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SEMIANNUAL REPORT TO THE CONGRESS

October 1, 1993 - March 31, 1994

INSPECTOR GENERAL

U S AGENCY FOR INTERNATIONAL DEVELOPMENT

U S AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Inspector General

May 2, 1994

The Honorable J Brian Atwood
Administrator
U S Agency for International Development
Washington, D C 20523

Dear Mr Atwood

This is my report to the Congress for the first half of FY 1994 Section 5 of the Inspector General Act of 1978, as amended, requires you to transmit this report, with any comments you wish to make, to the appropriate committees of the Congress within 30 days The report summarizes the activities of my office over the past six months It is a straightforward document

In my last semiannual report I noted my concern over the bureaucratic diffusion of responsibility for both performance and accountability in the economic assistance programs of our country to the countries of Central and Eastern Europe (CEE) and the New Independent States (NIS) of the former Soviet Union My concern then and continuing now centers on the unusual multi-U S agency involvement in these aid programs and the resulting fragmented management and accountability applied to them variously by USAID, 19 other U S government departments and agencies and the Coordinator's office situated in the Department of State These are not really programs to which the Congress can fairly look to any one central authority for accountability for results

Funding for these programs, particularly in the NIS, is increasing significantly Of the more than $3 billion appropriated for these programs in FY 1994, almost $2 5 billion has been designated for the NIS Included in this amount is $924 million in Department of Defense appropriations transferred to USAID More than $300 million of these funds is to be passed through to other U S government agencies participating in the assistance effort When added to the more than $400 million in USAID funds previously transferred to 18 other U S government agencies from USAID accounts, the amount of money subject to fragmented management and oversight will increase to more than $700 million

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In the NIS program USAID does not believe that the Freedom Support Act of 1992, the statutory basis for the program, authorizes it to monitor or oversee the programs of other agencies Unlike the USAID representative offices in the CEE, the four USAID field missions in the NIS have no responsibility for USAID-financed activities implemented by other U S agencies Furthermore, neither the Department of State coordinator for assistance to the NIS, nor the other involved agencies, have any meaningful field presence in the countries where assistance activities are being implemented The NIS program's rapid growth, fragmented and limited management, oversight and accountability lead me to believe that there is a strong potential for abuse, waste and mismanagement in the NIS program in particular

The Congress might wish to review the statutory authorities for these programs with a view to establishing clear lines of responsibility for their management and accountability

Sincerely,

Herbert L Beckington

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ABBREVIATIONS

FSN/TCN	Foreign Service National/Third-Country National
IG	Inspector General
OAR	Office of USAID Representative
OIG	Office of the Inspector General
OMB	Office of Management and Budget
P L	Public Law
PVO	Private Voluntary Organization
USAID	U S Agency for International Development
U S	United States

SUMMARY OF ACTIVITIES AND INITIATIVES

OFFICE OF AUDIT

The Office of Audit continues to build on our audit approach of reviewing the Agency s major programs and internal control systems and to answer the questions What were the resources spent for? and What were the results? We believe that this approach will maximize the impact of our audit resources and provide meaningful recommendations to Agency management for improving the overall effectiveness and efficiency of the Agency s operations

During this reporting period the Office of Audit issued 42 internal audit reports and processed 253 reports prepared by private auditors under contract or by other U S government audit organizations These reports recommended resolution of questioned costs amounting to $44 1 million of which $11 0 million were ineligible and $33 1 million were unsupported The reports also recommended that actions such as the deobligation or reprogramming of funds be taken to put $30 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 in the Agency s commitment to recover funds ($5 1 million) and sustain cost efficiencies ($20 2 million)

Audits of Agency Operations and Internal Controls

The Office of Audit issued many reports during the past six months which addressed the Agency s operations and internal control systems The audits included reviews of the Agency s procedures and processes for monitoring host country-owned local currencies, the Agency s Cash Transfer Program and Energy Sector Project to Mongolia and Ethiopia s Public Law (P L) 480 Title II program Highlights of these audits follow

- ***Host Country-Owned Local Currency*** — Recognizing the vulnerabilities inherent in managing and controlling local currency programs the Agency established new policy and issued supplemental guidance in this area in 1991 The new guidance was intended to improve mission controls over the generation programming and management of host country-owned local currency Four audits of local currency controls have been completed and the equivalent of $47 2 million in local currencies has been reviewed While one mission made good progress in strengthening controls other missions controls still needed improvements Missions should deposit these foreign currencies into interest-bearing accounts program the use of all available currencies and establish in the agreements with host governments performance indicators to measure results *(See page 29)*

- ***Cash Transfer Program and Energy Sector Project in Mongolia*** — Mongolia became a democratic state in 1990 To support this new democracy the U S government initiated an emergency economic aid package—a $10 million Cash Transfer Program and a $35 million Energy Sector Project The $10 million cash transfer was used primarily to finance equipment and spare parts for coal mines and power plants, petroleum lubricants medical supplies batteries and tires Among several problems noted $10 million of local currency was generated and disbursed without the knowledge or approval of the U S Agency for International Development (USAID) USAID has not confirmed whether these funds were used as intended For the Energy Sector Project, more than $2 5 million worth of equipment—purchased because of the perceived emergency—was either unused used in non-emergency situations or not received in time to be installed for the winter emergency *(See page 20)*

- ***P L 480 Title II Program in Ethiopia*** — P L 480 authorizes USAID to transfer agricultural commodities and dollar grants to eligible organizations for carrying out approved feeding and development activities In Ethiopia, six cooperating sponsors were delivering assistance provided by USAID For fiscal years 1992 through 1994, the U S government agreed to provide over 126 000 metric tons of commodities—costing more than $52 million In addition, cash grants totaling $4 5 million were also provided Cooperating sponsors reported significant accomplishments in areas such as water and soil conservation primary health care and general welfare and relief which were achieved despite violent ethnic clashes, a drought, and a change in the government However several serious problems were noted For example, USAID/Ethiopia was not aware that one sponsor used local currency sales proceeds to pay expenses which were not authorized resulting in a windfall exchange rate savings and other financial benefits of almost $900,000 Another sponsor sold over $100 000 of commodities intended for food for work projects *(See page 28)*

Audits of USAID's Assistance to Central and Eastern Europe and the New Independent States

The U S government continues to expand the aid going to the countries of Central and Eastern Europe and the New Independent States of the former Soviet Union The Office of Inspector General (OIG) continues to make progress in auditing these large programs Seven internal audit reports were issued during this period and highlights of these audits follow

- ***Technical Assistance Activities in the New Independent States and Central Europe*** — A large portion of USAID s Central and Eastern European program is implemented by other U S government agencies through interagency agreements As of September 30 1993 USAID had transferred $42 8 million to the U S Department of the Treasury to implement financial sector reform programs in Central and Eastern Europe USAID also transferred about $20 million to the Department of Labor Audits were made of the Departments of Labor and Treasury technical assistance activities in Poland and Bulgaria respectively A summary report was issued on three audits done of the Department of Labor s technical assistance activities in Bulgaria Hungary and Poland The audits found that USAID funds were primarily used to support (1) technical advisors providing assistance to Bulgaria s Ministry of Finance and central and commercial banks (2) construction crafts skills training centers established in Poland, and (3) self-employment and entrepreneurial skills training programs attended by 4 000 Poles

  While both the Departments of Treasury and Labor technical assistance activities were achieving positive results, the audits identified some program-specific problems For instance, Bulgaria's International Banking Institute had made little progress towards achieving the goal of developing a banker training facility In Poland the skills training centers needed self-financing plans Poland s entrepreneurial skills training program needed information on start-up capital and follow-up assistance and the role of the American Polish Labor Center needed to be clarified The audits also found that key monitoring tools were lacking which made it difficult for USAID missions to measure Agency and/or contractor performance and program results *(See page 23)*

- ***Cash Management in the Enterprise Funds*** — The Enterprise Funds were created by the Support for Eastern European Democracy Act of 1989 The Funds provide financial support to private sector activities with a market-oriented approach by investing in small businesses the agriculture sector, and U S and host country joint ventures The Funds function as investment banks with Boards of Directors comprised of distinguished individuals in the private sector from the United States and the host countries The Enterprise Funds are a significant component of USAID s program in the Central and Eastern

European countries Funds currently include the Polish-American Enterprise Fund the Hungarian-American Enterprise Fund and two Funds not included in the Act the Czech and Slovak-American Enterprise Fund and the Bulgarian-American Enterprise Fund As of September 30 1993 the four Funds were authorized to spend $440 million of which approximately $224 million has been advanced

An audit was made to determine how the Regional Mission for Europe managed cash advances to the Enterprise Funds The audit found that USAID has taken significant actions to monitor cash advances However more effective use of letters of credit by the Enterprise Funds could help reduce cash balances that averaged $13 7 million in excess of immediate needs for the six months ended September 30 1993 More effective use of letters of credit could avoid unnecessary interest cost to the U S Treasury of approximately $700 000 per year *(See page 27)*

OFFICE OF INVESTIGATIONS AND SECURITY

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INVESTIGATIONS

The Office of Investigations has investigative responsibility for USAID s 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, 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 of collection, debarment of companies and cost savings Such administrative actions are taken by USAID management officials after reviewing investigative findings

The last Semiannual Report to Congress reported changes to our management process During this reporting period, this office amplified its efforts on this process A major accomplishment was the publication of a new Criminal Investigators Manual which was the first revision of that document in over eight

years This was quickly followed by the establishment of an Administrative Standard Operating Procedures manual which is presently being reviewed prior to publication

In recognition of our reliance upon outside sources the Office of Investigations maintains an active outreach program of fraud awareness presentations throughout the world and in Washington D C A policy directive was recently issued aimed at increasing USAID employees awareness of the kinds of fraud schemes they may encounter and at helping managers implement controls to detect and deter fraud New schedules for presenting the Fraud Awareness programs are presently being prepared with the goal of reaching as many USAID employees during this calendar year as possible

Other examples of this office s efforts to increase its operating efficiency are evidenced by training initiatives undertaken this period All investigative personnel worldwide attended the Investigative Report Writing Class and the Continuing Legal Education Course Both were intense one-week sessions that have already proven to be well worth the time devoted to them

As reported in previous semiannual reports the Washington Field Office which currently has responsibility for the regions has been closely monitoring the developments that have resulted in USAID s quickly expanding programs in Central and Eastern Europe and the New Independent States of the former Soviet Union While the number of allegations continues to grow with 13 received during the reporting period it is evident that investigative activity is hampered by not having agents physically located in the region

As previously reported to the Congress, the Office of Investigations believes that the lack of management oversight and accountability by responsible governmental agencies for assistance programs in those regions continues to present highly vulnerable areas of opportunity for fraud

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 approximately 100 countries are derived from legislation, executive orders national security directives, and national-level policies Program responsibilities include (1) establishing and maintaining physical security to protect USAID employees and facilities from acts of violence (2) conducting personnel security investigations (3) ensuring USAID classified information is secured and employees are aware of proper security measures, and (4) conducting

security inspections and assistance to evaluate Agency security program effectiveness

USAID employees and operations were exposed to the most significant increase in overseas violence in recent memory The violent activities included the anarchy and open warfare in Somalia and Sudan civil disturbances in Burundi Rwanda and South Africa regional differences along the West Bank and traditional terrorism and increased levels of violence associated with criminal activity in Kenya other parts of Africa and the New Independent States For the first time over 50 percent of USAID missions overseas are located in high or critical criminal threat areas For 21 USAID missions the threat from terrorism war insurgency and civil unrest is also considered to be high or critical

Physical security projects were initiated in support of 14 overseas office relocations or expansions Seven security enhancement projects were completed 11 are ongoing and 13 projects are in planning Most notable among the completions was a USAID-owned facility in La Paz Domestically security coordination/planning is also underway for the proposed USAID move to the Federal Triangle Building in 1996

The Office of Security funded the application of six lightly armored vehicles and coordinated the shipment of two fully armored vehicles to support USAID operations in the Middle East

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The Office s communications program surveyed USAID facilities in Cairo and Tirane and implemented security communications projects in 24 countries In addition an interagency radio communications working group was established to reduce redundancy waste and duplication of effort Non-security technical assistance was provided to USAID s posts for project support and mission operations

During the past six months, 1 104 personnel security investigations were completed Discounting significant issue cases which required in excess of 120 days to complete 91 percent of the Top Secret and 96 percent of the Secret cases were completed in an average of 34 and 46 days, respectively

Fourteen initial security briefings were conducted for over 250 direct-hire and contract employees Thirty-one periodic refresher training sessions were provided to USAID employees The Office of Security performed security inspection/assistance visits to 13 overseas posts Proper marking of classified documents continue to be a costly and reoccurring problem for USAID

OFFICE OF THE INSPECTOR GENERAL ORGANIZATION

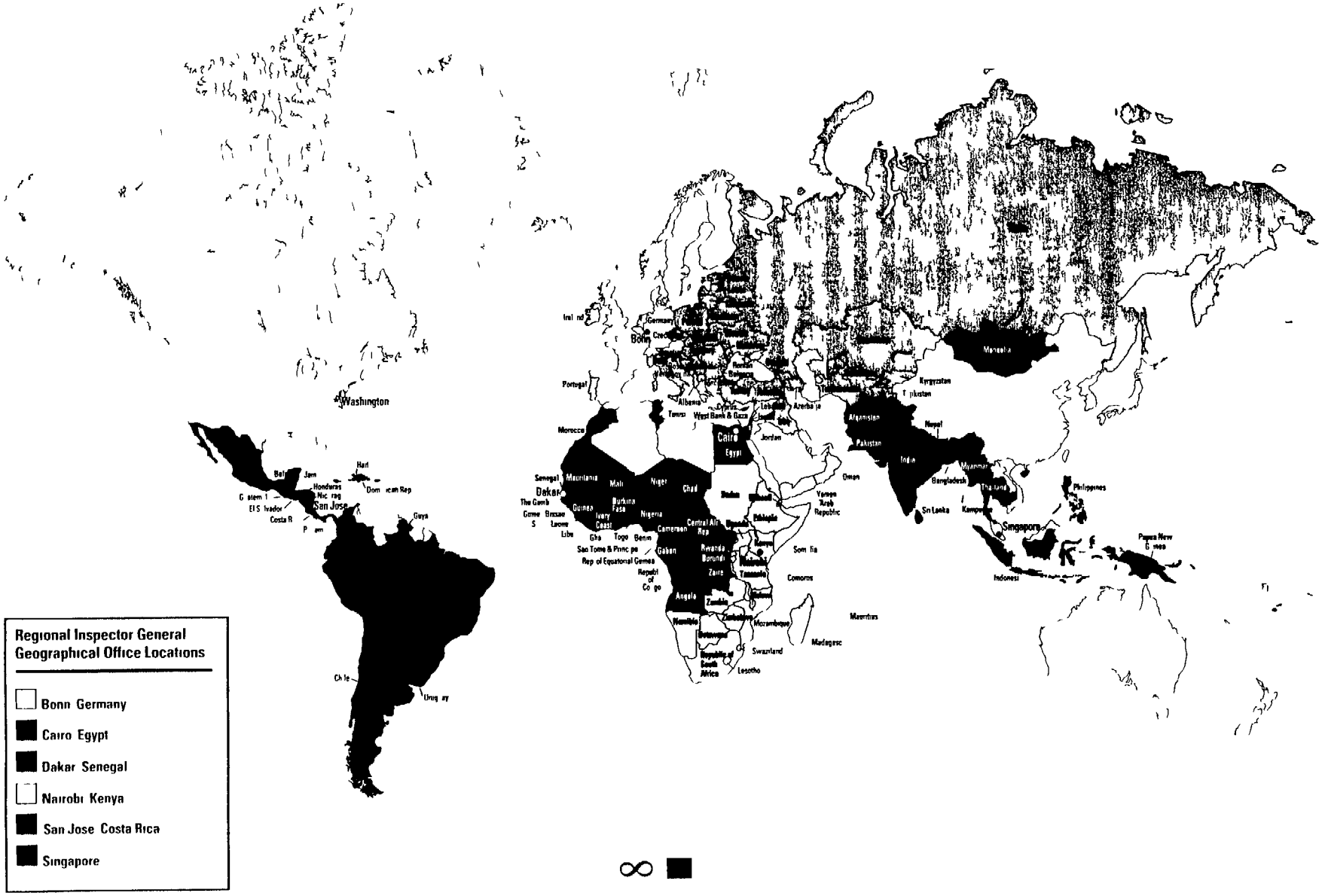
The USAID Office of the Inspector General was established on December 16 1980 by P L 96-533 which amended the Foreign Assistance Act of 1961 On December 29 1981 the President signed the International Security and Development Cooperation Act of 1981 thereby bringing the USAID OIG under the purview of the IG Act of 1978 P L 95-452

The USAID OIG is an independent organization responsible for audit investigation and fraud control relating to USAID s programs and operations In addition the OIG directs and supervises all USAID security activities including the Agency s investigative and physical security programs The OIG is authorized by statute to also provide these services to the Overseas Private Investment Corporation and the International Development Cooperation Agency

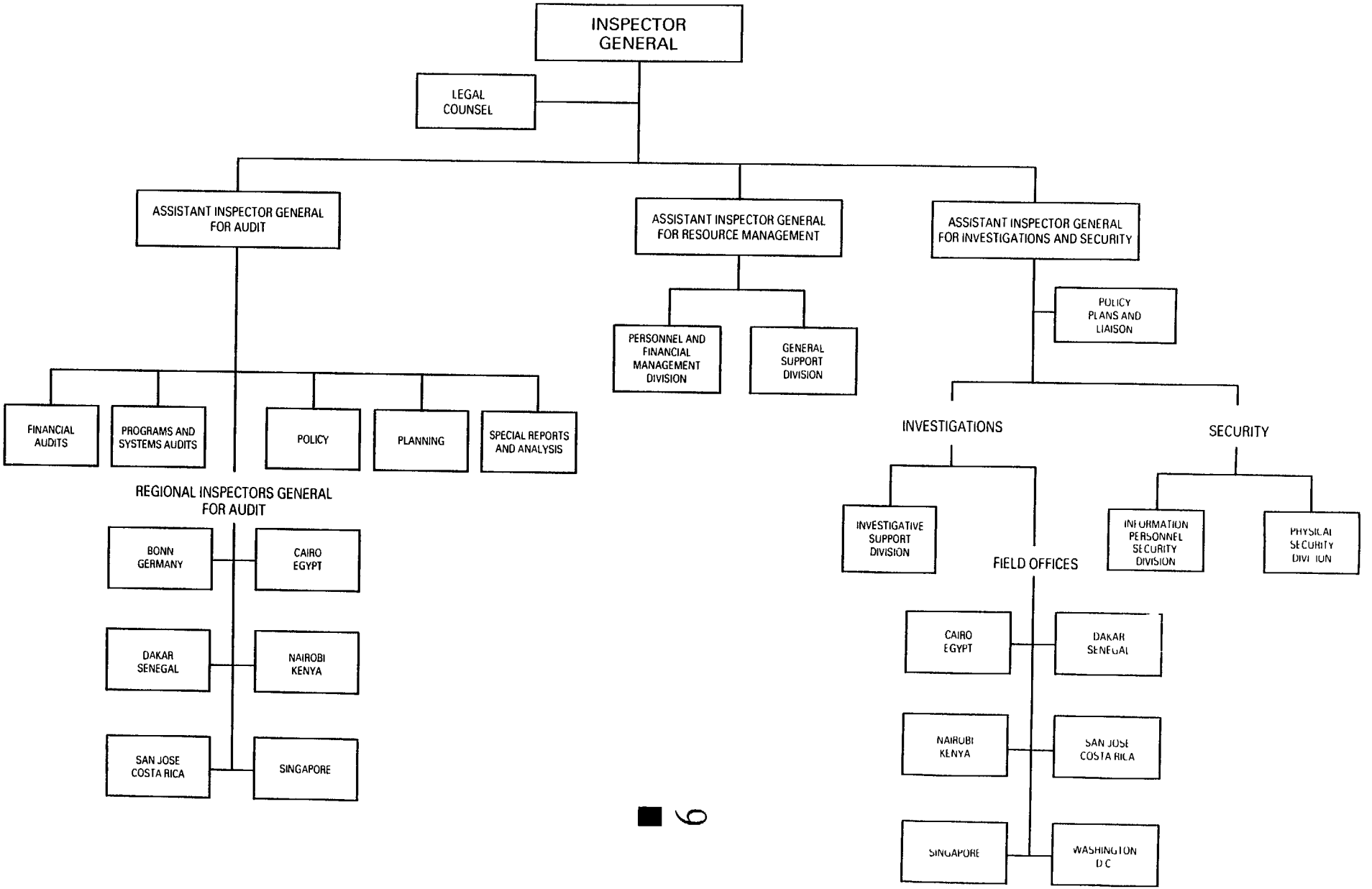
The IG Act of 1978 authorizes the OIG to conduct and supervise audits and investigations that recommend policies to promote economy efficiency and effectiveness and detect and prevent fraud and abuse in the programs and operations of USAID The OIG is responsible for keeping the Administrator and the Congress fully informed about problems and deficiencies in USAID programs and operations as well as the necessity for, and progress of, corrective actions

The OIG has three major offices each headed by an Assistant Inspector General Office of Audit Office of Investigations and Security, and Office of Resource Management Overseas the Regional Inspectors General for Audit and Special Agents-In-Charge are responsible for assigned geographical areas and report to their respective Assistant Inspectors General The overseas office locations and assigned geographical areas are presented on the following organizational map and chart

Regional Inspector General
Geographical Office Areas



INSPECTOR GENERAL ORGANIZATION CHART



OFFICE OF AUDIT

The Office of the Assistant Inspector General for Audit is responsible for conducting audits of USAID s worldwide foreign economic assistance activities Foreign aid helps developing countries meet the basic needs of their people through sustained broadly-based economic assistance In fiscal year 1994 USAID s economic assistance budget as enacted by the Congress was $6 1 billion U S food aid programs are administered by USAID and the Department of Agriculture primarily under the authority of the Agricultural Trade Development and Assistance Act known as P L 480 first passed in 1954 and amended most recently in 1990 In accordance with the 1990 legislation the Department of Agriculture is responsible for administering Title I of the Act and USAID is responsible for administering Titles II and III Food aid programs are funded by the Department of Agriculture The fiscal year 1994 budget for Title II and Title III food aid programs is expected to be about $1 1 billion

The following graph illustrates the composition of this assistance

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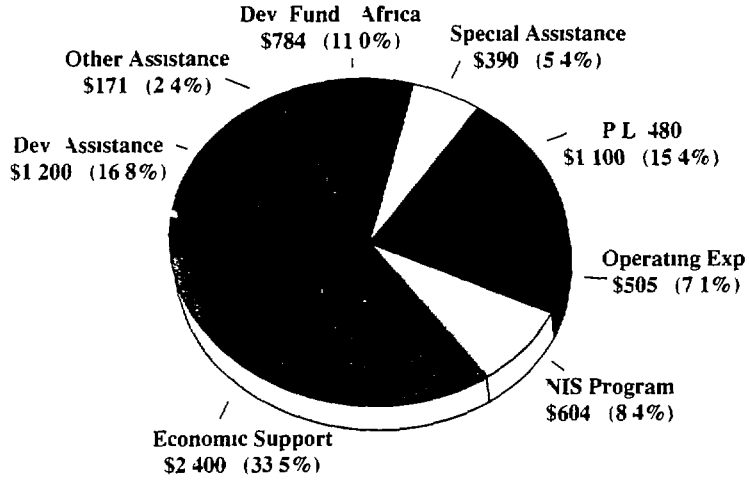
ASSISTANCE FUNDING FY 1994
(Millions)



During this semiannual reporting period the Office of Audit issued 42 internal audit reports and processed 253 reports performed by Agency- and recipient-contracted auditors or other federal government audit organizations The reports recommended resolution of questioned costs amounting to $44 1 million of which $11 million were ineligible and $33 1 million were unsupported The reports also recommended $30 million in deobligations reprogramming of funds and other actions that would put funds to better use Questioned costs are costs that the auditors consider to be potentially ineligible because the expenditures are for items that are (1) not permitted by law or legislation (2) unnecessary/unreasonable and (3) not supported by adequate documentation The questioned costs are referred to the appropriate USAID official for final resolution

The OIG s Audit Follow-Up and Closure System monitored the actions taken on audit reports issued during this and prior reporting periods Highlights of USAID actions taken on OIG recommendations during this period follow

- USAID Management reached resolution on $23 2 million in efficiencies (funds to be put to better use) and questioned costs identified in OIG audit reports Of this total $18 5 million ($17 7 million in efficiencies and $770 000 in questioned costs) was agreed to by USAID

- USAID Management reached resolution on $16 8 million in efficiencies and questioned costs in financial-related audit reports (external reports) by Agency-contracted recipient-contracted and other governmental audit agencies Of this total $6 8 million ($2 4 million in efficiencies and $4 4 million in questioned costs) was sustained by USAID

- A total of $20 4 million ($17 8 million from OIG audit reports and $2 6 million from external audit reports) was actually recovered or saved by USAID management through increased efficiencies during the past six months as a result of audit work in this and prior periods

- As of March 31 1994, $157 5 million in recommended efficiencies and questioned costs were awaiting USAID determination, of which $103 5 million (65 7 percent) represented recommendations over six months old

- As of March 31, 1994 $74 6 million in recommended efficiencies and questioned costs were agreed to by USAID but final action/collection was not taken

BILATERAL PROJECT ASSISTANCE

USAID uses project assistance to address specific developmental or economic problems Project agreements are executed with one host government (bilateral) or a group of governments (regional) for activities in areas such as agriculture rural development and nutrition population planning, health education and human resources or energy Agriculture rural development and nutrition projects for example are designed to increase agricultural production improve diets and support agricultural research in developing countries where hunger and malnutrition are major constraints to economic development Health projects reinforce comprehensive child survival initiatives such as immunizations and prenatal screening improve the management and logistics of health care and environmental sanitation programs and support biomedical research and field testing of important new technologies such as malaria vaccines

During the past six months the Office of Audit has issued significant reports that addressed the internal control systems underlying the Agency s processes for monitoring

- host government contributions,
- USAID/Indonesia s Rural Roads Maintenance Systems Project,
- Child Survival Program,
- USAID programs to Brazil and Guinea-Bissau, and
- USAID/Egypt s use of USAID-financed vehicles

Highlights of the audits of bilateral project assistance performed during this reporting period follow

USAID Mission Controls Over Host Government Contributions

To ensure recipient governments have a vested interest in the success of USAID-financed programs the Foreign Assistance Act requires that host governments finance at least 25 percent of the total cost of each USAID-funded activity However holding host governments accountable for their financial commitments has often been difficult—as noted in several OIG audits made between 1982 and 1987 Since 1987 USAID has implemented new procedures to strengthen controls in this area the most recent being cable guidance issued in April 1991

A series of audits were recently done throughout the world to determine whether

the new guidance improved the missions controls over monitoring host government counterpart contributions In total five missions were audited covering 66 projects authorized as of March 31 1993 The missions were located in Botswana Guatemala Honduras Morocco and Sri Lanka The total project costs for the 66 projects were $2 21 billion Financing for these projects was to be shared by USAID ($1 17 billion) and the recipient governments ($1 04 billion–or 47 percent of total project costs)

Missions Are Still Not Ensuring Proper Accountability of Contributions by Foreign Governments

USAID missions had implemented some but not all of the procedures required by the April 1991 guidance and improvements are still needed The audits found that missions need to ensure all project agreements include requirements for the host government to report contributions annually Moreover all missions need to ensure that these reporting requirements are met

USAID/Botswana needs to establish a system to regularly report contributions and to measure the level of the government of Botswana s contributions USAID/Morocco needs to include reporting requirements in its project agreements and make these requirements a part of its procedures for recording and tracking contributions USAID/Morocco and USAID/Sri Lanka need to identify and assign values to the anticipated in-kind contributions to ensure project needs are met Finally USAID/Sri Lanka needs to ensure that only funds contributed by the Government of Sri Lanka are reported as host government contributions

Buildings constructed with other donor funding were improperly included as contributions from the Sri Lankan government

To a varying extent the audits found that all missions needed to test the reliability of reported contributions, and that potential shortfalls in contributions needed to be documented to heighten awareness and expedite resolution of the problem

Mission management generally concurred with the reports findings and recommendations *(Audit Report Nos Guatemala - 1-520-94-002, Honduras - 1-522 94-005 Botswana - 3-633-94-002, Sri Lanka - 5-383-94-001 and Morocco - 7-608-94-003)*

USAID/Indonesia's Management of the Rural Roads Maintenance Systems Project

In 1987 USAID initiated a $55 million Rural Roads Maintenance Systems Project to establish road maintenance systems and to rehabilitate 1 600 kilometers of roads in two Indonesian provinces Project funds were to provide training equipment and technical assistance in support of these purposes

USAID/Indonesia Should Redesign the Project to Include Realistic Objectives and Specific Performance Indicators

The audit was made to determine the status of the project and the existence of internal controls related to project design The project status could not be clearly determined due to a lack of specific performance indicators for measuring project progress The audit did show that soon after the project inception excessive delays quickly set progress behind schedule and the achievement of project objectives within the remaining two-year life was unlikely Despite Mission attempts to alter the project design it soon became clear that this project would not accomplish its intended purposes After six years and $19 5 million only 260 of the anticipated 1 600 kilometers of roads have been rehabilitated

A stretch of the 260 kilometers of roads rehabilitated under Rural Roads Project—about 1 300 kilometers short of the planned goal.

Delays in project progress prompted the Mission to modify the project design by reducing anticipated outputs and overall project funding However, the Mission circumvented the Agency s project modification approval controls by making these changes without obtaining the required approval from USAID/Washington The audit recommended that the Mission follow established Agency procedures for approving project modifications and redesigning the project to include realistic

objectives and specific performance indicators USAID/Indonesia officials concurred with all the recommendations and initiated corrective action *(Audit Report No 5 497-94 004)*

Audit of the Child Survival Program

USAID initiated a child survival program in fiscal year 1985 The program awards monies to private and voluntary organizations to improve the health status of children and their mothers through simple cost-effective technology As of September 30 1992 the Bureau of Humanitarian Response was responsible for administering 73 grants in support of child survival activities throughout 37 countries with obligations and expenditures of $70 6 million and $43 7 million respectively The audit was made to determine whether grant recipients complied with grant reporting requirements and accomplished intended child survival activities and whether the Bureau s overall child survival program objectives were being achieved

A System To Measure Child Survival Program Accomplishments Should Be Established

The Bureau did not follow established requirements for monitoring grantee performance Bureau officials did not know what progress grantees had made in accomplishing grant objectives and could not judge the recipients overall performance under grant agreements A review of seven grantees in Guatemala which received a total of $1 8 million to date, showed that

- All seven grantees fell short of reaching program objectives—only 67 349 women and children benefitted from the activities of four grantees, rather than the estimated 183 115
- Three grantees spent funds for unauthorized activities—one grant was awarded $458 560 to promote Vitamin A, however, thirty percent of the funds were spent on immunizations
- None of the seven grantees performance reports included comparisons of actual accomplishments with grant agreement objectives

The audit also found that the Bureau did not establish quantifiable indicators or reporting systems Without these systems the Bureau could not monitor progress in achieving child survival program objectives Recommendations were made to correct these problems with which the Bureau generally agreed and initiated appropriate corrective actions *(Audit Report No 9-000 94-001)*

Audits of USAID Programs to Brazil and Guinea-Bissau

USAID missions around the world are required to implement systems of internal control to provide reasonable assurance that missions properly obligate expend and account for the funds provided and properly safeguard assets Internal control systems for the Office of the USAID Representatives (OARs) to Brazil and Guinea-Bissau were audited to determine whether these systems were established and that such assurances were provided

Brazil — The objectives of the OAR to Brazil audit were to determine if systems were in place to ensure specific performance indicators were developed site visits were made projects were evaluated cost-sharing contributions were monitored and a participant training program was established The audit showed that necessary systems were not always established or implemented Specifically performance indicators had not been developed, project evaluations had not been performed as scheduled cost-sharing contributions had not been monitored and necessary participant training procedures were not being implemented The report included seven recommendations directed at resolving these problems *(Audit Report No 1-512-94-001)*

Guinea-Bissau — The OAR/Bissau audit was made to determine if the Trade and Investment Promotion Support Project was properly planned, the Agricultural Sector Assistance Program was properly monitored and evaluated, and a participant training system had been established The audit found that the $20 million trade project was properly planned with one exception OAR/Bissau did not identify specific performance indicators for the contractor who was to receive over $18 million under this project OAR/Bissau complied with the monitoring and evaluation requirements under the $4 5 million agricultural project—designed to eliminate constraints in Guinea-Bissau's agricultural sector Finally OAR/Bissau did not establish a country training plan for its $5 million participant training program The report made six recommendations to address the identified shortcomings *(Audit Report No 7-657-94-001)*

Audit of USAID/Egypt's Monitoring of the Use of Project Vehicles

USAID/Egypt provided over 1 200 vehicles for use under 25 different USAID projects The vehicles costing $17 million were to provide transportation for contractors grantees and employees of the Egyptian government responsible for implementing USAID-funded projects Project vehicles can easily be subject to improper use and vehicle utilization is therefore a vulnerable area requiring strong Mission controls

An audit tested USAID/Egypt s controls over the use of project vehicles on five projects operating 424 vehicles The audit found that USAID/Egypt established a policy to control vehicle use and to ensure utilization of these vehicles for project purposes In 1991 the Mission updated its policies and procedures which limited personal use of vehicles to 25 percent excluded personal use as a factor in determining project vehicle requirements and required record-keeping to facilitate monthly reimbursements for personal use of vehicles

The audit also found that the Mission could further strengthen its monitoring procedures over the use of vehicles Our audit identified $340,000 that was not reimbursed by project recipients for personal use of vehicles Further project contractors incurred $171,000 in unnecessary vehicle procurement expenses Two recommendations were made to address these problems However, the Mission disagreed with the report s recommendations and both remain unresolved *(Audit Report No 6-263-94-004)*

Bilateral Nonproject Assistance

Bilateral nonproject assistance is generally used as a mechanism for providing dollar or commodity resources to alleviate the balance of payments and/or budgetary problems of a host country These dollar or commodity resources are often provided to a host government on the condition that it undertake specified stabilization or policy reform actions to address the obstacles which are the cause of the balance of payments and/or budgetary problems This conditionality is predicated on the rationale that the host government would increase its dependence on such assistance without appropriate corrective measures In providing nonproject assistance, USAID finances Commodity Import Programs Cash Transfer Programs, and Sector Grants

The following highlights two bilateral nonproject assistance audits made during the reporting period

Audit of the Cash Transfer Program and Energy Sector Project in Mongolia

Mongolia s move to democracy in 1990 brought the collapse of Mongolian/Soviet trade and the termination of Soviet aid As a show of support for Mongolia s democratic efforts the United States initiated an emergency economic aid package which consisted of a $10 million Cash Transfer Program and a $35 million Energy Sector Project This aid was to provide Mongolia with hard currency to finance imports during its transition to a market-based economy and to help keep its power plants operating during their harsh winters An audit of this emergency aid was done to determine (1) how USAID funds were used and (2) what the Cash Transfer Program and the Energy Sector Project accomplished

The $10 million cash transfer was used primarily to finance equipment and spare parts for coal mines and power plants petroleum lubricants medical supplies batteries and tires USAID, however, could not measure what this program accomplished The audit noted that time limitations—caused by the emergency nature of this assistance—impaired USAID s ability to establish close managerial controls over the deposit, use, and accounting for the cash transfer funds The following are some of the problems noted

- Many of the commodities either were not received or arrived too late to help alleviate the 1991-92 emergency

- USAID did not incorporate into the agreement a requirement prohibiting procurement from ineligible countries, therefore, purchases totaling $282 800 were made from prohibited sources

- Ten million dollars of local currency was generated and disbursed without the knowledge or approval of USAID, and USAID has not confirmed whether these funds were used as intended

USAID also could not measure the accomplishments of the Energy Sector Project USAID authorized the project without carefully developing a project design Initially expecting to identify and address problems with power plants USAID was unprepared when it found out that urgent technical assistance and equipment were needed for both the power plants and the coal mines which supplied fuel for

the power plants As a result the program encountered severe implementation problems

- More than $2 5 million worth of equipment—purchased because of the perceived emergency—was either unused used in non-emergency situations or not received in time to be installed for the winter emergency To speed the delivery of equipment USAID/Washington issued a waiver for all source and origin restrictions In the end some of the equipment could have been obtained from American sources

Conveyor belts such as these were purchased from Russia, but still arrived too late for the 1992-1993 winter emergency

- A Russian cargo plane was chartered from New York to Mongolia at a cost of $466 000 to carry $679,000 worth of equipment Since only $280 000 worth of this equipment was urgently needed commercial air freight costing a fraction of the cost could have been used

This report contained five recommendations USAID officials generally agreed with the report s findings and we are awaiting their final management decisions on the recommendations *(Audit Report No 5-438-94-009)*

Audit of USAID/Ghana's Cash Transfer Program

Cash transfers are made to host governments to encourage changes in their policies or methods of operation When accomplished these changes will hopefully improve certain development sectors such as agriculture education or health In Ghana USAID has agreed to make cash transfers of $105 million to support components of the Trade and Investment Program the Primary Education Program and the Family Planning and Health Program As of August 10 1993 USAID/Ghana had obligated $57 3 million and disbursed $32 million The audit found that

- USAID/Ghana did ensure that the release deposit use and audit of cash transfer dollars were in compliance with the provisions of the cash transfer agreements and USAID policies and procedures However neither the two cash transfer disbursements for the Family Planning and Health Program totaling $8 million nor the first disbursement of $4 million under the Primary Education Program were deposited initially into interest-bearing accounts Further once the funds were transferred to an interest-bearing account the interest earned was not credited to the USAID-sponsored local currency account

- The Mission followed USAID policies and procedures in monitoring and evaluating the cash transfer programs to ensure the host country implemented the stabilization and policy reforms in accordance with the cash transfer agreements

- USAID/Ghana generally followed USAID policies and procedures in monitoring whether local currencies were deposited, programmed, and used in accordance with the cash transfer agreements and USAID policies and procedures However the Mission did not properly monitor the financial activities of the Family Planning and Health Program An additional $116 000 worth of local currencies could have been available for project use had the prevailing exchange rate been used to convert U S dollars to local currencies

The Mission initiated corrective actions to our recommendations *(Audit Report No 7-641-94-006)*

Assistance To Central And Eastern Europe And The New Independent States

U S economic assistance to Central and Eastern Europe and the New Independent States of the former Soviet Union continues to expand rapidly Fiscal Year 1994 appropriations for Central and Eastern Europe amounted to $390 million and $2 4 billion for the New Independent States The latter was comprised of funding under the Freedom Support Act of $1 2 billion through a fiscal year 1993 supplemental and fiscal year 1994 funding, a $924 million transfer authority from Department of Defense funding and $300 million appropriated to the Export Import Bank Notwithstanding the recent expansion of the New Independent States program the earlier start-up of assistance to Central and Eastern Europe resulted in total obligations for that program still exceeding obligations of the New Independent States From program inception through December 31 1993 obligations totaled $1 3 billion for Central and Eastern Europe and $738 million for the New Independent States

During this reporting period three performance audits were issued in our work on Interagency Agreements under which USAID has transferred about $464 million to more than 19 other U S government agencies One performance audit report was issued on the Enterprise Funds, where obligations had risen to over $300 million at December 31, 1993 And three performance audit reports were issued on USAID-direct activities where total obligations of close to $1 billion had been recorded at the end of calendar year 1993 Details of our audits follow

Audits of Interagency Agreements with the Departments of Labor and Treasury

A large portion of USAID s Central and Eastern European Program is implemented by other U S government agencies through interagency agreements As of September 30 1993 USAID had transferred $42 8 million to the U S Department of the Treasury to implement financial sector reform programs in Central and Eastern Europe USAID also transferred about $20 million to the Department of Labor

During this reporting period, audits were made of the Departments of Labor and Treasury technical assistance activities in Poland and Bulgaria respectively and a summary report was issued on three audits done of the Department of Labor s

technical assistance activities in Bulgaria Hungary and Poland The audits were made to determine what the USAID funds were used for what results were being achieved and whether the OARs properly carried out their oversight responsibilities

The audits found that USAID funds were primarily used to support

- technical advisors providing assistance to Bulgaria s Ministry of Finance and central and commercial banks
- assistance to Bulgaria s International Banking Institute
- construction crafts skills training centers established in Poland from which 350 Poles graduated and virtually all found employment or set up their own businesses and
- self-employment and entrepreneurial skills training programs attended by 4 000 Poles of which reportedly 570 have since started their own businesses

American Polish Labor Center Closed and Assistance to Bulgaria's International Banking Institute Terminated

While both the Departments of Treasury and Labor technical assistance activities were achieving positive results, the audits identified some program-specific problems For instance Bulgaria s International Banking Institute had made little progress towards achieving the goal of developing a banker training facility

Training materials and computer equipment purchased for Bulgaria s International Banking Institute stored in hotel room— not being used on the project

In Poland the skills training centers needed self-financing plans, Poland s entrepreneurial skills training program needed information on start-up capital and follow-up assistance, and the role of the American Polish Labor Center needed to be clarified The audits also found that key monitoring tools were lacking which made it difficult for USAID missions to measure Agency and/or contractor performance and program results

USAID and the Departments of Labor and Treasury officials generally agreed with the reports findings and initiated action to implement our recommendations Such actions caused the Department of Labor to close the American Polish Labor Center and the Department of the Treasury to terminate assistance to the International Banking Institute—resulting in estimated savings of $748 000 *(Audit Report Nos 8-181-94-001, 8-183-94-003, and 8-180-94-007)*

Audits of USAID's Health Sector Programs - New Independent States

Three audits were made of USAID-financed health sector activities in the New Independent States Two of the reports covered vaccine production medical partnerships and donor information tracking activities authorized by the New Independent States Health Care Improvement Project The third audit covered medical distribution activities authorized by the Humanitarian Emergency Medical Supplies Project for what was then the Soviet Union Project

About $19 2 million in federal expenditures have contributed to ameliorating at least in the short-term the health conditions in the New Independent States However the audits point out specific problems which impeded either the progress of the activities toward achieving their planned results or USAID from having complete knowledge to assess the activities performance in achieving planned results For example

- The vaccine audit which covered $1 8 million in expenditures showed that participating U S vaccine producers had not procured and delivered in a timely manner the essential ingredients needed by the project and the three Russian vaccine producers could not sustain production of certain critical vaccines USAID was taking corrective actions *(Audit Report No 8-110-94-004)*

- The second audit examined activities related to establishing medical partnerships in the New Independent States and developing an information tracking system at the World Health Organization to track medical donations to the New Independent States The audit of the medical partnerships which covered $5 million in expenditures, found that more one-to-one partnerships had been established between U S and Russian hospitals than planned but the sustainability of some partnerships was in doubt The objectives set by these individual partnerships were not realistic and could not be achieved during the crucial, early stages of the relationship USAID agreed with our findings and agreed to take corrective action aimed at improving the chances of these partnerships continuing beyond the initial USAID-sponsored period

  In regard to the medical donor tracking system, USAID had spent $160 000 of an earmarked $750 000 Furthermore the audit found that the World Health Organization had made very little progress toward developing an effective system We did not believe that further expenditures on the system were warranted USAID agreed with our finding and agreed to de-commit $500,000 of the funds earmarked for the project *(Audit Report No 8-110-94-005)*

- The medical supply audit, which covered $12 3 million in federal expenditures found that project quantitative accomplishments were misleading and that very little useful qualitative information was being reported The project was intended to demonstrate both United States public and private sector concern and support for the deteriorating medical conditions in the New Independent States However the implementing organization, Project HOPE, did not clearly report accomplishments and one could not determine the extent of private sector participation For example Project HOPE reported that as of June 30 1993 it had acquired and distributed $136 3 million worth of medical products to the New Independent States The audit found that this total included not only private sector donations, but an estimated $9 million in Department of

Defense donations an estimated $2 7 million in products that were destroyed before being delivered to hospitals an estimated $4 million worth of products directly purchased for the project and unknown amounts for the cost of packing materials and other items

In addition the audit found that information on the qualitative aspects of the project such as adequacy and usefulness of the products delivered was not being routinely reported As a result USAID did not have a complete picture from which to judge the project or for taking needed actions We point out in the report that if USAID had established better project reporting requirements it may have taken action to minimize some of the problems that we observed during our visits to selected recipient hospitals For example we found that some hospitals received supplies that were inappropriate or in excess of needs In addition some medical supplies were delivered to Ministries of Health instead of directly to hospitals as the project originally intended USAID agreed to implement the report s three recommendations *(Audit Report No 8-110-94-006)*

Audit of the Regional Mission for Europe's Management of Cash Held by the Enterprise Funds

The Enterprise Funds were created by the Support for Eastern European Democracy Act of 1989 The Funds were established to initiate private sector activities with a market-oriented approach by investing in small businesses, the agriculture sector and U S and host country joint ventures The Funds function as investment banks, with Boards of Directors comprised of distinguished individuals in the private sector from the U S and the host countries

The Enterprise Funds are a significant component of USAID s program in the Central and Eastern European countries Funds currently include the Polish-American Enterprise Fund the Hungarian-American Enterprise Fund and two Funds not included in the Support for Eastern and European Democracy Act the Czech and Slovak-American Enterprise Fund, and the Bulgarian-American Enterprise Fund As of September 30, 1993, the four Funds were authorized to spend $440 million of which approximately $224 million has been advanced The Enterprise Fund concept is expanding to other Central and Eastern European countries and the New Independent States, with total appropriations expected to reach $1 32 billion

The audit was conducted to determine how the Regional Mission for Europe managed cash advances to the Enterprise Funds The audit not only included a review of records at USAID, but also included a review of the Enterprise Funds cash management procedures and the reporting of cash on hand to USAID

More Effective Cash Management Practices by the Enterprise Funds Could Save the U S Government $700,000 Annually

While USAID has taken significant actions to monitor cash advances the audit determined that more effective use of letters of credit by the Enterprise Funds could help reduce cash balances that averaged $13 7 million in excess of immediate needs for the six-month period ending September 30 1993 More effective use of letters of credit could avoid unnecessary interest cost to the U S Treasury of approximately $700,000 per year The report recommended the Funds cash balances be limited to immediate needs Although USAID officials generally supported the audit recommendation it was unresolved at report issuance USAID had not agreed to estimated savings and Agency officials questioned whether because of the special nature of the Funds USAID could require the Funds to limit requests for cash advances *(Audit Report No 8-180-94 002)*

FOOD AID PROGRAMS

U S food aid programs are administered by USAID and the U S Department of Agriculture primarily under the authority of the Agricultural Trade Development and Assistance Act known as P L 480 The Act was first passed in 1954 and was most recently amended in 1990 The Department of Agriculture is responsible for administering Title I programs which is the Trade and Development Assistance Program USAID is responsible for administering Titles II and III which are the Emergency and Private Assistance Programs and the Food for Development Program respectively The following food aid audit was conducted in the past six months

USAID/Ethiopia's Management of P L 480 Title II Programs

P L 480 authorizes USAID to transfer agricultural commodities and dollar grants to eligible organizations (cooperating sponsors) for carrying out approved feeding and development activities Six cooperating sponsors were providing Title II assistance in Ethiopia for non-emergency programs For fiscal years 1992 through 1994 the U S government agreed to provide over 126,000 metric tons of Title II commodities for these programs—costing more than $52 million In addition cash grants totaling $4 46 million were also provided

The audit was made to (1) determine whether USAID/Ethiopia managed Title II regular programs in accordance with applicable laws, regulations and procedures and (2) review program accomplishments in fiscal year 1992—the most recent year for which sponsors submitted progress reports

Annual reports from the sponsors for 1992 described significant accomplishments in areas such as water and soil conservation primary health care and general welfare and relief These results were achieved despite violent ethnic clashes a drought and a change in the government and its policies However the audit found that improvements could be made in the Mission s planning monitoring implementation and evaluation of these programs

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Sponsors Gain Over One Million Dollars Through Misuse of Local Currency Sales Proceeds and Improper Sale of Commodities Intended for Food for Work Projects

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The audit found that USAID/Ethiopia was not aware that one sponsor used local currency sales proceeds to pay expenses which were not authorized and received a windfall exchange rate savings and other financial benefits of almost $900 000 Another sponsor sold commodities intended for food for work projects without authorization When the Mission discovered the sale of the commodities a claim was not made against the sponsor for the value of the commodities—over $100 000 Also the Mission did not (1) program surplus local currency sales proceeds of about $3 4 million (2) have a system for tracking claims against third parties responsible for the loss of Title II commodities and (3) monitor the use of USAID-funded vehicles to ensure they were being used for approved purposes

USAID/Ethiopia agreed with the report s findings and took immediate action to implement the recommendations *(Audit Report No 3-663-94-006)*

FINANCIAL MANAGEMENT SYSTEMS

The Office of Audit reviews major management systems to determine the efficiency and effectiveness of Agency foreign assistance programs or the systems used to administer assistance dollars on a country-specific, regional, or Agency-wide basis The Office of Audit undertakes audits to evaluate the effectiveness and efficiency of Agency administrative operations Also the Office of Audit is required by the Congress or the Executive Branch to review mandated areas of special interest Highlights of significant audits performed this reporting period follow

Audits of the Agency's Progress in Controlling Local Currency

Recognizing the vulnerabilities inherent in managing and controlling local currency programs, the Agency issued Policy Determination No 18 and supplemental guidance in 1991 The new guidance was intended to increase

mission controls over the generation programming and management of host country-owned local currency As part of a worldwide audit effort five missions were audited to determine the effectiveness of this new guidance on improving mission controls over local currency funds To date four of those audits have been completed in Bolivia Guinea Philippines and Tanzania In these audits the equivalent of $47 2 million in local currencies was reviewed About $11 1 million was generated through sale of commodities donated under the P L 480 Title III programs in Bolivia and Guinea The remaining $36 1 million was generated through other non-project assistance programs in Tanzania and the Philippines

Mission Controls Over Local Currencies Still Need Improvement

The audits showed that implementation of the new guidance varied among missions While USAID/Tanzania made good progress in strengthening controls other missions controls over local currency funds needed improvements Missions could gain better control over the management and control of local currencies Specifically

- USAID/Tanzania should ensure all local currency is collected from importers (including $396 889 identified as interest earnings) and deposited into the special account

- Missions in the Philippines and Guinea should improve controls to ensure funds are deposited into interest-bearing accounts and government of Guinea should immediately transfer the local currency equivalent of $6 7 million to an interest-bearing account

  USAID/Philippines needs to strengthen controls to ensure the proper use of funds

- USAID/Bolivia should ensure all local currency funds are programmed and performance indicators are included in project agreements to permit effective project evaluations

Several recommendations were made and Mission management generally concurred with the reports recommendations *(Audit Report Nos Bolivia - 1 511-94-003, Tanzania - 3-621-94-005, Philippines - 5-492-94-005, and Guinea - 7-675-94-002)*

FINANCIAL AUDITS

Financial audits of USAID and USAID s contractors and grantees are an integral part of the Agency s internal control structure to ensure that federal funds are adequately accounted for and used for their intended purposes Under the Audit Management and Resolution Program Agency management is responsible for ensuring that audits are performed and that appropriate action is taken on audit recommendations In turn the OIG is responsible for determining whether the Agency is meeting its responsibility with respect to its grantee and contractor financial audits and that the audits meet the appropriate auditing standards In general Agency-contracted auditors supervised by the OIG or other cognizant federal auditors perform for-profit contractor audits recipient-contracted independent auditors perform grantee audits

Agency-Contracted Audits

The objectives of the Agency-contracted audits are to express opinions on the fairness of the auditees financial statements (USAID-provided funds) and report on the adequacy of the auditees internal controls and their compliance with USAID agreements During this reporting period, 39 Agency-contracted audits were issued through the Regional Inspectors General for Audit and the Financial Audit Office These reports questioned the validity of costs of nearly $9 4 million and included numerous recommendations to improve internal controls and compliance with laws and regulations

Only 11 of the 39 reports (28 2 percent), that gave an opinion on the financial statements expressed an unqualified (favorable) opinion Unqualified opinions are given when no significant exceptions are found Qualified opinions are given whenever material exceptions are noted Adverse opinions reflect the lowest level of assurance the auditor can report and are given when the financial statements are materially misstated or when internal controls are not adequate to prevent fraud waste and abuse Disclaimer opinions are usually given due to inadequate records Adverse and disclaimer opinions are rarely reported by auditors in the U S government s domestic assistance programs In addition 22 reports identified 118 material internal control weaknesses and 18 reports contained 96 instances of material noncompliance Summaries of significant Agency-contracted audits follow

Audit of the Government of Kenya Under the Rural Private Enterprise Project

The purpose of USAID s Rural Private Enterprise project was to establish and expand rural private enterprises in Kenya Successful implementation of this

project would fulfill the government of Kenya s goal of increased rural production employment and income This project was implemented by the Ministry of Finance/Central Bank of Kenya which was responsible for providing credit and technical assistance to active commercial banks in Kenya which in turn were to make loans to entrepreneurs

USAID/Kenya contracted an independent public accounting firm to examine and report on the fairness of the Fund Accountability Statement of the Kenya Rural Private Enterprise project the internal control structure and on compliance with the project agreement terms and applicable U S laws and regulations The audit covered project disbursements totaling $22 million for the period August 25 1983 through August 31 1992

Independent Accounting Firm Issues Adverse Opinion, Identifying $1 7 Million in Questioned Costs

The accounting firm issued an adverse opinion on the Fund Accountability Statement which questioned costs of $1 737 823 ($1 681 908 were ineligible and $55 915 were unsupported) The report on the Mission s internal control structure identified six material weaknesses including (1) inadequate monitoring and reconciliation of foreign procurement, (2) inadequate controls to ensure the repayment of undisbursed funds, (3) inadequate systems to ensure banks submit letters of commitment reports (4) a poor voucher filing and referencing system (5) a lack of job descriptions for project personnel and (6) inadequate monitoring of promissory notes Further the report on compliance noted two material instances of noncompliance the failure of participating banks to reimburse funds to USAID/Kenya which were either not disbursed to entrepreneurs or not used by the entrepreneurs for approved and intended purposes

The audit report recommended that USAID/Kenya determine the allowability of $1 737 823 in questioned costs and make appropriate recovery from the government of Kenya, and obtain a plan of action from the Ministry of Finance/Central Bank of Kenya to improve its internal control structure and its compliance with the terms of the project agreement *(Audit Report No 3-615-94 001 N)*

Audit of Costs Claimed by a U S Contractor

An accounting firm made a financial-related audit of costs incurred under federal contracts by a U S corporation The corporation provided planning, technical assistance and applied research to public and private organizations in developing

In 15 of the 108 U S -based recipient-contracted audits there were 25 material internal control weaknesses reported In the remaining 93 reports there were no material internal control weaknesses In 17 of the U S -based recipient-contracted reports there were 31 instances of material contract or grant noncompliance In the remaining 91 reports there were no instances of material noncompliance

Conditions of the overseas recipients were similar to the U S -based recipients Of the 59 overseas-based recipients 7 were found to have 41 material internal control weaknesses and 15 were found to have 42 material compliance deficiencies

In total the reports that were reviewed resulted in recommendations to resolve $12 million in questioned ($9 1 million unsupported) costs The reports identified 1 017 internal control and compliance deficiencies Highlights of a recipient-contracted audit conducted during this period follow

Organization-Wide Single Audit of USAID Grantee's Operations

A major USAID grantee submitted its organization-wide single audit done by an independent public accounting firm for the year ended December 31 1991 The audit was conducted in response to the requirements of OMB Circular A-133 and provided information to all donor agencies

34 The audit s Report on Internal Controls contained four reportable findings and related recommendations designed to improve the headquarters accounting system overseas accounting systems, internal controls over federal award programs and the processing of advances to subrecipients

The auditors Report on Compliance did not contain any material noncompliance However five exceptions were found in regard to (1) the Title II Food for Peace Programs (2) over $236,000 in unallowable expenditures and failure to conform to government auditing standards, (3) the late filing of SF 272's (4) the failure to keep records of property purchased under federal grants and (5) the late remittance of interest income on federal funds

In addition, an OIG quality control review of the auditors working papers showed numerous other issues relating to the deposit of funds into interest-bearing accounts and the management of cash accounts Three recommendations were made to address these issues, including the collection of $91 000 in overdue interest, the review and possible recovery of $5 7 million in excessive letter of credit drawdowns and a recovery of almost $550 000 in USAID funds held on deposit *(Audit Report No 0-000-94-020-R)*

Audits Conducted by Other Federal Agencies

Beginning October 1 1993 the Office of Procurement assumed responsibility for ensuring financial audit coverage of all USAID-financed recipients Through interagency agreements the Office of Procurement requests other federal auditors primarily the Defense Contract Audit Agency and the Department of Health and Human Services to perform audits on its behalf These audits play a major role in our efforts to combat fraud waste and abuse by contractors or grantees

During this reporting period the OIG received and processed 50 audit reports completed by other federal auditors These financial and compliance audits included pre-awards termination claims and costs-incurred audits

The 50 reports resulted in 20 recommendations to USAID management to (1) require improved contractor or grantee accounting and internal controls in order to enhance the reliability of contractor or grantee cost representations (2) increase monitoring of financial performance for contractors and grantees in potential financial jeopardy in order to protect government resources (3) finalize indirect cost rates and (4) resolve $24 5 million of costs incurred or proposed by contractors and grantees An example of one of these audits follows

Audit of Contract Pricing Proposal

In support of USAID procurement officials negotiation of a five-year $88 8 million health care program the OIG engaged auditors from the U S Department of Defense to assess $32 9 million of proposed technical assistance costs

The audit questioned $4 3 million of the proposed costs, including $1 2 million of direct labor costs resulting from excessive annual escalations and $1 million of planned fees determined to be unallowable under OMB Circular A-122 The auditors also concluded that the proposed indirect costs were not based on budgetary forecasts and therefore recommended that USAID negotiate rate ceilings to avoid cost overruns

As a result of the audit procurement officials entered negotiations with a sound basis on which to finalize a reasonable contract price with safeguards against unforeseen cost increases *(Audit Report No TR-94-032)*

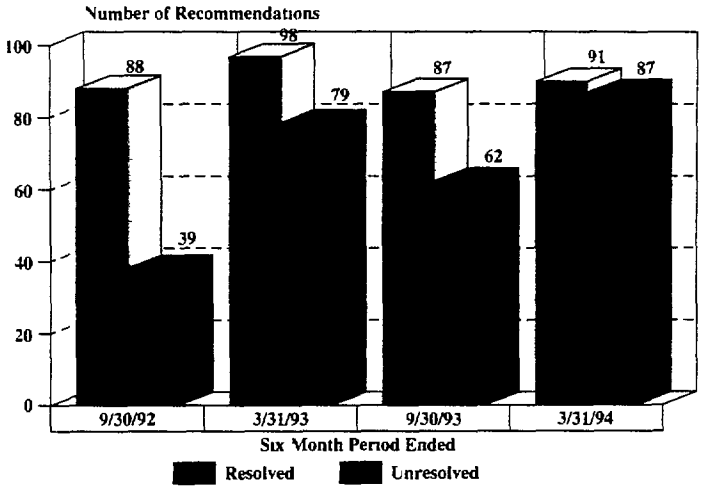
AUDIT RECOMMENDATIONS

OMB Circular A-50 requires that recommendations be resolved within six months of issuance In this context resolution and closure are not synonymous terms Audit recommendations are resolved when management has reached a final management decision which represents a firm plan of action to correct the reported deficiencies Audit recommendations are generally not closed until corrective actions have been completed or in the case of a cost recovery a bill for collection has been issued

The number of OIG recommendations that had not had a final management decision made within six months of report issuance increased by 19 5 percent (from 149 to 178) between October 1 1993 and March 31 1994

The total number of open recommendations at the end of the reporting period increased by 3 5 percent (423 to 438) from the prior period

STATUS OF OPEN RECOMMENDATIONS OVER SIX MONTHS OLD



The Supplementary Budget and Rescission Act of 1980 requires that all monetary audit recommendations be resolved within six months of issuance The number of audit recommendations in noncompliance with this statute increased from 62 in the prior period to 87 at March 31, 1994

SIGNIFICANT PROBLEMS ENCOUNTERED DURING THE PAST SIX MONTHS

During this period we encountered great difficulty in resolving three audit recommendations included in two audit reports issued in September 1993 (Audit Report Nos 8-110-93-010 and 8-110-94-011) These recommendations required action by the Department of Commerce who is implementing USAID-funded programs in Russia The recommendations had not been previously resolved because of disagreement between USAID management officials and the OIG on the role of USAID in overseeing the programs being implemented by the Department of Commerce The Bureau for Europe and New Independent States citing the provisions of the Freedom Support Act of 1992 believed that USAID did not have responsibility to oversee programs being implemented by other U S government agencies in the New Independent States that were funded by USAID The OIG believed that USAID did have a role to play in such programs and that the Agency should take the lead in having the Department of Commerce correct the problems noted in the audit reports

We agreed with the Bureau proposal to refer the audit recommendations to the Department of State Coordinator of Assistance to the New Independent States who in turn would ensure that the Department of Commerce took corrective actions to enable the recommendations to be closed This would require coordination with the Department of Commerce OIG the State Department and the USAID OIG Since the recommendations were recently submitted to the Coordinator final actions have not yet occurred

In resolving the recommendations, we pointed out to the Bureau that while this action may correct the problems found in our audits of the Department of Commerce activities it did not address the real cause of why the problems exist in the first place It is our view that the basic issue still exists—the confusion in the responsibility and authority between USAID and the participating agencies This issue was discussed in our audit report entitled, A I D s Oversight Role for Interagency Agreements Under the Central and Eastern Europe and New Independent States Programs Needs Clarification *(Audit Report No 8-000-93-002)*

In that report we pointed out that due in part to differences in legislation for the Central and Eastern European Program and the New Independent States, USAID s role in programs implemented by other federal agencies was different for the two programs Unlike the USAID field representatives in Central and Eastern Europe who have legislative authority to monitor and coordinate all U S government programs the USAID field representatives in the New Independent States had no similar authority We believed that due to the more limited role of USAID in the New Independent States program as compared to the Central and Eastern

European Program particularly in the field that the New Independent States program was more subject to management and coordination problems

Our audit work to date in the two programs has demonstrated these differences For example USAID representatives to the Central and Eastern European countries are carrying out their legislated monitoring role concerning other federal government agency programs but USAID representatives in the New Independent States are not keeping abreast of similar activities The monitoring done by USAID representatives in Central and Eastern Europe has made these offices more aware of problems and has contributed to resolving such problems This is important in programs being operated far from U S government headquarters offices where other federal agencies have little or no continuing field presence

Reports With Significant Reversals Of Management Decisions

The IG Act Amendments of 1988 require that significant reversal of management decisions be reported During the past six months there have been no significant reversals of management decisions

Significant Disagreements With Management

The IG Act Amendments of 1988 require that significant disagreements with Agency management be reported During the past six months, the management officials in the Bureau for Humanitarian Response made a final management decision on two audit recommendations dealing with the American Schools and Hospitals Abroad program As reported in our September 30 1992 Semiannual Report to the Congress financial audits of two grantees questioned $3 5 million of the $7 7 million paid to the grantees *(Audit Report Nos 9-000-92-011 and 9-000-92-012)*

In March 1994 the Bureau made a final management determination that allowed the grantee to be paid for over $2 9 million of the $3 5 million in questioned costs This decision was made after consultation with the USAID Office of General Counsel Included in the $2 9 million allowed by the grant officer were nearly $2 7 million in professional service costs which were questioned because they were supplied by ineligible sources Specifically the grants required these services to be provided by American or Chinese firms However, the audit clearly established that the services were performed by a non-American/Chinese source—in fact a firm registered in Hong Kong This fact was underscored by the General Counsel s opinion As the General Counsel pointed out because Bureau personnel approved

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the contractors performing the services it would be unfair for USAID to assert a claim against the grantees The Bureau s approval of ineligible sources resulted in U S firms being denied significant revenues—the intent of the grant requirement The Bureau not only permitted but approved the loss of revenue to the U S firms

We closed the recommendations based upon the General Counsel s opinion and the severely disadvantaged negotiating position in which the Agency was placed by its past insufficient review of grantees certifications Notwithstanding our decision to close the recommendations we have recommended that swift and effective steps be taken to ensure that problems noted in these grants do not reoccur

Access To Records Issues

The IG Act Amendments of 1988 require that access to records issues be reported During the past six months the OIG has not been denied access to the records necessary to conduct audits investigations and security activities

Other Inspector General Reporting Requirements

OMB Circular A-50 mandates that each agency regularly evaluate its performance in complying with the scope and intent of audit recommendations Consequently as one means of evaluating USAID compliance with audit recommendations follow-up on closed audit recommendations has been integrated into the audit effort of each OIG audit office In addition for all recommendations, the OIG s Policy Planning and Special Reports Office closely follows activity before during and after resolution and closure Occasionally OIG staff determine from available information that recommendations should be reopened During the past six months the OIG conducted limited follow-up activities reviewing seven recommendations and not reopening any

The Supplementary Budget and Rescission Act of 1980 requires that all monetary audit recommendations be resolved within six months of issuance The number of audit recommendations in noncompliance with this statute increased slightly from 42 in the prior period to 45 at March 31 1994

OFFICE OF INVESTIGATIONS AND SECURITY

INVESTIGATIONS

The Office of Investigations has investigative responsibility for USAID foreign assistance programs Investigations of criminal civil and administrative violations cover all facets of USAID s worldwide operations The Office s 31 American and 8 foreign national investigators are based in Washington D C and at five overseas regional offices International investigations differ from domestic investigations in that agents must undertake extensive foreign travel cope with language and cultural differences meet varied administrative and judicial requirements and be aware of complex political and security issues

The majority of significant investigations originate with reports made by USAID employees contractors and private citizens with a strong interest in the integrity of the foreign assistance program In recognition of our reliance upon outside sources the Office of Investigations maintains an active outreach program of fraud awareness presentations throughout the world and in Washington D C Efforts are aimed at increasing employee awareness of the kinds of fraud schemes they may encounter and at helping managers implement controls to detect and deter fraud

In compliance with the IG Act of 1978, the Office of Investigations refers investigative findings which indicate possible violations of federal law to the U S Department of Justice for prosecutive consideration Agents also work closely with other federal state and local law enforcement agencies In many investigations jurisdiction lies with foreign governments and considerable effort goes into working with foreign judicial and investigative authorities

Investigations also result in many different kinds of administrative actions such as dismissals suspensions, issuance of bills for collection debarments and cost savings and recoveries USAID management officials decide what appropriate actions should be taken after reviewing investigative findings Civil complaints involving false claims or program fraud are normally filed by the Civil Division of the Department of Justice

SIGNIFICANT INVESTIGATIONS

The following sample of investigations illustrates the wide variety of cases where the Office of Investigations USAID employees and others have pooled resources in a cooperative effort to bring to justice those who attempt to deprive intended recipients of the benefits of foreign assistance programs Nearly all of the reported cases were initiated when USAID employees contacted investigators to report possible wrongdoing This clearly shows the commitment of Agency personnel to well-run honest programs

California and Egypt — A three-year investigation resulted in a California corporation pleading guilty to 16 felony counts of wire fraud and submitting false statements During this period a federal court levied a fine of $140 000 against the company Additionally the company and three Egyptian importers were suspended from further participation in USAID programs

U S Supplier Fined $140,000 and Suspended From USAID Programs for Submitting False Quotes

As reported in an earlier semiannual report, this investigation was initiated pursuant to information provided by USAID s Monitoring Branch, Office of Procurement All of the businesses were participating in the Commodity Import Program which is designed to provide financing to private, host-country companies for the importation of selected U S commodities purchased from U S suppliers To qualify for financing, participating importers must show that they obtained quotes from at least three U S suppliers Financing is usually approved when the importer selects the supplier submitting the lowest responsive quote

In this particular investigation, it was shown that the California corporation purposely misled USAID officials into believing that competing quotes were being submitted by other legitimate companies In fact all of the competing quotes were submitted by the California corporation

The Gambia — An investigation based upon information provided by USAID/Gambia officials led to a former Foreign Service National training officer being found guilty of embezzlement by the Supreme Court of The Gambia Over a seven-year period, the training officer embezzled $76,688 in U S Treasury checks fraudulently issued to Gambian training participants for allowances they had either already received or were not entitled to

The court sentenced the training officer to either pay a $3 000 fine or serve six months in prison and ordered that restitution of approximately $25 600 be paid to USAID The Gambian Attorney General is appealing the sentence on the grounds that it is too lenient There was a high level of interest in the court proceedings because the training officer s spouse was an employee of the Office of the President of The Gambia

Niger — USAID/Niger procurement officials reported that a local supplier of automobile parts was suspected of providing USAID with fraudulent competitive bids from its own subsidiaries

With assistance from Mission employees an investigation by the Dakar Field Office disclosed that the parts supplier owned three other automobile-parts companies that often did business with USAID Interviews with the supplier s family members and employees determined that all of the companies were closely associated and that they frequently conspired with each other to fix prices before submitting bids for the same USAID projects Based on the results of the investigation USAID/Niger declared the bids to be void and barred the parts supplier from participating in future commodities purchases or services

Rwanda — USAID/Rwanda officials requested assistance from the Nairobi Field Office to investigate questionable financial transactions involving a Foreign Service National cashier and the Foreign Service National chief accountant Mission officials reported a pattern whereby the chief accountant forged the cashier s signature on USAID checks and deposited them into a personal account Further investigation revealed that the chief accountant, in collaboration with the cashier who had been previously dismissed for embezzling USAID funds obtained at least seven Rwanda franc checks from various payees in exchange for the cash equivalent

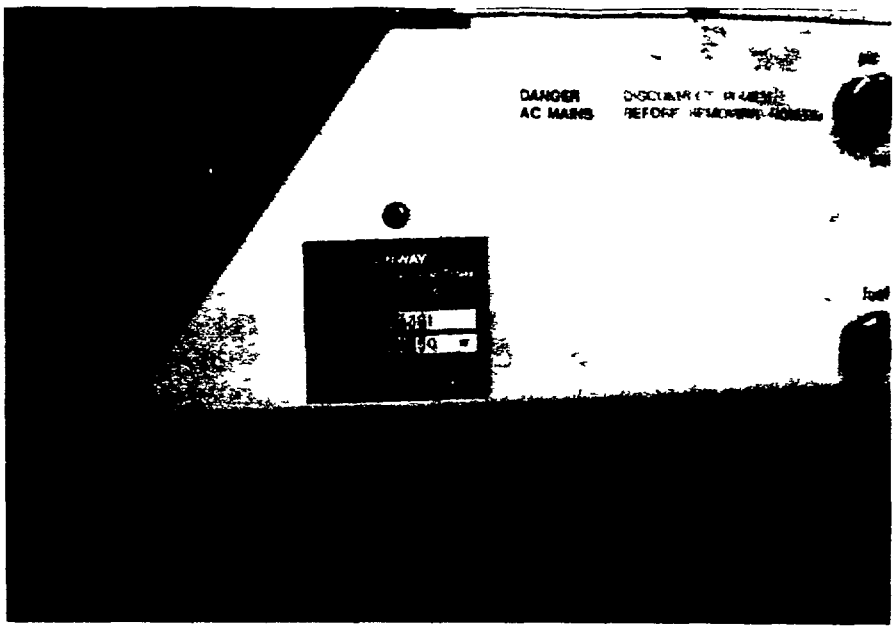
Mission Foreign Service National Chief Accountant Dismissed After Embezzlement Suspected by Mission Staff

The Rwanda franc checks were convertible to U S dollars at the official exchange rate while U S dollars commanded about a 25 percent premium on the currency black market The chief accountant either delivered the checks to local businessmen or deposited the checks into their accounts The local businessmen in turn paid him in either U S dollars or Rwanda francs in an amount higher than the face value of the check The chief accountant then made Rwanda franc cash deposits to the accounts of the payees The chief accountant was subsequently dismissed

New York and Egypt — Subsequent to charges brought by the U S Attorney s Office Eastern Judicial District of New York a multinational corporation agreed to a $3 million out-of-court settlement during this reporting period The company was charged with violations of the False Claims Act and the Foreign Assistance Act while participating in the $28 million Wastewater Project in Egypt

This investigation was initiated upon receipt of information from a former corporate employee who claimed that the corporation was doing business with USAID under false pretenses The investigation revealed that the company was in fact not eligible to participate in the Wastewater Project because of U S nationality requirements set forth in the Foreign Assistance Act The firm was found to be a Greek-owned construction company that paid its U S subsidiary one percent of the $28 million for use of its name

Egypt — A five-year investigation has culminated in an American supplier of medical equipment and supplies pleading guilty to a one-count misdemeanor for making false statements In addition to pleading guilty the company agreed to pay $1 2 million in restitution and $500 000 to cover the costs of the investigation Evidence uncovered during the investigation showed that the company violated provisions of Commodity Import Program contracts by supplying laboratory and medical supplies and equipment which were not made in the United States The contracts for this program required that the equipment which was for Egyptian education and research projects be manufactured in the United States Although the equipment and supplies were not manufactured in the United States the firm certified that all commodities supplied under the contracts had met this requirement



Foreign-made equipment was illegally certified as being U S -supplied

Kenya — A FSN employed by USAID/Kenya was dismissed for taking advantage of favorable currency-exchange rates established for U S government employees Nairobi Field Office investigators were alerted by the American Embassy Regional Security Officer in Nairobi that an employee was suspected of violating Mission procedures by exchanging large amounts of U S dollars for local currency Examination of local currency exchange records revealed that the employee exchanged more than $100,000 in currency during a one-month period A local bank maintains a currency-exchange window at the Mission as a courtesy to employees needing to exchange dollars for local currency Because of the favorable exchange rate strict rules govern who may use the service and under what circumstances they can use it At the time the employee exchanged the large amounts of money the premium was running between 10 and 20 percent higher than was offered outside the Mission at local banks As a result, the employee gained as much as an additional $20 000 in local currency over what he would have received from outside banks

District of Columbia — In a previous semiannual report, it was disclosed that a former USAID grantee was found guilty of conspiring with the former Director of the USAID Malaria Immunology and Vaccine Research Project The conspiracy involved the two having grant funds improperly awarded to a U S corporation and then submitting false financial status reports to USAID that concealed the improper use of funds The total value of the claims amounted to over $400 000 During the past six months, the former grantee was sentenced to a minimum of three months imprisonment, three years probation and ordered to pay $75,000

restitution to USAID In a subsequent civil trial the grantee agreed to pay the U S government $103 560 in civil penalties and assessments

Indonesia — As reported previously an investigation at USAID/Indonesia resulted in the disallowance of over $300 000 in claims filed by an Indonesian subcontractor of an Hawaiian engineering firm The investigation showed that the Indonesian subcontractor submitted a series of false vouchers which claimed amounts that were previously negotiated with USAID for housing allowances and salaries Subsequent reviews of financial records and interviews of employees revealed that the subcontractor paid only half of the housing allowances that were claimed Employees from USAID/Indonesia were honored by the Singapore Field Office for their assistance during the investigation

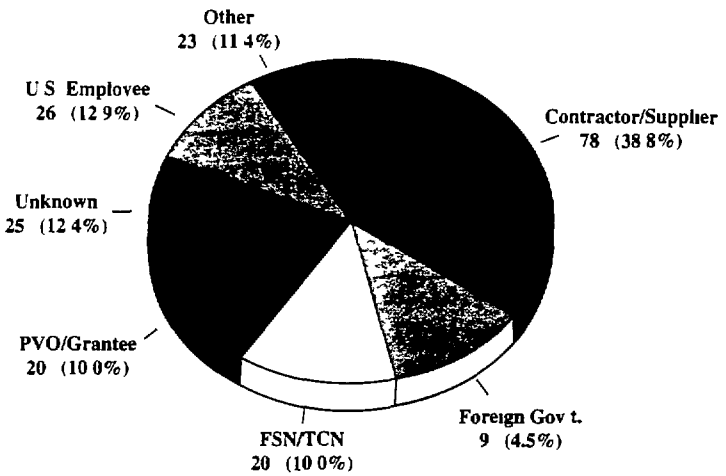
USAID/Indonesia staff was honored by the Office of Investigations for their assistance in a false claims investigation

The Gambia — Based on information provided by USAID/Gambia an investigation uncovered information questioning the salary history reported by a U S job applicant Based on false information, the applicant was awarded a $300 000 personal service contract to manage the multimillion dollar Financial and Private Enterprise Project The investigation revealed discrepancies between the contractor s claimed salary history, as reported on employment applications and what was reported on federal income tax returns After being questioned about the discrepancies, the contractor resigned and the Mission issued a Bill for Collection for contract costs improperly paid

STATISTICAL SUMMARY

During the six-month period 201 allegations were received and processed Thirty-nine percent of the allegations involved USAID contractors and suppliers 13 percent involved USAID direct-hire employees, and 10 percent involved Foreign Service National employees Ten percent of allegations involved private voluntary organizations (PVOs) or grantees and 5 percent involved foreign government employees Twelve percent of the allegations involved unknown subjects and 11 percent involved a variety of other subjects

SUBJECTS OF ALLEGATIONS



Notes *GRANTEE includes Private Voluntary Organizations and grantees both foreign and domestic which are recipients of USAID funding
• U S Employees includes U S Direct Hires
• FSN/TCN Includes Foreign Service National and Third Country National employees

Upon evaluation of the 201 allegations, 106 were determined to be for informational purposes only Seventy-seven of the 201 complaints received were processed as preliminary inquiries Of the 77 preliminary inquiries conducted, 18 resulted in actual investigations Results during this period include 2 convictions or confinements, 6 debarments or suspensions, 6 disciplinary or administrative actions $78 321 in savings or the avoidance of unnecessary expenditures, and $4,972,414 in recoveries

Investigative Statistics

October 1 1993 through March 31 1994

Sources of Allegations Received	Number
USAID Employee	142
Other	35
Contractor	8
Hotline (Telephone Letter Walk-in)	10
Proactive Investigation	1
Other Investigation	5
Total Allegations Received	201

Disposition of Allegations Received	Number
Total Allegations Received	201
Allegations Filed as Information Only	106
Preliminary Inquiries Initiated	77
Investigations Initiated	18

Investigative Caseload	Number
Investigations at Beginning of Period	49
Investigations Closed	16
Investigations Opened	35
Investigations in Progress at End of Period	68

Results this Period	Number
Referrals to Department of Justice	15
Referrals to Management	41
Convictions and Confinements	2
Debarments and Suspensions	6
Disciplinary and Administrative Sanctions	6
Savings and Avoidances	$78 321
Recoveries	$4,972 414

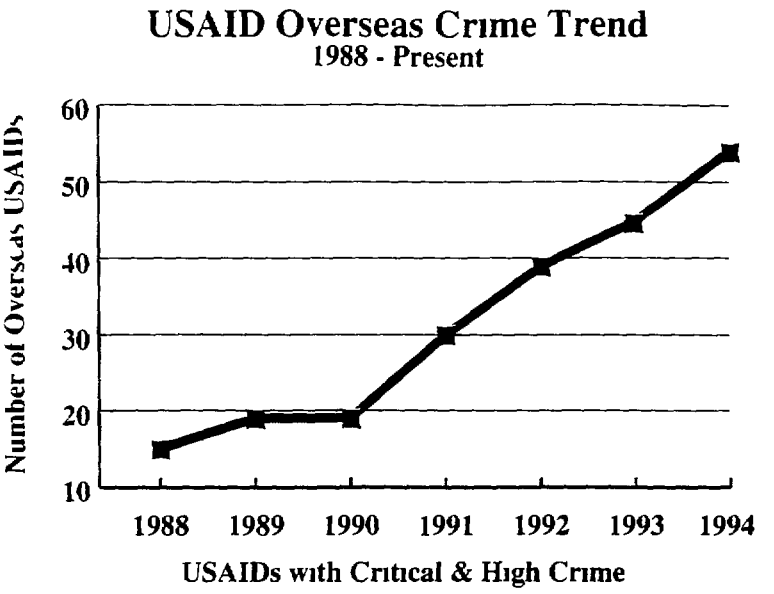
SECURITY

The Office of Security is responsible for the implementation and inspection of security programs for USAID These programs which support USAID facilities and operations in approximately 100 countries are derived from legislation executive orders national security directives and other national-level policies Program responsibilities include physical security of USAID employees and facilities personnel security investigations information security and inspection/assistance activities

PHYSICAL SECURITY PROGRAM

Over the past six months USAID employees and operations abroad were exposed to significant increases in violence The violence included anarchy and open warfare within Somalia and Sudan civil disturbances in Rwanda Burundi and South Africa regional differences in the West Bank, and criminal activity throughout Africa and the Newly Independent States Three USAID employees and contractors were targets of weapons fire associated with a USAID office closing, a carjacking and an attempted assassination As a direct result of security concerns, two of the largest USAID missions were granted authority to relocate to more secure facilities within their cities

Currently the threat-level for terrorism, war, insurgency and civil unrest is rated by the Department of State as critical or high in 21 countries where USAID is located The criminal threat is rated as critical or high in over one-half (54), of the USAID posts The following graph depicts the increase in USAID posts located within high and critical crime threat areas over the last five years



The overseas facilities security program designs and installs physical security systems to protect employees and national security information at USAID office buildings The offices are hardened through the use of protective barriers, ballistic resistant materials, vehicle arrest systems, safe havens, emergency notification systems and intrusion detection systems to withstand terrorist attack, mob violence, and unauthorized access

Overseas Facilities Security Program Active With Security Projects in Response to Agency Initiatives and External Threats

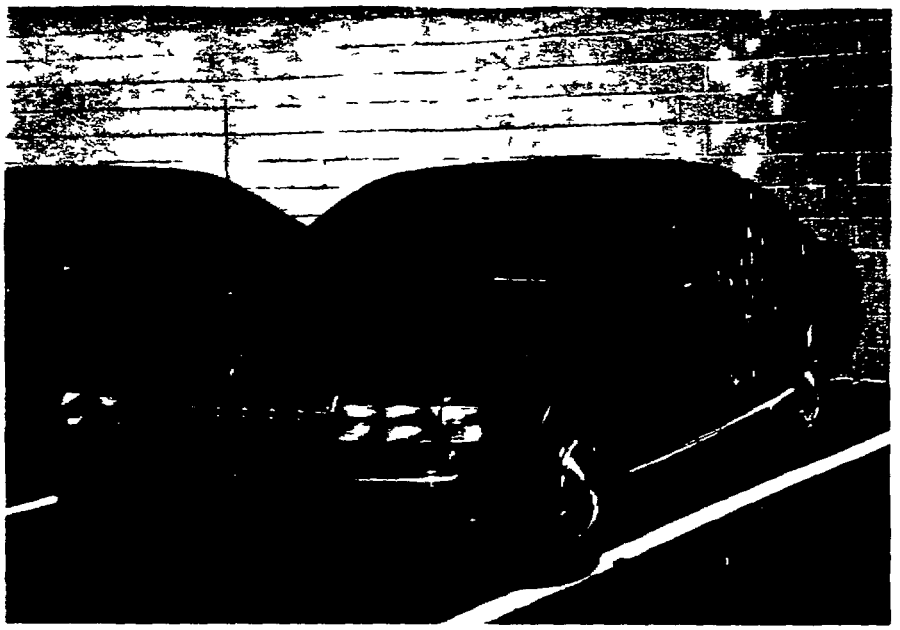
Over the past six months, seven security enhancement projects were completed The most significant project was the installation of security systems for the new USAID-owned office building in La Paz, Bolivia This building provides a more secure working environment and consolidates all of USAID's activities into a single facility

A state-of-the-art security system was installed in the new USAID-owned office building under construction in La Paz, Bolivia.

In addition physical security projects were initiated in support of 14 overseas office relocations or expansions Eleven projects remain ongoing and 13 additional projects are planned

The Office of Security initiated a pilot program to reduce recurring guard costs through the use of advanced technology intrusion detection systems The USAID warehouse in Maputo is serving as a test site The system is based on a radio telemetry alarm system which uses remote monitoring of USAID buildings from a central station In the event of a breach in security, mobile response patrols may be dispatched If successful, this technology will be employed to reduce guard costs at other USAID posts

The vehicle armoring program provides protection through the use of transparent and opaque materials which resist small arms attacks Six vehicles were lightly armored and sent to the West Bank/Gaza and Lima Peru In addition, the Office of Security coordinated the relocation of two fully armored vehicles to further support USAID operations in the West Bank/Gaza



A lightly armored vehicle was provided to selected USAID missions

The Security Communications Program provides USAID employees with a reliable means of accessing the Department of State s Emergency and Evacuation Radio Networks Typical communications systems include residential and vehicle radios base stations and repeaters which provide employees with 24-hour communications while at work at home and during transit During this reporting period the Office of Security surveyed the USAID facilities in Egypt and Tirane Twenty-four security communications projects were implemented in other USAID posts In addition to involvement in security communication projects, the Office of Security provided technical assistance to USAID project officers in Kampala and Port au Prince It also sponsored the development of an inter-agency working group designed to reduce redundant and inefficient security radio practices within the foreign affairs community

On October 1 1993 the OIG assumed full responsibility for the security programs associated with the 13 Washington headquarters facilities In fulfilling this responsibility three security enhancement projects were completed two projects were initiated and two remain ongoing In conjunction with the Department of State and the General Services Administration s Federal Protection Service uniformed protective services were funded for three facilities Intrusion detection services were provided to eight offices

Full Budget and Operational Responsibilities Assumed for Washington Headquarters Security Program

In preparation for USAID/Washington s fiscal year 1996 relocation to the Federal Triangle Building the Office of Security began coordinating with USAID management General Services Administration officials and co-tenants for integration of unique Agency security requirements into the building The new Federal building is scheduled for completion in 1996 and will consolidate 10 of 13 USAID headquarters facilities The planned low-profile security measures include state-of-the-art intrusion detection technology proximity-card reader access controls computer-managed integrated locking systems closed circuit television and a secure telecommunications center USAID-specific security costs are estimated to be $1 2 million

PERSONNEL SECURITY PROGRAM

The Office of Security has long maintained a policy of accepting other agency s security clearances Implementation of this policy is contingent upon verification of the adequacy of the prior investigative coverage To further this practice throughout the foreign service community, the Office of Security co-sponsored with the Department of State s Bureau of Diplomatic Security the establishment of a working group dedicated to the standardization of investigative policies and procedures This effort is promoting the acceptance of security clearances from other departments and agencies

The Office of Security completed 1,104 personnel security investigations Of these 123 were initial investigations for a Top Secret security clearance 208 were for Top Secret update investigations, and 773 were for Secret and Confidential clearances or employment authorizations and spouse checks The average case completion time for both Top Secret and Secret cases was 56 days Nine percent of the Top Secret and four percent of the Secret cases were identified as significant issue cases These cases required in excess of 120 days to complete Discounting the significant issue cases 91 percent of the Top Secret cases and 96 percent of the Secret cases were completed in an average of 34 and 46 days, respectively

During the past six months, 101 Single Scope Background Investigations were initiated for Top Secret clearances in accordance with standards contained in National Security Directive No 63 The average cost for these investigations was $1 476 This represents a reduction of $96 per investigation from the previous reporting period An additional 80 update investigations for continuation of Top Secret clearances were initiated in accordance with the standard The average cost of the update investigations was $405 This represents a $141 per case reduction

over the previous reporting period The Office of Security continued its update investigative program for USAID personnel occupying non-critical sensitive positions Two hundred and forty-two secret update investigations were completed at a cost of $128 per investigation

NATIONAL SECURITY INFORMATION PROGRAM

Executive Order 12356 National Security Information mandates the USAID Information Security Program In response to this order 14 briefings were conducted in which over 250 direct-hire and contract employees received initial security training The USAID Office of Information Resources Management was invited to participate in these briefing sessions and provided training to promote sound computer security practices In addition to classroom presentations attendees were provided instructional booklets covering the Threat from Hostile Intelligence Services, Classifying National Security Information Classified Document Marking Requirements and Safeguarding Classified Information Contractors located overseas were provided briefings by the U S Embassy Regional Security Officer or Post Security Officer

Over 250 Personnel Receive Initial Security Training

Thirty-one periodic refresher training sessions were provided to USAID employees covering personnel security issues, access control procedures and classified information handling and processing In Washington the sessions were provided to employees in the Bureau for Global Programs, Field Support and Research and the OIG Overseas the briefings were given to employees assigned to the missions in Guatemala and Nicaragua by visiting Office of Security personnel

The Agency maintains a Classified Documents Center to review classified documents for determining compliance with the provisions of Executive Order 12356 Reviewed items include classification levels classification authority the date or event for declassification, and application of required portion markings Of the classified documents reviewed 95 percent contained marking errors and 41 percent had inadequate declassification instructions These errors become costly during freedom of information and mandatory declassification reviews The Agency has committed resources to deal more effectively with the large volume of its classified and unclassified records A group of consultants has been hired to work on systematic review for declassification In addition the Agency has streamlined its process for declassification reviews under the Freedom of

Information Act and mandatory reviews This has resulted in both a monetary savings to the Agency and a time savings to the public Efforts to further improve the declassification process specifically via automation are also ongoing

SECURITY INSPECTION ASSISTANCE PROGRAM

The Office of Security performed security inspection assistance visits at 13 posts The purpose of these visits was to determine the adequacy of the posts security program Whenever deficiencies were found corrective measures were recommended and Office of Security resources were provided to assist 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 immediately corrected unserviceable equipment was scheduled for replacement and training was provided to enhance the security knowledge of the USAID personnel

Security Inspection Assistance Program Focuses on Proper Use of Equipment and Classified Information

OFFICE OF RESOURCE MANAGEMENT

The Office of Resource Management provides advice and guidance to the IG the Assistant Inspectors General for Audit and Investigations and Security and Legal Counsel on administrative financial and personnel matters The Office is directly responsible for implementing and administering personnel financial budgetary contract logistic information resource management and administrative activities for the OIG s Washington D C offices and six regional offices overseas

PERSONNEL AND FINANCIAL MANAGEMENT DIVISION

The expanded use of the fiscal management software application, Free Balance designed to improve financial management and control has continued with the installation and training of staff at the Regional Inspector General s office in Singapore Visits to our regional offices in Dakar Senegal, San Jose, Costa Rica, and Bonn Germany for this purpose have also been scheduled Our aim is to have all regional and Washington budget operations covered by the beginning of the next fiscal year

As a part of the Administration s goal to downsize the entire federal workforce the OIG received a new full-time equivalency ceiling from OMB that necessitated the abolishment of 37 positions in Washington and overseas Additional positions will have to be identified for abolishment next year and in the next several fiscal years This will create management challenges given the enormous growth of the Agency s programs in the New Independent States of the Soviet Union and our responsibility to monitor those activities

During the past six months 7 Foreign Service employees were tenured and 12 overseas and 17 Washington Foreign Service assignments were approved Approximately 150 training applications were approved for professional and clerical employees Fourteen GS employees received promotions through accretion of duties and reclassification actions

To keep the OIG staff abreast of changes affecting their employment benefits and administrative issues, and to minimize delays experienced in getting routine information to the field offices, the Office of Resource Management prepares a

newsletter entitled IG/RM NEWS F Y I on a bi-monthly basis The feedback has been very positive

An administrative calendar has been developed to reflect personnel budget and administrative dates schedules and deadlines for the entire year This calendar has proven to be beneficial not only to Office of Resource Management staff but to other OIG employees as an excellent reminder of administrative requirements as they plan activities such as leave TDYs, and work schedules

General Support Division

Stabilization and expansion of the local area network for the OIG Washington staff was the focus of the ADP support section over the last six months Local server hardware was upgraded to accommodate the increased data storage and application systems requirements of the Washington staff Local area network communications services have been expanded to include access to INTERNET and TCP/IP services

Personal computer hardware and software were upgraded in anticipation of the implementation of Microsoft Windows as the standard interface to the USAID wide-area network Installation of Windows will take place in two phases with the first phase installation of Windows interface, expected to be completed in May 1994 Phase two, conversion of OIG standard MS-DOS applications to Windows applications is scheduled to begin following completion of phase one Plans for the establishment of an in-house local area network user training lab have also been developed and the lab will be brought on-line upon completion of the Windows conversion in Washington

Computer support was extended to cover initiatives at several regional offices That support included the installation of local area networks in Bonn Nairobi and Singapore Technical assistance to these offices will continue until system support personnel are hired locally to maintain the local area network

During the past six months, 546 purchase requests totaling $836 172 were processed using small purchase and contract procedures In response to the USAID Initiative on Procurement Reform, the OIG s capabilities for handling small purchases is being improved via an off-the-shelf automated procurement system That system will ultimately support increased small purchase activity resulting from raising the monetary limit as part of procurement reform It will also support the OIG s participation in electronic commerce via available electronic features

Inspector General Authorized Staffing

March 31 1994

Office	Positions[1]
Professional Staff	
Office of the Inspector General	2
Legal Counsel	3
Office of Audit U S Direct-Hire Foreign National Staff	 126 5
Office of Investigations and Security Investigations Security	 30 32
Office of Resource Management	8
U S Administrative Staff	44
Total Positions	250

[1] Included are three part-time positions

AUDIT REPORTS ISSUED

October 1 1993 through March 31 1994

PERFORMANCE AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
Audits of Bilateral Project Assistance				
1 512 94 001	11/29/93	Audit of Selected Systems at the Office of the USAID Representative to Brazil	—	—
1 520 94 002	01/31/94	Audit of USAID/Guatemala s Controls Over the Guatemalan Government s Counterpart Contributions	—	—
1 522 94 005	03/22/94	Audit of USAID/Honduras Controls Over the Honduran Government s Counterpart Contributions	—	—
3 617 94 001	11/24/93	Audit of USAID/Uganda s and the A I D Regional Contracts Division s Controls Over A I D Direct Contracts for Technical Assistance	298	BU
3 633 94 002	01/14/94	Audit of USAID/Botswana s Controls Over the Botswana Government s Counterpart Contributions	—	—
5 383 94 001	11/29/93	Audit of USAID/Sri Lanka s Controls Over the Sri Lankan Government s Cost Sharing Contributions	—	—
5 497 94 004	01/21/94	Audit of USAID/Indonesia s Management of the Rural Roads Maintenance Systems Project No 497 0353	—	—
6 263 94 001	12/29/93	Audit of USAID Missions Implementation of Agency Guidance on Host Country Contracting	—	—
6 263-94 002	01/03/94	Audit of USAID/Egypt s Compliance with Project Evaluation Guidance	—	—
6 263 94 003	03/08/94	Audit of the Source and Origin of Commodities Purchased Under the Alexandria Wastewater and Cairo Sewerage II Projects	2 747 231	QC UN
6 263 94 004	03/09/94	Audit of USAID/Egypt s Monitoring of the Use of Project Vehicles	—	—
6 263 94 005	03/20/94	Audit of Reporting on Project Progress (USAID/Egypt Office of Health)	—	—
7 657 94 001	10/19/93	Audit of Selected Programs and Internal Control Systems in Guinea Bissau	—	—
7 608 94 003	11/17/93	Audit of USAID/Morocco s Controls Over Host Country Contributions	—	—
Audits of Bilateral Nonproject Assistance				
5 438 94 009	03/31/94	Audit of the Cash Transfer Program and Energy Sector Project in Mongolia	—	—
7 641 94-006	02/28/94	Audit of USAID/Ghana s Cash Transfer Program	—	—

BU — Better Use of Funds
QC — Questioned Costs
UN — Unsupported Costs

PERFORMANCE AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
Audits of Central and Eastern European Programs				
8 181 94 001	11/15/93	Audit of the Department of Labor s Technical Assistance Activities in Poland	185	BU
8 180 94 002	01/31/94 ?	Audit of the Regional Mission for Europe s Management of Cash Held by the Enterprise Funds Under Project No 180 0010	—	—
8 183 94 003	02/25/94	Audit of the Department of the Treasury s Technical Assistance Activities in Bulgaria	563	BU
8 110 94 004	02/25/94 ✓	Audit of the Reestablishment of Vaccine Production Activity Under the New Independent States Health Care Improvement Project No 110-0004	—	—
8 110 94 005	02/28/94 ✓	Audit of the Medical Partnerships in Russia and Health Information Clearing House Activities Under the New Independent States Health Care Improvement Project (Project No 110 0004)	500	BU
8 110 94 006	03/17/94 ✓	Audit of the Distribution of Emergency Medical Supplies to the New Independent States Under USAID Cooperative Agreement With the People To People Health Foundation Project Hope" (Project No 156 0001)	—	—
8 180 94 007	03/25/94	Summary Report Audits of the Department of Labor s Technical Assistance Activities in Central and Eastern Europe	—	—
Audits of Grants and Cooperative Agreements				
3 645 94 003	01/28/94	Audit of USAID/Swaziland s Closeout Procedures for Expired USAID Contracts Grants and Cooperative Agreements	—	—
3 279 94 007	03/18/94	Audit of USAID/Yemen s Closeout Procedures for Expired USAID Contracts Grants and Cooperative Agreements	—	—
5 386 94 002	12/28/93	Audit of USAID/India s Controls Over Grants	—	—
7 685 94 004	01/14/94	Audit of USAID/Senegal s Closeout Procedures for Expired USAID Contracts Grants and Cooperative Agreements	—	—
Audit of P L 480 Title II Programs				
3 663 94 006	03/18/94	Audit of USAID/Ethiopia s Management of P L 480 Title II Regular Programs	3 400 114	BU QC
Audit of Participant Training Program				
383 94 007	03/18/94	Audit of USAID/Sri Lanka s Participant Training Program	334	QC

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

PERFORMANCE AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
Audits of Financial Management Areas				
1 511 94 003	01/31/94	Audit of USAID/Bolivia's Management of Host Country Owned Local Currency	—	—
1 520 94 004	02/28/94	Audit of USAID/Guatemala's and the Regional Office for Central America and Panama Programs Review and Certification of Unliquidated Obligations	—	—
3 674 94 004	02/28/94	Audit of USAID/South Africa's Implementation of the Audit Management and Resolution Program (AMRP)	—	—
3 621 94 005	03/14/94	Audit of USAID/Tanzania's Management of Host Country Owned Local Currency	397	BU
5 492 94 005	02/25/94	Audit of USAID/Philippines Management of Host Country Owned Local Currency	—	—
5 383 94 008	03/31/94	Audit of USAID/Sri Lanka's Controls for Moving Its Accounting System to a Local Area Network	—	—
7 675 94 002	10/29/93	Audit of USAID/Guinea's Management of Host Country Owned Local Currency	—	—
7 624 94 005	01/31/94	Audit of REDSO/WCA's Compliance with USAID Project Accounting and Funds Control Procedures	10 882	BU
Audits of Mandated and Miscellaneous Subjects				
5 388 94 003	01/18/94	Pre Award Survey of the Grameen Trust Bangladesh	—	—
5 493 94 006	03/04/94	Audit of the Statement of Termination Claim of Atlantis Corporation Limited Thailand	126	BU
9 000-94 001	10/29/93	Audit of the Child Survival Program Administered by the Bureau for Food Disaster Assistance and Crisis Management	—	—
9-000 94 002	02/04/94	Audit of USAID's Controls Over Advisory and Assistance Services Contracts	—	—
9 000 94 003	02/17/94	Audit of USAID/Washington's Compliance with the Lobbying Restriction Requirements in 31 U S C 1352	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

FINANCIAL AUDIT REPORTS

Agency-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
0 000 94 001 N	10/29/93	Audit of Development Alternatives Inc Federal Contracts December 1 1989 to November 30 1990	530 192	QC UN
0 000 94 002 N	10/29/93	Audit of MidAmerica International Agricultural Consortium A I D Contract No ANE 0136 C 00 8019 00 September 29 1988 to April 30 1993	496 285	QC UN
0 000 94 003 N	11/24/93	Audit of Nathan Associates Inc U S Government Contracts February 1 1987 to January 31 1989	343 281	QC UN
0 000 94 004 N	03/14/94	Audit of North Carolina State University A I D Contract No 527 02282 C 00 8168-00 April 1 1988 to September 30 1993	271	QC
0 000 94 005 N	03/16/94	Audit of Chemonics International Consulting Division Federal Contracts April 1 1990 to March 31 1992	322 43	QC UN
1 524 94 001 N	02/24/94	Audit of USAID/Nicaragua s Assistance Program Funded by Public Law 101 302 and Fiscal Year 1991 Appropriations April 1 to September 30 1992	—	—
1 514 94 002 N	02/25/94	Audit of USAID Office/Colombia Activities Managed by the Foundation for Higher Education as of June 30 1990 and Pre Award Survey of the Foundation s Capability to Manage Future USAID Activities	4	QC
1 527 94 003 N	02/28/94	Audit of USAID/Peru s Strengthening of Caritas del Peru Project Managed by Catholic Relief Services July 26 1989 to April 30 1991	37 34	QC UN
3 615 94 001 N	10/06/93	Audit of the Government of Kenya Under the Rural Private Enterprise Project No 615-0220 Loan No 615 T 020	1 738 56	QC UN
3 615 94 002 N	11/05/93	Audit of the Government of Kenya s Ministry of Finance Under USAID/Kenya s Structural Adjustment Program Fertilizer/Commodity Import Program and Fertilizer Pricing and Marketing Program Grant Nos 6115 0213 615-0240 and 615-0243	2 060	BU
3 690 94 003-N	11/05/93	Audit of the Technical Support Grant to the Southern African Development Community Secretariat Grant No 690-0215 33	293 292	QC UN
3 690 94 004 N	11/05/93	Audit of the Technical Support Grant to the Southern African Development Community Business Council Grant No 690 0215 33	494 216	QC UN
3 615 94 005 N	01/27/94	Audit of the Grant to the Government of Kenya Under the Institutional Development for Agricultural Training (IDAT) Project No 615 0239	20 5	QC UN
3 613 94 006 N	02/15/94	Audit of Development Support Services Contract No 613 0510 C 00-3024 and Indefinite Quantity Contract No 613 0510 C 00-2017 in Zimbabwe	107 33	QC UN
615 94 007 N	03/14/94	Audit of the Grant to the Government of Kenya Under the Park Rehabilitation and Management (PRAM) Project No 615-0253	462	QC
603 94 008 N	03/18/94	Audit of the Non Project Assistance Program to the Government of the Republic of Djibouti Grant Nos 603 K-601A C D E and 603-K 602	6 6	QC UN
623 94 009 N	03/18/94	Audit of the Centre for African Family Studies Under REDSO/ESA Cooperative Agreement No 623 0004-A-00 9042 00	36 36	QC UN
5 492 94 001 N	10/08/93	Audit of USAID/Philippines Grant to Asia Rattan Manufacturing Company Inc - Philippines	30 13	QC UN
5 497 94 002 N	11/30/93	Audit of Development Alternatives Inc s Contract Under the Financial Institutions Development Project Indonesia	5 5	QC UN

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Agency-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
5 497 94 003 N	01/07/94	Audit of USAID/Indonesia s Contract with Developing Economies Group Indonesia	56 49	QC UN
5 386 94 004 N	02/18/94	Audit of M/s Jagdev Raj s Contract Termination Settlement Proposals India	3	QC
5 391 94 005 N	02/22/94	Audit of USAID/Pakistan s Grant No 391 0470 G 00 1103 to All Pakistan Women s Association Punjab Pakistan	2	BU
5 391 94 006 N	03/08/94	Audit of USAID/Pakistan s Grant No 391 0470 G 00 8065 to Family Welfare Cooperative Society Pakistan	22	QC
5 497 94 007 N	03/23/94	Audit of USAID/Indonesia s Contract No 497 0353 C 00 9108 with STV/Lyon Associates Inc Indonesia	1 356 1 277	QC UN
6 263 94 001 N	10/19/93	Audit of National Population Council (NPC) Local Expenditures Incurred for Project Implementation Letter (PIL) No 18 Related to the Institutional Development Project (IDP) under USAID/Egypt Population Project No 263 0144	669 390	QC UN
6 263 94 002 N	10/26/93	Audit of Health Insurance Organization (HIO) Local Expenditures Incurred Under Project Implementation Letter (PIL) No 23 Related to USAID/Egypt Population Project No 263 0144	218 198	QC UN
6 263 94 003 N	11/04/93	Audit of Egyptian General Survey Authority (ESA) Local Expenditures Incurred Under Project Implementation Letter (PIL) No 87 Related to the Survey & Mapping Project No 263-0132 9 a Component of USAID/Egypt Irrigation Management Systems Project No 263 0132	365 63	QC UN
6 263 94 004 N	11/04/93	Audit of Ministry of Higher Education (MOHE) Local Expenditures Incurred Under Project Implementation Letters (PILs) Nos 11 12 14 and the FT 800 Agreement Related to Peace Fellowship Project No 263 0125 1 the First Component of the Development Training Grant Agreement No 263 0125	202 161	QC UN
6 263 94 005 N	11/23/93	Audit of Allied Corporation Egypt Direct and Indirect Costs Incurred Under Davy McKee Corporation Subcontract Related to National Agricultural Research Project (NARP) No 263 0152 and EduSystems Subcontract Related to the Pilot Maintenance Center (PMC) a Sub Project of Local Development II Project (LDII) No 263 0182	11 6	QC UN
6 263 94 006 N	12/02/93	Audit of State Information Service (SIS) Local Expenditures Incurred Under Project Implementation Letter (PIL) No 6 Related to the Information Education and Communication Center (IEC) a Sub Project Under USAID/Egypt Population/Family Planning Project No 263-0144	74 18	QC UN
6 263 94 007 N	12/06/93	Audit of Ministry of Public Works and Water Resources (MPWWR) Project Implementation Letter (PIL) No 101 Related to the Preventive Maintenance Component of the USAID/Egypt Irrigation Management Systems (IMS) Project No 263-0132	262 119	QC UN
6 263 94 008 N	12/21/93	Audit of Ministry of Public Works and Water Resources (MPWWR) Local Expenditures Incurred Related to Project Implementation Letter (PIL) No 99 Under the Regional Irrigation Improvement (RII) Component of the USAID/Egypt Irrigation Management Systems (IMS) Project No 263-0132	147 33	QC UN

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Agency-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
6 263 94 009 N	02/08/94	Audit of the Ministry of Health (MOH) Local Expenditures Related to the Systems Development Project (SDP) under Project Implementation Letter (PIL) No 15 a Sub Project of USAID/Egypt Population/Family Planning Project No 263 0144	691 623	QC UN
6 263 94 010 N	03/07/94	Audit of the National Investment Bank Expenditures Incurred Under the Basic Education Project No 263 0139 Project Implementation Letter No 10 for the Period January 1 1989 to March 31 1993	79	QC
6 263 94 011 N	03/15/94	Financial Related Audit of the United States Agency for International Development Mission to Egypt (USAID/E) Nonexpendable Property Inventory (U 754/1 Report)	—	—
6 263 94 012 N	03/22/94	Audit of Regional Center for Training and Satellite Training Center s (RCT/STC) Local Expenditures Incurred Pursuant to Project Implementation Letter (PIL) No 29 and Related Revenue Account Under the Population/Family Planning Project No 263-0144	24	QC
7 693 94 001 N	01/13/94	Audit of the Local Budget Managed by the Togolese Ministry of Rural Development Plan and Program Development Under the Togo Rural Institutions and Private Sector Project (No 693 0227) from October 31 1990 through December 31 1992	3 1	QC UN
7 698 94 002 N	02/02/94	Audit of the Local Costs Managed by the Togolese Ministry of Health and Population Under the Combatting Childhood and Communicable Diseases Project (No 698-0421 02) from November 4 1988 to March 31 1993	40 37	QC UN
7 698-94 003 N	02/25/94	Audit of USAID s Contract with Ecoform Under the Human Resources Development Assistance Project in Cote D Ivoire (No 698 0463 81) from February 24 1992 to February 23 1993	—	—

BU — Better Use of Funds
QC — Questioned Costs
UN — Unsupported Costs

Recipient-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
0 000 94 001 R	10/01/93	International Institute for Energy Conservation	—	—
0 000 94 002 R	10/01/93	International Institute for Energy Conservation	—	—
0 000 94 003 R	10/01/93	Coordination in Development Inc	—	—
0 000 94 004 R	10/01/93	United States Energy Association Inc	—	—
0 000 94 005 R	11/15/93	Cooperative Housing Foundation	—	—
0 000 94 006 R	10/07/93	Technoserve Inc	—	—
0 000 94 007 R	10/08/93	Heifer Project International Inc and Heifer International Foundation	—	—
0 000 94 008 R	10/08/93	Midwest Universities Consortium for International Activities Inc	—	—
0 000 94 009 R	10/15/93	Accion International	—	—
0 000 94 010 R	11/01/93	African Wildlife Foundation	—	—
0 000 94 011 R	11/01/93	African Wildlife Foundation	—	—
0 000 94 012 R	10/15/93	Minnesota International Health Volunteers	—	—
0 000 94 013 R	10/15/93	America s Development Foundation	—	—
0 000 94 014 R	10/12/93	CSLA Inc	—	—
0 000 94 015 R	10/12/93	Christian Reformed World Relief Committee	—	—
0 000 94 016 R	11/01/93	The New Jersey Marine Sciences Consortium	—	—
0 000 94 017 R	01/12/94	National 4 H Council	—	—
0 000 94 018 R	10/13/93	American Association for International Aging Inc	—	—
0 000 94 019 R	11/01/93	National Democratic Institute for International Affairs	49	QC
0 000 94 020 R	11/02/93	Catholic Relief Services	6 244	BU
			91	QC
0 000 94 021 R	12/01/93	Larry Jones International Ministries Inc	—	—
0 000 94 022 R	10/22/93	National Council of Young Men s Christian Associations of the United States of America (YMCA)	—	—
0-000 94 023 R	10/22/93	Pathfinder International	7	QC
0 000 94 024 R	11/15/93	Cooperative Housing Foundation	—	—
0 000 94 025-R	11/01/93	University of Kentucky	—	—
0 000 94 026 R	02/01/94	Citizens Democracy Corps Inc	—	—
0 000 94 027 R	11/03/93	Andean Rural Health Corporation Inc	—	—
0 000 94 029 R	12/03/93	American Near East Refugee Aid	3 525	QC
			3 525	UN
0 000 94 030 R	11/15/93	Project Concern International	—	—
0 000 94 031 R	01/14/94	International Foundation for Electoral Systems	46	QC
0 000 94 032 R	11/15/93	Operation Smile International	—	—
0 000 94 033 R	12/02/93	Rodale Institute	—	—
0 000 94 034 R	12/02/93	Rodale Institute	—	—
000 94 035 R	12/02/93	Rodale Institute	—	—
000 94 036 R	11/09/93	Commonwealth of Virginia	—	—
000 94 037 R	11/08/93	Management Sciences for Health Inc	813	QC
000 94 038 R	12/14/93	The Nature Conservancy	34	QC
			34	UN
0 000 94 039 R	12/07/93	Helen Keller International Incorporated	—	—
0 000 94 040 R	12/07/93	Helen Keller International Incorporated	—	—
0 000 94 041 R	12/03/93	Atlantic Council of the United States Inc	—	—
0 000 94 042 R	12/03/93	Appropriate Technology International	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Recipient-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
0 000 94 043 R	11/15/93	Wellstart	—	—
0 000 94 044 R	01/04/94	The Population Council Inc	—	—
0 000 94 045 R	12/13/93	World Concern (A Division of CRISTA Ministries) and World Concern Development Organization	29	QC
0 000 94 046 R	12/13/93	National Rural Electric Cooperative Association	—	—
0 000 94 047 R	01/13/94	United States Telecommunications Training Institute	—	—
0 000 94 048 R	01/12/94	American Association of Collegiate Registrars & Admissions Officials	72	QC
0 000 94 049 R	12/13/93	International Lifeline Inc	—	—
0 000 94 050 R	12/01/93	American ORT Federation	—	—
0 000 94 051 R	01/04/94	National Council of the Churches of Christ in the United States of America	—	—
0 000 94 052 R	01/04/94	National Council of the Churches of Christ in the United States of America	—	—
0 000 94 056 R	12/06/93	Food for the Poor Inc	—	—
0 000 94 057 R	12/13/93	Volunteers in Technical Assistance Inc	8 8	QC UN
0 000 94 059 R	12/09/93	State of Georgia	—	—
0 000 94 060 R	01/10/94	Foster Parents Plan Worldwide (Plan International)	—	—
0 000 94 061 R	01/12/94	World Rehabilitation Fund Inc	—	—
0 000 94 062 R	01/14/94	Freedom House Inc	—	—
0 000 94 063 R	01/05/94	Management Sciences for Health Inc	10	QC
0 000 94 064 R	01/07/94	American Institute for Free Labor Development	300 21	BU QC
0 000 94 065 R	01/12/94	America Mideast Educational and Training Services Inc (AMIDEAST)	—	—
0 000-94_066 R	01/12/94	Asian-American Free Labor Institute	—	—
0 000 94 067 R	01/12/94	International Food Policy Research Institute	146	QC
0 000-94 068 R	01/12/94	Planning Assistance Inc	—	—
0-000-94 069 R	01/12/94	Institute for Policy Reform	—	—
0 000 94 070 R	01/12/94	Mozambique Health Committee	6	QC
0 000 94 071 R	01/12/94	Salesian Missions	—	—
0 000 94 072 R	01/20/94	American Institute for Free Labor Development (AIFLD)	—	—
0 000 94 073-R	03/15/94	American Friends of A I C F	53	QC
0 000 94 074-R	01/26/94	Brown University	—	—
0 000 94 075 R	01/26/94	Mississippi State University	—	—
0 000 94 076 R	01/24/94	Agricultural Cooperative Development International	38	QC
0 000 94 077 R	01/04/94	American Institute for Free Labor Development	—	—
0 000 94 078 R	02/16/94	Population Reference Bureau Inc	—	—
0 000 94 079 R	02/15/94	Volunteers in Overseas Cooperative Assistance	—	—
0 000 94 080 R	02/15/94	Volunteers in Overseas Cooperative Assistance	—	—
0 000 94-081 R	02/14/94	Air Serv International	—	—
0 000-94 082 R	02/18/94	American Forum Inc	—	—
0 000 94 084 R	02/01/94	The Debt-for-Development Coalition Inc	—	—
0 000-94-085 R	02/02/94	National Association of the Partners of the Americas Inc	71	QC
0 000 94-086 R	02/01/94	Food for the Poor Inc	—	—
0 000 94 087 R	03/07/94	Association for Voluntary Surgical Contraception Inc	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Recipient-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
0 000 94 088 R	02/17/94	Auburn University	—	—
0 000 94 089 R	03/09/94	University of Maryland	—	—
0 000 94 091 R	02/15/94	Private Agencies Collaborating Together	228 228	QC UN
0 000 94 092 R	02/21/94	Planned Parenthood Federation of America Inc	—	—
0 000 94 093 R	02/21/94	Nutrition Foundation Inc	—	—
0 000 94 094 R	02/21/94	Esperanca Incorporated	—	—
0 000 94 095 R	02/21/94	Academy for Educational Development	—	—
0 000 94 096 R	02/21/94	American Managed Care and Review Association	—	—
0 000 94 097 R	02/22/94	The People To People Health Foundation Inc	—	—
0 000 94 098 R	02/24/94	Public Administration Service	—	—
0 000 94 100 R	03/07/94	Winrock International Institute for Agricultural Development	54	QC
0 000 94 101 R	03/18/94	American International Health Alliance Inc	—	—
0 000 94 102 R	03/18/94	PolioPlus Program of the Rotary Foundation of Rotary International	174 174	QC UN
0 000 94 105 R	03/18/94	Foundation Francisco Marroquin	—	—
0 000 94 107 R	03/11/94	The Panos Institute	—	—
0 000 94 116 R	03/29/94	University of Delaware	—	—
0 000 94 401 R	11/09/93	Missouri Botanical Garden	—	—
0 000 94 402 R	01/04/94	The Feinberg Graduate School of the Weizmann Institute of Science	—	—
0 000 94 403 R	03/01/94	Hadassah Medical Relief Association Inc	—	—
0 000 94 404 R	03/01/94	Hadassah Medical Relief Association Inc	—	—
0 000 94 405 R	03/01/94	Salzburg Seminar in American Studies Inc	—	—
0 000 94 406 R	03/01/94	Salzburg Seminar in American Studies Inc	—	—
0 000-94-408-R	02/21/94	Medical Benevolence Foundation	—	—
0 000 94-409 R	03/07/94	Christian Brothers Conference	6	QC
0 000 94 410 R	03/25/94	The Ludhiana Christian Medical College Board USA Inc	62	QC
0 000 94 412 R	03/11/94	Jesuit Jamshedpur Mission Society Inc	—	—
0 000 94-413 R	03/11/94	The Society of Jesus of New England	—	—
1 521 94 001 R	10/29/93	Audit of USAID/Haiti s Project Funds Managed by the Haitian Foundation for Private Education and the Foundation s Financial Statements July 27 1989 to July 31 1992	3 593 2 814	QC UN
1 520 94 002 R	02/11/94	Audit of USAID/Guatemala s Project Funds Managed by the Penny Foundation for the Period from January 1 1988 to December 31 1992 and the Foundation s Financial Statements for Year Ending December 31 1992	2 607 2 252	QC UN
› 674 94 001 R	11/26/93	Audit of Corplan for the Period from June 18 1992 to February 28 1993	—	—
› 656 94 002 R	11/26/93	Audit of the Adventist Development and Relief Agency Mozambique for the Year Ended September 30 1992		
3 615 94 003 R	11/26/93	Audit of FIDA/IJC for the Seven-Month Period Ended March 31 1993	—	—
3 615 94 004 R	11/26/93	Audit of USAID/Kenya Trust for Enterprise Development for the Year Ended December 31 1992		
3 615 94 005 R	11/26/93	Audit of the Kenya Management Assistance Programme for the Year Ended March 31 1993	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Recipient-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
3 615 94 006 R	11/26/93	Audit of the Kenya Freedom from Hunger Council for National Development for the Year Ended December 31 1992	—	—
3 645 94 007 R	11/26/93	Audit of the Family Life Association of Swaziland for the Period Ended December 31 1992	3 3	QC UN
3 645 94 008 R	11/26/93	Audit of Swaziland Business Growth Trust for the Period Ended September 30 1992	—	—
3 615 94 009 R	12/10/93	Audit of the Centre for African Family Studies for the Year Ended December 31 1992	—	—
3 674 94 010 R	12/10/93	Audit of the United States South Africa Leadership Exchange Program for the Year Ended March 31 1993	6	QC
3 674 94 011 R	12/10/93	Audit of the Informal Business Training Trust for the Period Ended March 31 1993	—	—
3 615 94 012 R	12/10/93	Audit of National Council of Women of Kenya for the Period Ended December 31 1992	—	—
3 615 94 013 R	12/10/93	Audit of Farming Systems Kenya for the Year Ended December 31 1992	—	—
3 615 94 014 R	12/10/93	Audit of Kenya Rural Enterprise Programme for the Year Ended December 31 1992		
3 674 94 015 R	12/10/93	Audit of the Open Learning Systems Education Trust for the Year Ended February 28 1993	—	—
3 674 94 016 R	12/10/93	Audit of Union of Democratic University Staff Associations for the Year Ended December 31 1992	—	—
3 674 94 017 R	12/10/93	Audit of Independent Board of Inquiry for the Year Ended August 31 1993	—	—
3 674 94 018 R	02/25/94	Audit of Small Beginnings Early Years for the Period Ended March 31 1993	—	—
3 674 94 019 R	02/04/94	Audit of the Education Information Centre for the Year Ended March 31 1993	—	—
3 615 94 020 R	02/25/94	Audit of the International Centre of Insect Physiology and Ecology for the Period Ended December 31 1992	—	—
3 674 94 021 R	02/25/94	Audit of Community Law Centre for the Year Ended August 31 1993	—	—
3 674 94 022 R	02/25/94	Audit of David Dison Attorney for the Year Ended February 28 1993	—	—
3 674 94 023 R	02/25/94	Audit of the Education Foundation Trust for the Year Ended March 31 1993	2	QC
3 674 94 024 R	02/25/94	Audit of Forum for the Advancement of Adult Education for the Year Ended March 31 1993	1	QC
674 94 025 R	02/25/94	Audit of Learn and Teach Publications for the Year Ended December 31 1992	—	—
674 94 026 R	03/07/94	Audit of Read Educational Trust for the Period Ended March 31 1993	10 10	QC UN
674 94 027 R	03/07/94	Audit of Development Action Group for the Year Ended December 31 1992	—	—
674 94 028-R	03/08/94	Audit of South African Cane Growers Association	—	—
3 674 94 029 R	03/18/94	Audit of Progressive Primary Health Care Network	1 1	QC UN
3 674 94 030 R	03/18/94	Audit of Centre for Applied Legal Studies	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Recipient-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
5 367 94 001 R	10/15/93	Audit of USAID/Nepal Grant No 367 0280 G SS 0208 00 to the Service for Unprivileged Section of Society	—	—
5 492 94 002 R	11/30/93	Audit of USAID/Philippines Grant No 492 0395 G SS 9060 00 to Coca Cola Bottlers Philippines Inc	—	—
5 492 94 003 R	11/30/93	Audit of USAID/Philippines Grants to Tulay sa Pag unlad Inc	6 1	QC UN
5 367 94 004 R	12/03/93	Audit of USAID/Nepal Grant No 367 0002 G 00 2038 00 to the Center for Action Research and Training	—	—
5 492 94 005 R	12/08/93	Audit of USAID/Philippines Grants to Philippine Business for Social Progress Inc	7 6	QC UN
5 497 94 006 R	12/08/93	Audit of USAID/Indonesia Grants to Lembaga Penelitian Pendidikan dan Penerangan Ekonomi dan Sosial	—	—
5 367 94 007 R	12/15/93	Audit of USAID/Nepal Grant No 367 0160 G SS 1145 00 to CIMMYT International Maize and Wheat Improvement Centre	—	—
5 492 94 008 R	01/19/94	Audit of USAID/Philippines Grants to Victorias Milling Company Inc	—	—
5 492 94 009 R	01/20/94	Audit of USAID/Philippines Grant to Davao Independent Housing Foundation Inc	—	—
5 492 94 010 R	01/25/94	Audit of USAID/Philippines Grants to Ramon Aboitiz Foundation Inc	22	QC
5 492 94 011 R	01/25/94	Audit of USAID/Philippines Grant to UPecon Foundation Health Policy Development Program	—	—
5 492 94 012 R	02/07/94	Audit of USAID/Philippines Grants to Philippine Business for Social Progress Inc	13	QC
5 388-94 013 R	02/07/94	Audit of USAID/Bangladesh s Cooperative Agreement No 388 0071 A 00 9109 03 with Family Planning Association of Bangladesh	—	—
5 388 94 014 R	02/09/94	Audit of USAID/Bangladesh s Grant to Family Planning Services and Training Centre	7	BU
5 492 94 015 R	02/09/94	Audit of USAID/Philippines Grant to Pilipinas Shell Foundation Inc	—	—
5 492 94 016 R	02/16/94	Audit of USAID/Philippines Cooperative Agreement No 492 0445 A 00 2065-00 with the Foundation for Resource Linkage and Development Inc	38 1	BU QC
5 492 94 017 R	02/28/94	Audit of USAID/Philippines Grants to Medical Ambassadors Philippines Inc	—	—
5 367 94 018 R	03/15/94	Audit of USAID/Nepal s Cooperative Agreement to the Society for Constitutional and Parliamentary Exercise	3	QC
492 94 019 R	03/15/94	Audit of USAID/Philippines Grant to Ayala Foundation Inc	—	—
492 94 020 R	03/24/94	Audit of USAID/Philippines Grant No 492 0395 G SS 9043 to Jaime V Ongpin Foundation Inc		
492 94 021 R	03/25/94	Audit of USAID/Philippines Grants to Philippine Center for Population and Development Inc	—	—
492 94 022 R	03/25/94	Audit of USAID/Philippines Grant Agreement No 492 0449-A-00 0149-00 with the Philippine Exporters Confederation Inc	139 93	QC UN

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Recipient-Contracted Audits

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
5 492 94 023 R	03/25/94	Audit of USAID/Philippines Grants to Jaime V Ongpin Foundation Inc	—	—
7 688 94 001 R	02/24/94	Audit of USAID s Grant to the Mopti Regional Service for Forestry (DREF) Under the Mali Village Reforestation Project (No 688 0937) for the Period January 1 1990 to March 31 1993	47	QC

BU — Better Use of Funds
QC — Questioned Costs
UN — Unsupported Costs

Audits Conducted by Other Federal Agencies

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
TR 94 001	10/04/93	Mid America Committee	—	—
TR 94 002	10/27/93	Jorge Scientific Corporation in Arlington VA	713	BU
TR 94 003	10/29/93	Futures Group International Inc	—	—
TR 94 004	10/29/93	Academy for Educational Development in Washington D C	—	—
TR 94 005	10/29/93	Small Business Foundation of America in Washington D C	—	—
TR 94 006	11/15/93	Lighthawk Incorporated in Sante Fe New Mexico	—	—
TR 94 007	11/22/93	Partnership for Child Health Care Inc	—	—
TR 94 008	11/22/93	Partnership for Child Health Care Inc	—	—
TR 94 009	11/22/93	Experience Inc	19 400	QC
			19 254	UN
TR 94 010	11/23/93	Construction Control Services Corporation Incorporated	6	QC
TR 94 011	11/26/93	Labat Anderson Incorporated	—	—
TR 94 012	11/30/93	CIGNA Worldwide Incorporated	—	—
TR 94 013	11/30/93	CH2M Hill International Services Inc	—	—
TR 94 014	11/30/93	SOVCAP Inc	—	—
TR 94 015	11/30/93	Center for Financial Engineering in Development	—	—
TR 94 016	12/03/93	The Services Group	—	—
TR 94 017	12/13/93	Dual and Associates Incorporated	—	—
TR 94 018	12/15/93	University of Notre Dame Du Lac	—	—
TR 94 019	12/15/93	Pennsylvania State University	—	—
TR 94 020	12/16/93	Smithsonian Institution	—	—
TR 94 021	12/17/93	American Institute of Biological Sciences Inc	8	QC
TR 94 022	12/22/93	New Mexico State University	—	—
TR 94 023	12/22/93	New Mexico State University	—	—
TR 94 024	12/22/93	Smithsonian Institution	—	—
TR 94 025	12/22/93	New Mexico State University	—	—
TR 94 026	12/22/93	New Mexico State University	—	—
TR 94 027	01/12/94	University of Rhode Island	—	—
TR 94 028	01/12/94	Educational Development Center in Newton Massachusetts	—	—
TR 94 029	01/12/94	Maria Elena Torano Associates Incorporated	94	QC
TR 94 030	01/12/94	University of Rhode Island	—	—
TR 94 031	01/12/94	University of Rhode Island	—	—
TR 94 032	01/12/94	Partnership for Child Health Care Inc	4 306	BU
TR 94 033	01/13/94	Engineering Science Incorporated	—	—
TR 94 034	01/13/94	Smithsonian Institution	—	—
TR 94 035	01/27/94	CCI Inc	—	—
TR 94 036	01/27/94	CCI Incorporated	—	—
TR 94 037	02/28/94	The Urban Institute	—	—
TR 94 038	02/28/94	Triton Corporation	—	—
TR 94 039	02/28/94	University of Hawaii	—	—
TR 94 040	02/28/94	Gilbert Commonwealth Incorporated	2	QC
TR 94 041	02/28/94	Smithsonian Institution	—	—
TR 94 042	02/28/94	RCG/Hagler Bailly Incorporated	—	—
TR 94 043	02/28/94	Price Waterhouse & Co	—	—
TR 94 044	02/28/94	Carana Corporation	—	—
TR 94 045	03/03/94	Black & Veatch International	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

Audits Conducted by Other Federal Agencies

Report Number	Date of Report	Report Title	Amount of Savings ($000's)	Type of Savings
TR 94 046	03/03/94	University Research Center and Center for Human Services	—	—
TR 94 047	03/25/94	Arthur D Little Incorporated	—	—
TR 94 048	03/25/94	Agricultural Development Consultants Inc	—	—
8 TR 94 001	10/06/93	Save the Children Camberwell London United Kingdom	—	—
8 TR 94 002	10/06/93	Aktion Afrika in Not E V Munich Germany	—	—

BU — Better Use of Funds
QC — Questioned Costs
UN — Unsupported Costs

Miscellaneous

Report Number	Date of Report	Report Title	Amount of Savings ($000 s)	Type of Savings
0 000 94 001 Q	11/02/93	Quality Control Review of Coopers & Lybrand s Audit of Catholic Relief Services	—	—
0 000 94 002 Q	10/22/93	Quality Control Review of Coopers & Lybrand s Audit of Pathfinder International	—	—
0 000 94 003 Q	12/13/93	Quality Control Review of Leonard G Birnbaum & Co s Audit of Volunteers in Technical Assistance Inc	—	—
0 000 94 004 Q	01/07/94	Quality Control Review of Deloitte & Touche s Audit of American Institute for Free Labor Development	—	—
0 000 94 005 Q	01/12/94	Quality Control Review of Deloitte & Touche s Audit of America Mideast Educational and Training Services Inc (AMIDEAST)	—	—
0 000 94 006 Q	01/05/94	Quality Control Review of Tonneson & Company s Audit of Management Sciences for Health Inc	—	—
0 000 94 007 Q	01/24/94	Quality Control Review of Ernst & Young s Audit of Agricultural Cooperative Development International	—	—
0 000 94 008 Q	02/15/94	Quality Control Review of Deloitte & Touche s Audit of Private Agencies Collaborating Together (PACT)	—	—
0 000 94 010 Q	02/02/94	Quality Control Review of Arthur Andersen & Co s Audit of the National Association of the Partners of the Americas Inc	—	—
0 000 94 012 Q	03/07/94	Quality Control Review of Ernst & Young s Audit of Winrock International Institute for Agricultural Development	—	—
1 511 94 001 X	01/28/94	Audit of USAID/Bolivia s Funds Managed by the Center for Education on Narcotics December 13 1991 through December 31 1992	—	—
1 511 94 002 X	01/28/94	Audit of USAID/Bolivia s Funds Managed by the Children Survival Coordination Program and the Program s Financial Statements June 27 1991 through December 31 1992	—	—
1 532 94 003 X	03/21/94	Audit of USAID/Jamaica s Funds Managed by the National Investment Bank of Jamaica Limited for the Year Ended March 31 1993	—	—

BU — Better Use of Funds

QC — Questioned Costs

UN — Unsupported Costs

AUDIT TABLES

The tables on the following pages are required by the IG Act Amendments of 1988

They are

Table A. Audit Reports Issued Prior to Start of Period With No Management Decision at March 31 1994

Table B Significant Audit Reports Described in Previous Semiannual Reports Without Final Action at March 31 1994

Table C Reports Issued With Questioned and Unsupported Costs (October 1 1993 through March 31 1994)

Table D Reports Issued With Recommendations That Funds Be Put to Better Use (October 1 1993 through March 31 1994)

Table A

AUDIT REPORTS ISSUED PRIOR TO START OF PERIOD WITH NO MANAGEMENT DECISION AT March 31 1994

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0 000 92 004 N	Audit of Louis Berger International Inc (Egypt)	02/12/92	The report recommended resolving unsupported contract costs totaling $804 984 The contracting officer has not completed the necessary negotiations	Unknown
0 000 93 001 N	Audit of Louis Berger International Inc Federal Contracts July 1 1986 to July 31 1991	9/13/93	The report recommended resolving $508 161 in questioned costs Contracting Officers from various USAID offices are working to resolve the remaining $116 000 in questioned costs	Unknown
0 000 93 005 N	Audit of International Executive Service Corps Expenditures	02/19/93	The report recommended resolving $1 060 987 in questioned costs and determining whether the grantee was using appropriate per diem rates An accounting firm has been engaged to assist in reviewing the rates	06/94
0 000 93 010 N	Thunder and Associates Inc	04/30/93	The report recommended resolving $870 879 in questioned costs and developing formal written procedures for the contractor s internal controls To date we have not received a response to the report	Unknown
0 000 93 011 N	American Institute of Biological Sciences	05/14/93	The report recommended resolving $1 046 026 in questioned costs To date we have not received a response to the report	06/94
) 000 93 012 N	Consortium for International Development	05/19/93	The report recommended resolving $204 516 in questioned costs and a full accounting of nonexpendable equipment purchased with USAID funds To date the Agency has not made a final determination on the recommendations	06/94
0 000 93 013 N	International Science & Technology Institute	07/23/93	The report recommended resolving $2 831 in questioned costs and establishing finalized indirect cost rates We are awaiting a decision from the Agency	06/94

Table A

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0 000 93 014 N	International Executive Service Corps	08/13/93	The report recommended the grantee install an accounting system which meets the requirements of OMB Circular A 110 To date there has been no final management decision	Unknown
0 000 93 074 R	New Transcentury Foundation	08/13/93	The report recommended reviewing grant advances to determine if they were deposited in interest bearing accounts and interest was credited to USAID To date there has been no final management decision	Unknown
0 000 93 101 R	Salvation Army World Service Office	09/17/93	The report recommended resolving several accounting and managerial issues before finalizing overhead rates To date there has been no final management decision	06/94
0 000 93 107 R	Operation Independence Inc	07/08/93	The report recommended resolving $25 000 in question costs To date there has been no final management decision	05/94
0 000 93 112 R	Katalysis Foundation Fund	07/08/93	The report recommended negotiating final indirect costs for the year ended 9/30/93 To date there has been no final management decision	06/94
0 000 93 115 R	International Child Care USA Inc	07/09/93	The report recommended resolving $25 952 in indirect costs and determining if the grantee should submit an indirect cost rate calculation To date there has been no final management decision	06/94
0 000 93 116 R	International Child Care USA Inc	07/09/93	The report recommended resolving $47 011 in indirect costs and determining if the grantee should submit an indirect cost rate calculation To date there has been no final management decision	06/94
0 000 93 120 R	World Council of Credit Unions Inc	09/08/93	The report recommended the grantee establish a system to ensure subrecipients are audited in accordance with the provisions of OMB Circular A 133 To date there has been no final management decision	06/94
0 000 93 125 R	Population Reference Bureau	08/04/93	The report recommended that the Office of Procurement determine if the contractor should recalculate its indirect cost rate if not the indirect rate must be finalized To date there has been no final management decision	06/94

Table A

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0 000 93 130 R	Mercy Corps International (MCI)	08/16/93	The report recommended the Office of Procurement determine any interest earned on federal funds be remitted To date there has been no final management decision	05/94
0 000 93 415 R	Haitian American Friendship Foundation Inc	06/15/93	The report recommended resolving $128 671 in questioned costs To date there has been no final management decision	06/94
0 000 93 426 R	Philippine Evangelical Enterprise Inc	09/17/93	The report recommended a confirmation be obtained that $7 316 in value added taxes claimed by the grantee have been reimbursed to USAID To date there has been no final management decision	Unknown
1 527 93 020 N	Audit of USAID/Peru s Agricultural Technology Transformation Project Activities	06/17/93	USAID/Peru has contracted a 100 percent voucher examination The report of this examination is due April 29 1994 After USAID/Peru reviews the report a decision will be made accordingly	05/94
3 617 91 010	Audit of Uganda Manpower for Agricultural Development	07/19/91	The recommendation involves USAID/ Uganda s charging the project with $157 712 in Mission related general management support costs The recommendation was referred in February 1992 to the Assistant Administrator for Africa for resolution To date there has been no final management decision	Unknown
3 615 92 003	Audit of USAID/Kenya Commodity Import Programs	11/29/91	USAID/Kenya and RIG/A/N have had extensive dialogue in an attempt to close the recommendation which requires a determination of allocability of $55 million in local currency withdrawals We expect resolution in the near future	04/94
3 696 92 008 N	Audit of USAID/Rwanda s Agricultural Surveys and Policy Analysis Project	03/25/92	The report recommended resolving $626 856 in unsupported costs To date there has been no final management decision	04/94
3 617 92 011	Audit of USAID/Uganda s Management of Commodities	07/09/92	The report recommended USAID/Uganda conduct inventories for an additional $12 7 million disbursed for commodities under project nos 617 0102 and 617 0108 The Mission has continued to disagree with the recommendation which was referred to the Bureau for Africa in March 1994 for resolution We are awaiting the Bureau s response	08/94

Table A

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
3 615 92 012 N	Audit of the National Council for Population and Development Kenya	07/29/92	The report recommended resolving $160 410 in questioned costs and $828 438 in unsupported costs The Mission has contracted with an accounting firm to gather additional information on the costs The recommendations will be resolved once the data gathering is complete and the Agency makes its final management decision	07/94
3 615 93 001	Audit of USAID/Kenya s Management of Commodities	11/12/92	The report recommended a reconciliation of commodity receipts with shipping records and resolution of about $674 000 in discrepancies identified by the audit USAID/Kenya contracted for additional audits and financial reviews to assist in determining the allowability of costs USAID/Kenya is reviewing the results of the review and expects to reach a resolution in April 1994	04/94
3 615 93 008 N	Audit of the Government of Kenya/Ministry of Health Clinical Training and Support Services Component	01/22/93	The report recommended resolving $588 288 in questioned costs USAID/Kenya contracted with an accounting firm to assist in determining allowability To date there has been no final management decision	07/94
3 615 93 025 N	Audit of the Kenya Health Financing Program Under Grant No 615 0245	07/16/93	The report recommended resolving $722 901 in questioned costs USAID/Kenya has contracted with an accounting firm to assist in determining the allowability To date there has been no final management decision	08/94
3 615 93 036 R	Christian Health Association of Kenya	09/24/93	USAID/Kenya is waiting for the auditee to provide additional information on $4 071 in questioned costs As soon as the information is provided final management decision will be made	08/94
6 263 92 004 N	Audit of Local Expenditures of Agricultural Cooperative Development International	11/26/91	The report recommended resolving $174 449 in questioned costs The Mission Contracting Officer is working to determine the allowability of these costs	Unknown

Table A

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
7 677 92 004 N	Audit of the Government of Chad s Disbursements Under USAID s Support of Developing Ministries	03/13/92	The report recommended resolving $357 008 in questioned costs The USAID Representative concurred with the recommendation but was unable to locate supporting documentation because of civil disturbances To resolve this matter USAID has decided not to assert a claim against the Government of Chad and has drafted an action memorandum for the Assistant Administrator for Africa requesting recommendation closure without recovery	04/94
7 677 93 009 N	Audit of the National Cereal Organization	07/30/93	The report recommended resolving $83 000 in questioned costs Because supporting documents were lost during civil disturbances the Representative intends to request closure without recovery	0 /94
7 664 93 009	Audit of USAID/Tunisia s Participant Training Program	09/21/93	USAID/Tunisia has referred the matter of non returnee students to the U S Immigration and Naturalization Service Because USAID/Tunisia has not detailed a plan for the return of the students to Tunisia the recommendation remains unresolved	04/94
9 000 92 010	Audit of the Master Disbursing Account	09/02/92	The report recommended resolving of fund control violations and reporting to the Administrator any administrative fund violations that have occurred in the master disbursing account The matters are being discussed with the Agency s General Counsel	Unknown
9 000 93 005	Audit of A I D s Compliance with Federal Energy Requirements	04/30/93	The report recommends developing and implementing procedures to comply with the National Energy Conservation Policy Act and Executive Order USAID officials do not believe the legislation applies to overseas missions and are taking steps to obtain approval of an alternative conservation program in conjunction with the Department of State	05/94
TR 93 027	National Council of Community Bankers	10/21/92	The report recommended resolving $690 003 in unsupported costs The Office is working with the contractor to reach a final determination on the above recommendation	05/94

Table A

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
TR 93 060	DAC International Inc	10/29/92	The report recommended resolution of $4 3 million reimbursed during fiscal years 1988 and 1990 because the contractor did not provide auditable cost submissions for those years To date the Agency has not made a final management decision	05/94
TR 93 091	State of Florida	01/12/93	The report recommended resolving $688 792 in questioned costs and obtaining evidence that the auditee adequately segregated duties deposited $400 000 in refunds into a special account and properly prepared payroll activity reports To date the Agency has not made a final management decision	Unknown
TR 93 092	Construction Control Services	01/21/93	The report recommended resolution of $196 901 in questioned costs To date the Agency has not made a final management decision	08/94
TR 93 104	Devres Inc	02/03/93	The report recommended the Office of Procurement obtain evidence that the contractor corrects costs incorrectly posted and resubmits 1989 indirect cost rates To date the Agency has not made a final management decision	06/94
TR 93 181	T Head and Company	04/19/93	The report recommends that USAID s Office of Procurement resolve $64 084 in questioned costs A time frame has not been established to resolve/close the recommendations	04/94
TR 93 186	Aurora Associated Inc	05/13/93	The report recommended the Office of Procurement finalize the contractor s indirect cost rates To date the Agency has not made a final management decision	06/94
TR 93 216	Management Systems International	07/16/93	The report recommended the Office of Procurement finalize the contractor s indirect cost rates for fiscal years 1989 and 1990 To date the Agency has not made a final management decision	06/94
TR 93 219	American University of Bulgaria	08/03/93	The report recommended the Office of Procurement obtain evidence that the contractor s accounting system is adequate To date the Agency has not made a final management decision	06/94

Table A

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
TR 93 221	National Farmers Union	08/06/93	The report recommended the Office of Procurement require the contractor to recalculate direct labor costs previously billed and quantify and recover the difference To date the Agency has not made a final management decision	06/94
TR 93 226	American Task Force for Lebanon	08/23/93	The report recommended Office of Procurement obtain evidence that the contractor has corrected deficiencies in its accounting system To date the Agency has not made a final management decision	04/94
TR 93 227	Interaction	08/25/93	The report recommended the Office of Procurement obtain evidence that the contractor has resolved deficiencies prior to making an award To date the Agency has not made a final management decision	05/94
TR 93 237	Development Alternatives Inc	09/16/93	The report recommended resolution of $294 125 in questioned costs proposed by the contractor in a termination claim To date the Agency has not made a final management decision	06/94
TR 93 240	World Association for Children and Parents	09/20/93	The report recommended the Office of Procurement obtain evidence that the contractor corrected accounting system deficiencies before making an award To date the Agency has not made a final management decision	Unknown

Table B

SIGNIFICANT AUDIT REPORTS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION AT March 31, 1994

REPORT NUMBER	REPORT TITLE	ISSUE DATE	FINAL MANAGEMENT DECISION DATE	FINAL ACTION TARGET DATE
0 000 93 004	Audit of A I D s Direct Loan Program	06/30/93	01/09/94	12/94
3 272 93 012	Audit of OAR/Oman s and A I D Regional Contracting Offices Management of A I D Direct Contracts for Technical Assistance	07/14/93	11/01/93	Unknown
5 306 93 009	Audit of the Office of the A I D Representative for Afghanistan Affairs Controls Over Grants and Cooperative Agreements	06/07/93	08/04/93	06/94
7 655 92 002	Audit of OAR Cape Verde s Management of Food Crops Research and Watershed Development Project	10/24/91	10/24/91	Unknown
8 184 93 007	Audit of the Regional Mission for Europe s Environmental Sector Grant to the Czech and Slovak Republics	09/14/93	09/14/93	06/94
8 185 93 009	Audit of the Department of Labor s Technical Assistance Activities in Hungary	09/24/93	09/25/93	05/94
8 110 93 010	Audit of Department of Commerce s Special American Business Internship Training Program in the New Independent States	09/24/93	03/31/94	Unknown
8 110 93 011	Audit of the Department of Commerce s Consortia of American Businesses in the New Independent States Program	09/24/93	03/31/94	Unknown
9 000 92 013	Audit of A I D s Practice for Reviewing and Certifying Unliquidated Obligations	09/30/92	09/30/92	08/94
9 000 93 004	Audit of the Office of Procurement s Management of the Award and Administration of Technical Services Contracts	03/31/93	09/21/93	09/94
9 000 93 006	Audit of A I D s Accounts Receivable	08/31/93	03/31/94	12/94

Table C

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS
October 1, 1993 through March 31, 1994

(Dollars in Thousands)

REPORTS	NUMBER OF AUDIT REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS[1]
For which no management decision had been made as of October 1 1993	78	$40 668[2,3]	$16 720
Add Reports issued October 1993 through March 1994	82	$44 124[4]	$33 106[4]
Subtotal	160	$84 792	$49 826
Less Reports with a management decision made October 1 1993 through March 31 1994	53	$13 693[5,6]	$4 375[5,6]
For which no management decision had been made as of March 31 1994	107	$71 099[7]	$45 451
For which no management decision was made within six months of issuance	29	$29 382	$12 611

1 Unsupported Costs are included in Questioned Costs but are provided as additional information as required by the IG Act Amendments of 1988 (P L 100 504)

2 Amounts include $5 736 662 in Questioned Costs ($5 013 550 in Unsupported Costs) for audits performed for the IG by other federal audit agencies

3 The ending balance at September 30 1993 was increased by $803 628 in Questioned Costs ($573 in Unsupported Costs) to reflect increases in the amounts of recommendations contained in nine reports

4 Amounts include $19 506 661 in Questioned Costs ($19 254 437 Unsupported Costs) for audits performed for the IG by other federal audit agencies

5 Agency Officials disallowed $5 140 718 in Questioned Costs ($424 039 Unsupported Costs) cited in 57 reports Agency Officials did not sustain $8 552 807 in Questioned Costs ($3 951 390 Unsupported Costs) cited in 44 reports

6 Amounts include $18 185 in Questioned Costs for audits performed for the IG by other federal audit agencies

7 Amounts include $25 225 138 in Questioned Costs ($24 267 987 in Unsupported Costs) for audits performed for the IG by other federal audit agencies

Table D

REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE
October 1, 1993 through March 31, 1994

(Dollars in Thousands)

REPORTS	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
For which no management decision had been made as of October 1 1993	25	$80 982
Add Reports issued October 1 1993 through March 31 1994	16	$30 020
Subtotal	41	$111 002
Less Reports with a management decision made October 1 1993 through March 31 1994	22	$24 563[4,5]
For which no management decision had been made as of March 31 1994	19	$86 439[6]
For which no management decision was made within six months of issuance	10	$74 156

1 Amounts include $2 813 620 for audits performed for the IG by other federal audit agencies

2 The ending balance at September 30 1993 was increased by $12 408 to reflect increases in the amount of the recommendations contained in four reports

3 Amounts include $5 018 971 for audits performed for the IG by other federal audit agencies

4 Agency Officials agreed with $20 208 666 in actions cited in 25 reports and Agency Officials did not agree with $4 354 405 in actions cited in 9 reports

5 Amounts include $2 012 955 for audits performed for the IG by other federal audit agencies

6 Amounts include $5 819 636 for audits performed for the IG by other federal audit agencies

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