cover USAID facilities and operations in over 100 countries, are derived from legislation, executive orders, national security directives, and national-level policies. The program responsibilities

include the establishment and maintenance of physical security measures to protect USAID employees and facilities from acts of violence; personnel security investigations to establish the suitability/security eligibility of employees; information security training and procedures to protect classified information; and inspection/assistance activities to evaluate program effectiveness and facilitate corrective measures.

The physical security program supports USAID missions and operations, both overseas and in Washington, D.C. The program reflects the continuous opening, closing and relocating of USAID offices in response to changing foreign aid program requirements. Twenty-five security projects were completed overseas, while three projects were completed domestically.

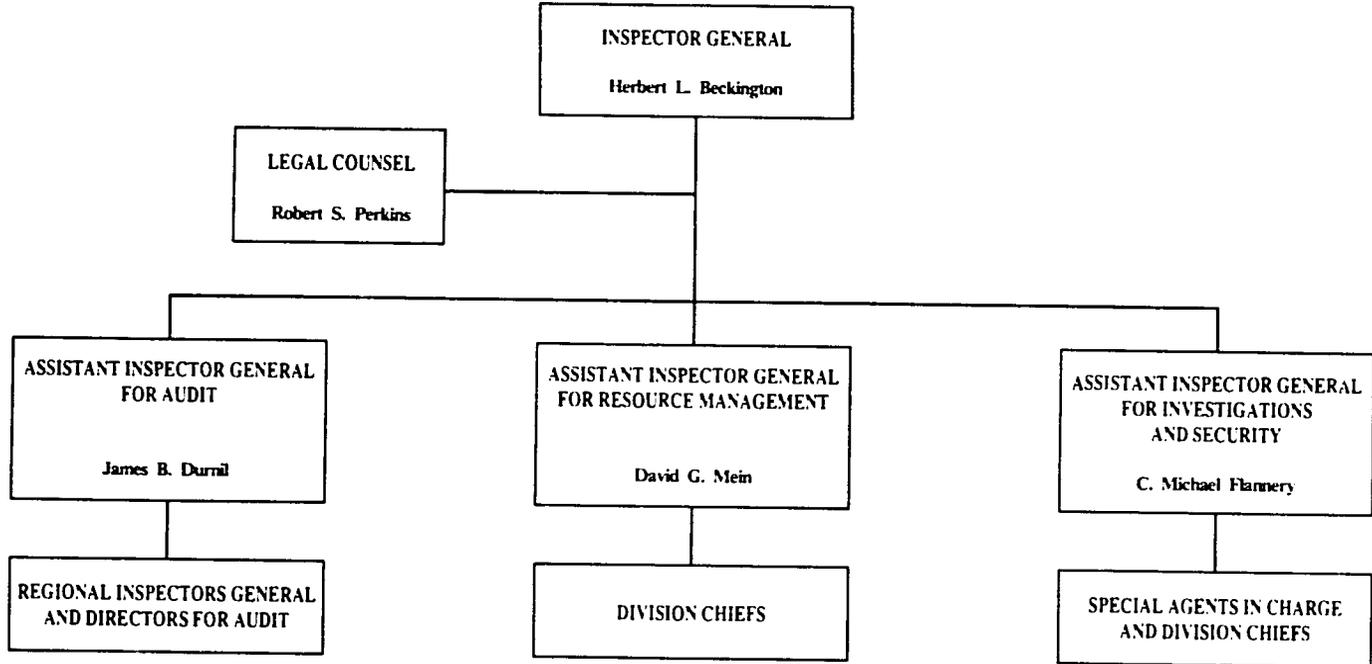
The Office of Security designed a high frequency communications system for the USAID Mission in Uganda. This system is being used to report election results within the country. Similar technical assistance provided by the Office of Security to 15 other projects over the past year and a half has resulted in a combined savings to the government of over \$660,000.

The Office of Security completed a Position Sensitivity Survey of all USAID direct-hire positions. Each position was reviewed to determine the required level of national security access and the degree of associated public trust. The U.S. Office of Personnel Management-mandated process ensures personnel security investigations meet the required scope of coverage, while concurrently controlling investigative costs and the intrusiveness of the investigative effort.

The Office of Security processed 261 top secret, 737 secret, 43 confidential, and 361 no-access clearance requests. The fiscal year 1993 average cost for background investigations for a top secret clearance was \$1,572. This represented a \$59 per case reduction from the fiscal year 1992 level, or a \$15,400 savings.

The Office of Security performed security inspection/assistance visits at 36 posts. When deficiencies were found, corrective measures were recommended and Office of Security resources provided in the form of equipment, funding, maintenance, or expertise. Attention focused on USAID employees properly using security equipment, implementing effective procedures and their knowledge of methods to properly safeguard classified material. Where possible, security deficiencies were corrected on the spot, unserviceable equipment was scheduled for replacement, and training was provided to enhance the security knowledge of USAID personnel.

# A.I.D. INSPECTOR GENERAL ORGANIZATION CHART



## REGIONAL INSPECTORS GENERAL, DIRECTORS, AND SPECIAL AGENTS-IN-CHARGE

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